April 15, 2024

via electronic mail
SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7909 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 : **DISCLOSURE DEPARTMENT**

via electronic mail
PHILIPPINE DEALING & EXCHANGE CORP.
29th Floor BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

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

Gentlemen:

Attached is the SEC Form 17-A (2023 Annual Report) of Aboitiz Power Corporation for your files.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION
By:

MA. CLARISSE S. OSTERIA
Assistant Corporate Secretary

COVER SHEET

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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)

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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- 8886-2338

Company Telephone Number

1	2		3	1

Month *Day*
Fiscal Year

Annual Report

1	7	-	A	

FORM TYPE

4th Monday of April

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Month *Day*
Annual Meeting

N/A

Secondary License Type, if Applicable

SEC

Dept. Requiring this Doc

N/A

Amended Articles Number/Section

	x	
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number	LCU
Document I.D.	Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the year ended **2023**

2. SEC Identification Number **C199800134** 3. BIR TIN **200-652-460-000**

4. Exact name of registrant as specified in its charter **Aboitiz Power Corporation**

5. **Philippines** 6.
Province, country or other jurisdiction of incorporation — Industry Classification Code

7. **32nd Street, Bonifacio Global City, Taguig City** **1634**
Address of principal office — Postal Code

8. **(02) 8886-2800**
Issuer's telephone number, including area code

9. **N/A**
Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	**7,205,854,307**
Total Debt (as of December 31, 2023)	**₱237,145,075,000.00**

Fixed-Rate Peso Retail Bonds Issued by the Company:

Issue Date	Series	Amount of Issuance	Maturity Date	Tenor
July 2017	Series A	₱3.00 billion	July 2027	10 years
October 2018	Series C	₱2.50 billion	October 2028	10 years
October 2019	Series D	₱7.25 billion	October 2026	7 years
July 2020	Series F	₱550 million	July 2025	5 years
March 2021	Series A	₱8.00 billion	March 2026	5 years
December 2021	Series B	₱4.80 billion	December 2025	4 years
December 2021	Series C	₱7.20 billion	December 2028	7 years
March 2022	Series D	₱3.00 billion	March 2027	5 years
March 2022	Series E	₱7.00 billion	March 2028	7 years

For a discussion on the Company's bond issuances, please refer to Part I Item 1 (b).

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

Yes (✓) No ( )

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange, Inc. **Common**

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11 (a)-1 thereunder, and Sections 25 and 177 of the Revised Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes (✓) No ( )

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

Yes (✓) No ( )

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

For 2023, aggregate voting stock of registrant held outside of its affiliates and/or officers and employees totaled 3,294,015,004 shares (for details please refer to the attached notes to financial statements and Schedule H of this report) while its market price per share was ₱37.80, as of December 31, 2023.

Based on this data, total market value of registrant's voting stock not held by its affiliates and/or officers and employees was computed to be ₱124.51 million (mn).

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the registrant has filed all documents and reports required to be filed by Section 17 of the RSA subsequent to the distribution of securities under a plan confirmed by a court or the SEC.

Yes ( ) No (✓)

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders:
- 2023 Audited Financial Statements of Aboitiz Power Corporation (with BIR ITR Filing Reference)
- 2023 Consolidated Audited Financial Statements and Supplementary Schedules
- Integrated Annual Corporate Governance Report
- Sustainability Reporting Template and 2023 Annual and Sustainability Report

(b) Any information statement filed pursuant to SRC Rule 20:
- SEC Form 20-IS (Information Statement) for the 2024 Annual Stockholders' Meeting

(c) Any prospectus filed pursuant to SRC Rule 8.1:
- None.

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PART 1 – BUSINESS AND GENERAL INFORMATION

Item 1. Business

(1) Business Development

Aboitiz Power Corporation (AboitizPower) is a publicly-listed company incorporated on, and has been in business since, February 13, 1998. AboitizPower was incorporated as a holding company for the Aboitiz Group's investments in electricity generation and distribution. Ownership in AboitizPower was opened to the public through an initial public offering of its common shares in the PSE on July 16, 2007. Through its Subsidiaries and Affiliates, AboitizPower is a well-positioned leader in the Philippine power industry being one of the leading companies in power generation, distribution, and retail electricity supply. As of March 21, 2024, AboitizPower had a market capitalization of ₱265.896 bn, with a common share price of ₱36.90 per share.

AboitizPower has four strategic business units:

(a) Power Generation, where AboitizPower is among the largest in the country, in terms of overall installed capacity[1];
(b) Power Distribution, where AboitizPower is the second largest distribution utility, in terms of captive customer connections and energy sales[2];
(c) Retail Electricity Services (RES), where the combined RES segment of AboitizPower has the second highest number of customers and the largest in terms of contract capacity in megawatts (MW) and total retail market share[3]; and
(d) Distributed Energy.

AboitizPower, which has the largest portfolio of renewable electricity in the country to date, is a pioneer in building and operating run-of-river hydropower plants in the country[4]. The Company continues to pursue energy projects to help ensure the Philippines' energy system is secure and is able to reliably support aggregate demand.

AboitizPower through its Subsidiaries, Joint Ventures, and Associates, is one of the leading players in the Philippine power industry with interests in privately-owned power generation companies, RES services, and distribution utilities throughout the Philippines.

AboitizPower's portfolio of power generating assets strategically consist of a mix of renewable and non-renewable power plants. AboitizPower's baseload is composed of coal and geothermal plants and immediate and peaking hydropower, solar, and oil-based power plants, which enable the Company to effectively address the country's growing aggregate demand. Most of AboitizPower's plants are also capable of providing ancillary services, which is critical in stabilizing grid operations. AboitizPower has an installed capacity which is equivalent to a 19.18% market share of the national grid's installed generating capacity.[5] As of February 29, 2024, AboitizPower had a total of 5,974 MW net sellable capacity, of which 4,498 MW is the portion attributable to the Company. The Company continues to grow its portfolio of generation assets with renewables and selective baseload builds. AboitizPower's renewable investments are held primarily through its wholly-owned Subsidiary, Aboitiz Renewables, Inc. (ARI), along with ARI's Subsidiaries and Joint Ventures.

AboitizPower also owns interests in nine Distribution Utilities in Luzon, Visayas, and Mindanao, including Visayan Electric Company, Inc. (Visayan Electric) and Davao Light & Power Co., Inc. (Davao Light), the second and third largest distribution utilities in the Philippines, respectively in terms of customer size and annual sales. AboitizPower's Subsidiaries engaged in the distribution of electricity sold a total of 8,203,148 MWh during 2023.

AboitizPower's power generation business supplies power to various customers under power supply contracts, ancillary service procurement agreements (ASPA), and for trading in the Wholesale Electricity Spot Market (WESM). The power distribution business is engaged in the distribution and sale of electricity to end-users, and the RES and Others segment includes retail electricity sales to various off-takers that are considered eligible contestable customers ("Contestable Customers") and provision of electricity-related services, such as

[1] Based on Resolution 03-2023 published by the Energy Regulatory Commission on April 5, 2023
[2] Based on DOE's Distribution Development Plan 2021-2030
[3] ERC Competitive Retail Electricity Market Monthly Statistical Data as of July 2023
[4] Based on ERC Resolution No. 03, Series of 2023 dated April 5, 2023
[5] Based on ERC Grid Limit Resolution

installation of electrical equipment. AboitizPower's Subsidiaries engaged in the supply of retail electricity sold a total of 6.27 Terawatt hours (TWh) during 2023.

On December 16, 2021, JERA Asia acquired a 27% stake in AboitizPower, which consisted of a 25.01% stake from Aboitiz Equity Ventures Inc. (AEV) and a 1.99% stake from ACO.

As of March 21, 2024, AEV owns 52.97% of the outstanding capital stock of AboitizPower, 27.57% is owned by JERA Asia, 1.10% is owned by directors, officers, and other related parties, while the remainder is owned by the public.

Neither AboitizPower nor any of its Subsidiaries has ever been the subject of any bankruptcy, receivership or similar proceedings.

History and Milestones

The Aboitiz Group's involvement in the power industry began when members of the Aboitiz family acquired a 20% ownership interest in Visayan Electric in the early 1900s. The Aboitiz Group's direct and active involvement in the power distribution industry can be traced to the 1930s, when Aboitiz & Company, Inc. (ACO) acquired Ormoc Electric Light Company and its accompanying ice plant, Jolo Power Company, and Cotabato Light and Power Company (Cotabato Light). In July 1946, the Aboitiz Group further strengthened its position in power distribution in the Southern Philippines when it acquired Davao Light, which is now the third largest privately-owned distribution utility in the Philippines in terms of customers and annual gigawatt hour (GWh) sales.

In December 1978, ACO divested its ownership interests in Ormoc Electric Light Company and Jolo Power Company and focused on the more lucrative franchises held by Cotabato Light, Davao Light, and Visayan Electric.

In response to the Philippines' pressing need for adequate power supply, the Aboitiz Group ventured into power generation, becoming a pioneer and industry leader in hydroelectric energy. In 1978, the Aboitiz Group incorporated Hydro Electric Development Corporation (HEDC). HEDC carried out feasibility studies (including hydrological and geological studies), hydroelectric power installation and maintenance, and also developed hydroelectric projects in and around Davao City. On June 26, 1990, the Aboitiz Group also incorporated Northern Mini-Hydro Corporation (now Cleanergy, Inc.), which focused on the development of mini-hydroelectric projects in Benguet province in northern Luzon. By 1990, HEDC and Cleanergy had commissioned and were operating 14 plants with a combined installed capacity of 36 MW. In 1996, the Aboitiz Group led the consortium that entered into a Build-Operate-Transfer (BOT) agreement with the National Power Corporation (NPC) to develop and operate the 70-MW Bakun AC hydroelectric plant (the "Bakun AC Hydro Plant") in Ilocos Sur.

The table below sets out milestones in AboitizPower's development since 1998:

Year	Milestones
1998	*Incorporated as a holding company for the Aboitiz Group's investments in power generation and distribution.*
2005	*Consolidated its investments in mini-hydroelectric plants in a single company by transferring all of HEDC's and Cleanergy's mini hydroelectric assets to Hedcor, Inc. (Hedcor).*
2007	*Entered into a share swap agreement with AEV in exchange for AEV's ownership interest in the following distribution utilities:* *(i) An effective 55% equity interest in Visayan Electric;* *(ii) A 100% equity interest in each of Davao Light and Cotabato Light;* *(iii) An effective 64% ownership interest in Subic Enerzone Corporation (Subic Enerzone); and* *(i) An effective 44% ownership interest in San Fernando Electric Light & Power Co., Inc. (SFELAPCO).*
	As part of the reorganization of the power-related assets of the Aboitiz Group, the Company: *(i) Acquired 100% interest in Mactan Enerzone Corporation (Mactan Enerzone) and 60% interest in Balamban Enerzone Corporation (Balamban Enerzone) from Aboitiz Land, Inc. (AboitizLand); and* *(ii) Consolidated its ownership interests in Subic Enerzone by acquiring the combined 25% interest in Subic Enerzone held by AEV, SFELAPCO, Okeelanta Corporation, and Pampanga Sugar Development Corporation.*

Year	Milestones
	These acquisitions were made through a Share Swap Agreement, which involved the issuance of the Company's 170,940,307 common shares issued at the IPO price of ₱5.80 per share in exchange for the foregoing equity interests in Mactan Enerzone, Balamban Enerzone, and Subic Enerzone.
	Together with its partner, Statkraft Norfund Power Invest AS of Norway, through SN Aboitiz Power-Magat, Inc. (SN Aboitiz Power-Magat), acquired possession and control of the Magat Plant following its successful bid in an auction by the Power Sector Assets and Liabilities Management Corporation (PSALM).
	Formed Abovant Holdings, Inc. (Abovant) with the Vivant Group as the investment vehicle for the construction and operation of a coal-fired power plant in Toledo City, Cebu ("Cebu Coal Project"). Abovant entered into a Memorandum of Agreement (MOA) with Global Business Power Corporation (Global Power) of the Metrobank group for the acquisition of a 44% equity interest in Cebu Energy Development Corporation (Cebu Energy).
	Therma Power, Inc. (TPI) entered into a MOA with Taiwan Cogeneration International Corporation (TCIC) for the Subic Coal Project, an independent coal-fired power plant in the Subic Bay Freeport Zone. Redondo Peninsula Energy, Inc. (RP Energy) was incorporated as the project company.
	Acquired 50% of East Asia Utilities Corporation (EAUC) from El Paso Philippines Energy Company, Inc. and 60% of Cebu Private Power Corporation (CPPC).
	Purchased 34% equity ownership in STEAG State Power, Inc. (SPI) from Evonik Steag GmbH in August 2007.
	Purchased Team Philippines Industrial Power II Corporation Industrial Power II Corp.'s 20% equity in Subic Enerzone.
2008	*Through SN Aboitiz Power-Benguet, Inc. (SN Aboitiz Power–Benguet) submitted the highest bid for the Ambuklao-Binga Hydroelectric Power Complex.*
	Acquired Tsuneishi Holdings (Cebu), Inc. (THC)'s 40% equity ownership in Balamban Enerzone, bringing AboitizPower's total equity in Balamban Enerzone to 100%.
2009	*AP Renewables, Inc. (APRI) acquired the 234-MW Tiwi geothermal power facility in Albay and the 449.8 MW Makiling-Banahaw geothermal power facility in Laguna (collectively referred to as the "Tiwi-MakBan Geothermal Facilities").*
	Therma Luzon, Inc. (TLI) became the Independent Power Producer Administrator (IPPA) for the 700-MW contracted capacity of the Pagbilao Coal-Fired Power Plant (the "Pagbilao Plant"), becoming the first IPPA of the country.
2010	*Therma Marine, Inc. (TMI), acquired ownership over Mobile 1 ("Power Barge 118") and Mobile 2 ("Power Barge 117") from PSALM.*
2011	*Meralco PowerGen Corporation (MPGC), TCIC, and TPI entered into a Shareholders' Agreement to formalize their participation in RP Energy. MPGC took the controlling interest in RP Energy, while TCIC and TPI maintained the remaining stake equally.*
	Therma Mobile, Inc. (TMO) acquired four barge-mounted floating power plants and their operating facilities from Duracom Mobile Power Corporation and EAUC. In the same year, the barges underwent rehabilitation and started commercial operations in 2013.
2013	*Aboitiz Energy Solutions, Inc. (AESI) won 40 strips of energy corresponding to 40 MW capacity of Unified Leyte Geothermal Power Plant (ULGPP). The contract between AESI and PSALM with respect to the ULGPP capacity was terminated on October 26, 2019.*
2014	*TPI entered into a joint venture agreement with TPEC Holdings Corporation to form Pagbilao Energy Corporation (PEC) to develop, construct, and operate the 400 MW coal-fired Pagbilao Unit 3.*
	Therma Power-Visayas, Inc. (TPVI) was declared the highest bidder for the privatization of the Naga Power Plant Complex (NPPC). SPC Power Corporation (SPC), the other bidder, exercised its right-to-top under the Naga Power Plant Land-Based Gas Turbine Land Lease Agreement, and PSALM declared SPC as the winning bidder. After protracted legal proceedings, TPVI accepted the turn-over for the NPPC plant on July 16, 2018.
	Acquired 100% of Lima Enerzone Corporation (Lima Enerzone) from Lima Land, Inc. (Lima Land), then a wholly-owned Subsidiary of AboitizLand.
	TPI entered into a Shareholders' Agreement with Vivant Group, for the latter's acquisition of 20% issued and outstanding shares in Therma Visayas, Inc. (TVI).
2015	*ARI formed a Joint Venture, San Carlos Sun Power, Inc. (SacaSun), with SunEdison Philippines to explore solar energy projects. In 2017, AboitizPower International completed the acquisition of SacaSun from SunEdison Philippines, and ownership of SacaSun was consolidated in AboitizPower.*
	TSI commenced full commercial operations of its Unit 1.
2016	*TSI commenced full commercial operations of its Unit 2.*
	TPI acquired an 82.8% beneficial ownership interest in GNPower Mariveles Coal Plant Ltd. Co. (now: GNPower Mariveles Energy Center Ltd. Co. or GMEC) and a 50% beneficial ownership interest in GNPower Dinginin Ltd. Co. (GNPD).
	Through TPI, acquired the remaining 50% interest in EAUC from El Paso Philippines.
2017	*AboitizPower International completed its acquisition of SunEdison Philippines, and consolidated ownership of SacaSun.*

Year	Milestones
2018	*Aseagas permanently ceased operations of its 8.8-MW biomass plant in Lian, Batangas.*
	TPVI accepted the turnover of the Naga Power Plant Complex from PSALM.
	Pag 3 began commercial operations.
	TVI commenced commercial operations of its Unit 1.
2019	*TMO signed a Power Supply Agreement (PSA) with Manila Electric Company (Meralco), after the facility went into preservation mode on February 5, 2019. TMO re-registered again with the Independent Electricity Market Operator of the Philippines (IEMOP) on April 26, 2019.*
	AboitizPower acquired a 49% voting stake and a 60% economic stake in AA Thermal.
	TVI commenced commercial operations of its Unit 2.
2020	*TPVI started commercial operations.*
	Announced two battery projects – the TMI Hybrid Battery Energy Storage System ("TMI BESS") and SN AboitizPower-Magat Battery Energy Storage System ("Magat BESS"). TMI BESS is located in Maco, Compostela Valley, has a storage capacity of 49 MWh, and is intended to be used for ancillary services. The facility commenced partial commercial operation last November 2022. The Magat BESS Project is for the construction of a 24 MW battery energy storage unit located in Ramon, Isabela.
2021	*PV Sinag Power, Inc. (PV Sinag), a wholly-owned of ARI, awarded the Engineering, Procurement, and Construction (EPC) contract for the construction of its 94-megawatt peak (MWp) solar power project in Cayanga, Bugallon, Pangasinan to JGC Philippines, Inc. This is the Company's second solar facility.*
2022	*The SN Aboitiz Power Group signed construction and financing agreements for the Magat BESS project.*
	PV Sinag awarded the EPC contract for the construction of its 159-MWp Laoag and Laoag 2 solar project in Barangay Laoag, Aguilar, Pangasinan to SUMEC Complete Equipment and Engineering Co. Ltd., and Hansei Corporation. This is the Company's second solar venture in the province of Pangasinan.
	Acquired an additional 35.4% equity stake in SPI.
	ARI entered into a JVA with Mainstream Renewable Power (Mainstream) for a 90-MW onshore wind project in Libmanan, Camarines Sur.
2023	*ARI entered into a JVA with Vena Energy (Vena) for a 102-MW wind power project in Rizal and Laguna.*
	ARI entered into a JVA with Vena and Vivant Energy Corporation (VEC) for a 206-MW wind power project in San Isidro, Northern Samar.
2024	*Signed a Share Purchase Agreement with STEAG GmbH (STEAG) for the acquisition of an additional 15.6% equity stake in SPI.*
	Through its subsidiary, Therma NatGas Power Inc. (Therma NatGas), entered into an Investment Agreement with Meralco PowerGen Corporation and acquired a 40% equity interest in Chromite Gas Holdings, Inc.

AboitizPower is currently involved in the distributed generation business through APX1 and APX2, and is expanding its renewable energy portfolio under its Cleanergy brand. AboitizPower's Cleanergy portfolio includes its geothermal, run-of-river hydro, and large hydropower facilities.

As of February 29, 2024, AboitizPower had 944 MW of attributable net sellable capacity, through its partners, under its Cleanergy brand. The Company is pushing for a balanced mix strategy – maximizing Cleanergy while taking advantage of the reliability and cost efficiency of thermal power plants.

Neither AboitizPower nor any of its Subsidiaries has been the subject of any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

(2) Business of Registrant

With investments in power generation, retail electricity supply, and power distribution throughout the Philippines, AboitizPower is considered one of the leading Filipino-owned companies in the power industry. Based on SEC's parameters of what constitutes a significant Subsidiary under Item XX of Annex B (SRC Rule 12), the following are AboitizPower's significant Subsidiaries at present: ARI and its Subsidiaries, and Therma Power and its Subsidiaries. (Please see **Annex "A"** hereof for AboitizPower's corporate structure.)

