



May 15, 2024

via electronic mail

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Bel-Air, Makati City

ATTENTION : **DIR. OLIVER O. LEONARDO**
Markets and Securities Regulation Department

via PSE EDGE

PHILIPPINE STOCK EXCHANGE, INC.
PSE Tower, 28th Street cor. 5th Avenue,
Bonifacio Global City, Taguig City

ATTENTION : **MR. NORBERTO T. MORENO, JR.**
Officer-in-Charge, Disclosure Department

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.
Market Regulatory Services Group
29th Floor BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

ATTENTION : **ATTY. SUZY CLAIRE B. SELLEZA**
Head – Issuer Compliance and Disclosures Department

Gentlemen:

Please see enclosed SEC Form 17-Q (1st Quarterly Report 2024) of Aboitiz Power Corporation.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By:

A handwritten signature in blue ink, appearing to read "Ma. Clarisse S. Osteria".

MA. CLARISSE S. OSTERIA
Assistant Corporate Secretary

COVER SHEET

C 1 9 9 8 0 0 1 3 4

S.E.C. Registration Number

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

(Company's Full Name)

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

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

P H I L I P P I N E S

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

MANUEL ALBERTO R. COLAYCO

Contact Person

(02) 8-886-2338

Company Telephone Number

1 2 3 1

Month Day Fiscal Year

1st Quarterly Report 2024

1 7 - Q

FORM TYPE

4th Monday of April

0 4 2 2

Month Day Annual Meeting

Secondary License Type, if Applicable

S E C

Dept. Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders

x

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2024**
2. Commission identification number **C199800134** 3.BIR Tax Identification No. **200-652-460-000**

4. Exact name of issuer as specified in its charter

ABOITIZ POWER CORPORATION

5. Province, country or other jurisdiction of incorporation or organization

Philippines

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office

Postal Code

32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines

1634

8. Issuer's telephone number, including area code

(02) 8 886-2800

9. Former name, former address and former fiscal year, if changed since last report

N/A

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding
(as of March 31, 2024)

Common Stock ₱1 Par Value

7,205,854,307

Amount of Debt Outstanding

₱246,033,755,000.00

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

Yes [] No []

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

Philippine Stock Exchange

Common

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation

Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes No

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

Yes No

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the financial statements and schedules attached herewith.

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

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

Top Five Key Performance Indicators

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

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

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

Manner of Computation:

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

2. **Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA).** The Company computes EBITDA as earnings before extraordinary items, net finance expense, income tax provision, depreciation, and amortization. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group's ability to service its debts.
3. **Cash Flow Generated.** Using the Consolidated Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the Group manages its profit and uses its internal and external sources of capital. This aids management in identifying the impact on cash flow when the Group's activities are in a state of growth or decline, and in evaluating management's efforts to control the impact.

4. **Current Ratio.** Current Ratio is a measurement of liquidity, calculated by dividing total current assets by total current liabilities. It is an indicator of the Group's short-term debt-paying ability. The higher the ratio, the more liquid the Group.
5. **Debt-to-Equity Ratio.** Debt-to-Equity Ratio indicates how leveraged the group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total liabilities by stockholders' equity.

Three Month Period Ended March 31, 2024 versus Three-Month Period Ended March 31, 2023

The table below shows the comparative figures of the key performance indicators for the three-month period ended March 31, 2024 and March 31, 2023 and as of December 31, 2023:

Key Performance Indicators	March 31, 2024	March 31, 2023	December 31, 2023
(INTERIM)			
<i>Amounts in thousands of ₱s, except for financial ratios</i>			
SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	4,179,006	5,128,306	15,134,970
EBITDA	16,170,758	15,722,337	57,596,836
CASH FLOW GENERATED:			
Net cash flows from operating activities	14,913,733	15,485,277	34,213,337
Net cash flows used in investing activities	(2,041,696)	(2,316,812)	(11,442,216)
Net cash flows used in financing activities	(13,821,791)	(18,451,424)	(14,475,876)
Net (Decrease)/Increase in Cash & Cash Equivalents	(949,754)	(5,282,959)	8,295,246
Cash & Cash Equivalents, Beginning	54,538,784	64,763,642	57,130,243
Cash & Cash Equivalents, End	53,629,291	59,311,783	64,763,642
CURRENT RATIO	1.61		1.79
DEBT-TO-EQUITY RATIO	1.65		1.51

- Share in net earnings in associates and joint ventures for the first quarter of 2024 decreased by 19% compared to 2023. The decrease was mainly due to lower availability of GNPowder Dinginin Ltd. Co. (GNPD) due to planned outages.
- EBITDA for the first quarter of 2024 increased by 3%. This was primarily due to higher generation portfolio margins.
- Cash and cash equivalents decreased by ₱909.00 million (mn). This is mainly due to the payment of dividends in the first quarter of 2023, partly offset by the availment of new loans for the Company's renewable energy (RE) projects.
- Current Ratio as of March 31, 2024 was at 1.61x as compared to 1.79x as of December 31, 2023. The decrease was primarily due to the payment of dividends in the first quarter of 2023, which resulted in a decrease of cash and cash equivalents.
- Debt-to-Equity Ratio as of March 31, 2024 was at 1.65x, higher than the 1.51x recorded as of December 31, 2023.

Results of Operations

Net income for the first quarter of 2024 was ₱7.86 billion (bn), which was 4% higher than the ₱7.53 bn reported in the same period in 2023. The increase was primarily due to higher generation portfolio margins, which translated to earnings per share of ₱1.09 for the period.

Power Generation and Retail Electricity Supply (RES)

AboitizPower's generation and retail supply business recorded EBITDA of ₱13.8 bn in the first quarter of 2024, 5% higher than the ₱13.1 bn recorded in the same period in 2023. Energy sold increased by 1% to 8,812 gigawatt-hours (GWh) for the first quarter of 2024, compared to 8,725 GWh in the same period in 2023. The increase in EBITDA was also primarily due to higher portfolio margins.

Power Distribution

During the first quarter of 2024, AboitizPower's distribution business recorded EBITDA of ₱2.6 bn, 11% lower than the ₱2.9 bn recorded in the same period in 2023. Energy sales increased by 9% to 1,526 GWh in the first quarter of 2024, compared to 1,404 GWh in the same period in 2023, due to the higher demand driven by the effect of the El Niño phenomenon. Energy sales from Residential, Commercial and Industrial customers increased by 15% and 6%, respectively. However, EBITDA for the same period in 2023 was higher due to the recognition of pass through charges resulting from declining fuel prices.

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

Consolidated Statements of Income

Net income attributable to equity holders of the Parent increased by ₱336.00 mn, or 4% year-on-year. The various movements in line items are shown below to account for the increase:

(Amounts in thousands of ₱s)

Net Income Attributable to Equity Holders of the Parent (January - March 2023)	<u>₱7,527,214</u>
Decrease in operating revenues	(3,599,045)
Decrease in operating expenses	4,102,011
Decrease in interest income	(167,442)
Decrease in interest expense	129,551
Decrease in share in net earnings of associates and joint ventures	(949,300)
Increase in other income	641,064
Increase in provision for taxes	(152,794)
Decrease in income attributable to non-controlling interests	332,178
Total	<u>336,223</u>
Net Income Attributable to Equity Holders of the Parent (January - March 2024)	<u>₱7,863,437</u>

Operating Revenues

(7% decrease from ₱48.74 bn to ₱45.14 bn)

The decrease in operating revenues was primarily due to lower spot prices.

Operating Expenses

(10% decrease from ₱41.82 bn to ₱37.72 bn)

The decrease in operating expenses was mainly due to lower fuel costs.

Interest Income

(30% decrease from ₱551.00 mn to ₱384.00 mn)

The decrease in interest income during the first quarter of 2024, as compared to 2023, was primarily due to lower money market placements.

Interest Expense and other financing costs

(4% decrease from ₱3.64 bn to ₱3.51 bn)

Interest expense decreased due to lower level of long-term debt as of March 31, 2024, as compared to March 31, 2023. This was primarily due to the prepayment of Therma Luzon Inc.'s lease obligations to the Power Sector Asset and Liabilities Management in November 2023.

Share in Net Earnings of Associates and Joint Ventures

(19% decrease from ₱5.13 bn to ₱4.18 bn)

Share in net earnings in associates and joint ventures for the first quarter of 2024 decreased by 19%, as compared to 2023. The decrease was mainly due to lower availability of GNPD due to planned outages during the first quarter of 2024.