(a) Description of Registrant

(i) Principal Products

GENERATION OF ELECTRICITY

AboitizPower's power generation portfolio includes interests in both renewable and non-renewable generation plants. As of December 31, 2023, the power generation business accounted for 106% of earning contributions from AboitizPower's business segments. AboitizPower conducts its power generation activities through the Subsidiaries and Affiliates listed in the table below.

The table below summarizes the Generation Companies' operating results as of December 31, 2023, compared to the same period in 2022 and 2021:

Generation Companies	Energy Sold			Revenue		
	2023	2022	2021	2023	2022	2021
	(in GWh)			(in mn Pesos)		
APRI	3,206	3,316	2,787	16,754	18,797	11,405
SacaSun	82	63	61	724	477	311
Hedcor	155	137	149	864	834	758
LHC	259	315	238	868	1,002	687
Hedcor Sibulan	271	262	251	1,477	1,408	1,858
Hedcor Tudaya	39	39	40	228	232	234
Hedcor Sabangan	44	49	55	262	289	325
Hedcor Bukidnon	354	386	271	2,080	2,265	1,827
SN Aboitiz Power-Magat	2,404	3,472	2,195	10,207	15,194	7,352
SN AboitizPower-Benguet	1,803	1,937	2,120	8,686	10,762	7,412
TLI	6,351	6,322	7,979	40,231	41,293	33,447
TSI	1,987	1,739	1,891	13,530	14,604	11,173
TVI	2,543	2,192	2,434	15,295	15,049	10,686
Cebu Energy	1,949	1,957	2,028	12,165	14,259	8,984
SPI	1,445	1,574	1,845	8,822	8,932	3,918
GMEC	4,675	3,778	2,703	30,901	36,128	19,676
GNPD*	10,448	6,537	N/A	58,164	54,403	N/A
WMPC	851	784	802	1,499	1,793	1,596
SPPC	0	0	0	0	0	0
CPPC	31	93	381	660	1,060	1,275
EAUC	225	408	363	985	1,214	963
TMI	534	920	1,253	776	1,435	1,276
TMO	1,023	1,139	1,367	2,993	2,158	1,293
TPVI	12	34	29	270	418	367
Davao Light** (decommissioned)	0	0	0	Revenue Neutral	Revenue Neutral	Revenue Neutral
Cotabato Light**	0	0	0	Revenue Neutral	Revenue Neutral	Revenue Neutral

**GNPD Unit 1 began running and serving its PSAs from its own generation on January 25, 2022, subject to completion of certain tests and works by the EPC contractor. Meanwhile, GNPD Unit 2 synchronized on April 2, 2022.*

***Plants are operated as stand-by plants and are revenue neutral, with costs for operating each plant recovered by Davao Light and Cotabato Light, as the case may be, as approved by ERC. The Davao Light plant has been decommissioned since November 2018.*

Renewables

Aboitiz Renewables, Inc. (ARI)

As of February 29, 2024, AboitizPower's renewable energy portfolio in operation consisted of net sellable capacity of approximately 1,281 MW, divided into 47 MW of solar, 944 MW of hydro, and 290 MW of geothermal.

AboitizPower's investments and interests in various renewable energy projects, including geothermal, large hydro, run-of-river hydro, and solar projects, are held primarily through its wholly-owned Subsidiary, ARI and its Subsidiary Generation Companies. ARI was incorporated on January 19, 1995.

In step with the country's ambition of having a 35% share of renewable energy in the power generation mix by 2030 and 50% by 2040, AboitizPower will continue to invest in renewable energy assets en route to reaching 4,600 MW. It already has a close to 1,000 MW of disclosed projects from various indigenous energy sources and is constantly pursuing opportunities to grow its portfolio for solar, hydro, geothermal, and wind. To date, AboitizPower, together with it partners, offers the largest renewable energy portfolio in the Philippines based on installed capacity under its operational control.

Milestones and Outlook

- Established a pipeline of over 3 gigawatts (GW) of renewable energy projects in development;
- SN Aboitiz Power Group's first energy storage project, the 24-MW Magat battery energy system (BESS), completed construction in July 2023 and concluded testing and commissioning with the grid operator in December 2023. It started commercial operations in January 2024;
- The 94-MWp Cayanga Solar project in Bugallon, Pangasinan synchronized last October 23, 2023 and is already providing power to the grid;
- Ongoing construction of the 159-MWp Laoag Solar project in Aguilar, Pangasinan, with projected completion in Q2 2024;
- Ongoing construction of the 17-MW Tiwi binary power plant, expected to be completed in Q2 2024;
- Marking AboitizPower's first foray into wind energy, entered into a Joint Venture Agreement (JVA) with Mainstream Renewable Power to build a 52-MWp onshore wind project in Libmanan, Camarines Sur, which won the second Green Energy Auction of the Department of Energy (DOE) in July 2023;
- Entered into a JVA with Singapore-based company, Vena, to invest in Vena's greenfield 102-MW Wind Power Project in Rizal and Laguna;
- Entered into a JVA with Vena and VEC to develop, construct, and operate a 206-MW Wind Power Project in San Isidro, Northern Samar, Visayas;
- Completed make-up well drilling campaign for APRI Makban and Tiwi geothermal facilities, with 12 make-up wells completed, delivering a total incremental steam contribution of 94 MW;
- Started construction for the 44 MWp Solar Plant in Armenia, Tarlac, and 173 MWp Solar Plant in Calatrava, Negros Occidental which are expected to be completed by the end of 2024 to early 2025; and
- Expected groundbreaking of the 212 MWp Solar Plant in Olongapo, Zambales which is targeted to be completed in 2025.

AboitizPower, through and/or with ARI, owns equity interests in the following Generation Companies, among others:

Generation Company	Percentage of Ownership	Plant Name (Location)	Type of Plant	Net Sellable Capacity (MW)	Attributable Net Sellable Capacity (MW)	Offtakers
APRI	100%	Tiwi – Makban (Luzon)	Geothermal	290	290	WESM/ Bilaterals
Hedcor	100%	Benguet 1-11 (Luzon) La Trinidad, Bineng 3, Ampohaw, FLS, Labay, Lon-oy, Irisan 1 and 3, and Sal-angan	Run-of-river hydro	52.7	52.7	FIT/Bilaterals
		Davao 1-5 (Mindanao) Talomo 1, 2, 2A, 2B, and 3	Run-of-river hydro	4.47	4.47	Distribution utility
Hedcor Bukidnon	100%	Manolo Fortich (Mindanao)	Run-of-river hydro	68.8	68.8	FIT
Hedcor Sabangan	100%	Sabangan (Luzon)	Run-of-river hydro	14	14	FIT
Hedcor Sibulan	100%	Sibulan (A, B and Tudaya A) (Mindanao)	Run-of-river hydro	49.1	49.1	Distribution utility

Generation Company	Percentage of Ownership	Plant Name (Location)	Type of Plant	Net Sellable Capacity (MW)	Attributable Net Sellable Capacity (MW)	Offtakers
Hedcor Tudaya	100%	Tudaya (B) (Mindanao)	Run-of-river hydro	7	7	FIT
LHC	100%	Bakun (Ilocos Sur, Luzon)	Run-of-river hydro	74.8	74.8	NPC (2026)
SacaSun	100%	SacaSun (Visayas)	Solar	46.8	46.8	FIT
SN Aboitiz Power-Benguet	60%**	Ambuklao (Benguet, Luzon)	Large Hydroelectric	112.5	56.25	Bilaterals/ WESM/ASPA
		Binga (Luzon)	Large Hydroelectric	140	70	Bilaterals/ WESM/ASPA
SN Aboitiz Power-Magat	60%**	Magat (Luzon)	Large Hydroelectric	388	194	Bilaterals/ WESM/ASPA
		Maris Main Canal 1 (Luzon)	Run-of-river hydro	8.5	4.25	FIT
		Magat BESS (Luzon)	Battery Energy Storage	24	12	ASPA
			Total	**1,281***	**944***	

Notes:
** Sum figures will differ due to rounding effect.*
***The 60% equity is owned by MORE.*

Run-of-River Hydros

In 2023, the Hedcor Group, composed of Hedcor, Hedcor Sibulan, Inc. (Hedcor Sibulan), Hedcor Tudaya, Inc. (Hedcor Tudaya), Hedcor Sabangan, Inc. (Hedcor Sabangan), Hedcor Bukidnon, Inc. (Hedcor Bukidnon), and Luzon Hydro Corporation (LHC), had a total generated gross of 1,110 GWh of Cleanergy across the Philippines. This is higher than the generated gross of renewable energy in 2022 of 1,148 GWh, or a decrease of 3.45% during 2023 compared to 8.27% in 2022. The Hedcor Group achieved this level of generation as a result of minimized outages. The breakdown is shown in the table below:

Generation Company	Generated Net Generation (in MWh)		% Change
	2023	2022	
Hedcor	156,924,233	141,908,629	9.57%
Hedcor Sabangan	45,226,930	50,048,873	-10.66%
LHC	234,691,870	288,045,580	-22.73%
Hedcor Bukidnon	391,593,156	386,849,840	1.21%
Hedcor Sibulan	242,271,902	241,618,667	0.27%
Hedcor Tudaya	38,929,131	39,452,803	-1.35%
TOTAL	**1,109,637,222**	**1,147,924,392**	**-3.45%**

The 3% decrease in KWh generation of 2023 in comparison to 2022 is attributed to low water inflow across hydropower plants of the Hedcor group. This is opposite to 2022 where there were abnormally high water inflows across all plants which compensated for the kWh loss of FLS and Ampohaw hydroelectric power plants (HEPPs) of Hedcor, which were affected by the July 27, 2022 earthquake. Ampohaw HEPP was synchronized to the grid in September 2022 and FLS HEPP on September 5, 2023.

The Hedcor Group controls and monitors its 22 Run-of-River plants via the National Operations Control Center which was inaugurated in 2022. The Hedcor Group is also an ISO Certified with Quality, Environmental, Asset

Management, Information Security and Business Continuity Management System Certification, aligning its process and systems with international standards.

Luzon Hydro Corporation (LHC)

LHC, a wholly-owned Subsidiary of ARI, owns, operates, and manages the run-of-river Bakun AC hydropower plant with a total installed capacity of 74.80 MW located in Amilongan, Alilem, Ilocos Sur (the "Bakun AC Hydro Plant"). LHC was incorporated on September 14, 1994.

LHC was previously ARI's Joint Venture with Pacific Hydro of Australia, a privately-owned Australian company that specialized in developing and operating power projects utilizing renewable energy sources. On March 31, 2011, ARI, LHC, and Pacific Hydro signed a MOA granting ARI full ownership over LHC. ARI assumed 100% ownership and control of LHC on May 10, 2011.

The Bakun AC Hydro Plant was constructed and operated under the government's BOT scheme. Energy produced by the Bakun AC Hydro Plant, approximately 254 GWh annually, is delivered and taken up by NPC pursuant to a Power Purchase Agreement ("PPA") and dispatched to the Luzon Grid through the 230-kV Bauang-Bakun transmission line of the National Grid Corporation of the Philippines (NGCP). Under the terms of its PPA, all of the electricity generated by the Bakun AC Hydro Plant will be purchased by NPC for a period of 25 years from February 2001. The PPA also requires LHC to transfer the Bakun AC Hydro Plant to NPC in February 2026, free from liens and without the payment of any compensation by NPC.

In 2023, LHC generated a total of 139,201 GWh of Cleanergy, higher than the generated gross renewable energy in 2022 of 147,045 GWh. This 0.9% decrease is caused by repair works due to *force majeure.*

Hedcor, Inc. (Hedcor)

Hedcor was incorporated on October 10, 1986 by ACO as Baguio-Benguet Power Development Corporation. ARI acquired ACO's 100% ownership interest in Hedcor in 1998.

In 2005, ARI consolidated all its mini-hydroelectric generation assets, including those developed by HEDC and Cleanergy, into Hedcor. Cleanergy is Hedcor's brand for clean and renewable energy. Hedcor owns, operates, and manages run-of-river hydroelectric power plants in Northern Luzon and Davao City, with an increased combined net sellable capacity of 57.25 MW, attributed to the addition of the La Trinidad Hydro which started operations in July 2019.

The electricity generated from Hedcor's hydropower plants are taken up by Advent Energy, AESI, and Davao Light pursuant to PPAs with the said off-takers. Irisan 1 Hydro and La Trinidad Hydro sell energy under the Feed-in-Tariff ("FIT") mechanism through a Renewable Energy Payment Agreement ("REPA") with the National Transmission Corporation ("Transco").

Hedcor Sibulan, Inc. (Hedcor Sibulan)

Hedcor Sibulan, a wholly-owned Subsidiary of ARI, owns, operates, and manages the hydropower plants composed of three cascading plants with a total installed capacity of 52.15 MW, located in Santa Cruz, Davao del Sur. Hedcor Sibulan consists of Sibulan A Hydro, Tudaya 1 Hydro, and Sibulan B Hydro. The energy produced by the Sibulan grid is sold to Davao Light through a PSA signed in 2022. The company was incorporated on December 2, 2005.

Hedcor Tudaya, Inc. (Hedcor Tudaya)

Hedcor Tudaya, a wholly-owned Subsidiary of ARI, owns, operates, and manages the Tudaya 2 Hydro run-of-river hydropower plant with an installed capacity of 8.1 MW, located in Santa Cruz, Davao del Sur. The company was incorporated on January 17, 2011.

The Tudaya 2 Hydro plant has been commercially operating since March 2014. At present, Tudaya 2 Hydro sells energy under the FIT mechanism through a REPA with Transco, following the commencement of the commercial operations of the WESM in Mindanao last January 2023.

Hedcor Sabangan, Inc. (Hedcor Sabangan)

Hedcor Sabangan, a wholly-owned Subsidiary of ARI, owns, operates, and manages the Sabangan run-of-river hydroelectric power plant (HEPP) with a net sellable capacity of 14.00 MW. The company was incorporated on January 17, 2011.

The Sabangan plant has been commercially operating since June 2015, and is selling under the FIT mechanism through a REPA with Transco. The plant is a pioneer hydropower plant in the Mountain Province region, harnessing the power of the Chico River.

Hedcor Bukidnon, Inc. (Hedcor Bukidnon)

Hedcor Bukidnon, a wholly-owned Subsidiary of ARI, owns, operates, and manages mini hydropower plants with a combined net sellable capacity of 68.8 MW located in Manolo Fortich, Bukidnon (the "Manolo Fortich Plant"). The company was incorporated on January 17, 2011.

The Manolo Fortich Plant is composed of the 45.94 MW Manolo Fortich 1 Hydro and the 27.39 MW Manolo Fortich 2 Hydro. Both plants harness the power of the Tanaon, Amusig, and Guihean rivers.

The Manolo Fortich Plant sells under the FIT mechanism through a REPA with TRANSCO, following the commercial operations of WESM in Mindanao last January 2023.

Large Hydros

SN Aboitiz Power-Magat, Inc. (SN Aboitiz Power-Magat)

Incorporated on November 29, 2005, SN Aboitiz Power-Magat owns and operates the HEPP with a nameplate capacity of 388 MW located at the border of Ramon, Province of Isabela and Alfonso Lista, Ifugao Province (the "Magat Plant"), and the 8.5-MW run-of-river Maris Main Canal 1 HEPP located in Brgy. Ambatali in Ramon, Isabela (the "Maris Plant"). The Maris Plant, which is composed of two generator units with a nameplate capacity of 4.25 MW each, was completed in November 2017. The plant was granted entitlement to the FIT system in its operations pursuant to the COC issued by ERC in November 2017.

SN Aboitiz Power-Magat is ARI's Joint Venture with SN Power Philippines Inc. (SN Power Philippines), a leading Norwegian hydropower company with projects and operations in Asia, Africa, and Latin America. In October 2020, Norway-based Scatec ASA (Scatec) signed a binding agreement to acquire 100% of the shares in SN Power from Norfund for a total equity value of US$ 1,166 mn. As of February 29, 2024, SN Aboitiz Power-Magat is 60% owned by MORE, while Scatec, through SN Power Philippines, owned the remaining 40% equity interest.

The Magat Plant was completed in 1983 and was turned over to SN Aboitiz Power-Magat in April 2007 after it won the bidding process conducted by PSALM. As a hydroelectric facility that can be started up in a short period of time, the Magat Plant is suited to act as a peaking plant with the capability to capture the significant upside potential that can arise during periods of high demand. This flexibility allows for the generation and sale of electricity at the peak demand hours of the day. This hydroelectric asset has minimal marginal costs, which Aboitiz Power believes gives it a competitive advantage in terms of economic dispatch order versus other fossil fuel-fired power plants that have significant marginal costs.

On April 25, 2019, the ERC certified the Magat Plant's new Maximum Stable Load (Pmax) at 388 MW. The Magat Plant's Units 1-4 were uprated by 2 MW each, or from 95 MW to 97 MW per unit. This means that the Magat Plant is capable of producing, under normal to best conditions, up to 388 MW as compared to its nameplate capacity of 360 MW. The new Pmax of the four units was based on the capability test conducted by the NGCP sometime in 2018.

SN Aboitiz Power-Magat is an accredited provider of ancillary services to the Luzon grid. It sells a significant portion of its available capacity to NGCP, the system operator of the Luzon grid. SN Aboitiz Power-Magat's remaining capacity is sold as electric energy to the spot market through WESM and to load customers through bilateral contracts.

The Magat Plant's total sold quantities from spot energy generation and ancillary services (AS) during 2023 was at 1.3 TWh, a decrease from 2022's sold capacity of 2.2 TWh. This is equivalent to a sold capacity factor of 38%, compared to 64% in 2022. Spot and AS revenue for the year 2023 was ₱2.44 bn, 59% lower than 2022's ₱5.96 bn. SN Aboitiz Power-Magat's Bilateral Contract Quantity (BCQ) margin for 2023 was a ₱.44 mn loss, significantly lower than 2022's BCQ loss of ₱.93 bn. This was mainly driven by the higher spot market prices during 2023 compared to 2022.

In June 2019, SN Aboitiz Power-Magat switched on its first 200 kW floating photovoltaic project over the Magat reservoir in Isabela. This was the first non-hydro renewable energy project of the SN Aboitiz Power Group, which was looking at other renewables and complementary technologies to expand its portfolio. On October 21, 2020, the company obtained approval for the project to proceed to the expansion of the 200 kW pilot project into commercial scale. The Magat Floating Solar project is in the feasibility stage and is in the process of securing pertinent permits and agreements. The project has received endorsements from the barangay and municipal local government units, as well as a Greenlane Certificate for Strategic Investments from the Board of Investments. Technical feasibility studies are ongoing while waiting for DENR's lifting of the moratorium for processing Environmental Compliance Certificate applications for floating solar projects.

The Magat BESS project is co-located with the Magat HEPP in Ramon, Isabela. It is an energy storage system using lithium iron phosphate (LFP) batteries with a 24-MW capacity designed to provide ancillary services to the grid. The EPC contract was awarded to Hitachi Energy in March 2022, with a groundbreaking ceremony held on April 25, 2022. Construction, which started in August 2022, was completed within the first half of 2023. The testing and commissioning including energization were completed in December 2023 and passed the compliance test procedures conducted by the NGCP. These include the grid compliance test, ancillary service certification test via active power frequency control and automatic governor control mode for regulating reserve, contingency reserve and reactive power support. The Magat BESS received a Provisional Authority to Operate from the ERC and began commercial operation in the Reserve Market for ancillary services in January 2024. The addition of BESS will support the influx of variable renewable energy sources by helping to regulate the increasing frequency variability in the grid.