Other Income (Expenses) – net

(78% increase from ₱825.00 mn to ₱1.47 bn)

Other income increased due to sale of coal of GNPower Mariveles Energy Center Ltd. Co. (GMEC) during the first quarter of 2024.

Provision for Taxes

(10% increase from ₱1.46 bn to ₱1.62 bn)

The increase in provision for taxes during 2024 was due to higher taxable income subject to income tax during the first quarter of 2024.

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

Assets

Total assets as of March 31, 2024 compared to December 31, 2023 increased by ₱2.58 bn, or 1%. The major movements of the accounts leading to the increase were as follows:

- i. Cash and cash equivalents decreased by ₱909.00 mn, or 2% (from ₱54.54 bn to ₱53.63 bn). This is mainly due to the payment of cash dividends during the first quarter of 2023, partly offset by the availment of new loans to support the renewable power projects.
- ii. Trade and other receivables increased by ₱800.00 mn, or 2% (from ₱34.25 bn to ₱35.05 bn), primarily due to the timing of collection of receivables.
- iii. Inventories decreased by ₱1.59 bn or 12% (from ₱13.68 bn to ₱12.09 bn). This was mainly driven by the decrease in fuel inventory during the first quarter of 2024 due to lower indices.
- iv. Other current assets decreased by ₱1.26 bn, or 10% (from ₱12.99 bn to ₱11.73 bn). This was mainly driven by the utilization of prepaid taxes during the first quarter of 2024 and decrease in the debt service reserve accounts of Therma South, Inc. and Therma Visayas, Inc.
- v. Investments and advances increased by ₱3.92 bn, or 4% (from ₱91.64 bn to ₱95.56 bn). This was mainly driven by the take up of share in earnings from associates during the first quarter of 2024.
- vi. Other noncurrent assets increased by ₱1.24 bn, or 7% (from ₱18.72 bn to ₱19.96 bn). This was primarily due to the increase in advances to contractors for RE power projects.

Liabilities

Compared to December 31, 2023, the total liabilities as of March 31, 2024 slightly increased by ₱11.78 bn, or 4%. The major movements of accounts leading to the increase were as follows:

- i. Short-term loans increased by ₱3.50 bn, or 18% (from ₱19.96 bn to ₱23.46 bn). This was mainly due to the loan availments by the Group during the first quarter of 2024, which were used for capital working requirements.
- ii. Trade and other payables increased by ₱1.82 bn, or 6% (from ₱32.87 bn to ₱34.69 bn). This was primarily due to the timing of payment of GMEC and GNPD's replacement power bill, coupled with the timing of payment of final withholding tax on dividends paid in March 2024.
- iii. Income tax payable increased by ₱463.00 mn, or 98% (from ₱473.00 mn to ₱935.00 mn). This was mainly due to the timing of income tax payments. Income tax payable as of December 31, 2023 were due in April 2024 while income taxes recognized in the first quarter of 2024 are due in May 2024.
- iv. Customers' deposits increased by ₱458.00 mn, or 5% (from ₱8.86 bn to ₱9.32 bn). This was mainly due to the receipt of bill deposits from new customers of the Retail Energy Supply.
- v. Decommissioning liability increased by ₱134.00 mn, or 2% (from ₱7.36 bn to ₱7.50 bn). This was mainly due to adjustments in the decommissioning provisions on power plant assets of AP Renewables Inc.
- vi. Long-term debt (current and non-current portions) increased by ₱4.85 bn (from ₱214.27 bn to ₱219.13 bn). This was mainly due to new loans to support renewable power projects partly offset by regular debt servicing across the Group.
- vii. Lease liabilities (current and noncurrent portions) increased by ₱537.00 mn (from ₱2.91 bn to ₱3.45 bn). This was mainly due to the land lease agreement between Aboitiz Solar Power, Inc. and Calatrava Sugar Alliance, Inc.
- viii. Net derivative asset and liability changed by ₱134.00 mn (from ₱126.00 mn liability to ₱8.00 mn asset) during the first quarter of 2024 due to net hedging gains.
- ix. Deferred income tax liabilities increased by ₱148.00 mn, or 3% (from ₱4.83 bn to ₱4.98 bn). This was mainly due to the recognition of deferred income tax liabilities on right-of-use (ROU) assets of the Group.

Equity

Equity attributable to equity shareholders of the Parent decreased by 4% (from ₱180.14 bn as of December 31, 2023 to ₱172.42 bn as of March 31, 2024) mainly due to the dividends declared in the first quarter of 2024. Cumulative translation adjustments increased by ₱621.00 mn, 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 ₱136.00 mn, due to the upward net adjustment in the fair value of the Group's foreign currency forward, interest swap and commodity swap contracts.

Material Changes in Liquidity and Cash Reserves of Registrant

As of March 31, 2024, the Group's cash and cash equivalents decreased by 2% to ₱53.63 bn, from ₱54.54 bn as of December 31, 2023.

Higher working capital requirements due to timing in collection of receivables resulted in lower cash generated from operations during the first quarter of 2024 by ₱733.00 mn, which was a 5% decrease compared to the first quarter of 2023.

Net cash flows used in investing activities increased from ₱2.32 bn during the first quarter of 2023 to ₱2.46 bn during the first quarter of 2024, mainly due to the higher scheduled capital expenditures for the renewable power projects.

The net cash flows used in financing activities decreased from ₱18.45 bn during the first quarter of 2023 to ₱13.24 bn during the first quarter of 2024, mainly due to the loan drawn by Aboitiz Renewables Inc. to fund the ongoing construction of renewable power projects.

Financial Ratios

As of March 31, 2024, current assets decreased by 3% while current liabilities increased by 8%. The current ratio as of March 31, 2024 was at 1.61x compared to 1.79x as of December 31, 2023.

Consolidated debt-to-equity ratio as of March 31, 2024 was at 1.65x, higher than the 1.51x recorded at the end of 2023. This was due to a 4% increase in total liabilities and a 5% decrease in equity during the first quarter of 2024.

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

- (i) **Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.**

Known trends, events, and uncertainties that may have material impact on AboitizPower have been discussed extensively in sections of the Company's Information Statement. For an extensive discussion on regulatory issues, see Effect of Existing or Probable Government Regulations on the Business on page 79 of AboitizPower's 2023 Definitive Information Statement.

- (ii) **All material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other persons created during the period.**

None.

- (iii) **Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.**

None.

- (iv) **Any material commitments for capital expenditures.**

AboitizPower, together with its partners, has allotted ₱73 bn for capital expenditures in 2024, which will be funded by a mix of debt and cash. Of this, 72% has been earmarked for AboitizPower's renewable energy pipeline. This figure does not include any opportunistic M&As.

- (v) **Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.**

Known trends, events, and uncertainties that may have a material impact on AboitizPower have been discussed extensively in sections of the Company's Information Statement. For an extensive discussion on regulatory issues, see Effect of Existing or Probable Government Regulations on the Business on page 79 of AboitizPower's 2023 Definitive Information Statement.

Risk management processes are in place to mitigate the impact of interest rate, foreign exchange rate, and commodity price movements across AboitizPower and its subsidiaries. The Company will continue to align and adjust its operations to adapt to changing regulatory environments and climate conditions.

- (vi) **Any significant elements of income or loss that did not arise from the registrant's continuing operations.**

None.

- (vii) **Any seasonal aspects that had a material effect on the financial condition or results of operations.**

El Niño and La Niña climate patterns can have an impact on the Company's hydro generation business. Other seasonal factors may include: temperature, production of industries, and construction activities.

(viii) The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item.



None.

PART II--OTHER INFORMATION

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

SIGNATURES

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

Issuer	ABOITIZ POWER CORPORATION _____
Principal Accounting Officer	 Myla M. Espineda _____
Signature and Title	VP for Accounting and Financial Systems _____
Date	May 15, 2024 _____
Authorized Officer of the Issuer	 Manuel Alberto R. Colayco _____
Signature and Title	SVP/Chief Legal and Compliance Officer/ Corporate Secretary _____
Date	May 15, 2024 _____

Aboitiz Power Corporation and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements

As of March 31, 2024 (with Comparative Figures as of December 31, 2023)

and For the Three-Month Periods Ended March 31, 2024 and 2023

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

(With Comparative Figures as of December 31, 2023)

(Amounts in Thousands)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱53,629,291	₱54,538,784
Trade and other receivables (Note 6)	35,047,684	34,247,542
Derivative assets (Note 21)	358,781	355,308
Inventories	12,090,229	13,675,531
Other current assets (Note 7)	11,728,435	12,986,262
Total Current Assets	112,854,420	115,803,427
Noncurrent Assets		
Investments and advances (Note 8)	95,557,982	91,640,709
Property, plant and equipment	209,526,566	209,726,892
Intangible assets (Note 10)	50,306,335	49,757,097
Net pension assets	40,459	40,459
Deferred income tax assets	1,337,045	1,337,626
Other noncurrent assets (Note 11)	19,976,384	18,717,096
Total Noncurrent Assets	376,744,771	371,219,879
TOTAL ASSETS	₱489,599,191	₱487,023,306
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Note 13)	₱23,456,056	₱19,959,100
Current portions of:		
Long-term debts (Note 14)	10,433,317	10,730,454
Lease liabilities (Note 22)	73,349	81,964
Long-term obligation on power distribution system	40,000	40,000
Derivative liabilities (Note 21)	351,198	481,595
Trade and other payables (Note 12)	34,687,330	32,868,673
Income tax payable	935,211	472,703
Total Current Liabilities	69,976,461	64,634,489

(Forward)

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

(With Comparative Figures as of December 31, 2023)

(Amounts in Thousands)

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts (Note 14)	₱208,692,239	₱203,540,676
Lease liabilities (Note 22)	3,378,794	2,832,881
Long-term obligation on power distribution system	82,730	82,730
Customers' deposits	9,319,970	8,861,811
Decommissioning liability	7,498,062	7,363,729
Deferred income tax liabilities	4,977,003	4,829,487
Net pension liabilities	903,138	903,138
Total Noncurrent Liabilities	234,851,936	228,414,452
Total Liabilities	304,828,397	293,048,941
Equity Attributable to Equity Holders of the Parent		
Paid-in capital	19,947,498	19,947,498
Share in other comprehensive income of associates and joint ventures (Note 8)	598,915	651,102
Cumulative translation adjustments	6,385,131	5,764,141
Cash flow hedge reserve	(133,005)	(269,282)
Actuarial losses on defined benefit plans	(1,247,457)	(1,283,856)
Equity reserve	(7,175,742)	(7,175,742)
Treasury stock - at cost	(4,891,831)	(4,891,831)
Retained earnings (Note 23)		
Appropriated	11,900,000	11,900,000
Unappropriated	146,786,007	155,496,036
	172,169,516	180,138,066
Non-controlling Interests	12,601,278	13,836,299
Total Equity	184,770,794	193,974,365
TOTAL LIABILITIES AND EQUITY	₱489,599,191	₱487,023,306

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

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

	Jan - Mar 2024	Jan - Mar 2023
OPERATING REVENUES (Note 19)	₱45,142,269	₱48,741,314
OPERATING EXPENSES (Note 16)	37,721,200	41,823,211
OPERATING PROFIT	7,421,069	6,918,103
FINANCIAL EXPENSES - net		
Interest income	383,891	551,333
Interest expense and other financing costs (Note 20)	(3,513,891)	(3,643,442)
	(3,130,000)	(3,092,109)
OTHER INCOME (EXPENSES)		
Share in net earnings of associates and joint ventures (Note 8)	4,179,006	5,128,306
Other income - net (Note 17)	1,465,734	824,670
	5,644,740	5,952,976
INCOME BEFORE INCOME TAX	9,935,809	9,778,970
PROVISION FOR INCOME TAX	1,616,237	1,463,443
NET INCOME	₱8,319,572	₱8,315,527
ATTRIBUTABLE TO:		
Equity holders of the parent	₱7,863,437	₱7,527,214
Non-controlling interests	456,135	788,313
	₱8,319,572	₱8,315,527
EARNINGS PER COMMON SHARE (Note 18)		
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	₱1.09	₱1.02

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Amounts in Thousands)

	Jan - Mar 2024	Jan - Mar 2023
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	₱7,863,437	₱7,527,214
Non-controlling interests	456,135	788,313
	8,319,572	8,315,527
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent</i>		
Movement in cumulative translation	794,809	(925,164)
Movement in cash flow hedges	136,277	(2,517,243)
Share in movement in cumulative translation adjustment of associates and joint ventures (Note 8)	(73,769)	(1)
	857,317	(3,442,408)
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in</i>		
Actuarial gain (loss) on defined benefit plans, net	36,421	(1)
Share in actuarial gains (loss) on defined benefit plans of associates and joint ventures, net of tax (Note 8)	21,582	(3,939)
	58,003	(3,940)
Total other comprehensive income (loss) for the period, net of tax	915,320	(3,446,348)
TOTAL COMPREHENSIVE INCOME	₱9,234,892	₱4,869,179
ATTRIBUTABLE TO:		
Equity holders of the parent	₱8,604,916	₱4,056,873
Non-controlling interests	629,976	812,306
	₱9,234,892	₱4,869,179

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023

(Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to Equity Holders of the Parent								Total Attributable to Equity Holders of the Parent	Non-controlling Interests	Total	
	Paid-in Capital	Share in Other Comprehensive Income (Loss) of Associates and Joint	Cumulative Translation Adjustments	Cash Flow Hedge Reserve	Actuarial Gains (Losses) on Defined Benefit Plans	Equity Reserve	Treasury Stock	Retained Earnings (Note 23)				
								Appropriated				Unappropriated
Balances at January 1, 2024	₱19,947,498	₱651,102	₱5,764,141	(₱269,282)	(₱1,283,856)	(₱7,175,742)	(₱4,891,831)	₱11,900,000	₱155,496,036	₱180,138,066	₱13,836,299	₱193,974,365
Net income for the period	—	—	—	—	—	—	—	—	7,863,437	7,863,437	456,135	8,319,572
Other comprehensive income (loss)	—	(52,187)	620,990	136,277	36,399	—	—	—	—	741,479	173,841	915,320
Total comprehensive income (loss)	—	(52,187)	620,990	136,277	36,399	—	—	—	7,863,437	8,604,916	629,976	9,234,892
Cash dividends - P2.30 per share (Note 23)	—	—	—	—	—	—	—	—	(16,573,466)	(16,573,466)	—	(16,573,466)
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(1,864,997)	(1,864,997)
Balances at March 31, 2024	₱19,947,498	₱598,915	₱6,385,131	(₱133,005)	(₱1,247,457)	(₱7,175,742)	(₱4,891,831)	₱11,900,000	₱146,786,007	₱172,169,516	₱12,601,278	₱184,770,794
Balances at January 1, 2023	₱19,947,498	₱1,220,171	₱5,462,557	₱2,646,733	(₱1,095,697)	(₱7,175,742)	₱—	₱20,060,000	₱128,019,445	₱169,084,965	₱9,072,092	₱178,157,057
Net income for the period	—	—	—	—	—	—	—	—	7,527,214	7,527,214	788,313	8,315,527
Other comprehensive income (loss)	—	(3,940)	(925,164)	(2,541,236)	(1)	—	—	—	—	(3,470,341)	23,993	(3,446,348)
Total comprehensive income (loss)	—	(3,940)	(925,164)	(2,541,236)	(1)	—	—	—	7,527,214	4,056,873	812,306	4,869,179
Cash dividends - P1.45 per share (Note 23)	—	—	—	—	—	—	—	—	(13,760,590)	(13,760,590)	—	(13,760,590)
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(982,446)	(982,446)
Change in non-controlling interests	—	—	—	—	—	—	—	—	—	—	(190,937)	(190,937)
Balances at March 31, 2023	₱19,947,498	₱1,216,231	₱4,537,393	₱105,497	(₱1,095,698)	(₱7,175,742)	₱—	₱20,060,000	₱121,786,069	₱159,381,248	₱8,711,015	₱168,092,263