On October 22, 2020, the DOE issued a Green Energy Option Program (GEOP) Operating Permit to SN Aboitiz Power-Magat, which authorizes the company to enter into electricity supply contracts with qualified end-users according to the GEOP or RA No. 9513 or the Renewable Energy Act of 2008 (the "RE Law"). This permit is valid for five years. SN Aboitiz Power-Magat also has a RES license valid until December 17, 2025.

SN Aboitiz Power-Magat retained its Integrated Management System certifications for ISO 14001 for Environmental Management System, ISO 9001 for Quality Management System, ISO 45001 for Occupational Health and Safety Management Systems, and ISO 55001 Asset Management System, as verified and audited by DQS Philippines in 2021. The company recorded 3.4 mn manhours without lost time incident as of February 29, 2024.

SN Aboitiz Power-Benguet, Inc. (SN Aboitiz Power-Benguet)

SN Aboitiz Power-Benguet is the owner and operator of the Ambuklao-Binga Hydroelectric Power Complex, which consists of the 105-MW Ambuklao HEPP ("Ambuklao Plant") and the 140-MW Binga HEPP ("Binga Plant"), located in Brgy. Tinongdan, Itogon, Benguet Province. The company was incorporated on March 12, 2007. As of February 29, 2024, MORE owned 60% equity interest, while SN Power owned the remaining 40%.

The Ambuklao-Binga hydroelectric power complex was turned over to SN Aboitiz Power-Benguet in July 2008 and was rehabilitated to increase its capacity from 75 MW to 105 MW when the plant re-commenced operations in 2011. The Binga Plant also underwent refurbishment from 2010 to 2013, which increased capacity to 125 MW. In March 2017, SN Aboitiz Power-Benguet received its amended COC from ERC for all four units of the Binga Plant. The COC reflects Binga's latest uprating, raising its capacity to 140 MW. The Ambuklao and Binga Plants sell capacity from spot energy generation and ancillary services to the national transmission system and related facilities that convey power.

The Ambuklao Plant's total sold capacity from spot energy generation and ancillary services in 2023 was 472 GWh, an improvement from 2022's sold capacity of 326 GWh. This was equivalent to a sold capacity factor of 48% during 2023, as compared to the 35% during 2022. The Binga Plant's total sold capacity from spot energy generation and AS in 2023 was 7.71 GWh, or 77% of the 1.00 TWh sold capacity in 2022. This is equivalent to a sold capacity factor of 63% for 2023, compared to 82% in 2022.

The resulting combined spot and AS revenue of the Ambuklao and Binga Plants for 2023 was ₱4.10 bn, compared to ₱6.01 bn in 2022. SN Aboitiz Power-Benguet's BCQ margin for 2023 was ₱1.26 bn gain, which was significantly higher than 2022's BCQ margin of ₱.521 bn. This was mainly driven by the higher generation and lower purchases from the spot market during 2023 compared to 2022.

Both the Ambuklao and Binga Plants have retained their Integrated Management System certifications (ISO 14001 Environmental Management System, ISO 9001 Quality Management System, and ISO 55001 for Asset Management). The company also successfully migrated and was certified as ISO 45001 Occupational Health & Safety Management System from OHSAS 18001. The Ambuklao and Binga Plants jointly have just over 5.6 mn man hours of no lost time incident as of February 29, 2024.

Geothermal

AP Renewables, Inc. (APRI)

APRI, a wholly-owned Subsidiary of ARI, is one of the leading renewable power companies in the country. It owns the 234 MW Tiwi geothermal power facility in Albay and the 449.8 MW Makiling-Banahaw geothermal power facility in Laguna (the "Tiwi-MakBan Geothermal Facilities") located in Albay, Laguna, and Batangas. These geothermal facilities were acquired by APRI from PSALM in July 2008 and were formally turned over to APRI on May 25, 2009.

The Tiwi-MakBan Geothermal Facilities produce clean energy that is reasonable in cost, efficient in operation, and environment-friendly. As a demonstration of APRI's commitment to providing world-class services, adhering to environmental management principles to reduce pollution, complying with regulations, and ensuring a safe and healthy workplace, the company has been issued Integrated Management System (IMS) certifications by TÜV Rheinland Philippines that include the International Organization for Standardization (ISO) 9001:2015 (Quality), ISO 14001:2015 (Environment), and OSHAS (Occupational Health and Safety Series) 18001:2007 (Health and Safety).

On August 24, 2018, APRI and Philippine Geothermal Production Company, Inc. (PGPC) signed a Geothermal Resources Supply and Services Agreement (GRSSA) for the supply of steam and drilling of new production wells for the Tiwi-MakBan Geothermal Facilities until the expiration of APRI's initial DOE operating contract term on October 22, 2034. This ensures the long-term operations of the facilities. Under the GRSSA, PGPC has committed to drill at least 12 new production wells, with a minimum of 50 MW aggregated individual well capacity, by 2023 in order to increase steam availability. The GRSSA also provides for more equitable and competitive fuel pricing for APRI.

The first Steam Production Enhancement Campaign (SPEC) which started in April 2021 was completed in 2023, bringing in a total of additional output of 94MW, almost double the initial estimate. In all, twelve production wells were added to the system for Makban and Tiwi.

On May 20, 2022, the DOE issued the Certificate of Confirmation of Commerciality and Certificate of Additional Investment confirming the commercial viability of APRI's 17-MW Tiwi Binary Geothermal Power

Plant Project, and authorizing the company to undertake construction and operation. The groundbreaking ceremony was held on January 17, 2023, and the testing and commissioning is targeted in the second quarter of 2024.

Solar

Maaraw San Carlos Holdings, Inc. (Maaraw San Carlos) and San Carlos Sun Power Inc. (SacaSun)

SacaSun owns and operates the 59-megawatt peak (MWp) solar photovoltaic (PV) power generation plant located in the San Carlos Ecozone, Barangay Punao, San Carlos City, Negros Occidental (the "SacaSun Plant").

SacaSun was incorporated on July 25, 2014, initially as a Joint Venture between ARI and SunEdison Philippines. The SacaSun Plant was inaugurated on April 19, 2016. On December 4, 2017, AboitizPower acquired 100% effective equity ownership in SacaSun.

In 2023, the energy generated from the SacaSun Plant benefited more than 5,151 homes within the Visayas grid and displaced the energy equivalent to 2,978,676 gallons of gasoline or approximately 29,288,309 pounds of coal burned.

Maaraw San Carlos is the holding company of SacaSun. It was incorporated on April 24, 2015, and is effectively owned by AboitizPower, through its wholly-owned Subsidiaries, ARI and AboitizPower International.

PV Sinag Power, Inc. (PV Sinag)

PV Sinag is the project company for the construction of the 94 MWp Cayanga-Bugallon solar project located in Cayanga, Bugallon, Pangasinan. PV Sinag issued a notice to proceed (“NTP”) on September 15, 2021 for the construction of an access road. A NTP to the EPC contractor for the power plant and transmission was issued on December 16, 2021 and pre-works are ongoing. Issuance of NTP signifies that the EPC contractor can start with its scope of work, which usually begins with the EPC contractor’s issuance of a standby letter of credit, PV Sinag’s payment of the advance payment, and other activities needed to start construction, such as the mobilization of personnel and equipment to site. The project is expected to commence commercial operations by the first quarter of 2024, in line with PV Sinag’s PSA with a retail customer.

PV Sinag was incorporated on October 1, 2013, and is wholly-owned by ARI.

Aboitiz Power Distributed Energy, Inc. (APX1) and Aboitiz Power Distributed Renewables Inc. (APX2)

APX1 and APX2 (collectively, “APX”) are the project companies engaged in the business of operating rooftop PV solar systems in the distributed energy space. APX1 and APX2 are wholly-owned Subsidiaries of AboitizPower through ARI. APX1 and APX2 were incorporated in November 2016 and May 2002, respectively.

APX1 is a registered Philippine Economic Zone Authority (PEZA) company intended to serve customers operating within PEZA zones.

As of February 29, 2024, APX has approximately 4.183 MWp of rooftop solar projects, operating under a Power Purchase Agreement, a turnkey solution for customers, or about to start construction/installation.

CELL Power Energy Corporation (CPEC)

CPEC is the project company engaged in the development of several energy storage systems (ESS) projects to provide ancillary services to grids across the country.

CPEC was incorporated on February 9, 2010 as Olongapo Energy Corporation, and is a wholly-owned Subsidiary of AboitizPower.

Cornerstone Energy Development, Inc. (CEDI)

On October 13, 2022, AboitizPower, through ARI, signed a joint venture with global renewable energy company Mainstream Renewable Power (Mainstream) to build a 90-MW onshore wind project in Libmanan, Camarines Sur.

4 Barracuda Energy Corporation (4 Barracuda)

On August 3, 2023, ARI signed a joint venture agreement with Singapore-based company, Vena Energy, to invest in Vena Energy's greenfield 102-MW Wind Power Project in Rizal and Laguna.

Aura Energy Holdings, Inc.

On September 27, 2023, ARI signed a joint venture agreement with Vena Energy and VEC to develop, construct, and operate the 206-MW San Isidro Wind Power Project in San Isidro, Northern Samar, Visayas.

Renewables Pipeline

SN Aboitiz Power-Generation, Inc. (SN Aboitiz Power-Gen)

SN Aboitiz Power-Gen implements the SN Aboitiz Power Group's Business Development Program, which aims to grow SN Aboitiz Power Group's renewable energy portfolio by looking at potential power projects in the Philippines, primarily within its current host communities in Northern Luzon.

In 2023, SN Aboitiz Power-Gen continued to develop and execute pertinent activities for the proposed 120-MW Alimit HEPP, and the 20-MW Olilicon HEPP. In September 2023, SNAP signed a Memorandum of Understanding with the National Irrigation Administration (NIA) to conduct the feasibility study of Alimit as a multipurpose facility, adding an irrigation component to the already completed power component feasibility study. The potential addition of the irrigation component will contribute not only to energy security, but to food security as well. As the Philippine ancillary services market evolves, SN Aboitiz Power-Gen will continue to evaluate its development strategy for these projects.

SN Aboitiz Power-Gen was incorporated on March 10, 2011. As of February 29, 2024, 60% equity interest in the company was owned by MORE, with the remaining 40% owned by SN Power Philippines.

Non-Renewable Energy

Therma Power, Inc. (TPI)

AboitizPower's investments and interests in various non-renewable energy projects are held primarily through its wholly-owned Subsidiary, TPI and its Subsidiary power generation companies. TPI was incorporated on October 26, 2007. As of February 29, 2024, AboitizPower, by itself, through and/or with TPI, owned equity interests in the following thermal plants:

Generation Company	Percentage Ownership	Plant Name (Location)	Project Type	Net Sellable Capacity (MW)	Attributable Net Sellable Capacity (MW)	Off-takers
Coal Group						
TLI	100%	Pagbilao (Luzon)	Coal-fired	700	700	Bilaterals/WESM/ASPA
PEC	50%	Pagbilao 3 (Luzon)	Coal-fired	388.4	194.2	Bilaterals/ASPA
TSI	100%	TSI Plant (Mindanao)	Coal-fired	272.6	272.6	Bilaterals/WESM/ASPA
TVI	80%	TVI Plant (Visayas)	CFB	300	240	Bilaterals/WESM/ASPA
Cebu Energy	26.4%	Cebu Energy (Visayas)	CFB	216	57	Bilaterals/WESM

Generation Company	Percentage Ownership	Plant Name (Location)	Project Type	Net Sellable Capacity (MW)	Attributable Net Sellable Capacity (MW)	Off-takers
GMEC	78.32%	Mariveles Project (Luzon)	Coal-fired	632	495	Bilaterals/WESM/ASPA
GNPD	70.00%	GN Power Dinginin Ltd. Co.	Coal-fired	1,336	935.2	Bilaterals/WESM/ASPA
SPI**	34%	STEAG Power Plant (Mindanao)	Coal-fired	210	145.7	NPC (2031)
Oil Group						
EAUC	100%	EAUC Plant (Visayas)	Bunker-C fired	43.5	43.5	WESM/ASPA
SPPC**	20%	SPPC Plant (Mindanao)	Bunker-C fired	55	11	N/A
TMI	100%	Power Barge Mobile 1 (Mindanao)	Barge-mounted	96	96	WESM/ASPA
		Power Barge Mobile 2 (Mindanao)	Barge-mounted	96	96	WESM/ASPA
TMO	100%	Power Barges Mobile 3-6 (Luzon)	Barge-mounted	210	210	WESM/ASPA
TPVI	100%	TPVI Plant (Visayas)	Bunker-C fired	33	33	WESM/ASPA
WMPC**	20%	WMPC Plant (Mindanao)	Bunker-C fired	100	20	Bilaterals/WESM/ASPA
Cotabato Light**	99.94%	Bunker Cotabato (Mindanao)	Bunker-C fired	4.45	4.45	Distribution Utility
			Total	**4,693**	**3,554***	

Notes:
** Sum figures will differ due to rounding effect*
*** Directly owned by AboitizPower*
**** On February 21, 2024, AboitizPower signed a share purchase agreement with STEAG for the acquisition of an additional 15.6% interest in SPI. Upon completion of this transaction, AboitizPower will be the legal and beneficial owner of an 85% equity interest in SPI.*

Oil Group

Therma Marine, Inc. (TMI)

TMI, a wholly-owned Subsidiary of TPI, owns and operates Power Barges Mobile 1 (previously known as PB 118) and Power Barges Mobile 2 (previously known as PB 117), which have a total generating capacity of 200 MW. Mobile 1 is currently moored at Barangay San Roque, Maco, Davao De Oro, while Mobile 2 is moored at Barangay Sta. Ana, Nasipit, Agusan del Norte. The company was incorporated on November 12, 2008.

On November 28, 2022, TMI commissioned its BESS as an auxiliary to Mobile 1. This is the first Hybrid Diesel-Battery Energy Storage System and one of the BESS projects of AboitizPower. Located in Barangay San Roque, Maco, Davao De Oro, Mobile 1's BESS has a storage capacity of 49 MW and is intended to provide Ancillary Services to the Mindanao Grid.

Therma Mobile, Inc. (TMO)

TMO, a wholly-owned Subsidiary of TPI, operates four barge-mounted power plants located at the Navotas Fish Port, Manila, which it acquired on May 27, 2011. The barge-mounted power plants have an installed generating capacity of 241 MW. TMO operates with a net available capacity of 165 MW. The company was incorporated on October 20, 2008 and is currently an ancillary services provider.

East Asia Utilities Corporation (EAUC)

EAUC was incorporated on February 18, 1993. EAUC started its commercial operations on December 25, 1997 and full commercial operations on May 25, 1998.

EAUC, a wholly-owned Subsidiary of TPI, owns, operates, and maintains a Bunker-C fired power plant with a rated capacity of 49.600 MW located in Mactan Economic Processing Zone (MEPZ 1), Lapu-Lapu City, Cebu. EAUC serves its capacity to MEPZ 1 and the WESM.

Therma Power Visayas, Inc. (TPVI)

TPVI, a wholly-owned Subsidiary of TPI, is the company that was awarded the winning bid for the privatization of the 25.3-hectare Naga Power Plant Complex (NPPC) located at Naga City, Cebu. The company was incorporated on October 8, 2007.

On July 16, 2018, TPVI embarked on the rehabilitation of the 44.580-MW (rated capacity) diesel plant. On August 7, 2020, TPVI commenced commercial operations and was first dispatched based on an offer into the WESM on August 26, 2020.

Cebu Private Power Corporation (CPPC)

CPPC is a Joint Venture between AboitizPower and the Vivant Group. The company was incorporated on July 13, 1994. As of February 29, 2024, AboitizPower beneficially owns 60% of CPPC.

CPPC owned and operated a 70.590-MW (rated capacity) Bunker C-fired power plant located in Ermita, Cebu City, one of the largest diesel-powered plants on the island of Cebu, under a build-operate-transfer (BOT) scheme. In 2023, CPPC's BOT contract was concluded with the transfer of assets upon the expiration of the contract term.

Southern Philippines Power Corporation (SPPC)

SPPC owns a Bunker C-fired power plant with installed capacity of 61.72 MW and net capacity of 55 MW located in Barangay Baluntay, Alabel, Sarangani, a municipality outside General Santos City in Southern Mindanao. SPPC's 18-year "Build-Operate-Own" (BOO) arrangement with NPC expired on April 28, 2016. The company was incorporated on March 15, 1996.

After the expiration of its PSAs with Davao Light and Cotabato Light on April 18, 2018, SPPC operated briefly until July 2018 as a replacement power for a generation facility undergoing preventive maintenance (PMS). The company has since been on asset preservation status.

As of February 29, 2024, AboitizPower had a 20% equity interest in SPPC, a Joint Venture among AboitizPower, Alsing Power Holdings, Inc., and Tomen Power (Singapore) Pte. Ltd.

Western Mindanao Power Corporation (WMPC)

WMPC owns and operates a Bunker C-fired power station with installed capacity of 112-MW and net capacity of 100 MW located in Zamboanga City, Zamboanga Peninsula in Western Mindanao. It was operated as a merchant plant after WMPC's 18-year BOO arrangement with the NPC expired in December 2015. The company was incorporated on March 15, 1996.

WMPC has an existing 50-MW PSA with Zamboanga City Electric Cooperative, Inc. (ZAMCELCO) and has been registered with the WESM as a direct member starting April 23, 2020. WMPC has been issued an Ancillary Services (AS) Certificate by the NGCP effective from September 20, 2023 to September 19, 2025. WMPC has a five-year ASPA with NGCP beginning April 26, 2019, for 50-MW non-firm Dispatchable Reserve, and Reactive Power Support and Blackstart Support Services.

WMPC participated in NGCP's competitive selection process. The invitation to bid was published on January 31, 2023, for the supply of ancillary services to the NGCP. NGCP subsequently awarded the ASPA to WMPC on April 18, 2023, on a firm basis. The awarded ancillary services contracted capacity to WMPC consist of 30-MW for dispatchable reserve, 15-MVAR/20-MW for reactive power support, and for black start service for the plant's certified capacity of 100-MW, pending ERC approval.

WMPC is also a participant in the Reserve Market since its commercial operations began on January 26, 2024. Currently, the plant continues to provide ancillary services to the Mindanao Grid.

As of February 29, 2024, AboitizPower had a 20% equity interest in WMPC, a Joint Venture among AboitizPower, Alsing Power Holdings, Inc., and Tomen Power (Singapore) Pte. Ltd.

Coal Group

Therma Luzon, Inc. (TLI)

TLI, a wholly-owned Subsidiary of TPI, was the first IPPA in the country, and assumed the role of the registered trader of the contracted capacity of the 700-MW net (2x350 MW net contracted capacity) coal-fired power plant located in Pagbilao, Quezon (the "Pagbilao Plant"). TLI was incorporated on October 20, 2008.

As the IPPA, TLI is responsible for procuring the fuel requirements of, and selling the electricity generated by the Pagbilao Plant. The Pagbilao Plant is currently owned and operated by TeaM Energy Corporation (TeaM Energy). Under the IPPA agreement, TLI has the right to receive the transfer of Pagbilao Unit 1 and Unit 2 at the end of the Energy Conversion Agreement. Over the years, TLI's capacity was contracted to various cooperatives, private distribution utilities, directly connected customers, and to affiliate RES. TLI was granted a RES license on August 12, 2020, which is valid until August 11, 2025.

Pagbilao Energy Corporation (PEC)

PEC owns and operates the 400-MW Unit 3 coal-fired power plant (Pagbilao Unit 3) within the Pagbilao Power Station, located in Pagbilao, Quezon. PEC is a Joint Venture between AboitizPower and TeaM Energy, through their respective Subsidiaries, TPI and TPEC Holdings Corporation. Pagbilao Unit 3 is not covered by either TLI's IPPAA with PSALM or TeaM Energy's BOT contract with NPC, and commenced operations in March 2018.

Through TPI, AboitizPower had 50% equity interest in PEC, while TPEC Holdings Corporation owned the remaining 50% as of February 29, 2024.

The output of Pagbilao Unit 3 is sold to TLI and TPEC.