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Jan - Mar 2024	Jan - Mar 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱9,935,809	₱9,778,970
Adjustments for:		
Interest expense and other financing costs (Note 20)	3,513,891	3,643,442
Depreciation and amortization (Note 16)	3,034,948	2,962,009
Net unrealized foreign exchange losses (gains)	(40,261)	(204,407)
Loss (gain) on disposal of property, plant and equipment	76,056	(17,610)
Share in net earnings of associates and joint ventures (Note 8)	(4,179,006)	(5,128,306)
Interest income	(383,891)	(551,333)
Unrealized fair valuation loss (gain) on derivatives and financial assets at FVTPL	60,708	(126,039)
Operating income before working capital changes	12,018,254	10,356,726
Decrease (increase) in:		
Trade and other receivables	(1,225,694)	4,791,429
Inventories	1,585,302	2,445,686
Other current assets	1,203,576	1,416,031
Increase (decrease) in:		
Trade and other payables	1,509,903	(1,856,701)
Customers' deposits	458,159	327,293
Net cash generated from operations	15,549,500	17,480,464
Income and final taxes paid	(635,767)	(1,995,187)
Net cash flows from operating activities	14,913,733	15,485,277
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received (Note 8)	560,652	418,397
Interest received	442,934	448,661
Proceeds from redemption of shares (Note 8)	6,940	—
Increase in other noncurrent assets	(775,144)	(93,710)
Net payment of advances	74,850	—
Additions to:		
Property, plant and equipment	(2,274,717)	(2,901,915)
Intangible assets	(77,211)	(188,245)
Net cash flows used in investing activities	(2,041,696)	(2,316,812)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid (Note 23)	(16,572,206)	(13,760,113)
Net availments of long-term debt (Note 14)	8,850,000	5,250,000
Payments of long-term debt	(4,627,848)	(3,853,686)
Net availments of short-term loans (Note 13)	3,496,956	921,941
Interest paid	(3,049,506)	(3,294,630)
Payment of dividends to non-controlling interests	(1,864,997)	(982,446)
Payments of lease liabilities, including interest accretion (Note 22)	(54,190)	(2,732,490)
Net cash flows used in financing activities	(13,821,791)	(18,451,424)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(949,754)	(5,282,959)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	40,261	(168,900)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	54,538,784	64,763,642
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	₱53,629,291	₱59,311,783

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. As of March 31, 2024, Aboitiz Equity Ventures, Inc. (AEV; also a publicly-listed entity incorporated in the Philippines) and JERA Asia Private Limited own the Company by 52.97% and 27.57%, respectively. The ultimate parent of the Company is Aboitiz & Company, Inc. (ACO)

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

2. Group Information

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

The following are the subsidiaries as of March 31, 2024 and December 31, 2023:

	Nature of Business	March 31, 2024		December 31, 2023	
		Direct	Indirect	Direct	Indirect
Aboitiz Renewables, Inc. (ARI) and Subsidiaries	Power generation	100.00	–	100.00	–
AP Renewables, Inc. (APRI)	Power generation	–	100.00	–	100.00
Aboitiz Power Distributed Energy, Inc.	Power generation	–	100.00	–	100.00
Aboitiz Power Distributed Renewables, Inc.	Power generation	–	100.00	–	100.00
Hedcor, Inc. (HI)	Power generation	–	100.00	–	100.00
Hedcor Sibulan, Inc. (HSI)	Power generation	–	100.00	–	100.00
Hedcor Tudaya, Inc. (HTI)	Power generation	–	100.00	–	100.00
Luzon Hydro Corporation (LHC)	Power generation	–	100.00	–	100.00
Sinag Solar Power Corporation (formerly AP Solar Tiwi, Inc.)*	Power generation	–	100.00	–	100.00
Retensol, Inc.*	Power generation	–	100.00	–	100.00
AP Renewable Energy Corporation*	Power generation	–	100.00	–	100.00
Aseagas Corporation (Aseagas)*	Power generation	–	100.00	–	100.00
Bakun Power Line Corporation*	Power generation	–	100.00	–	100.00
Cleanergy, Inc.*	Power generation	–	100.00	–	100.00
Cordillera Hydro Corporation*	Power generation	–	100.00	–	100.00
Hedcor Benguet, Inc.*	Power generation	–	100.00	–	100.00
Hedcor Bukidnon, Inc. (Hedcor Bukidnon)	Power generation	–	100.00	–	100.00
Hedcor Kabayan, Inc.*	Power generation	–	100.00	–	100.00
PV Sinag Power, Inc. (formerly Hedcor Ifugao, Inc.)*	Power generation	–	100.00	–	100.00
Amihan Power, Inc. (formerly Hedcor Kalinga, Inc.)*	Power generation	–	100.00	–	100.00
Aboitiz Solar Power, Inc. (formerly Hedcor Itogon Inc.)*	Power generation	–	100.00	–	100.00
Hedcor Manolo Fortich, Inc.*	Power generation	–	100.00	–	100.00
Amihan Frontier Energy, Inc. (formerly Hedcor Mt. Province, Inc.)*	Power generation	–	100.00	–	100.00
Hedcor Sabangan, Inc. (Hedcor Sabangan)	Power generation	–	100.00	–	100.00
Hedcor Tamugan, Inc.*	Power generation	–	100.00	–	100.00
RE Resources, Inc. (formerly Mt. Apo Geopower, Inc.)*	Power generation	–	100.00	–	100.00
Visayas Cleanergy, Inc. (formerly Negron Cuadrado Geopower, Inc. (NCGI))*	Power generation	–	100.00	–	100.00
Tagoloan Hydro Corporation*	Power generation	–	100.00	–	100.00
Luzon Hydro Company Limited*	Power generation	–	100.00	–	100.00
Electricidad, Inc. (formerly La Filipina Electrica, Inc.)*	Power generation	–	100.00	–	100.00
Wind Renewable Energy Corporation*	Power generation	–	100.00	–	100.00
Maaraw Renewable Energy Corporation*	Power generation	–	100.00	–	100.00
Maaraw Holdings San Carlos, Inc. (MHSCI, see Note 9)	Holding company	–	100.00	–	100.00
San Carlos Sun Power, Inc. (Sacasan, see Note 9)	Power generation	–	100.00	–	100.00
Luzon Alternative Energy Sources, Inc.*	Power generation	–	100.00	–	100.00
Luzon Cleanergy Generation, Inc.*	Power generation	–	100.00	–	100.00
Luzon Cleanergy, Inc.*	Power generation	–	100.00	–	100.00
Maaraw Holdings Bais, Inc.*	Power generation	–	100.00	–	100.00
Mindanao Cleanergy, Inc.*	Power generation	–	100.00	–	100.00
North Luzon Green and Sustainable Energy, Inc.*	Power generation	–	100.00	–	100.00
North Luzon Green Power, Inc.*	Power generation	–	100.00	–	100.00
North Luzon Natural Energy, Inc.*	Power generation	–	100.00	–	100.00
Northern Sun Power, Inc.*	Power generation	–	100.00	–	100.00

Northern Sun Radiance, Inc.*	Power generation	–	100.00	–	100.00
South Cleanergy, Inc.*	Power generation	–	100.00	–	100.00
South Luzon Energy Solutions, Inc.*	Power generation	–	100.00	–	100.00
South Luzon Power Development, Inc.*	Power generation	–	100.00	–	100.00
South Luzon Sustainable Energy, Inc.*	Power generation	–	100.00	–	100.00
Cleanergy 1, Inc.*	Power generation	–	100.00	–	100.00
Cleanergy 2, Inc.*	Power generation	–	100.00	–	100.00
Cleanergy 1 Power, Inc.*	Power generation	–	100.00	–	100.00
Cleanergy 2 Power, Inc.*	Power generation	–	100.00	–	100.00
Cleanergy 3 Power, Inc.*	Power generation	–	100.00	–	100.00
Cleanergy 4 Power, Inc.*	Power generation	–	100.00	–	100.00
Cleanergy 5 Power, Inc.*	Power generation	–	100.00	–	100.00
Cleanergy 6 Power, Inc.*	Power generation	–	100.00	–	100.00
Cleanergy 7 Power, Inc.*	Power generation	–	100.00	–	100.00
Hydro Electric Development Corporation*	Power generation	–	99.97	–	99.97
Cornerstone Energy Development, Inc.*	Power generation	–	60.00	–	60.00
Therma Power, Inc. (TPI) and Subsidiaries	Power generation	100.00	–	100.00	–
Mindanao Sustainable Solutions, Inc.*	Services	–	100.00	–	100.00
Therma Luzon, Inc. (TLI)	Power generation	–	100.00	–	100.00
Therma Marine, Inc. (Therma Marine)	Power generation	–	100.00	–	100.00
Therma Mobile, Inc. (Therma Mobile)	Power generation	–	100.00	–	100.00
Therma South, Inc. (TSI)	Power generation	–	100.00	–	100.00
Therma Power-Visayas, Inc. (TPVI)	Power generation	–	100.00	–	100.00
Therma Central Visayas, Inc.*	Power generation	–	100.00	–	100.00
Therma Subic, Inc.*	Power generation	–	100.00	–	100.00
Therma Mariveles Holdings, Inc.	Holding company	–	100.00	–	100.00
Therma Cebu Energy, Inc.*	Power generation	–	50.00	–	–
Therma NatGas Power Inc.*	Power generation	–	100.00	–	–
Therma Pagbilao Power Inc.*	Power generation	–	100.00	–	–
Therma Quezon Energy Inc.*	Power generation	–	100.00	–	–
GNPower Mariveles Energy Center Ltd. Co. (formerly GNPower Mariveles Coal Plant) (GMEC)	Power generation	–	78.33	–	78.33
Therma Dinginin Holdings, Inc.	Holding company	–	100.00	–	100.00
Therma Visayas, Inc. (TVI)	Power generation	–	80.00	–	80.00
Abovant Holdings, Inc.	Holding company	–	60.00	–	60.00
AboitizPower International Pte. Ltd. (API)	Holding company	100.00	–	100.00	–
Cleanergy Asia Power Holdings Pte Ltd.	Holding company	–	100.00	–	100.00
AP Lariang Pte Ltd.	Holding company	–	100.00	–	100.00
Aboitiz Energy Solutions, Inc. (AESI)	Retail electricity supplier	100.00	–	100.00	–
Adventenergy, Inc. (AI)	Retail electricity supplier	100.00	–	100.00	–
Balamban Enerzone Corporation (BEZ)	Power distribution	100.00	–	100.00	–
Lima Enerzone Corporation (LEZ)	Power distribution	100.00	–	100.00	–
Mactan Enerzone Corporation (MEZ)	Power distribution	100.00	–	100.00	–
Malvar Enerzone Corporation (MVEZ)	Power distribution	100.00	–	100.00	–
East Asia Utilities Corporation (EAUC)	Power generation	50.00	50.00	50.00	50.00
Cotabato Light and Power Company (CLP)	Power distribution	99.94	–	99.94	–
Cotabato Ice Plant, Inc.	Manufacturing	–	100.00	–	100.00