Therma South, Inc. (TSI)

TSI, a wholly-owned Subsidiary of TPI, owns and operates the 300-MW net (2x150MW) circulating fluidized bed (CFB) coal-fired power plant located in Davao City and Sta. Cruz, Davao del Sur. TSI was incorporated on November 18, 2008. Commercial operations for Unit 1 and Unit 2 began in September 2015 and February 2016, respectively.

TSI contributes to the continuing growing power requirements of Mindanao by providing stable and cost-effective base load power. TSI supplies power to various private distribution utilities and energy cooperatives. TSI seeks to sustain the positive impact it has brought to its host communities through various educational, livelihood, and enterprise development programs, benefitting children, students, small and medium enterprise owners, and its employees.

Therma Visayas, Inc. (TVI)

TVI owns and operates the 300-MW net (2x150 MW net) CFB coal-fired power plant located in Toledo City,

Cebu. Commercial operations for Unit 1 and Unit 2 began in April and August 2019, respectively.

As of February 29, 2024, AboitizPower, through TPI, effectively owns an 80% equity interest in TVI, with the remaining 20% being held by the Vivant Group.

TVI supplies power to distribution utilities and also provides ancillary services.

Abovant Holdings, Inc. (Abovant) and Cebu Energy Development Corporation (Cebu Energy)

Abovant is a Joint Venture between AboitizPower and the Vivant Group, and serves as the holding company for shares in Cebu Energy. The company was incorporated on November 28, 2007.

Cebu Energy was incorporated on December 5, 2008 by Abovant and Global Formosa Power Holdings, Inc. (Global Formosa), a Joint Venture between Global Business Power Corporation and Flat World Limited. The company owns the 3x82-MW CFB coal-fired power plant situated within the Toledo Power Complex in Barangay Daanlungsod, Toledo City, Cebu. The first unit was commissioned in February 2010, while the second and third units were commissioned in the second and fourth quarters of 2010, respectively. Cebu Energy declared commercial operations on February 26, 2011, and is the first commercial clean-coal facility in the country.

Cebu Energy consistently ensures delivery of the highest level of service, and actively undertakes accreditations on Quality Management System (ISO 9001:2015), Environmental Management System (ISO 14001:2015), and Occupational Health and Safety Management System (ISO 45001:2018). The company provides power to the province of Cebu and its neighboring province, Bohol.

As of February 29, 2024, Abovant had a 44% equity interest in Cebu Energy, while Global Formosa owned the remaining 56%. Consequently, AboitizPower, through TPI, held a 26.4% effective ownership interest in Cebu Energy.

Redondo Peninsula Energy, Inc. (RP Energy)

RP Energy was incorporated on May 30, 2007 to construct, own, and operate the 2x300-MW (net) coal-fired power plant located in the Redondo Peninsula of Subic Bay within the Subic Bay Freeport Zone (SBFZ), Subic, Zambales.

RP Energy was originally a Joint Venture between AboitizPower and TCIC. MPGC acquired a majority interest in RP Energy by virtue of a share purchase agreement with TPI on July 22, 2011. As of February 29, 2024, AboitizPower, through TPI, and TCIC each retained a 25% stake in RP Energy.

STEAG State Power Inc. (SPI)

Incorporated in December 19, 1995, SPI is the owner and operator of a 210 MW (net) coal-fired power plant located in PHIVIDEC Industrial Estate in Misamis Oriental, Northern Mindanao. The SPI Power Plant consisting of two units was built under a BOT arrangement and started commercial operations on November 15, 2006. It has a 25-year PPA with NPC backed by a Performance Undertaking issued by the Philippine government. PSALM acceded to the PPA under the Accession Undertaking.

SPI holds valid COCs from the ERC, including those for the following self-generation facilities: (i) 400kW diesel generator; and (ii) 1.25MW diesel generator. From time to time, SPI's power plant units are required to be in economic shutdown by PSALM, in accordance with its Power Purchase Agreement (PPA). For the year 2023, the power plant units were not required to be in economic shutdown.

In September 2022, AboitizPower acquired 35.4% interest from STEAG GmbH (STEAG). The transaction was completed in January 2024, resulting in AboitizPower's 69.4% effective equity interest in SPI. STEAG and La Filipina Uy Gongco Corporation (LFUGC) held the remaining 15.6% and 15% equity, respectively, in SPI.

On February 21, 2024, STEAG and AboitizPower signed a Share Purchase Agreement for the sale of the remaining 15.6% shares of STEAG, subject to the completion of conditions precedent. Upon the completion of the transaction, AboitizPower will be the legal and beneficial owner of an 85% equity interest in SPI.

AA Thermal, Inc.

On May 2, 2019, AboitizPower completed its acquisition of 49% voting stake and 60% economic stake in AA Thermal, AC Energy Inc.'s (AC Energy) thermal platform in the Philippines.

The AA Thermal platform initially consists of AC Energy's limited partnership interests in GMEC and GNPD, where AboitizPower, through TPI, already holds direct partnership interests.

GNPower Mariveles Energy Center Ltd. Co. (GMEC)

GMEC, formerly known as GNPower Mariveles Coal Plant Ltd. Co., is a private limited partnership organized and registered with the Securities and Exchange Commission (SEC) on May 13, 2007. It is engaged in the operation, and ownership of approximately 2x345 MW (gross) coal-fired power plant (the "GMEC Facility") in Mariveles, Bataan.

The GMEC Facility is situated in Bataan Province, at the north entrance to Manila Bay It is one of the newest, lowest-cost power generation facilities in the Philippines that fully complies with the most stringent local (DENR) and international (World Bank and Equator Principles) environmental and emission standards.

The equity owners of GMEC are:
(i) TPI;
(ii) AC Energy and Infrastructure Corporation (formerly: AC Energy, Inc.) ("ACEIC"); and
(iii) Power Partners Ltd. Co. ("Power Partners").

As of February 29, 2024, AboitizPower had a 78.3% effective partnership interest in GMEC.

GNPower Dinginin Ltd. Co. (GNPD)

GNPD is a private limited partnership organized and registered with the SEC on May 21, 2014 engaged in the operation and ownership of a 2x725 MW (gross) supercritical coal-fired power plant and a private port facility located in Mariveles, Bataan.

GNPD is under limited partnership among (i) TPI; (ii) ACEIC; and (iii) Power Partners.

At present, GNPD is the largest coal-fired power plant in the country utilizing supercritical technology, which fully complies with the most stringent local (DENR) and international (World Bank and Equator Principles) environmental and emission standards.

As of February 29, 2024, AboitizPower owned a 70% effective partnership interest in GNPD.

Other Generation Assets

As of February 29, 2024, Cotabato Light maintains a stand-by maximum capacity of 9.641-MW Bunker C-fired power plant capable of supplying approximately 12.79% of its requirements.

Future Projects

AboitizPower continues to assess the feasibility of new power generation projects focusing on addressing the needs of the market, namely: (1) providing reliable supply, at a (2) reasonable cost, and with (3) minimal impact on the environment and communities. Other factors taken into consideration include the proposed project's land use requirements, access to a power grid, energy yield analysis, fuel supply arrangements, availability of water, local requirements for permits and licenses, acceptability of the project to the communities and people it will affect, ability of the project to generate electricity at a competitive cost, and the existence of potential purchasers of the electricity generated. For the development of a new power project, the Company, its partners, and its suppliers

are required to obtain all national and local permits and approvals before the commencement of construction and commercial operations, including those related to the project site, construction, environment, land use planning/zoning, operations licenses, and similar approvals.

DISTRIBUTION OF ELECTRICITY

The Aboitiz Group has more than 85 years of experience in the Philippine power distribution sector.

With ownership interests in nine Distribution Utilities, the Company believes that it is currently one of the largest electricity distributors in the Philippines. AboitizPower's Distribution Utilities collectively supply electricity to franchise areas covering a total of 18 cities and municipalities and five economic zones across Luzon, Visayas, and Mindanao.

In 2020, the wholly-owned Distribution Utilities and Visayan Electric completed a rebranding initiative to modernize the look and feel of the brands and visually show their relation to AboitizPower.

The Distribution Utilities' earnings contribution to AboitizPower's business segments in 2023 was equivalent to 12.24%. The Distribution Utilities had a total customer base of 1,169,606 as of end-2023. This was 1,137,402 as of end-2022, and 1,106,783 as of end-2021.

The table below summarizes the key operating statistics of the Distribution Utilities for each of the past three years:

Company	Electricity Sold (MWh)			Peak Demand (MW)			No. of Customers		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Davao Light	2,842,932	2,699,306	2,597,592	510	472	459	482,427	470,868	458,498
Cotabato Light	203,930	189,763	178,535	38	35	34	50,499	49,055	47,098
Visayan Electric	3,548,720	3,175,656	3,144,768	615	588	554	501,080	486,414	477,732
SFELAPCO	810,311	786,935	716,888	198	151	147	130,148	126,313	118,806
Subic Enerzone	287,300	282,997	267,047	57	55	50	3,674	3,615	3,581
Mactan Enerzone	88,600	100,881	107,541	20	21	21	90	86	87
Balamban Enerzone	95,937	87,813	85,813	26	25	25	28	27	28
Lima Enerzone	315,178	317,602	296,780	58	56	56	1,621	999	940
Malvar Enerzone	10,238	9,481	1,458	6	5	1.28	49	25	13
Total	**8,203,148**	**7,650,434**	**7,396,423**	**1,528**	**1,407**	**1,347**	**1,169,606**	**1,137,402**	**1,106,783**

Visayan Electric Company, Inc. (Visayan Electric)

Visayan Electric is the second largest privately-owned distribution utility in the Philippines in terms of customer size and annual MWh sales. The company supplies electricity to a region covering 674 square kilometers (sq. km.) on the island of Cebu with a population of approximately 1.7 mn. Visayan Electric has 19 power substations and one mobile substation that serve the electrical power needs of various cities, municipalities, and barangays in the island and province of Cebu.

Visayan Electric is the Aboitiz Group's first involvement in the power industry, with the acquisition by some family members of 20% ownership interest in the early 1900s. Directly and through its predecessors-in-interest, the company has been in the business of distributing electricity in Cebu since 1905. In 1928, Visayan Electric Company,

S.A. was granted a 50-year distribution franchise by the Philippine Legislature. The franchise was renewed in September 2005 for a period of 25 years or until September 2030.

As of end-2023, Visayan Electric has energized 100% of the barangays, and electrified 99.77% of all the households within its franchise area. It has also completed the extension of its distribution facilities, which will allow it to serve all the customers within its franchise area. Visayan Electric's goal of 100% total electrification, including household electrification, is targeted for completion within 18 months from March 2024 upon release of funding from the DOE.

Visayan Electric is true to its vision of becoming a world-class electric utility by implementing innovations such as the implementation of a full digital substation using IEC 61850 station and process bus for its Paknaan substation. The newest application for distribution automation, fault location, isolation, and service restoration (FLISR), is an ongoing project to be applied to four feeders within the franchise.

Visayan Electric's Underground Distribution System (UDS) project, which began in 2013, aims to convert overhead conductors to underground cables along Cebu City's Sinulog Route with a total length of approximately five kilometers (km). As of February 29, 2024, approximately 3.60 kms. had been completed but has been deferred due to prioritization of other major projects for reinforcement and improvement of the capacity in the franchise area.

Visayan Electric has ongoing projects to reinforce and improve the existing capacity and reliability of its distribution system through the addition of a new substation in San Roque, Talisay, subtransmission substation upgrades in Naga and San Fernando, Cebu, and a new substation in Bajac, Liloan. This will enhance electricity service for the increasing demand of both commercial and densely residential customers within its franchise area.

Visayan Electric's total systems loss was 6.39% as of end-2023. This included a feeder loss of 4.80%, which is below the government-mandated feeder loss cap for 2023 of 5.50%.

As of February 29, 2024, AboitizPower directly held a 55.26% equity interest in Visayan Electric. 34.81% was owned by the Vivant Group.

Davao Light & Power Company, Inc. (Davao Light)

Davao Light is the third largest privately-owned electric distribution utility in the country in terms of customer size and annual kWh sales. Its franchise area covers two cities and three municipalities in the Davao region, with a population of approximately 2.3 mn and a total area of 3,561 sq. kms.

Davao Light was incorporated on October 11, 1929, and was acquired by the Aboitiz Group in 1946. The company's original 50-year franchise, covering Davao City, was granted in November 1930 by the Philippine Legislature. Pursuant to RA No. 11515 which lapsed into law on December 26, 2020, Davao Light's franchise was extended for an additional 25 years from 2025, or until 2050.

The company's renewable energy power supply is sourced from hydropower plants of NPC-PSALM hydro, Hedcor Sibulan, Hedcor's Talomo plant, and Hedcor Bukidnon's Manolo Fortich Plant. This makes up nearly 40% of its renewable energy portfolio which helped reduce Davao Light's overall electricity rate.

Leveraging the power of digital technology, Davao Light's second 150MVA transformer in one of its downtown substations was energized in December 2023 to serve the northern and southern parts of Davao City with boosted capacity. Its distribution network infrastructure is continuously upgraded, adopting digital innovations in its substations to increase capacity and enhance the reliability and flexibility of the sub-transmission and distribution network to meet its increasing customer needs.

To respond to its customers' different digital needs, Davao Light continues to provide services through its diverse digital channels and online facilities. Its mobile application, MobileAP, which allows access to billing and accounts anytime and anywhere, was upgraded to include additional information for enhanced user convenience. eBillTxt was launched as a supplemental service that allows customers to receive electronic bills via SMS.

Davao Light has renewed its 2023 certifications for the International Standards Organization, ISO 9001:2015 or the Quality Management System (QMS), ISO 45001:2018 - Occupational Health and Safety (OH&S) Management System, and ISO 14001:2015 – Environmental Management (EM) System. It has also earned its fourth ISO Certification on 550001:2014 Asset Management System (ASM).

The company has extended electricity services to far-flung communities within its franchise area since 2018. This is in line with the national government's Sitio Electrification Program (SEP) to extend the benefits of electricity to remote and un-electrified barangays. Davao Light has energized 97.44% of the households within its franchise area.

As of end-2023, Davao Light's total systems loss was at 9.23%. This included a feeder loss of 5.20%, which is below the government-mandated feeder loss cap for 2023 of 5.50%.

Cotabato Light and Power Company (Cotabato Light)

Cotabato Light supplies electricity to Cotabato City and portions of the municipalities of Sultan Kudarat, and Datu Odin Sinsuat, Maguindanao, with its franchise covering a land area of 191.20 sq. kms. Incorporated in April 1938, Cotabato Light's original 25-year franchise was granted by the Philippine Legislature through RA No. 3341 in June 1939. The most recent renewal of the franchise was in June 2014 for a period of 25 years, or until 2039.

Cotabato Light also maintains a standby 9.641-MW Bunker C-fired diesel power plant capable of supplying approximately 12.79% of its franchise area requirements. This plant can supply electricity in case of supply problems with its power suppliers or NGCP and can be used for voltage stability when necessary, a benefit available to Cotabato Light's customers.

Cotabato Light's total systems loss as of end-2023 was at 6.77%. This included a feeder loss of 5.41%. which is below the government-mandated feeder loss cap in 2023 of 5.50%. Cotabato Light is continuously innovating its strategies and processes to further reduce its distribution feeder loss to 5%.

As of February 29, 2024, AboitizPower directly owned a 99.94% equity interest in Cotabato Light.

San Fernando Electric Light & Power Co., Inc. (SFELAPCO)

SFELAPCO was incorporated on May 17, 1927 and was granted a municipal franchise in 1927. The most recent renewal of its franchise was in March 2010 for a period of 25 years.

SFELAPCO's franchise in the City of San Fernando, Pampanga covers an area of 78.514 sq. kms. and the municipality of Floridablanca and Brgys. Talang and Ligaya, Municipality of Guagua, Pampanga with an estimated area of 175.5 sq. kms. For 2023, SFELAPCO has a total of 286.2 MVA of substation capacity with a peak load of 158 MW including its 69kv customers.

SFELAPCO's total systems loss as of end-2023 was 4.85%. This included a feeder loss of 3.86% which is below the government-mandated feeder loss cap in 2023 of 5.50%.

As of February 29, 2024, AboitizPower had an equity interest of 43.727% in SFELAPCO.

Subic Enerzone Corporation (Subic Enerzone)

On June 3, 2003, Subic Enerzone was incorporated as a Joint Venture owned by a consortium including Davao Light, AEV, and SFELAPCO, among others, to undertake management and operation of the SBFZ power distribution utility.

Subic Enerzone serves a total of 3,673 customers, consisting of 87 industrial locators, 1,355 commercial locators, 2,109 residential customers, 99 streetlights and 23 industrial locators under RES.

Subic Enerzone's total systems loss as of end-2023 was 4.35%. This included a feeder loss of 1.49%, which is below the government-mandated feeder loss cap in 2023 of 5.50%.

As of February 29, 2024, AboitizPower owned, directly and indirectly through Davao Light, a 99.98% equity interest in Subic Enerzone.

Mactan Enerzone Corporation (Mactan Enerzone)

Mactan Enerzone was incorporated in February 2007 when AboitizLand spun off the power distribution system of its Mactan Export Processing Zone II (MEPZ II) project. The MEPZ II project, which was launched in 1995, was operated by AboitizLand under a BOT agreement with the Mactan-Cebu International Airport Authority (MCIAA).

Mactan Enerzone sources its power from Green Core Geothermal Incorporated and Power Sector Asset and Liabilities Management Corporation pursuant to the respective CSEE.

Mactan Enerzone serves a total of 42 captive industrial locators, 33 captive commercial locators, and 11 industrial locators under RES, and four industrial locators under GEOP.

Mactan Enerzone's total system loss as of yend-2023 was 1.24%. This included a feeder loss of 0.6%, which is below the government-mandated feeder loss cap for 2023 of 5.50%.

As of February 29, 2024, AboitizPower owned a 100% equity interest in Mactan Enerzone.

Balamban Enerzone Corporation (Balamban Enerzone)

Balamban Enerzone was incorporated in February 2007 when CIPDI, a Joint Venture between AboitizLand and THC, spun off the power distribution system of the West Cebu Industrial Park – Special Economic Zone (WCIP-SEZ). WCIP-SEZ is a special economic zone for light and heavy industries located in Balamban, Cebu.

Balamban Enerzone serves a total of ten captive industrial customers, 12 captive commercial customers, and six contestable industrial customers.

Balamban Enerzone's total systems loss as of end-2023 was 0.51%. This included a feeder loss of 0.2%, which is below the government-mandated feeder loss cap for 2023 of 5.50%.

As of February 29, 2024, AboitizPower directly owned a 100% equity interest in Balamban Enerzone.

Lima Enerzone Corporation (Lima Enerzone)

Lima Enerzone was incorporated as Lima Utilities Corporation on June 5, 1997 to serve and provide locators within the Lima Technology Center (LTC) with a reliable and stable power supply.

Lima Enerzone serves a total of 115 captive industrial locators, 19 captive commercial locators, 1,452 captive residential customers, nine street lamps, and 28 industrial locators under RES.

As of end-2023, Lima Enerzone's total systems loss was 2.80%. This included a feeder loss of 1.12%, which is below the government-mandated feeder loss cap for 2023 of 5.50%.

As of February 29, 2024, AboitizPower directly owned a 100% equity interest in Lima Enerzone.

Malvar Enerzone Corporation (Malvar Enerzone)

Malvar Enerzone was incorporated on June 9, 2017 to serve and provide locators within the Light Industry & Science Park IV (LISP IV) in Malvar, Batangas. Malvar Enerzone will manage the operation and maintenance of the power distribution of LISP IV for 25 years. LISP IV has two 50-MVA transformers to provide reliable and quality power to locators, which are mostly from manufacturers and exporters. Malvar Enerzone served a total of eight captive industrial locators, 19 captive commercial locators, 26 captive residential customers, four streetlights and one industrial locator under RES.

As of end-2023, Malvar Enerzone's total system loss was 3.55%. This included a feeder loss of 0.68%, which is below the government-mandated feeder loss cap for 2023 of 5.50%.

As of February 29, 2024, AboitizPower directly owned a 100% equity interest in Malvar Enerzone.

RETAIL ELECTRICITY AND OTHER RELATED SERVICES

One of the objectives of electricity reform in the Philippines is to ensure the competitive supply of electricity at the retail level. With the start of commercial operations of Open Access, large-scale customers are allowed to obtain electricity from RES licensed by ERC. Adventenergy, AESI, and Prism Energy are registered under the Renewable Energy Market and were granted operating permits by the DOE, valid for five years, allowing them to participate in the GEOP.

Aboitiz Energy Solutions, Inc. (AESI)

AESI is engaged in the business of a retail energy supplier and energy consolidator. It was granted a license to act as a RES valid until October 28, 2023. The company was incorporated on August 11, 1998.

AESI served 42 customers at the start of commercial operations of Open Access on June 26, 2013. In 2023, AESI supplied retail electricity to a total of 147 customers, with total energy consumption of 1,796.23 mn kWh. As of February 29, 2024, AboitizPower owned a 100% equity interest in AESI.

Adventenergy, Inc. (Adventenergy)

Adventenergy was specifically formed to serve Contestable Customers who are located in economic zones. It was granted a license to act as a RES valid until December 17, 2028. The company was incorporated on August 14, 2008.

Adventenergy differentiates itself from competition by sourcing most of its electricity requirements from a renewable source. As a result, an increasing number of companies are opting to source a part, if not the majority, of their electricity supply from Adventenergy as an environmental initiative. Currently, Adventenergy serves retail customers within and outside economic zones.

In 2023, Adventenergy supplied retail electricity to 290 customers with a total consumption of 2,537.97 mn kWh. With Adventenergy's participation in the GEOP, it has supplied ten qualified end-users with a total consumption of 4,415.44 mn kWh in 2023.

As of February 29, 2024, AboitizPower owned a 100% equity interest in Adventenergy.

Prism Energy, Inc. (Prism Energy)

Prism Energy was incorporated in March 2009 as a Joint Venture between AboitizPower and Vivant Corporation. It was granted a license to act as a RES valid until November 21, 2028.

Prism Energy is envisioned to serve Contestable Customers in the Visayas region. As a RES, Prism Energy provides its customers with contract options for electricity supply that is based on their operating requirements. In 2023, Prism Energy supplied retail electricity to 21 customers with a total energy consumption of 57.92 mn kWh.

As of February 29, 2024, AboitizPower directly owned a 60% equity interest in Prism Energy.

SN Aboitiz Power – RES, Inc. (SN Aboitiz Power - RES)

SN Aboitiz Power-RES caters and offers energy supply and solutions tailored to the needs and preferences of customers under the Retail Competition and Open Access (RCOA) market. Starting February 2021, the RCOA market has lowered its threshold to Phase III, allowing electricity end-users with an average peak demand of at least 500kW to source their electricity requirements from their RES of choice.

SN Aboitiz Power-RES is the retail arm of the SN Aboitiz Power Group. It caters to Contestable Customers and electricity consumers using an average of at least 500 kW in the last twelve months across all industries under Open Access. It offers energy supply packages tailored to its customers' needs and preferences.

As of February 29, 2024, MORE owns a 60% equity interest in SN Aboitiz Power-RES, with the remaining 40% owned by SN Power Philippines.

Mazzaraty Energy Corporation (Mazzaraty)

Mazzaraty was incorporated on June 19, 2014 as a joint venture among Aboitiz Power, Pasudeco Corporation, L&R Development, Inc., and Alfecon Realty, Inc. It was granted a license to act as a RES until June 18, 2023. Mazzaraty's RES contracts with its customers expired in 2021. The company was unable to supply electricity to customers in 2022 due to high coal prices.

As of February 29, 2024, AboitizPower owned 44.87% of Mazzaraty.

(ii) Sales

The operations of AboitizPower and its Subsidiaries and Affiliates are based only in the Philippines.

Comparative amounts of revenue, profitability and identifiable assets are as follows:

	2023	2022	2021
Gross Income	₱207,100	₱193,994	₱134,359
Operating Income	31,875	29,803	28,210
Total Assets	**₱487,203**	**₱477,594**	**₱427,416**

Note: Values are in Million Pesos. Operating income is operating revenue net of operating expenses.

Comparative amounts of revenue contribution and corresponding percentages to total revenue by business group are as follows:

	2023		2022		2021	
Power Generation	₱137,376	57%	₱137,480	59%	₱97,337	59%
Power Distribution	54,735	23%	58,591	25%	45,628	28%
Retail Electricity Supply	46,396	19%	19,875	9%	19,875	12%
Services	2,187	1%	17,042	7%	1,033	1%
Total Revenue	**240,694**	**100%**	**233,248**	**100%**	**163,874**	**100%**
Less: Eliminations	-33,594		-39,355		-29,514	
Net Revenue	**₱207,100**		**₱193,994**		**₱134,359**	

Note: Values are in Million Pesos.

(iii) Distribution Methods of the Products or Services

Power Generation Business

The AboitizPower's Generation Companies sell their capacities and energy through bilateral PSAs with private distribution utilities, electric cooperatives, RES, other large end-users, and through the WESM. The Company has Subsidiaries and Affiliates that sell ancillary services through ASPAs with NGCP. The majority of AboitizPower's Generation Companies have transmission service agreements with NGCP for transmission of electricity to the grid.

Distribution Utilities Business

Ancillary Services are necessary to help ensure a reliable and stable grid, which co-exist with the energy market or WESM. NGCP signs ASPAs with AS-certified generators to fulfill specific ancillary service requirements per grid. Currently, SN Aboitiz Power-Magat, SN Aboitiz Power-Benguet, TMI, TMO, TLI, APRI, Cebu Energy, and WMPC have ASPAs with NGCP. In the Luzon grid, the SN Aboitiz Power Group delivers regulating, contingency, and dispatchable reserves, blackstart service, and reactive power support through its Ambuklao, Binga, and

Magat Plants. TMO, on the other hand, is located at the load center in Metro Manila and serves the necessary voltage support and dispatchable reserve. In addition, TLI's Pagbilao and APRI's Makban plants deliver contingency reserves and Reactive Power Support AS, respectively. In the Visayas, AboitizPower delivers Contingency Ancillary Service through Cebu Energy. TMI provides both contingency and dispatchable reserves requirements in Mindanao. As a recent development to the Ancillary Service Contracting Process, it was mandated by the DOE that AS will now undergo Competitive Selection Process (CSP), similar to Energy CSP. DOE Department Circular No. DC 2021-10-0031 entitled *"Prescribing the Policy for the Transparent and Efficient Procurement of Ancillary Services by the System Operator"*, details the provisions of the CSP which became effective on October 29, 2021. This is a welcome development for a more transparent and efficient process and AboitizPower intends to actively participate to fulfill the most-needed AS requirements across the nation.

In addition, the Hedcor Tudaya Hydro 2, Hedcor Irisan Hydro 1, Hedcor Sabangan, Hedcor Manolo Fortich 1 and 2, and Hedcor La Trinidad Hydro plants, all in commercial operations, have been approved for inclusion in the FIT system. Hedcor, Hedcor Tudaya, Hedcor Sabangan, and Hedcor Bukidnon, the companies that own and operate the foregoing plants, have entered into Renewable Energy Payment Agreement (REPA) with Transco, in its capacity as FIT-Allowance ("FIT-All") Administrator, for the collection and payment of the FIT.

In the absence of WESM in Mindanao, Tudaya Hydro 2, and Manolo Fortich Hydro 1 and 2 have entered into Renewable Energy Supply Agreements (RESAs) with their host distribution utilities or electric cooperatives.

AboitizPower's Distribution Utilities have exclusive distribution franchises in the areas where they operate. Each Distribution Utility has a distribution network consisting of a widespread network of predominantly overhead lines and substations. Customers are classified according to voltage levels based on their electricity consumption and demand. Large industrial and commercial consumers receive electricity at distribution voltages of 13.8 kV, 23 kV, 34.5 kV, and 69 kV, while smaller industrial, commercial, and residential customers receive electricity at 240 V or 480 V.

With the exception of Malvar Enerzone, all of AboitizPower's Distribution Utilities have entered into transmission service contracts with NGCP for the use of NGCP's transmission facilities to receive power from PSALM to their respective independent power producers to their respective customers. All customers that connect to the Distribution Utilities' distribution lines are required to pay a tariff approved by ERC.

Retail Electricity Supply Business

AboitizPower's wholly-owned RES companies, Adventenergy and AESI, have existing electricity supply contracts to ensure continuous supply of power to their customers. Adventenergy and AESI maintain a portfolio of energy-based supply contracts from renewable and non-renewable sources to secure reliable and affordable electricity for its customers. These electricity supply contracts involve a mix of fixed rate and margin-based electricity fees that are updated year on year to ensure that supply is maintained at competitive rates. Prism Energy primarily serves contestable customers under the Visayan Electric franchise.

In addition, APRI and TLI were granted RES licenses in 2020 and became registered members of the Renewable Energy Market last July 6, 2021. They were granted operating permits by the DOE, valid for five years, allowing them to participate in GEOP as well.

(iv) New Products/Services

On March 1, 2024, AboitizPower, indirectly through its wholly owned subsidiary, Therma NatGas Power Inc. ("TNGP"), entered into an Investment Agreement with Meralco Powergen Corporation ("MGen") to acquire a 40% equity interest in Chromite Gas Holdings, Inc. With TNGP's investment in Chromite Gas, Chromite Gas becomes 60% and 40% legally and beneficially owned by MGen and TNGP, respectively. 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.

Other than the ongoing Greenfield and/or rehabilitation projects undertaken by AboitizPower's Generation Companies, AboitizPower and its Subsidiaries do not have any other publicly announced new products or services as of March 1, 2024.

(v) Competition

Power Generation Business

AboitizPower continues to face competition in both the development of new power generation facilities and the acquisition of existing power plants. Competition for financing these activities, as well as the demand for use of renewable energy sources, remains to be a challenge to AboitizPower's growth and portfolio of assets. With the latest mandate on renewable energy portfolio standard, many competitors have started exploring and committing to increase their renewable energy sources. The market volatility of coal prices also put coal-fired power assets at a significant disadvantage in terms of prices among competitors, especially in the renewable space where prices are now more competitive and cost is not affected by commodities.

The impact of the pandemic has been normalized and the consumption has surpassed pre-pandemic level.

This, combined with the challenges in power supply across the country, means that AboitizPower is positioned to benefit from higher spot prices in the market by managing and maintaining the availability of its power plants. AboitizPower also believes that the Philippines' energy requirements will continue to grow as the country develops, attracting many competitors, including multinational development groups and equipment suppliers, to explore opportunities in power generation projects in the Philippines. Accordingly, competition for and from new power projects may increase in line with the expected long-term economic growth trajectory of the Philippines. With this opportunity, AboitizPower believes it is well-positioned to be play a significant role in this growth expansion, and to capitalize on the growing renewable energy space with its strategy to have 50% of its generating assets classified as renewable by the end of this decade, together with the ability to meet long term baseload requirements.

In particular, AboitizPower is expected to face competition from leading multinationals such as TeaM Energy, Electricity Generating Public Company Limited (EGCO), and Korea Electric Power Corporation, as well as power generation facilities owned or controlled by Filipino-owned companies such as AC Energy, Alsons Power Group, DMCI Holdings, Inc. FDC Utilities, Inc., First Gen Corporation, Meralco PowerGen Corporation, and SMC Global Power.

Retail Electricity Supply Business

Based on ERC's Competitive Retail Electricity Market (CREM) Monthly Statistical Data as of July 2023, there are 47 RES companies and 29 Local RES companies participating in the Open Access markets in Luzon and Visayas. AboitizPower has the largest market share at 31.56%, with a contracted capacity of 1,299.55 MW. The Meralco Group, through its local RES and affiliate RES companies, has the second-largest market share at 28.54%, with contracted capacity of 1,175.80 MW as of July 2023. The San Miguel Group has the third largest market share at 11.32%, with a contracted capacity of 466.09 MW.

The increase in the number of power plants, the number of RES companies, and volatile oil and coal prices have also increased the level of competition in the Open Access market. RES companies have resorted to both aggressive pricing and contractual concessions.

AboitizPower believes that its portfolio, consisting of different types of energy sources with a mix of renewables and non-renewables, allows it to be flexible in both pricing and reliability of supply, thus enhancing its competitiveness and allowing it to become the market leader in 2023.

Distribution Utilities Business

Each of AboitizPower's Distribution Utilities currently have franchises to distribute electricity in covered areas.

(vi) Sources of Raw Materials and Supplies

Power Generation Business

The Generation Companies produce energy using the following fuel types based on attributable net selling capacity: 13.5% hydropower, 6.4% geothermal, 1.0% solar, 67.6% coal, and 11.4% oil. In 2023, renewable fuel sources comprised 21% of attributable net selling capacity, while thermal accounted for 79%.

AboitizPower currently manages and operates 22 hydropower plants that supply the country with over 278 MW of clean and renewable energy. As a leading hydropower operator in the Philippines, Hedcor helps communities and businesses sustainably reach a better and greener tomorrow through power generation that is least disruptive to the environment.

APRI's steam requirement for its geothermal power generation continues to be supplied by PGPC. The terms of the steam supply are governed by a Geothermal Resources Supply and Services Agreement. Under the agreement, the price of steam is based on 50% of the Marketing Clearing Prices starting September 26, 2021. Prior to this date, the price of steam was ultimately indexed to the Newcastle Coal Index and the Japanese Public Utilities coal price. APRI and PGPC signed a new agreement on August 24, 2018 under which PGPC will drill 12 new production wells with a minimum of 50 MW aggregated individual well capacity by 2023. This was completed in April 2023.

Oil-fired plants use heavy fuel oil and automotive diesel oil to generate electricity. SPPC and WMPC source fuel from Pilipinas Shell Petroleum Corporation and Phoenix Petroleum, respectively. Each of EAUC, CPPC, TMI, TMO, and TPVI secure its fuel oil requirements from Pilipinas Shell, Phoenix Petroleum, and/or PTT Philippines Corporation. The fuel prices under these agreements are pegged to the Mean of Platts Singapore index.

Both Coal-fired and Oil-fired power plants require automotive diesel oil during startup. These are all purchased from Chevron Philippines, Inc. under a term contract that are pegged to the Mean of Platts Singapore index.

TLI for Pagbilao Unit 3 and TVI have long-term coal supply contracts until 2025 for the majority of their annual requirements. Likewise, GNPD, GMEC, and Cebu Energy also have long-term coal supply agreements.

TLI for Pagbilao Units 1 and 2, TSI, and SPI are presently undergoing multiple testings of new coal supply sources with lower calorific value to improve fuel cost prices. Long-term contracts will be entered into within the year upon completion of said tests.

Power Distribution Business

The rates at which the Distribution Utilities purchase electricity from affiliated Generation Companies are established pursuant to bilateral agreements. These agreements are executed after the relevant Generation Company has successfully bid for the right to enter into a PSA with a Distribution Utility. These agreements are entered into on an arms'-length basis, on commercially reasonable terms, and must be approved by the ERC. ERC's regulations currently restrict AboitizPower's Distribution Utilities from purchasing more than 50% of their electricity requirements from affiliated Generation Companies.

To address long-term power supply requirements, Davao Light and Cotabato Light entered into 25-year Power Supply Contracts (PSCs) with TSI for 100 MW and 5 MW, respectively, and started drawing their contracted capacity in September 2015. In June 2016, Davao Light and TSI filed a Joint Manifestation with ERC stating that they agreed to supplement and modify their supply contract to 108 MW.

To meet the Renewable Portfolio Standards (RPS) requirement, Davao Light entered into a ten-year 55 MW PSA with Hedcor Sibulan from 2022 to 2032. Davao Light also renewed its CSEE with PSALM for a period of three years from 2023 to 2025 for 15 MW. To cover its peak demand requirement for 2023 to 2026, Davao Light entered into a three-year PSA with TMI for a 50 MW supply. Davao Light also entered into a five-year non-firm load following the PSA, on an as available as needed basis, with FDC Misamis Power Corporation to cater to replacement power requirements in times of outages from 2023 to 2028.

To address long-term power supply requirements, Visayan Electric entered into a 25-year Electric Power Purchase Agreement (EPPA) with Cebu Energy in October 2009 for the supply of 105 MW. In December 2010, Visayan Electric signed a five-year PSA with GCGI for the supply of 60 MW at 100% load factor which was extended for another ten years in October 2014. Visayan Electric also has 15-year PSA with TVI for the supply of 150 MW beginning 2018. In December 2010, Visayan Electric signed a five-year PSA with GCGI for the supply of 60 MW at 100% load factor which was extended for another ten years in October 2014. Visayan Electric also has a 15-year PSA with TVI for the supply of 150 MW beginning 2018.

In 2021, Subic Enerzone conducted a CSP to reduce its WESM exposure. Masinloc Power Partners Co. Ltd. (MPPCL) won the 10MW PSA starting December 26, 2021. Similarly, Lima Enerzone conducted its own CSP in 2021 as replacement to its expiring contract. TLI won the contract at 7 MW for five years starting in May 2021. Malvar Enerzone sources its power supply from WESM to meet the ecozone's power requirements until its electricity demand is stable.

The provisions of the Distribution Utilities' PPAs are governed by ERC regulations. The main provisions of each contract relate to the amount of electricity purchased, the price, including adjustments for various factors such as inflation indexes, and the duration of the contract. Distribution Utilities also enter into PSAs with various generation companies.

Transmission Charges

AboitizPower's Distribution Utilities have existing Transmission Service Agreements (TSAs) with the NGCP for the use of the latter's transmission facilities in the distribution of electric power from the Grid to its customers, which are valid until the dates specified below:

Distribution Utility	Valid until
Lima Enerzone	July 25, 2027
Cotabato Light	August 25, 2028
SFELAPCO	December 25, 2023*
Davao Light	January 25, 2024*
Visayan Electric	January 25, 2024*
Mactan Enerzone	January 25, 2025
Balamban Enerzone	January 25, 2025
Malvar Enerzone	December 25, 2025

*Prior to the expiry of their TSAs, Mactan Enerzone, SFELAPCO, Davao Light, and Visayan Electric have already applied and submitted the requirements for renewal.

The Distribution Utilities have negotiated agreements with the NGCP in connection with the security deposit to secure their obligations to the NGCP under the TSAs.

(vii) Major Customers

Power Generation Business

As of February 29, 2024, out of the total electricity sold by AboitizPower's Generation Companies, approximately 82% was covered by bilateral contracts with, among others, private distribution utilities, electric cooperatives, and industrial and commercial companies. The remaining, approximately 18%, is sold by the Generation Companies through the WESM.

Retail Electricity Supply Business

As of February 29, 2024, AboitizPower's RES business has approximately 491 Contestable Customers under RCOA and seven end-users under GEOP with active contracts. These customers come from a wide number of industries, including property development, meat processing, semiconductors, steel, and cement. AboitizPower thus believes that this diversity will insulate its RES business from downturns in any one industry.

Power Distribution Utilities

AboitizPower's Distribution Utilities have wide and diverse customer bases. As such, AboitizPower believes that loss of any one customer is not expected to have a material adverse impact on the Company. The Distribution Utilities' customers are categorized into four principal categories:

(a) *Industrial customers.* Industrial customers generally consist of large-scale consumers of electricity within a franchise area, such as factories, plantations, and shopping malls;
(b) *Residential customers.* Residential customers are those who are supplied electricity for use in a structure utilized for residential purposes;
(c) *Commercial customers.* Commercial customers include service-oriented businesses, universities, and hospitals; and
(d) *Other customers.* Customers not falling under any of the above categories.

Government accounts for various government offices and facilities are categorized as either commercial or industrial depending on their load. Each Distribution Utility monitors government accounts separately and further classifies them to local government accounts, national government accounts, or special government accounts like military camps. Streetlights have a different rate category and are thus monitored independently.