Davao Light & Power Company, Inc. (DLP)	Power distribution	99.93	–	99.93	–
STEAG State Power, Inc. (STEAG)	Power generation	69.40	–	69.40	–
Subic Enerzone Corporation (SEZ)	Power distribution	65.00	34.98	65.00	34.98
Cebu Private Power Corporation (CPPC)	Power generation	60.00	–	60.00	–
Prism Energy, Inc. (PEI)	Retail electricity supplier	60.00	–	60.00	–
Visayan Electric Company (VECO)	Power distribution	55.26	–	55.26	–
Cell Power Energy Corporation (formerly Olongapo Energy Corporation)*	Power generation	100.00	–	100.00	–
1882 Energy Ventures Incorporated	Holding company	100.00	–	–	–

* No commercial operations as of March 31, 2024

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

Basis of Financial Statement Preparation

The unaudited interim condensed consolidated financial statements of the Group have been prepared on a historical cost basis, except for derivative financial instruments and financial assets at FVTPL which are measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Philippine peso, which is the Company's functional currency, and all values are rounded to the nearest thousands, except for earnings per share and exchange rates and as otherwise indicated.

Statement of Compliance

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited consolidated financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as of and for the year ended December 31, 2023, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

On April 25, 2024, the Board of Directors (BOD) of the Company approved and authorized the release of the unaudited interim condensed consolidated financial statements of the Group.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the amendments to existing standards which were applied starting January 1, 2024. There are no significant changes affecting the interim condensed consolidated financial statements from these adoptions. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

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

Judgments, key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to

the carrying amounts of assets and liabilities within the next reporting period are consistent with those applied in the most recent annual audited consolidated financial statements.

5. Cash and Cash Equivalents

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Cash on hand and in banks	₱21,350,346	₱23,074,172
Short-term deposits	32,278,945	31,464,612
	₱53,629,291	₱54,538,784

Cash in banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposits rates.

6. Trade and Other Receivables

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Trade receivables - net of allowance for expected credit losses	₱27,594,792	₱26,641,290
Others:		
Nontrade receivable	5,515,912	5,966,458
Advances to contractors	1,500,967	616,738
Interest receivable	84,013	143,056
Dividends receivable	352,000	880,000
	₱35,047,684	₱34,247,542

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

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

Nontrade receivable relates mostly to claims from insurance against the property damage and business interruption insurance policies of TSI and advances to partners in GMEC.

7. Other Current Assets

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Restricted cash	₱3,529,980	₱4,736,120
Input VAT	1,447,945	1,600,347
Prepaid tax	3,460,610	3,205,447
Concession contract asset	1,362,329	1,368,375
Prepaid expenses	975,633	1,131,153
Advances to National Grid Corporation of the Philippines (NGCP)	551,506	551,506
Others	400,432	393,314
	₱11,728,435	₱12,986,262

Restricted cash represents proceeds from sale of power under the control of trustees of TVI and TSI's lenders as per loan agreement. The asset will be used to pay the current portion of loans payable, interest payments and operating costs in the following period.

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

Prepaid expenses mainly includes prepayments for insurance.

8. Investments and Advances

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Acquisition cost:		
Balance at beginning of period	₱56,997,389	₱61,404,940
Additions during the period	422,845	—
Step acquisition to subsidiary	—	(4,400,611)
Redemptions during the period	(6,940)	(6,940)
Balance at end of period	57,413,294	56,997,389
Accumulated equity in net earnings:		
Balance at beginning of period	34,478,491	15,862,661
Share in net earnings	4,179,006	19,817,774
Step acquisition to subsidiary	—	982,102
Dividends	(32,652)	(2,184,046)
Balance at end of period	38,624,845	34,478,491
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	21,552	30,835
Share in cumulative translation adjustments of associates and joint ventures	(39,187)	521,666
	80,967	651,103
	96,119,106	92,126,983
Less allowance for impairment losses	568,125	568,125
Investments at equity	95,550,981	91,558,858
Advances	7,001	81,851
	₱95,557,982	₱91,640,709

The Group's associates and joint ventures and the corresponding equity ownership as of March 31, 2024 and December 31, 2023 are as follows:

	Nature of Business	Percentage of ownership	
		March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Manila-Oslo Renewable Enterprise, Inc. (MORE) ¹	Holding company	83.33	83.33
GNPower Dinginin Ltd. Co. (GNPD) ^{1,2,3}	Power generation	70.00	70.00
AA Thermal, Inc. (ATI) ^{1,2}	Holding company	60.00	60.00
Hijos de F. Escaño, Inc. (Hijos)	Holding company	46.73	46.73
Mazzaraty Energy Corporation (MEC)	Retail electricity supplier	44.87	44.87
Sinag Naraw Power, Inc.*	Power generation	44.00	44.00
San Fernando Electric Light & Power Co., Inc. (SFELAPCO)	Power distribution	43.78	43.78
Pampanga Energy Ventures, Inc. (PEVI)	Holding company	42.84	42.84
AEV Aviation, Inc. (AAI)	Service	26.69	26.69
Cebu Energy Development Corporation (CEDC)	Power generation	26.40	26.40
Redondo Peninsula Energy, Inc. (RPEI)*	Power generation	25.00	25.00
Southern Philippines Power Corporation (SPPC)	Power generation	20.00	20.00
Western Mindanao Power Corporation (WMPC)	Power generation	20.00	20.00
Sinag Naraw Power, Inc. (SNPI)*	Power generation	44.00	44.00
4 Barracuda Energy Corporation (4BEC) ^{1,*}	Power generation	41.00	41.00
Lihangin Wind Energy Corporation (LWEC) ^{4,*}	Power generation	35.00	35.00
Aura Energy Holdings Inc. (AEHI) ^{1,*}	Power generation	50.00	50.00

¹ Joint venture.

² Economic interest

³ Includes 30% indirect ownership through AA Thermal.

⁴ Includes 20% direct ownership through ARI and 30% indirect ownership through AEHI.

* No commercial operations as of March 31, 2024

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, 2023 audited financial statements.

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

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
ATI ¹	₱39,560,795	₱38,110,153
GNPD ²	39,684,457	38,311,119
MORE	10,692,214	10,092,085
CEDC	3,176,821	3,040,004
PEVI	702,599	686,347
SFELAPCO	553,426	539,543
Hios	301,742	301,742
WMPC	146,766	156,895
RPEI	90,277	90,433
SPPC	81,076	81,996
4BEC	172,468	—
AEHI	168,588	—
LWEC	77,030	—
Others	142,722	148,541
	₱95,550,981	₱91,558,858

¹ Includes indirect interest from GNPD.