(viii) Transactions with and/or Dependence on Related Parties

AboitizPower and its Subsidiaries (the "Group"), in their regular conduct of business, have entered into transactions with Associates and other related parties principally consisting of professional and technical services, power sales and purchases, advances, various guarantees, construction contracts, aviation services, and rental fees. These are made on an arm's-length basis as of the time of the transactions.

Details of the significant account balances of the foregoing related party transactions of the Group can be found in the accompanying consolidated financial statements of the Company.

(ix) Patents, Copyrights, Franchises

AboitizPower and its Subsidiaries have secured all material permits required to operate its businesses. These are further discussed below.

Power Generation Business

Power generation is not considered a public utility operation under RA No. 9136 or the Electric Power Industry Act of 2001 (EPIRA). Thus, a franchise is not needed to engage in the business of power generation. Nonetheless, no person or entity may engage in the generation of electricity unless such person or entity has secured a COC from ERC to operate a generation facility and has complied with the standards, requirements, and other terms and conditions set forth in the said COC.

In its operations, a generation company is required to comply with technical, financial and environmental standards. It shall ensure that facilities connected to the Grid meet the technical design and operation criteria of the Philippine Grid Code, Philippine Distribution Code, and Philippine Electrical Code.

Cotabato Light has its own generation facilities and is required under the EPIRA to obtain a COC. Davao Light's generation facility was decommissioned last November 26, 2018.

For IPPAs such as TLI, the COCs issued to the IPPs of the relevant generation facilities are deemed issued in favor of the IPPAs. As such, the IPPAs are also bound to comply with the provisions of the Philippine Grid Code, Philippine Distribution Code, WESM rules, and applicable rules and regulations of ERC.

The Generation Companies and Cotabato Light, a Distribution Utility, possess COCs for their power generation plants, details of which are enumerated in the attached **Annex "G".**

AboitizPower's HEPPs are required to obtain a water permit from NWRB for the water flow used to run their

respective hydroelectric facilities. The permit specifies the source of the water, the allowable water volume, and the terms and conditions of its use. The water permit continues to be valid as long as the water is beneficially used.

AboitizPower, its Subsidiaries, and Affiliates are in various stages of development of several projects. Some of these projects have been awarded renewable energy service contracts by DOE.

Distribution Business

Under EPIRA, the business of electricity distribution is a regulated public utility business that requires a franchise that can be granted only by Congress. In addition to the legislative franchise, a CPCN from ERC is also required to operate as a public utility. However, distribution utilities operating within economic zones are not required to obtain a franchise from Congress, but must be duly registered with PEZA in order to operate within the economic zone.

All distribution utilities are required to submit to ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code, which provides the rules and regulations for the operation and maintenance of distribution systems, and the performance standards set out in the implementing rules of the EPIRA.

Shown below are the respective expiration periods of the Distribution Utilities' legislative franchises:

Distribution Utility	Franchise	Term	Expiry
Visayan Electric	RA No. 9339	25 years from effectivity of RA No. 9339. RA No. 9339 was approved on Sept. 1, 2005.	Valid until September 24, 2030
	ERC Certificate No. CPCN-09-01 (ERC Decision dated January 26, 2009, ERC Case No. 2008-095 MC).	25 years, or from September 24, 2005 to September 24, 2030	
Davao Light	RA No. 8960	25 years from effectivity of RA No. 8960, or from September 7, 2000	September 7, 2025
	ERC CPCN Decision dated February 26, 2002, ERC Case No. 2001-792	25 years, or from September 7, 2000 to September 7, 2025	
	RA No. 11515	25 years from expiration of the term granted under RA No. 8960, or from September 7, 2025 to September 7, 2050 (Lapsed into law on December 26, 2020)	Valid until September 7, 2050
Cotabato Light	RA No. 10637	25 years from the effectivity of RA No. 10637, as amended. RA No. 10637 was approved on June 16, 2014.	Valid until June 16, 2039
	ERC Certificate No. CPCN-14-001 (ERC Decision dated December 9, 2019, ERC Case No. 2013-063 MC)	25 years, or from June 17, 2014 or until June 16, 2039	
SFELAPCO	RA No. 9967	25 years from effectivity of RA No. 9967 (Lapsed into law on Feb. 6, 2010)	Valid until March 23, 2035
	ERC Certificate No. CPCN-10-01 (ERC Decision dated August 31, 2010, ERC Case No. 2010-029 MC)	25 years, or from March 24, 2010 to March 23, 2035	
Subic Enerzone	Distribution Management Service Agreement (DMSA) between Subic Enerzone and Joint Venture of AEV-Davao Light	Notarized on May 15, 2003. Term of the DMSA is 25 years.	Valid until May 15, 2028

Mactan Enerzone, Balamban Enerzone, Lima Enerzone, and Malvar Enerzone which operate the power

distribution utilities in MEPZ II, WCIP, LTC, and LISP IV respectively, are duly registered with PEZA as Ecozone Utilities Enterprises.

Retail Electricity Supply Business

Like power generation, the business of supplying electricity is not considered a public utility operation under EPIRA, but is considered a business affected with public interest. As such, EPIRA requires all suppliers of electricity to end-users in the contestable market, other than distribution utilities within their franchise areas, to obtain a license from ERC. With the implementation of Open Access in 2013, AboitizPower's RES Subsidiaries and Generation Companies with RES licenses, AESI, Adventenergy, APRI, SN Aboitiz Power – Magat, SN Aboitiz Power – RES, Prism Energy, and TLI, have all obtained separate licenses to act as RES.

Trademarks

AboitizPower and its Subsidiaries own, or have pending applications for the registration of, intellectual property rights for various trademarks associated with their corporate names and logos. The following table sets out information regarding the trademark applications the Company and its Subsidiaries have filed with the Philippine Intellectual Property Office (Philippine IPO), and their pending trademark applications abroad.

Philippine IPO

Trademarks/ Description	Owner	Registration No./ Date Issued	Status
"A Better Future" word mark (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	4-2010-004383/ November 11, 2010 Trademark was renewed on November 11, 2020.	Registered
"Better Solutions" word mark (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	4-2010-004384/ November 11, 2010 Trademark was renewed on November 11, 2020.	Registered
"AboitizPower" word mark (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	4-2010-004385/ November 11, 2010 Trademark was renewed on November 11, 2020.	Registered
"AboitizPower Spiral and Device" device mark with color claim (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	4-2010-004380/ February 10, 2011 Trademark was renewed on February 10, 2021.	Registered
"Cleanergy" word mark (Class No. 40)	Aboitiz Power Corporation	4-2001-007900/ January 13, 2006 Trademark was renewed on January 13, 2016.	Registered
"Cleanergy" word mark (Class Nos. 39 and 42)	Aboitiz Power Corporation	4-2019-000850/ June 9, 2019	Registered
"Cleanergy Get It and Device" device mark with color claim (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	4-2010-004381/ November 11, 2010 Trademark was renewed on November 11, 2020.	Registered
"Cleanergy Got It and Device" device mark (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	4-2010-004382/ November 11, 2010 Trademark was renewed on November 11, 2020.	Registered
"AboitizPower and Device" device mark with color claim (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	4-2010-004379/ February 10, 2011 Trademark was renewed on February 10, 2021.	Registered

Trademarks/ Description	Owner	Registration No./ Date Issued	Status
Subic EnerZone Corporation and Logo trademark (Class No. 39)	Subic EnerZone Corporation	4-2006-007306/ August 20, 2007 Trademark was renewed on August 20, 2017.	Registered
Subic EnerZone Corporation and Logo Word mark and device (Class No. 39)	Subic EnerZone Corporation	4-2006-007305/ August 20, 2007 Trademark was renewed on August 20, 2017.	Registered
"Subic EnerZone Corporation" word mark (Class No. 39)	Subic EnerZone Corporation	4-2006-007304/ June 4, 2007 Trademark was renewed on June 4, 2017.	Registered
"Cotabato Light" Logo (Class No. 39)	Cotabato Light and Power Corporation	4-2019-502915/ October 20, 2019	Registered
"Davao Light" Logo (Class No. 39)	Davao Light and Power Corporation	4-2019-502917/ October 20, 2019	Registered
"Balamban Enerzone" Logo (Class No. 39)	Balamban Enerzone Corporation	4-2019-502910/ February 10, 2020	Registered
"Mactan Enerzone" Logo (Class No. 39)	Mactan Enerzone Corporation	4-2019-502911/ February 20, 2020	Registered
"Lima Enerzone" Logo (Class No. 39)	Lima Enerzone Corporation	4-2019-502912/ February 10, 2020	Registered
"Malvar Enerzone" Logo (Class No. 39)	Malvar Enerzone Corporation	4-2019-502913/ February 10, 2020	Registered
"Subic Enerzone" Logo (Class No. 39)	Subic Enerzone Corporation	4-2019-502914/ October 20, 2019	Registered
"Visayan Electric" Logo (Class No. 39)	Visayan Electric Company, Inc.	4-2019-015288/ December 29, 2019	Registered
"MORE" Logo (Class 35)	Manila-Oslo Renewable Enterprise, Inc.	4-2018-00018077/February 21, 2019	Registered
"SN ABOITIZ POWER" Logo GROUP (Class 35 & 40)	Manila-Oslo Renewable Enterprise, Inc., SN Aboitiz Power-Magat, Inc., and SN Aboitiz Power-Benguet, Inc.	4-2018-00018076/ February 5, 2019	Registered
"SN ABOITIZ POWER-BENGUET, INC." Logo	SN Aboitiz Power-Benguet, Inc.	4-2014-00005209/ December 29, 2016	Registered
"SNAP ABOITIZ POWER-MAGAT, INC." Logo	SN Aboitiz Power-Magat, Inc.	4-2014-00005208/ March 9, 2017	Registered
 Logo	SN Aboitiz Power-Magat, Inc.	4-2017-00018969/ June 7, 2018	Registered

International Trademarks (Non-Madrid Protocol)

AboitizPower has the following registered international trademarks:

Trademarks	Country of Application
Cleanergy	Indonesia
AboitizPower	Myanmar
Aboitiz Power and Device	Myanmar
Cleanergy	Myanmar
Cleanergy Get It	Myanmar
Cleanergy Got It	Myanmar
AboitizPower (class 39, 40, 42)	Malaysia*
AboitizPower Device (class 39, 40, 42)	Malaysia*
Cleanergy (class 39, 40, 42)	Malaysia*
Cleanergy Got It Device (class 39, 40, 42)	Malaysia*
Cleanergy Get it Device	Malaysia*

* In the process of being registered.

International Trademarks Application (Madrid Protocol)

AboitizPower has the following registered international trademarks from applications under the Madrid Protocol:

Trademarks	Country of Application
AboitizPower Word Mark (Class Nos. 39, 40, 42)	Indonesia
AboitizPower A Better Future (Class Nos. 39, 40, 42)	Vietnam
AboitizPower A Better Future (Class Nos. 39, 40, 42)	Indonesia
Cleanergy Word Mark (Class Nos. 39, 40, 42)	Vietnam
Cleanergy Word Mark (Class Nos. 39, 40, 42)	Indonesia
Cleanergy Get It Device (Class Nos. 39, 40, 42)	Vietnam
Cleanergy Get It Device (Class Nos. 39, 40, 42)	Indonesia
Cleanergy Got It Device (Class Nos. 39, 40, 42)	World Intellectual Property Office
Cleanergy Got It Device (Class Nos. 39, 40, 42)	Vietnam
Cleanergy Got It Device (Class Nos. 39, 40, 42)	Indonesia

AboitizPower also has the following pending international trademark applications under the Madrid Protocol:

Trademarks	Country of Application
AboitizPower Word Mark (Class Nos. 39, 40, 42)	Vietnam
AboitizPower Device (Class Nos. 39, 40, 42)	Vietnam
AboitizPower Device (Class Nos. 39, 40, 42)	Indonesia

(x) Government Approvals

The discussion on the need for any government approval for any principal products or services of the Company and its Subsidiaries, including COCs obtained by the Generation Companies and franchises obtained by the Distribution Utilities, is included in item (ix) Patents, Copyrights and Franchises.

(xi) Effect of Existing or Probable Government Regulations on the Business

AboitizPower and its Subsidiaries are subject to the laws generally applicable to all Philippine corporations, such as corporation law, securities law, tax laws, and the Local Government Code. All Philippine corporations are also subject to labor laws and social legislation, including RA No. 11199 or the Social Security Act of 2018, RA No. 10606 or the National Health Insurance Act of 2013, RA No. 11223 or the Universal Health Care Act, RA No. 9679 or the Home Development Mutual Fund Law of 2009, The Philippine Labor Code and its implementing

rules, and other labor-related laws, regulations, and Department of Labor and Employment (DOLE) mandated work-related programs.

The Aboitiz Group closely monitors its compliance with the laws and government regulations affecting its businesses.

1. Ease of Paying Taxes Act (EOPT Act)

RA No. 11976, otherwise known as the Ease of Paying Taxes ("EOPT") Act, was signed into law by President Ferdinand Romualdez Marcos, Jr. on January 5, 2024 and took effect on January 22, 2024. The law seeks to introduce significant amendments to the National Internal Revenue Code of 1997 (the "Tax Code") and aims to modernize and increase the efficiency and effectiveness of Philippine tax administration and strengthen taxpayer rights.

Among the salient features of the EOPT Act include:

(a) Classification of taxpayers into micro, small, medium, and large according to their gross sales;
(b) Filing of returns and payment of internal revenue taxes through electronic or manual means such as authorized agent banks or authorized software providers;
(c) Repeal of Section 34(K) of the Tax Code, which provides that expenses not subjected to the appropriate withholding taxes will be disallowed as deduction;
(d) Section 58 of the Tax Code on taxes withheld at source now includes a provision that the obligation to deduct and withhold taxes arises at the time the income has been made "payable". Previously, the obligation to withhold arises at the time when an expense has been paid, payable or accrued, whichever comes first, pursuant to Revenue Regulations No. 02-98, as amended;
(e) Harmonizing the rules on the VAT treatment of sales of goods and services, thereby requiring sales invoice for both;
(f) Ensuring availability of registration facilities to taxpayers not residing in the country;
(g) Removal of "business style" in the invoice requirements;
(h) Increase in the threshold for the mandatory issuance of receipts for each sale and transfer of goods and services from ₱100 to ₱500;
(i) Fixing the period for preservation of books of accounts at five years; and
(j) Classification of Value Added Tax (VAT) refund claims into low-, medium-, and high-risk claims which are based on the amount of VAT refund claim, tax compliance history, and frequency of filing of VAT refund claims, among others.

Due to the standardization of VAT rules for sales of goods and services as mentioned in subparagraph (e) above, service providers are required to pay and remit VAT to the BIR at the time their invoice is issued to their customers. This creates a risk to said taxpayers since they might not be able to recover from non-paying customers. To mitigate the risk, the EOPT Act has introduced specific safeguards, i.e.:

(a) A provision for clawback, which clearly states that output VAT on uncollected receivables may be deducted on the next quarter after the lapse of the agreed upon period to pay; and
(b) A clear determination that gross sales, forming the VAT base, shall exclude pass-thru charges or those earmarked for payment to third parties, and reimbursements.

2. Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Act)

RA No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act, was signed into law by former President Duterte on March 26, 2021 and took effect on April 1, 2021. The law seeks to reform the country's fiscal incentives to make it performance-based, targeted, time-bound, and transparent. This means that incentives will be granted based on the number and quality of jobs that will be created, the investments made on research and development and skills training, the capital invested for countrywide infrastructure development, among other criteria.

The salient features of the CREATE Act are as follows:

(a) Effective July 1, 2020, lowering the income tax rate to 25% for domestic corporations and foreign corporations, and to 20% for domestic corporations with net taxable income not exceeding ₱5 mn and with total assets (excluding land) of not more than ₱100 mn;
(b) Lowering the Minimum Corporate Income Tax rate to 1% effective July 1, 2020 to June 30, 2023;
(c) Tax exemption on foreign-sourced dividends subject to certain conditions;
(d) Repeal of the Improperly Accumulated Earnings Tax;
(e) Repeal of the 5% Gross Income Tax ("GIT") incentive and providing for a ten-year transitory period for all firms that are currently availing of the 5% GIT;
(f) Providing fiscal incentives for activities included in the Strategic Investment Priority Plan ("SIPP"), provided that the category of incentives shall be based on the location and industry of the registered project or activity; and
(g) Granting the President the power to modify the mix, period, or manner of availment of incentives or craft a financial support package for a highly desirable project or a specific industrial activity.

The Fiscal Incentives Review Board (FIRB) is the government body authorized to grant tax incentives to registered business enterprises to the extent of their approved registered project or activity under the SIPP. Pursuant to the CREATE Act, the FIRB has delegated to the relevant Investment Promotions Agencies the grant of tax incentives for registered products or activities with investment capital of ₱1bn and below.

The CREATE Act was the second package of the Comprehensive Tax Reform Program of the former Duterte Administration. On June 21, 2021, the Department of Finance (DOF) and the Department of Trade and Industry (DTI) signed the implementing rules and regulations (IRR) of the CREATE Act.

The lower income tax provided by the CREATE Act will generate substantial amounts of tax savings to the Company and its subsidiaries which were under the 30% tax regime prior to the effectiveness of the said law. While some of the subsidiaries have been availing of incentives under special laws which have been repealed by the CREATE Act, the law provides for sunset provisions by (i) allowing the entities granted with income tax holiday to enjoy it until it expires and (ii) granting subsidiaries who enjoyed income tax holiday and are entitled to the 5% gross income earned ("GIE") incentive after their income tax holiday the benefit to continuously avail of the 5% GIE rate for the next ten years.

3. Revised Corporation Code

The Revised Corporation Code was signed into law on February 20, 2019 and took effect on February 23, 2019. Among the salient features of the Revised Corporation Code are: allowing the perpetual existence of corporations; requiring corporations vested with public interest to submit to its shareholders and to the SEC an annual report of the total compensation of each of its directors or trustees; and, allowing stockholders to vote in the election of directors or trustees, or in shareholders meetings, through remote communication or *in absentia*, among others.

4. The Philippine Competition Act

Pursuant to Bayanihan 2 Act, which was signed into law on September 11, 2020, all mergers and acquisitions with transaction values below ₱50 bn shall be exempt from compulsory notification under the Philippine Competition Act if entered into within a period of two years from the effectivity of Bayanihan 2 Act.

On March 1, 2024, the PCC announced the new thresholds for the notification requirement as follows:

Test	New Threshold (effective March 1, 2024)
Size of Party Test	₱7.8 bn
Size of Transaction Test	₱3.2 bn

This means that if the value of the assets or revenues of the Ultimate Parent Entity (UPE) of at least one of the parties exceeds ₱7.8 bn and the value of the assets or revenues of the acquired, target, or merged entity exceeds

₱3.2 bn, then the parties must notify the PCC of the transaction, provided that the other requirements under the Philippine Competition Act are met.

5. Amended Foreign Investments Act of 1991 (Amended FIA)

On March 2, 2022, former President Duterte signed into law RA No 11647, "An Act Promoting Foreign Investments, Thereby Amending Republic Act 7042 Otherwise Known as the Foreign Investments Act of 1991, as Amended and For Other Purposes." (the "Amended FIA"). The law aims to attract foreign investments in activities which contribute to sustainable economic growth, global competitiveness, employment creation, technical advancement, and countrywide development.

Under this law, foreign nationals are now allowed to engage in a domestic market enterprise with a minimum capital requirement of US$100,000.00 provided that the enterprise: (a) utilizes advanced technology as determined by the Department of Science and Technology; (b) was endorsed as a start-up or start-up enabler under RA No. 11337 or the Innovating Startup Act; or (3) is composed of a majority of Filipino employees, which shall not be less than 15. Other salient features of the Amended FIA include: (a) a required understudy or skills development program by registered foreign enterprises to ensure skills and technology transfer to Filipinos; (b) allowing 100% foreign investment in a domestic enterprise unless participation of foreigners is limited to a smaller percentage; and (c) allowing 100% foreign investment in an export enterprise provided that the products or services do not fall under the Foreign Investments Negative List.