² Direct interest only.

ARI entered into a subscription agreement to subscribe to 4BEC, AEHI & LWEC for a total subscription price of ₱175.2 million, ₱169.8 million and ₱77.8 million, respectively.

9. Joint Operation

Name of Joint Operation	Nature of Business	Percentage of Ownership	
		March 31, 2024	December 31, 2023
Pagbilao Energy Corporation (PEC)	Power generation	50%	50%

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

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

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

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

10. Intangible Assets

March 31, 2024

	Goodwill	Franchise	Service concession rights	Project development costs	Customer contracts	Software and licenses	Total
Cost:							
Balances at beginning of period	₱44,616,281	₱3,078,433	₱5,725,904	₱1,176,850	₱60,068	₱1,156,281	₱55,813,817
Additions	—	—	3,730	61,360	—	12,121	77,211
Impairment	—	—	—	—	—	—	—
Transfers/Reclass	—	—	—	(104,731)	—	(28,084)	(132,815)
Exchange differences	687,060	—	10,159	—	—	—	697,219
Balances at end of period	45,303,341	3,078,433	5,739,793	1,133,479	60,068	1,140,318	56,455,432
Accumulated amortization:							
Balances at beginning of period	—	814,504	4,564,620	—	60,068	617,528	6,056,720
Amortization	—	19,240	30,789	—	—	42,348	92,377
Balances at end of period	—	833,744	4,595,409	—	60,068	659,876	6,149,097
Net book values	₱45,303,341	₱2,244,689	₱1,144,384	₱1,133,479	₱—	₱480,442	₱50,306,335

11. Other Non-Current Assets

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Input VAT	₱4,055,817	₱4,288,360
Concession contract asset, net of current portion	7,917,836	7,977,067
Prepaid taxes	3,327,594	3,395,899
Advances to contractors and projects	1,818,220	639,171
Refundable deposits	902,533	872,371
Advances to NGCP - net of current portion	565,732	565,732
Investment properties	368,702	368,702
Prepaid expenses	160,730	167,717
Others	859,220	442,077
	₱19,976,384	₱18,717,096

Concession contract asset pertains to STEAG's PPA with NPC which has been accounted for under the provisions of Philippine Interpretation IFRIC 12. Under the terms of the PPA, STEAG will receive capital recovery fees from NPC representing recovery of STEAG's capital cost incurred in relation to the construction of the Power Station. These capital recovery fees are recognized at their discounted value in the consolidated financial statements using a prevailing market rate when STEAG was acquired by the Company in June 2023.

Concession contract asset due not later than one year is presented as current asset in the consolidated balance sheets (see Note 7).

12. Trade and Other Payables

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Trade payables	₱17,583,679	₱19,023,369
Output VAT	4,245,886	3,457,962
Amounts due to contractors and other third parties	1,675,884	1,582,506
Accrued expenses:		
Interest	2,878,399	2,574,531
Taxes and fees	2,076,650	1,575,967
Claims conversion costs	155,368	155,769
Insurance	60,276	43,743
Dividends payable (see Note 23)	380,060	168,770
Unearned revenues	175,400	219,943
Customers' deposit	38,634	41,203
Nontrade	4,413,005	3,118,256
Others	1,004,089	906,654
	₱34,687,330	₱32,868,673

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 the power plant construction.

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

13. Short-term Loans

		March 31, 2024	December 31, 2023
		(Unaudited)	(Audited)
Peso loans - financial	4.92% - 6.87% in 2024		
institutions - unsecured	4.92% - 6.87% in 2023	₱21,261,000	₱18,298,000
Dollar loans - financial	5.75% - 8.00% in 2024		
institutions - unsecured	6.70% - 7.00% in 2023	2,195,056	1,661,100
		₱23,456,056	₱19,959,100

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.

14. Long-term Debts

	2024 Interest Rate (Unaudited)	2023 Interest Rate (Audited)	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Company:				
Bonds (see Note 15)	3.82% - 8.51%	3.82% - 8.51%	₱43,300,000	₱43,300,000
Financial institutions - unsecured	4.00% - 4.33%	4.00% - 4.33%	10,800,000	10,800,000
Subsidiaries:				
GMEC				
Financial institutions - unsecured	LIBOR + 1.7% - 4.85%	LIBOR + 1.7% - 4.85%	28,921,600	29,728,547
TMI				
Financial institutions - secured	4.54% - 7.68%	4.54% - 7.68%	2,275,000	2,437,500
HSAB				
Financial institutions - secured	4.92%	4.92%	995,174	995,174
TVI				
Financial institutions - secured	5.56% - 9.00%	5.56% - 9.00%	21,419,172	22,439,131
AESI				
Financial institutions - unsecured	4.87%	4.87%	582,000	582,000
TSI				
Financial institutions - secured	4.27%	4.27%	16,253,378	16,884,883
APRI				
Financial institutions - secured	4.91% - 6.67%	4.91% - 6.67%	10,304,000	10,304,000
Hedcor Bukidnon				
Financial institutions - secured	4.29% - 5.59%	4.29% - 5.59%	7,182,509	7,498,401
Hedcor Sibulan				
Fixed rate corporate notes - unsecured	5.21% - 5.42%	5.21% - 5.42%	2,550,000	2,550,000
HI				
Financial institution - secured	5.00%	5.00%	1,215,310	1,236,056
PVSinag				
Financial institution - secured	7.06% - 8.02%	7.06% - 8.02%	9,700,000	8,850,000
ARI				
Financial institution - unsecured	6.65%-6.91%	6.91%	20,000,000	12,000,000
HTI				
Financial institution - secured	4.92%	4.92%	635,022	635,022
AI				
AEV - unsecured	—%	3.50%	—	300,000
TLI				
Financial institution - unsecured	7.40%	7.40%	34,000,000	34,000,000
STEAG				
Financial institution - secured	LIBOR + 1.50% - 5.00%	LIBOR + 1.50% - 5.00%	2,165,802	2,404,165
Joint operation (see Note 10)				
Financial institutions - secured	5.77% - 6.27%	5.77% - 6.27%	8,217,344	8,698,783
			220,516,311	215,643,662
Less deferred financing costs			1,390,755	1,372,532
			219,125,556	214,271,130
Less current portion - net of deferred			10,433,317	10,730,454
			₱208,692,239	₱203,540,676

In March 2024, ARI availed a new loan for a total of ₱8.00 billion.

In March 2024, PV Sinag availed a new loan for a total of ₱850.0 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.

15. Debt Securities

As of March 31, 2024, the Company registered and issued peso-denominated fixed-rate retail bonds totaling ₱43.3 billion under the following terms:

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

16. Operating Expenses

	For the periods ended March 31	
	2024	2023
Cost of generated power	₱11,021,460	₱16,993,433
Cost of purchased power	17,346,474	16,889,660
Depreciation and amortization	3,034,948	2,962,009
Operations and maintenance	4,084,843	3,021,639
General and administrative	2,233,475	1,956,470
	₱37,721,200	₱41,823,211

17. Other Income - net

	For the periods ended March 31	
	2024	2023
Surcharges	₱141,659	₱175,143
Rental income	30,692	150,190
Gains (losses) on disposal of property, plant and equipment	(76,056)	17,610
Non-utility operating income	20,033	34,636
Net foreign exchange gains (losses)	6,059	(33,015)
Others - net	1,343,347	480,106
	₱1,465,734	₱824,670

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

“Others” include derivative gains, insurance claims, tax credits, contract for difference charges, GMEC sale of coal to GNPD due to power outage, TSI sale of coal to NGCP and other non-recurring items like sale of scrap and sludge oil.

18. Earnings Per Common Share

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

	For the periods ended March 31	
	2024	2023
a. Net income attributable to equity holders of the parent	₱7,863,437	₱7,527,214
b. Weighted average number of outstanding shares	7,205,854,307	7,358,604,307
Basic and diluted earnings per share (a/b)	₱1.09	₱1.02

There are no dilutive potential common shares for the three-month periods ended March 31, 2024 and 2023.

19. Operating Segment Information

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group’s Chief Operating Decision Maker (CODM) to make decisions about how resources are to be

allocated to the segment and assess their performances, and for which discrete financial information is available.

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

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

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

January - March 2024

	Power Generation	Power Distribution	Parent and Others	Total
Revenue from power supply contracts	₱15,189,212	₱—	₱—	₱15,189,212
Revenue from distribution services	—	12,317,647	—	12,317,647
Revenue from retail electricity sales	—	—	11,044,939	11,044,939
Revenue from non-power supply contracts	6,380,202	—	—	6,380,202
Revenue from technical and management services	—	—	210,269	210,269
	₱21,569,414	₱12,317,647	₱11,255,208	₱45,142,269

January - March 2023

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

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

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

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

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

Adjustments as shown below include items not presented as part of segment assets and liabilities.

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

January - March 2024

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱21,569,414	₱12,317,647	₱11,255,208	₱—	₱45,142,269
Inter-segment	6,025,905	339,743	384,707	(6,750,355)	—
Total Revenue	₱27,595,319	₱12,657,390	₱11,639,915	(₱6,750,355)	₱45,142,269
Segment Results	₱4,828,450	₱1,900,229	₱692,388	₱2	₱7,421,069
Unallocated corporate income (loss) - net	1,344,861	229,005	(108,132)	—	1,465,734
INCOME FROM OPERATIONS	6,173,311	2,129,234	584,256	2	8,886,803
Interest expense	(2,310,496)	(280,403)	(922,992)	—	(3,513,891)
Interest income	264,426	8,190	111,275	—	383,891
Share in net earnings of associates and joint ventures	4,115,099	62,786	8,794,527	(8,793,406)	4,179,006
Provision for income tax	(976,571)	(441,710)	(197,956)	—	(1,616,237)
NET INCOME	₱7,265,769	₱1,478,097	₱8,369,110	(₱8,793,404)	₱8,319,572
Depreciation and Amortization	₱2,593,053	₱374,626	₱31,014	₱36,255	₱3,034,948
OTHER INFORMATION					
Investments	₱93,432,406	₱1,285,947	₱235,258,111	(₱234,425,483)	₱95,550,981
Segment Assets	₱351,816,084	₱44,741,030	₱267,957,418	(₱174,915,341)	₱489,599,191
Segment Liabilities	₱176,953,637	₱38,268,366	₱94,564,730	(₱4,958,336)	₱304,828,397

January - March 2023

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱23,330,858	₱14,316,873	₱11,093,583	₱—	₱48,741,314
Inter-segment	8,878,389	431,613	550,835	(9,860,837)	—
Total Revenue	₱32,209,247	₱14,748,486	₱11,644,418	(₱9,860,837)	₱48,741,314
Segment Results	₱5,517,877	₱2,177,310	(₱777,084)	₱—	₱6,918,103
Unallocated corporate income (loss) - net	674,822	396,742	(246,894)	—	824,670
INCOME FROM OPERATIONS	6,192,699	2,574,052	(1,023,978)	—	7,742,773
Interest expense	(2,560,495)	(210,252)	(872,695)	—	(3,643,442)
Interest income	231,256	6,333	313,744	—	551,333
Share in net earnings of associates and joint ventures	5,132,278	(4,578)	8,440,550	(8,439,944)	5,128,306
Provision for income tax	(853,987)	(564,363)	(45,093)	—	(1,463,443)
NET INCOME	₱8,141,751	₱1,801,192	₱6,812,528	(₱8,439,944)	₱8,315,527
Depreciation and Amortization	₱2,580,150	₱328,593	₱17,011	₱36,255	₱2,962,009
OTHER INFORMATION (December 31, 2023)					
Investments	₱89,882,685	₱1,255,813	₱234,330,987	(₱233,910,627)	₱91,558,858
Segment Assets	₱406,202,957	₱44,649,741	₱271,124,482	(₱234,953,874)	₱487,023,306
Segment Liabilities	₱183,360,851	₱34,703,587	₱78,291,949	(₱3,307,446)	₱293,048,941

20. Financial Risk Management Objectives and Policies

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

The Group also enters into derivative transactions, particularly foreign currency forwards, to economically hedge its foreign currency risk from foreign currency denominated liabilities and purchases and interest rate swap agreement to hedge its floating rate exposure on its foreign currency-denominated loan.

Risk Management Structure

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

Financial risk committee

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

Treasury service group

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

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk, commodity price risk and foreign exchange risk.

Market Risk

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

Liquidity risk

Liquidity risk is the risk that an entity in the Group will be unable to meet its obligations as they become due. The Group manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows, making use of a centralized treasury function to manage pooled business unit cash investments and borrowing requirements.

In managing its long-term financial requirements, the Group's policy is that not more than 25% of long-term borrowings should mature in any twelve-month period. 8.99% of the Group's debt will mature in less than one year as of March 31, 2024 (December 31, 2023: 8.32%). For its short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

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

The following table summarizes the maturity profile of the Group's financial liabilities as of March 31, 2024 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	₱23,456,056	₱23,456,056	₱—	₱23,456,056	₱—	₱—
Trade and other payables	28,358,428	28,358,428	4,033,359	24,325,069	—	—
Long-term debts	219,125,556	220,516,311	—	10,527,430	115,855,611	94,133,270
Customers' deposits	9,319,970	9,319,970	—	—	503,758	8,816,212
Lease liabilities	3,452,143	6,781,887	—	150,523	1,407,293	5,224,071
Long-term obligation on PDS	126,357	120,000	—	40,000	80,000	—
Derivative liabilities	351,198	351,198	—	351,198	—	—
	₱284,189,708	₱288,903,850	₱4,033,359	₱58,850,276	₱117,846,662	₱108,173,553

Commodity swap contracts

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

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. To manage this risk, the Group determines the mix of its debt portfolio as a function of the level of current interest rates, the required tenor of the loan, and the general use of the proceeds of its various fund raising activities. As of March 31, 2024, 7% of the Group's long-term debt had annual floating interest rates ranging from 1.7% to 7.68%, and 93% have annual fixed interest rates ranging from 4.27% to 9.00%. As of December 31, 2023, 7% of the Group's long-term debt had annual floating interest rates ranging from 1.5% to 7.68%, and 93% have annual fixed interest rates ranging from 4.27% to 9.00%.

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

As of March 31, 2024

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱1,774,153	₱7,722,057	₱5,706,087	₱15,202,297

As of March 31, 2023

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

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

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

	For the periods ended March 31	
	2024	2023
Short-term loans and long-term debt	₱3,305,510	₱2,916,840
Lease liabilities (see Note 22)	57,302	618,355
Customers' deposits	45	20
Other long-term obligations	151,034	108,227
	₱3,513,891	₱3,643,442

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

	Increase (decrease) in basis points	Effect on income before tax
March 2024	200	(₱304,046)
	(100)	152,023
March 2023	100	(₱108,370)
	(50)	54,185

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

Foreign exchange risk

The foreign exchange risk of the Group pertains significantly to its foreign currency denominated obligations. To manage its foreign exchange risk, stabilize cash flows and improve investment and cash flow planning, the Group enters into foreign currency forward contracts aimed at reducing

and/or managing the adverse impact of changes in foreign exchange rates on financial performance and cash flows. Foreign currency denominated borrowings account for 19.08% and 20.48% of total consolidated borrowings as of March 31, 2024 and December 31, 2023, respectively.

Presented below are the Group's foreign currency denominated financial assets and liabilities as of March 31, 2024 and December 31, 2023, translated to Philippine Peso:

	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	US Dollar	Philippine Peso equivalent ¹	US Dollar	Philippine Peso equivalent ²
Financial assets:				
Cash and cash equivalents	\$202,368	₱11,381,176	\$159,006	₱8,804,162
Trade and other receivables	69,571	3,912,673	70,309	3,893,009
Advances to associates	260	14,622	258	14,285
Total financial assets	272,199	15,308,471	229,573	12,711,456
Financial liabilities:				
Trade and other payables	74,305	4,178,913	64,986	3,598,275
Total net financial assets (liabilities)	\$197,894	₱11,129,558	\$164,587	₱9,113,181

¹\$1 = 56.24

²\$1 = 55.37

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

	Increase (decrease) in US Dollar	Effect on income before tax
2024		
US Dollar denominated accounts	US Dollar weakens by 5%	(₱556,478)
US Dollar denominated accounts	US Dollar strengthens by 5%	556,478
2023		
US Dollar denominated accounts	US Dollar strengthens by 5%	(₱455,659)
US Dollar denominated accounts	US Dollar weakens by 5%	455,659

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

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

Credit risk

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

Concentration Risk

Credit risk concentration of the Group's receivables according to the customer category is summarized in the following table:

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Power distribution:		
Industrial	₱9,737,206	₱9,284,763
Residential	2,128,563	2,193,446
Commercial	1,187,148	1,147,583
Power generation:		
Power supply contracts	14,774,420	14,210,326
Non-power supply contracts	3,224,621	3,181,336
	₱31,051,958	₱30,017,454

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 are as follows:

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Short-term loans	₱23,456,056	₱19,959,100
Long-term debt	219,125,556	214,271,130
Lease liabilities	3,452,143	2,914,845
Cash and cash equivalents	(53,629,291)	(54,538,784)
Restricted cash	(3,529,980)	(4,736,119)
Net debt (a)	188,874,484	177,870,172
Equity	184,770,794	193,974,365
Equity and net debt (b)	373,645,278	371,844,537
Gearing ratio (a/b)	50.55%	47.83%

No changes were made in the objectives, policies or processes during the period ended March 31, 2024.