Pursuant to the FIA, as amended, the Twelfth Regular Foreign Investment Negative List was promulgated on June 27, 2022 (the "Negative List"). This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. Nationalized activities include, among others, exploration, development, and utilization of natural resources, operation of public utilities, and land ownership.

6. Data Privacy Act of 2012

The Data Privacy Act of 2012 is a comprehensive and strict privacy legislation aimed to protect the fundamental human right of privacy by: (i) protecting the privacy of individuals while ensuring free flow of information; (ii) regulating the collection, recording, organization, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure, or destruction of personal data; and (iii) ensuring that the country complies with international standards set for data protection through the National Privacy Commission.

Intended to protect the privacy of individuals, it mandates companies to inform individuals about their basic rights to privacy and how their personal information is collected and processed. It also ensures that all personal information must be: (i) collected and processed with lawful basis, which includes consent, and only for reasons that are specified, legitimate, and reasonable; (ii) handled properly, ensuring its accuracy and retention only for as long as reasonably needed; and (iii) discarded properly to avoid access by unauthorized third parties.

Its implementing rules and regulations (the "Data Privacy Act IRR") took effect on September 9, 2016, mandating all Philippine companies to comply with the following: (i) appointment of a Data Protection Officer; (ii) conduct of a privacy impact assessment; (iii) adoption of a privacy management program and privacy policy; (iv) implement privacy and data protection measures; and (v) establish a breach reporting procedure. In addition, companies with at least 250 employees or access to sensitive personal information of at least 1,000 individuals are required to register their data processing systems with the National Privacy Commission. The Data Privacy Act IRR furthermore provides the only instances when data sharing is allowed, to wit: (a) data sharing is authorized by law, provided that there are adequate safeguards for data privacy and security, and processing adheres to principles of transparency, legitimate purpose and proportionality; (b) in the private sector, data sharing for commercial purposes is allowed upon: (i) consent of data subject, and (ii) when covered by a data sharing agreement; (c) data collected from parties other than the data subject for purpose of research shall be allowed when the personal data is publicly available; and (d) data sharing among government agencies for purposes of public function or provision of a public service shall be covered by a data sharing agreement.

In 2017, AboitizPower launched its data privacy compliance program which is aligned to the implementation of the Information Security Management System (ISMS) for the entire Aboitiz Group. This includes the development and implementation of Data Privacy policies, manuals, supporting guidelines, and procedures.

Since then, AboitizPower and its Business Units have been able to establish a fundamental awareness of data privacy principles and the related ISMS philosophies, through various learning channels. The Company maximized the use of e-learning modules, online training platforms, and webinars during the COVID-19 pandemic to minimize the need for physical meetings.

In 2020, AboitizPower rolled out an integrated 1AP Incident Management process, which provides uniform governance across its Business Units on: (a) incident notification, (b) assessment, (c) resolution, (d) verification and stand-down, (e) evidence handling, (f) post-event investigation, (g) business recovery, and (h) incident wrap-up. It includes, among other incident types, information security and data privacy breaches. AboitizPower conducted its most recent personal data breach management testing in 2023 to assess the readiness of the Company to respond to an actual incident. AboitizPower builds and continues to improve business continuity resilience, especially with regard to Information Security and Data Breach Management. AboitizPower has improved its compliance to the 32-Point Data Privacy Compliance Checklist of the National Privacy Commission from 91% the previous year to 94% in 2023.

Data privacy protection in AboitizPower has been rated by the 2023 S&P Global Corporate Sustainability Assessment with a +10 year-on-year improvement in ratings due to improvements in data protection governance. Notably, the same report ranked AboitizPower's privacy protection at fifth among rated companies in Asia Pacific.

AboitizPower's Data Privacy Statement has been updated in 2023 and shared in its official website. In this statement, the Company declares its commitment toward fair and legal processing of personal data.

7. Labor Laws

The Philippine Labor Code and other statutory enactments provide the minimum benefits that employers must grant to their employees, which include certain social security benefits, such as benefits mandated by the Social Security Act of 1997 (RA No. 8282), the National Health Insurance Act of 1995 (RA No. 7875), as amended, and the Home Development Fund Law of 2009 (RA No. 9679). On the other hand, the Occupational Safety and Health Law (RA No. 11058) reinforces the existing Occupational Safety and Health Standards, which sets out, among others, the guidelines applicable to different establishments intended for the protection of every working man against the dangers of injury, sickness or death through safe and healthful working conditions.

The DOLE is the Philippine government agency mandated to implement policies, programs and services, and serves as the policy-coordinating arm of the executive branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws, such as the Labor Code of the Philippines and the Occupational Safety and Health Law and Standards, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

(a) Social Security System, PhilHealth and the Pag-IBIG Fund

An employer or any person who uses the services of another person in business, trade, industry, or any undertaking is required under the Social Security Act of 2018 (RA No. 11199) to ensure coverage of employees following procedures set out by the law and the Social Security System ("SSS"). Under the said law, an employer must deduct from its employees their monthly contributions in an amount corresponding to his salary, wage, compensation or earnings during the month in accordance with the monthly salary credits, the schedule and the rate of contributions as may be determined and fixed by the Social Security Commission, pay its share of contribution and remit these to the SSS within a period set by law and/or SSS regulations. This enables the employees or their dependents to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits and maternity-leave benefits.

Employers are likewise required to ensure enrolment of its employees in a National Health Insurance Program administered by the Philippine Health Insurance Corporation, a government corporation attached to the Department of Health tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of RA No. 10606, the National Health Insurance Act of 2013.

On February 20, 2019, the Universal Health Care Act (RA No. 11223), was enacted, which amended certain provisions of the National Health Insurance Act of 2013. Under the said law, all Filipino citizens are now automatically enrolled into the National Health Program. However, membership is classified into two types, direct contributors and indirect contributors. Direct contributors refer to those who have the capacity to pay premiums, are gainfully employed and are bound by an employer-employee relationship, or are self-earning, professional practitioners, migrant workers, including their qualified dependents, and lifetime members. On the other hand, indirect contributors refer to all others not included as direct contributors, as well as their qualified dependents, whose premium shall be subsidized by the national government including those who are subsidized as a result of special laws. Every member is also granted immediate eligibility for health benefit package under the program.

Under the Home Development Mutual Fund Law of 2009 (RA No. 9679), all employees who are covered by SSS must also be registered with and covered by the Home Development Mutual Fund (HDMF, more commonly referred to as the "Pag-IBIG Fund"). It is a national savings program as well as a fund to provide for affordable shelter financing to Filipino workers. Except for foreign expatriates, coverage under the HDMF is compulsory for all SSS members and their employers. Under the law, an employer must deduct and withhold 2% of the employee's monthly compensation, up to a maximum of ₱5,000.00, and likewise make a counterpart contribution of 2% of the employee's monthly compensation, and remit the contributions to the HDMF.

(b) The Labor Code

The Philippine Labor Code provides that, in the absence of a retirement plan provided by their employers, private-sector employees who have reached 60 years of age or more, but not beyond 65 years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least five years of service in an establishment, may retire and receive a minimum retirement pay equivalent to one-half month's salary for every year of service, with a fraction of at least six months being considered as one whole year. For the purpose of computing the retirement pay, "one-half month's salary" shall include all of the following: fifteen days' salary based on the latest salary rate; in addition, one-twelfth of the thirteenth month pay and the cash equivalent of five days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement.

(c) Occupational Safety and Health Law

The Occupational Safety and Health Law (RA No. 11058) was signed into law on August 17, 2018. It applies to all private establishments alike, requiring them, among others, to furnish workers with a place of employment free from hazardous conditions causing or are likely to cause death, illness, or physical harm, and to comply with the Occupational Safety and Health standards, including training, medical examination and the necessary protective and safety devices, such as personal protective equipment.

Other Labor-Related Laws and Regulations

(d) Contracting and Subcontracting

The Labor Code recognizes subcontracting arrangements, whereby a principal puts out or farms out with a contractor the performance or completion of a specific job, work or service within a definite or predetermined period, regardless of whether such job, work or service is to be performed or completed within or outside the premises of the principal. Such arrangements involve a "trilateral relationship" among: (i) the principal who decides to farm out a job, work or service to a contractor; (ii) the contractor who has the capacity to independently undertake the performance of the job, work, or service; and (iii) the contractual workers engaged by the contractor to accomplish the job, work, or service.

The DOLE, through its Department Order No. 174, Series of 2017, regulates subcontracting arrangements by requiring, among others, the registration of contractors with the Regional Office of the DOLE where it principally operates.

(e) DOLE Mandated Work-Related Programs

Under the Comprehensive Dangerous Drugs Act (RA No. 9165), a national drug abuse prevention program implemented by the DOLE must be adopted by private companies with ten or more employees. For this purpose, employers must adopt and establish company policies and programs against drug use in the workplace in close consultation and coordination with the DOLE, labor and employer organizations, human resource development managers and other such private sector organizations. DOLE Department Order No. 53-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programs for the private sector.

The employer or the head of the work-related, educational or training environment or institution, also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of such cases in accordance with the Safe Spaces Act (RA No. 9165), which was signed into law on April 17, 2019.

Moreover, DOLE Department Order No. 102-10 requires all private workplaces to have a policy on HIV and AIDS and to implement a workplace program in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it is strictly limited to medical personnel.

All private workplaces are also required to establish policies and programs on solo parenting, Hepatitis B, and tuberculosis prevention and control. In line with the Mental Health Act (RA No. 11036), employers are further required to develop policies and programs on mental health in the workplace designed to: raise awareness on mental health issues, correct the stigma and discrimination associated with mental health conditions, identify and provide support for individuals at risk, and facilitate access to treatment and psychosocial support.

All private workplaces are also required to update their respective Telecommuting Guidelines and Consent Form, whenever applicable, in accordance with the revised implementing rules and regulations of Telecommuting Act (DOLE D.O. 237-22).

Moreover, Labor Advisory No. 20-2023 requires private companies and their employees to implement a Cancer Prevention and Control in the Workplace Policy and Program. This program encompasses various elements, including prevention measures, access to screening, diagnosis, and treatment, support for employees; return to work, compensation and social policies, and the promotion of a safe and healthy lifestyle, which includes considerations for mental and social well-being.

Policies and Regulations Relating to the Power Industry

1. WESM in Mindanao

On January 26, 2023, the DOE posted an Advisory confirming the Department Circular No. DC2022-12-039 that declared the Commercial Operation Date of WESM in Mindanao grid. Commercial operations commenced as scheduled.

2. Independent Electricity Market Operator (IEMOP)

On October 22, 2020, the DOE promulgated Department Circular No. DC2020-10-0021, which adopted amendments to the WESM Rules for the implementation of an Independent Market Operator.

3. Implementation of the Performance-based Rating-setting Regulation (PBR)

In June 2019, the ERC posted for comments its draft Rules for Setting Distribution Wheeling Rates and Issues

Paper for the Regulatory Reset of the First Entry Group (Meralco, Cagayan Electric and Dagupan Electric Corporation). Various public consultations were held in the month of July 2019. The ERC issued its Decision dated September 24, 2020 denying consumer group Matuwid na Singil sa Kuryente Consumer Alliance, Inc. (MSK)'s petition to revert to Return-on-Rate-Base (RORB), without prejudice to its right to submit its comments in the revision of the rules during the next rate reset process of the distribution utilities.

Due to the rules change on PBR, none of the AboitizPower Distribution Utilities have undergone a regulatory reset starting from the third regulatory period. In January 2020, the ERC requested private distribution utilities to submit actual or historical expenditure covering the lapsed period. Due to the lockdown and quarantine restrictions, as well as unresolved clarifications as to what has to be provided to the ERC raised by the distribution utilities to the ERC through clarificatory meetings, private distribution utilities were not able to provide the data within the timeframe given by ERC.

In relation to this, the ERC issued show cause orders, all dated October 29, 2020, against Cotabato Light (docketed as ERC Case No. 2020-097 SC), Visayan Electric (docketed as ERC Case No. 2020-098 SC), Davao Light (docketed as ERC Case No. 2020-104 SC), and Subic Enerzone (docketed as ERC Case No. 2020-107 SC), requesting the foregoing distribution utilities to explain why they should not be penalized for the incomplete submission of the data requested by the ERC for its actual expenditure review. On January 7, 2021, the foregoing distribution utilities submitted their respective explanations, including a manifestation that all required data had been submitted as of December 29, 2020. The ERC has yet to resolve these cases. If found liable, the penalty for violation is ₱50,000.00 per distribution utility, pursuant to ERC Resolution No. 03, series of 2009.

On December 2, 2021, the ERC issued Resolution No. 10, series of 2021, modifying the Rules for Setting the Distribution Wheeling Rates (RDWR) for private distribution utilities, and Resolution No. 11, series of 2021, adopting a Regulatory Asset Base (RAB) Roll Forward Handbook. The RDWR and the RAB Handbook as adopted in these resolutions shall be applied in the next regulatory reset of AboitizPower Distribution Utilities.

The ERC directed the AboitizPower Distribution Utilities, through letters dated April 25, 2022, to file their respective Actual Weighted Average Tariff (AWAT) applications, guided by the 2021 RDWR mentioned above. Second entry group distribution utilities are required to file by August 25, 2022, third entry group distribution utilities by September 25, 2022 and fourth entry group distribution utilities by October 25, 2022. Cotabato Light has submitted its application, while Visayan Electric, Davao Light, and Subic Enerzone requested clarification on certain issues relating to the ERC's requests and are awaiting clarification from the ERC prior to filing. AboitizPower is still awaiting further action from ERC and continues to monitor for any development on the implementation of PBR.

4. ERC Regulation on Systems Loss Cap Reduction

In December 16, 2021, ERC issued Resolution No. 12, Series of 2021 entitled "A Resolution Clarifying the Applicable Distribution Feeder Loss Cap for Private Distribution Utilities by 2022 Onwards". The said Resolution amended the Distribution Feeder Loss Cap stated in ERC Resolution No. 10, series of 2018, maintaining the 2021 Distribution Feeder Loss Cap of 5.50% for the year 2022 onwards until such time that a new feeder loss cap is promulgated by the ERC.

5. Competitive Selection Process

On June 11, 2015, the DOE promulgated Department Circular No. DC2015-06-0008 (the "2015 DOE Circular") which mandated all distribution utilities to undergo CSPs in securing PSAs after the effectivity of the said circular. The 2015 DOE Circular also authorized the ERC to adopt a set of guidelines for the implementation of the CSP. The 2015 DOE Circular took immediate effect following its publication on June 30, 2015.

On October 20, 2015, ERC issued Resolution No. 13, Series of 2015, entitled, "*A Resolution Directing All Distribution Utilities (DUs) to Conduct a Competitive Selection Process (CSP) in the Procurement of their Supply to the Captive Market*" (the "ERC CSP Rules"). This resolution provides that a PSA shall be awarded to a winning Generation Company following a competitive selection process or by direct negotiation, after at least two failed CSPs. For PSAs which were already executed but were not yet filed with the ERC and those that were still in the process of negotiation during the time of the effectivity of the ERC CSP Rules, the relevant distribution utility

already had to comply with the CSP requirement before its PSA application would be accepted by the ERC. The ERC CSP Rules took immediate effect following its publication on November 7, 2015.

ERC Resolution 13, Series of 2015, was restated in ERC Resolution No. 1, Series of 2016, entitled, "*A Resolution Clarifying the Effectivity of ERC Resolution No. 13, Series of 2015.*" ERC Resolution No. 1, Series of 2016, extended the date of the effectivity of the CSP requirement from November 7, 2015 to April 30, 2016. It further stated that all PSAs executed on or after the said date would be required, without exception, to comply with the provisions of the ERC CSP Rules.

On February 1, 2018, DOE promulgated DC No. DC2018-02-0003 (the "2018 DOE Circular") entitled "Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreements for the Captive Market." Through this Circular, DOE issued its own set of guidelines (the "DOE CSP Rules") for the procurement by distribution utilities of PSAs for the Captive Market.

The validity of ERC CSP Rules and ERC Resolution No. 1, Series of 2016, was challenged before the SC on the ground that ERC, in issuing the said resolutions, amended the 2015 DOE Circular and effectively postponed the date of effectivity of the CSP requirement. Consequently, on May 3, 2019, the SC in the case of *Alyansa Para sa Bagong Pilipinas, Inc. v. ERC (G.R. No. 227670)*, declared the first paragraph of Section 4 of the ERC CSP Rules and ERC Resolution No. 1, Series of 2016, as void *ab initio*. The SC further ruled that all PSAs submitted to the ERC on or after June 30, 2015 shall comply with the CSP and that upon compliance with the CSP, the power purchase cost resulting from such compliance shall retroact to the date of the effectivity of the complying PSA, but in no case earlier than June 30, 2015, for purposes of passing on the power purchase cost to the consumers.

On September 24, 2021, the DOE promulgated Department Circular No. DC-2021-09-0030, amending the 2018 DOE Circular on the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market. The new circular included a new exemption from the CSP process and introduced a mechanism of subjecting unsolicited proposals to competitive bidding. The Circular was published on October 14, 2021 and was effective on October 29, 2021.

On June 30, 2023, the DOE promulgated Department Circular No. DC2023-06-0021, repealing previous issuances on the DU's conduct of CSP including the 2018 and 2021 DOE Circulars. This DOE Circular likewise directed the ERC to issue implementing guidelines in the conduct of CSP and evaluation of PSAs resulting from the CSP of DUs. Relative thereto, the ERC promulgated ERC Resolution No. 16, Series of 2023 entitled "Implementing Guidelines for the Procurement, Execution, and Evaluation of Power Supply Agreements Entered into by Distribution Utilities for the Supply of Electricity to their Captive Market", which took effect on October 18, 2023.

Under the DOE Department Circular No. DC2023-06-0021, all PSAs shall be procured through CSP, except for the following instances: (1) provision for power supply by the National Power Corporation in off-grid areas prior to, and until the entry of New Power Providers (NPP), or in emergency situations; (2) provision of power supply by the PSALM through bilateral contracts; (3) power supply procured by distribution utilities exercising the Opt-in Mechanism under the Green Energy Auction Program; (4) supply to any distribution utility from an embedded generation facility within its franchise utilizing renewable energy (RE) resources, with contracted capacity of up to 10MW per distribution utility; (5) and negotiated procurement of emergency power supply; and (6) provision of supply in off-grid areas served or to be served by NPPs with less than 1MW demand with 24-hour electricity service. A PSA may also be entered into by direct negotiation if the CSP fails twice.

ERC Resolution No. 16, Series of 2023 also further classified PSAs into either Financial or Physical PSAs, and provided certain parameters to be observed depending on its classification.

6. Adopting a General Framework Governing the Provision and Utilization of Ancillary Services in the Grid

On December 4, 2019, DOE issued Department Circular No. DC2019-12-0018 entitled *"Adopting a General Framework governing the utilization of Ancillary Services (AS) in the Grid"* ("AS Circular").

Upon the commercial operation of the Reserve Market, the following rule shall govern the procurement of AS:

(a) SO shall procure Regulating, Contingency, and Dispatchable Reserves through firm contracts and the Reserve Market provided that the contracted levels per reserve region shall be as follows:
    (i) Regulating Reserve - Equivalent to 50% of the Regulating Reserve requirement;
    (ii) Contingency Reserve - Equivalent to 50% of the dependable capacity of the largest generating unit;
    (iii) Dispatchable Reserve - Equivalent to 50% of the dependable capacity of the second largest generating unit.

On June 21, 2021, the DOE issued an "Advisory on the Implementation of Department of Energy (DOE) Circular No. DC2019-12-0018". The advisory directed the NGCP to expedite the procurement of the required AS in accordance with Department Circular No. DC2019-12-0018, and to convert NGCP's non-firm ASPAs into firm ASPAs.