21. Financial Instruments

Fair Value of Financial Instruments

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

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

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

	March 31, 2024		December 31, 2023	
	(Unaudited)		(Audited)	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Liabilities				
Lease liabilities	₱3,452,143	₱4,990,028	₱2,914,845	₱3,119,858
Long-term debt - fixed rate	203,923,259	173,821,161	198,295,781	185,830,378
Long-term obligation on power distribution system	126,357	119,261	122,730	167,708
	₱207,501,759	₱178,930,450	₱201,333,356	₱189,117,944

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

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

Fixed-rate borrowings. The fair value of fixed rate interest-bearing loans is based on the discounted value of future cash flows using the applicable rates for similar types of loans.

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

Lease liabilities. The fair value of the lease liabilities was calculated by discounting future cash flows using applicable interest rates.

Long-term obligation on PDS and PSALM deferred adjustment. The fair value of the long-term obligation is calculated by discounting expected future cash flows at prevailing market rates.

Customers' deposits. The fair value of bill deposits approximates the carrying values as these deposits earn interest at the prevailing market interest rate in accordance with regulatory guidelines. The timing and related amounts of future cash flows relating to transformer and lines and poles deposits cannot be reasonably and reliably estimated for purposes of establishing their fair values using an alternative valuation technique.

Financial assets at FVTPL. These equity securities are carried at fair value.

Derivative financial instruments. The fair value of forward contracts is calculated by reference to prevailing interest rate differential and spot exchange rate as of valuation date, taking into account its remaining term to maturity. The fair value of the embedded prepayment options is determined

using Binomial Option Pricing Model which allows for the specification of points in time until option expiry date. This valuation incorporates inputs such as interest rates and volatility. The fair value of the interest rate swap and interest rate cap are determined by generally accepted valuation techniques with reference to observable market data such as interest rates.

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

The Group also entered into an interest rate swap agreement to fully hedge its floating rate exposure on its foreign currency-denominated loan and par forward contracts to hedge the floating rate exposure on foreign-currency denominated payments.

The Group also entered into commodity swap contracts to hedge the price volatility of its forecasted coal purchases.

The movements in fair value changes of all derivative instruments for the three-month period ended March 31, 2024 and for the year ended December 31, 2023 are as follows:

	2024 (Unaudited)	2023 (Audited)
At beginning of period	(₱126,287)	₱2,464,763
Net changes in fair value of derivatives designated as cash flow hedges	133,870	(2,591,050)
Net changes in fair value of derivatives not designated as accounting hedges	(60,708)	100,968
Fair value of settled instruments	60,708	(100,968)
At end of period	₱7,583	(₱126,287)

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

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

As of March 31, 2024, 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	₱358,781	₱—	₱358,781	₱—
Derivative liabilities	351,198	—	351,198	—
Disclosed at fair value:				
Lease liabilities	4,990,028	—	—	4,990,028
Long-term debt - fixed rate	173,821,161	—	—	173,821,161
Long-term obligation on PDS	119,261	—	—	119,261

During the three-month period ended March 31, 2024, there were no transfers between level 1 and level 2 fair value measurements and transfers into and out of level 3 fair value measurement.

22. Leases

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the three-month period ended March 31, 2024:

	Land	Building	Power Plant	Equipment and Others	Total	Lease liabilities
At beginning of the period	₱3,114,636	₱103,242	₱25,658,351	₱132,789	₱29,009,018	₱2,914,845
Additions	492,409	—	—	—	492,409	492,409
Amortization expense	(41,872)	(8,086)	(234,542)	(1,291)	(285,791)	—
Interest expense	—	—	—	—	—	57,302
Payments	—	—	—	—	—	(54,190)
Others	13,511	263	—	—	13,774	41,777
At end of the period	₱3,578,684	₱95,419	₱25,423,809	₱131,498	₱29,229,410	₱3,452,143

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

	For periods ended March 31	
	2024	2023
Amortization expense of right-of-use assets	₱285,791	₱327,614
Interest expense on lease liabilities	57,302	618,355
Rent expense - short-term leases	22,925	13,585
	₱366,018	₱959,554

23. Retained Earnings

- a. On March 5, 2024, the BOD approved the declaration of regular cash dividends of ₱2.30 a share (₱16.57 billion) to all stockholders of record as of March 19, 2024. These dividends were paid on March 26, 2024.
- b. The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint arrangements amounting to ₱158.69 billion and ₱167.40 billion as at March 31, 2024 and December 31, 2023, 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.

24. Disclosures

1. Seasonality of Interim Operations

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

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

2. Pagbilao IPP Administration Agreement

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

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

- a. Supply and deliver all fuel for the power plant in accordance with the specifications of the original Energy Conservation Agreement (ECA); and

- b. Pay to PSALM the monthly payments (based on the bid) and energy fees (equivalent to the amount paid by NPC to the IPP).

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

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

3. Chromite Gas Investment Agreement with Meralco PowerGen Corporation

The Company, through its subsidiary, Therma NatGas Power, Inc. ("TNGP"), entered into an Investment Agreement with Meralco PowerGen Corporation (MGen) and intends to acquire a 40% equity interest in Chromite Gas Holdings, Inc. ("Chromite Gas"). Chromite Gas intends to acquire a 67% equity interest in each of the 1,278 MW Ilijan power plant, the 1,320 MW combined cycle power facility, currently under construction, and the LNG import and regasification terminal owned by Linseed Field Corporation. The other shareholder in the assets is San Miguel Global Power Holdings Inc. With TNGP's investment, Chromite Gas will be 60% and 40% beneficially owned by MGen and TNGP, respectively.

4. Property, Plant and Equipment

During the three-month period ended March 31, 2024, the Group's additions to property, plant and equipment amounted to ₱2.27 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 ₱1.28 billion and ₱1.21 billion to non-controlling interests during the three-month periods ended March 31, 2024 and 2023, respectively.

6. Contingencies

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

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

SCHEDULE A – RELEVANT FINANCIAL RATIOS

	Formula	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
LIQUIDITY RATIOS			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.61	1.79
Acid test ratio	$\frac{\text{Cash + Marketable securities} + \text{Accounts receivable} + \text{Other liquid assets}}{\text{Current liabilities}}$	1.27	1.38
SOLVENCY RATIOS			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	1.65	1.51
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	2.65	2.51
Net debt to equity ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity}}$	1.02	0.92
Gearing ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity} + (\text{Debt - Cash \& cash equivalents})}$	50.55%	47.83%
Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expense}}$	n.a	4.50
PROFITABILITY RATIOS			
Operating margin	$\frac{\text{Operating profit}}{\text{Total revenues}}$	n.a	15.36%
Return on equity	$\frac{\text{Net income after tax}}{\text{Total equity}}$	n.a	20.08%

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

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

1.) AGING OF RECEIVABLES

As of March 31, 2024

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade receivables:					
Power Distribution Customers	3,906,947	1,057,773	162,882	1,249,354	6,376,956
Power Generation Customers	12,469,648	250,579	315,310	4,963,504	17,999,041
Management & Other Services Customers	3,582,882	1,446,130	738,690	908,259	6,675,961
	19,959,477	2,754,482	1,216,882	7,121,117	31,051,958
Less : Allowance for impairment losses				3,457,166	3,457,166
Net trade Receivables	19,959,477	2,754,482	1,216,882	3,663,951	27,594,792
Non-trade receivables	7,451,312			1,580	7,452,892
Grand Total	27,410,789	2,754,482	1,216,882	3,665,531	35,047,684

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