On October 4, 2021 the DOE issued Department Circular No. DC2021-10-0031 entitled: "Prescribing the Policy for the Transparent and Efficient Procurement of Ancillary Services (AS CSP) by the System Operator (SO)" that pushed a process similar to the CSP, but this time for AS to be procured, for all non-firm ASPA be converted to ASPA, and that the Market Operator (MO) can step in to help SO to avoid delays. In a Decision dated October 24, 2022, the ERC penalized NGCP for its failure to submit to the DOE its Terms of Reference (TOR) and Invitation to Bid (ITB) for the ASP CSP as one violation, and its failure to publish and maintain on its website the ITB without the prior DOE approval as another violation.

In November 2022, NGCP began the conduct of its AS CSP, resulting in several ASPAs with AboitizPower Generation Companies for the provision of Contingency Reserve, Dispatchable Reserve, Regulating Reserve, and/or Black Start Service. Consequently, several ASPA applications were filed and hearings thereon were concluded in 2023.

7. Ancillary Services Pricing and Cost Recovery Mechanism

Reserves are forms of ancillary services that are essential to the management of power system security. The provision of reserves facilitates orderly trading and ensures the quality of electricity.

On December 2, 2014, the DOE issued Circular No. 2014-12-0022, otherwise known as the Central Scheduling and Dispatch of Energy and Contracted Reserves. The circular aims to prepare the market participants in the integration of ancillary reserves into the WESM. The ancillary service providers will be paid based on their respective ASPAs with NGCP, while the scheduling of capacity and energy will be based on market results.

On September 14, 2018, NGCP filed a Petition seeking the Commission's approval of its proposed amendments to the Ancillary Services – Cost Recovery Mechanism, docketed as ERC Case No. 2018-005 RM. Currently, the existing cost-recovery mechanism for Ancillary Services shall continue to be implemented until a new mechanism is recommended by the AS-TWG and adopted by ERC.

On February 8, 2022, the ERC posted its call for comments on the Draft Ancillary Services Rules (AS Rules) under ERC Case Nos. 2017-005 RM and 2018-005 RM with submission deadline of February 22, 2022. It has forwarded again the transition to its new types and definitions of Ancillary Services, with its own specifications and technical requirements, a percentage of procurement of AS, for testing be done only by the SO, and a cost recovery mechanism.

On November 30, 2023 the DOE posted a call for Comments for its draft Department Circular on "Adopting Further Amendments to the WESM Rules and WESM Manual on Dispatch Protocol, and Creation of WESM Manual on Ancillary Services Monitoring Regarding Reserve Market Compliance and Related Enforcement and Actions. This is being monitored until finalization.

8. Price Determination Methodology for the Co-optimized Energy and Reserve Market

On January 10, 2023, the Philippine Electricity Market Corporation (PEMC) and Independent Electricity Market Operator of the Philippines (IEMOP) filed an application before the ERC for the reissuance of rules on the price determination methodology for the implementation of the co-optimized energy and reserve market in WESM, docketed as ERC No. 2023-002 RC. The application contains the proposed rules for determining the prices and

schedules for dispatch, based on the offers of generation companies and demand of customers, taking into consideration power system conditions or constraints.

Through an Order in ERC Case No. 2023-002 RC dated August 24, 2023, the ERC promulgated granting interim relief in favor of PEMC and IEMOP, authorizing them to adopt and implement the proposed Price Determination Methodology for the co-optimized energy and reserve market in the WESM, subject to conditions.

Through Advisory No. 2024-01-001-SEC, and pursuant to DOE DC No. 2023-09-0026, the DOE declared the commencement and full commercial operations of the reserve market beginning interval 0005 of January 26, 2024.

9. Energy Efficiency and Conservation Act

Apart from prescribing efficient use of energy standards and labeling requirements for energy-consuming products, RA No. 11285 or the Energy Efficiency and Conservation Act ("EEC") establishes certain obligations on the part of energy consumers who reach a certain annual energy consumption threshold ("Designated Establishments"). These obligations include, among others, reporting to the DOE of annual energy consumption, and energy consumption record keeping.

Other Department Circulars promulgated by the DOE in relation to the Energy Efficiency and Conservation Act are as follows:

(a) Department Circular No. DC2020-06-0015 *"Prescribing the Guidelines of the Philippine Energy Labeling Program (PELP) for Compliance of Importers, Manufacturers, Distributors and Dealers of Electrical Appliances and other Energy-Consuming Products (ECP)"*, which aims to empower consumers in choosing energy efficient products at the point of sale, help realize energy savings and reduction of energy consumption/bills through the use of energy efficient products; and reduce greenhouse gas emissions;
(b) Department Circular No. DC2020-06-0016 "*Prescribing the Minimum Energy Performance for Products (MEPP) covered by the Philippine Energy Labeling Program (PELP) for Compliance of Importers, Manufacturers, Distributors, Dealers and Retailers of Energy-Consuming Products)"*, which aims to eliminate the entry and sale of inefficient and substandard products in the local market; and reduce greenhouse gas emissions;
(c) Department Order No. 2020-01-0001 *"Organizing the Inter-Agency Energy Efficiency and Conservation Committee (IAEECC)"*, which created the IAECCC to evaluate and approve government energy efficiency projects and provide strategic direction in the implementation of the Government Energy Management Program (GEMP);
(d) Department Circular No. DC2020-12-0026 *"Adoption of the Guidelines for Energy Conserving Design of Buildings"*, aims to encourage and promote the energy conserving design of buildings and their services to reduce the use of energy with due regard to the cost effectiveness, building function, and comfort, health, safety, and productivity of the occupants; and
(e) Department Circular No. DC2021-05-0011 "Guidelines for the Endorsement of Energy Efficient Projects to the Board of Investments for Fiscal Incentives", establishes the rules and procedures in the endorsement of energy efficiency projects to avail fiscal incentives from the BOI.

On January 27, 2023, the DOE posted the drafts of the National Energy Efficiency and Conservation Plan (NEECP) and EEC Roadmap. The NEECP is a national comprehensive framework and plan that institutionalizes energy efficiency and conservation (EE&C) in the country across key sectors. On the other hand, the EEC Roadmap 2023-2050 provides an updated outline of the strategic plans and actions for EE&C in the Philippines acoss all sectors, including implementing key provisions of the EE&C Act, and its accompanying Implementing Rules and Regulations. The Roadmap aligns with the NEECP as it provides for the key programs of energy efficiency and conservation by sector, for which emissions reduction targets and constings have been developed.

Additional Department Circulars promulgated by the DOE applicable to identified "Designated Establishments in the specific sectors of Commercial, Industrial and Transport" are the following:

(a) Department Circular No. DC2023-12-0036 *"Reclassifying Designated Establishment in the Commercial Sector, Adjusting their Threshold, and Providing Compliance Guidelines Therefor Pursuant to the Energy Efficiency and Conservation Act"* establishes guidelines to comply with energy efficiency for the establishments identified for this sector;
(b) Department Circular No. DC2023-12-0037 *"Reclassifying Designated Establishment in the Industrial Sector, Adjusting their Threshold, and Providing Compliance Guidelines Therefor Pursuant to the Energy Efficiency and Conservation Act"* establishes guidelines to comply with energy efficiency for the establishments identified for this sector; and
(c) Department Circular No. DC2023-12-0038 *"Reclassifying Designated Establishment in the Transport Sector, Adjusting their Threshold, and Providing Compliance Guidelines Therefor Pursuant to the Energy Efficiency and Conservation Act"* establishes guidelines to comply with energy efficiency for the establishments identified for this sector.

10. Energy Virtual One-Stop Act

The DOE already began the implementation of the EVOSS Online Platform, pursuant to RA No. 11234 or the Energy Virtual One-Stop Shop Act ("EVOSS Act").

On June 5, 2020, DILG-DOE Joint Memorandum Circular 2020-01 or the Guidelines for LGUs to Facilitate the Implementation of Energy Projects was published. The Guidelines direct the streamlining by LGUs of their processes in issuing the necessary permits for energy-related projects, in accordance with the energy regulatory reforms provided in the EVOSS Law.

On July 2, 2021, former President Duterte created the Energy Virtual One-Stop Shop Task Group through Executive Order No. 143, to ensure the increasing operationalization of the EVOSS.

On October 31, 2023 the DOE released an Advisory that they will resume issuing Certificate of Energy Project of National Significance (CEPNS) and will promulgate guidelines 60 days after the Advisory takes effect. As of February 29, 2024, the mentioned guidelines have yet to be promulgated. AboitizPower continues to monitor for any developments on the EVOSS Act.

11. Net Metering

The DOE promulgated Department Circular No. DC 2020-10-0022 or the Net Metering Program for Renewable Energy System, which aims to encourage and further promote electricity End-Users' participation in the Net Metering Program by enhancing the current policies and commercial arrangements while ensuring the economic and technical viability of the distribution utility.

Pertinent provisions include:

(a) Banking of Net-Metering Credits - All Net Metering Credits shall be banked for a maximum of one calendar year. Any excess of balance Net-Metering credits at the end of each calendar year shall be forfeited.
(b) Application to Off-Grids or Isolated Grid Systems - The Net Metering Program for End-User shall be allowed even in areas not connected to the country's three major national electrical transmission grids.
(c) Publication of Hosting Capacities for Net-Metering - The Distribution Utilities shall publish in their website the respective Net-Metering programs, processes, and procedures, including hosting capacities on a per feeder or sector basis.
(d) Responsibility of the LGUs - All LGUs are enjoined to strictly comply with the provisions of EVOSS Law, RA No. 11032 (Ease of Doing Business and Efficient Government Service Delivery Act of 2018) in processing permits and licenses related to applications for Net-Metering arrangements.
(e) Responsibility of the National Electrification Administration (NEA) - The NEA shall provide the necessary assistance in promoting the Net-Metering Program to all electric cooperatives nationwide.
(f) Development of Net Metering Guidebook - A guidebook on procedures and standards shall be developed by the DOE to be used by all stakeholders. The Renewable Energy Management Bureau shall prepare the Net Metering Guidebook, within six months from the effectiveness of this circular.

The foregoing Net Metering Program became effective on December 18, 2020. The Net Metering Guidebook was published on April 22, 2022.

On December 18, 2023 the DOE posted a call for Comments on its draft Department Circular entitled, *"Prescribing Further Policies and Amending Department Circular No. DC2020-10-0022, entitled "Prescribing the Policies to Enhance the Net-Metering Program for Renewable Energy Systems" for the Enhancements of the Net-Metering Program."*

12. Reliability Performance Indices

On December 16, 2020, the ERC published on its website Resolution No. 10, Series of 2020, entitled *"A Resolution Adopting the Interim Reliability Performance Indices and Equivalent Outage Days Per Year of Generating Units".*

This resolution aims to monitor the reliability performance of all Generating Units at operations and maintenance level; regularly determine and specify the reliability performance of the Grid; aid the power industry in evaluating reliability and availability of Generating Plants; and promote accountability of Generation Companies in order to achieve greater operation and economic efficiency. It applies to all Generation Companies with Conventional and Non-Variable Renewable Energy Generating Plants connected to the Grid, including Embedded Generating Plants, which have an aggregated capacity of 5MW and above. It includes the requirement for the System Operator and Transmission Network Provider to utilize the allowable planned outage days in Table 1 of the Resolution as a guide in preparing the Grid Operating and Maintenance Program. If the System Operator and Transmission Network Provider shall utilize unplanned outages beyond what is allowed in Table 1, the same shall provide a report as to the reason for such consideration as well as arrange the replacement.

ERC Resolution No. 10, Series of 2020 became effective on January 3, 2021.

On December 31, 2023, the ERC published in its website ERC Resolution No. 13, Series of 2021, entitled *"A Resolution Adopting the Rules for the Monitoring of Variable Renewable Energy (VRE) Generating Facilities Performance"* wherein the ERC sets reliability factors particular to wind plant and photovoltaic generation systems.

ERC has been actively issuing show cause orders to generation companies in the industry and AboitizPower anticipates the possibility of additional show cause orders for its Generation Companies. Efforts have been made to revise the reliability performance indices through a rule-making petition in the ERC entitled *"In the Matter of the Petition to Initiate Rule-Making for the Amendment of the Rules for the Interim Reliability Performance Indices and Equivalent Outage Days Per Year of Generating Units"* docketed as ERC Case No. 2022-003 RM. The Public Consultation for the rule-making petition was conducted in April 2022, and is currently pending before the ERC.

Another rule-making petition was filed entitled "Proposed Rules for Reliability Performance and Equivalent Forced Outage Days per Year of Generating Units" docketed as ERC Case No. 2023-001RM. Public consultations were scheduled on January 26, February 2, and February 9, 2024, but the industry is still awaiting the issuance of the rules.

13. Prescribing Revised Guidelines for Qualified Third Party

In view of the Qualified Third Party (QTP) Guideline Policy, as of February 28, 2023, the ERC is working on its amendments to the 2006 Rules on the Regulation of Qualified Third Parties Performing Missionary Electrification in Areas Declared Unviable by the DOE.

Under RA No. 11646, or the Microgrid Systems Act, which became law on January 21, 2022, all QTPs providing alternative electric service pursuant to Section 59 of Republic Act No. 9136 are now known as microgrid system providers. On May 24, 2022, the DOE issued the Rules and Regulations to Implement Republic Act No. 11646, docketed as Department Circular No. DC2022-05-0017.

14. Promulgating the Renewable Energy Market (REM) Rules

On June 10, 2022, the DOE issued DOE Department Circular No. DC2022-06-0019, *Declaring the Interim Commercial Operations of the Renewable Energy Market.* The Circular provides a significant framework and mechanism for the commencement of the Renewable Energy Market (REM) Interim Commercial Operation (I-COP). The REM I-COP shall not yet involve any financial transactions, until such time that the Commercial Operation of the REM has been declared by the DOE. The DOE launched the I-COP REM on July 28, 2022 to begin validations of Renewable Energy Certificates (RECs) but no trading has commenced yet. Pending is the third component of the readiness criteria, specifically, the ERC Guidance on (a) REC Price Cap and Methodology, (b) Rules on Recovery Mechanism for the Cost of RPS Compliance, and (c) Structure and Level of Market Transaction Fees for REM.

On September 6, 2022, DOE DC2022-06-0026 entitled "Adopting Amendments to the REM Rules (Provisions for the Submission of Data by the National Transmission Corporation to the Renewable Energy (RE) Registrar, Obligations of the REM Governance Committee (RGC) and Renewable Energy Certificate (REC) Issuance, and Additional Seats in the RGC for the Retail Electricity Suppliers and for Small REM Generators)." took effect.

On October 28, 2022 the DOE promulgated DC2022-09-0030, entitled "Prescribing the Adjusted Annual Percentage Increment to be Imposed on all Mandated Participants of the Renewable Portfolio Standards for On-Grid Areas." This adjusted the Minimum Annual Incremental RE percentage (Km) from 1% to 2.52% as the increased requirement that Mandated Participants need to source or produce from RE resources.

On May 23, 2023, the DOE promulgated DC2023-05-0014, entitled "Promulgating the Revised Rules and Guidelines Governing the Operationalization of the Renewable Portfolio Standards (RPS) for Off-Grid Areas Pursuant to Section 12 of the Renewable Energy Act of 2008".

On January 15, 2024, the PEMC posted an Advisory informing that RECs have been released until December 2022 and reminding REM Market Renewable Portfolio Standards (RPS) Mandated Participants to start surrendering RECs for compliance to 2020 RPS obligations pursuant to REM Rules 4.1.3 and to follow the Work Instructions that PEMC provided.

15. Feed-in-Tariff System

The ERC issued Resolution No. 16, Series of 2010, otherwise known as "Resolution Adopting the Feed-In Tariff Rules" (the "FIT Rules") which establishes the FIT system and regulates the method of establishing and approving the FITs and the FIT-All.

In ERC Resolution No. 12, series of 2022, in order to mitigate the rising levels of inflation and cost of living, the ERC adopted a temporary suspension in the collection of FIT-All for a period starting December 2022 until the February 2023 billing months. Subsequently, on February 22, 2023, the ERC issued ERC Resolution No. 2, Series of 2023, extending the suspension of the collection of FIT-All for another six months, from March 2023 to August 2023 billing months, unless lifted earlier by the ERC through a separate resolution.

In ERC Resolution No. 14, Series of 2023, the ERC approved the FIT for Run-of-River Hydropower at the rate of ₱6.1110/kWh for eligible plants which qualified from January 1, 2020 to January 31, 2021, and thereafter an annual degression of 0.5% until the 250MW installation target is fully subscribed.

On January 16, 2024, ERC promulgated ERC Resolution No. 1, Series of 2024, lifting the suspension of the collection of FIT-All, and resuming the collection of FIT-All beginning February 2024 customer billing.

16. Revisions to the Guidelines for the Financial Standards of Generation Companies

On February 16, 2021, the ERC issued Resolution No. 03, Series of 2021, entitled "*A Resolution Adopting the Revised Guidelines for the Financial Capability Standards of Generation Companies*".

The Revised Financial Guidelines aim to set out the minimum financial standards of 1.25x Debt Service Capability Ratio ("DSCR") to ensure that generation companies meet these standards to protect the public

interest as required under Section 43, b(ii) of the EPIRA and provided by Appendix 1, FS.A 1.3 of the Philippine Grid Code. A generation company failing to comply with the set financial standards shall submit to ERC a program to comply within 60 days of receipt of an ERC directive.

17. Green Energy Auction Policy

On July 14, 2020, the DOE issued guidelines on the Green Energy Auction Policy (Department Circular No. DC 2020-07-0017) which set the framework for which the DOE shall facilitate the procurement of supply from RE projects by the mandated participants under the RPS on-grid rules through a competitive process for compliance with the RPS program and as applicable for their long-term power supply requirements. The process involves a regular auction process (notice every 15th of June) to be implemented by the Green Energy Auction Committee (GEAC). The Contracting Customers and the Winning Bidders will execute a Green Energy Implementation Agreement (GEIA), which involves the Market Operator (MO) as the entity to allocate energy and calculate corresponding payments. The ERC will approve the GEIA template and the Green Energy Auction Reserve (GEAR) Price. Each Winning Bidder will have its own Green Energy Tariff (pay-as-bid), which shall not be higher than the GEAR Price. On the other hand, the Contracted Customers will pay the average price, subject to the allocation/calculation of MO, per trading interval.

On November 3, 2021, the DOE issued DC2021-11-0036 providing the Revised GEAP Guidelines listing out the Green Energy Auction steps for the competitive selection process, adopting the FIT framework as the mechanism for RE compensation and introducing an Opt-In mechanism for the Mandated Participants.

The first round of GEAP was completed in June 2022. On January 11, 2023, the DOE posted a call for comments for the Opt-in Mechanism for GEAP.

On September 26, 2023, The DOE issued DC2023-09-0027 to clarify that the Green Energy Tariff of the Winning Bidder is considered as its FIT, and is not a separate and distinct charge against the FIT-All Fund.

On December 12, 2023, the DOE issued DC 2023-10-0029, providing specific auction policy and guidelines for Non-FIT-Eligible RE technologies in the GEAP.

18. Green Energy Option Program

On August 16, 2021, the ERC promulgated Resolution No. 08 on the Green Energy Option Program ("GEOP"). The regulatory framework for GEOP sets the technical and interconnection standards and wheeling fees of Renewable Energy (RE) Generating Facilities. The GEOP is a mechanism that will provide end-users the option to choose RE resources as their sources of energy. The GEOP Rules seek to guide the key stakeholders on who may qualify to avail, how to be licensed to provide the connection and set the fundamental agreements on the details for switching services, special power provision, related rates, and settlement of fees.

The DOE posts an updated list of RE Suppliers under GEOP at its website to help inform consumers so they can exercise their options. Latest update was in February 2023.

On May 15, 2023, the DOE posted a Call for Comments on its website for the Draft Department Circular entitled, "Declaring the Commercial Operations Date of Retail Competition and Open Access (RCOA), Retail Aggregation and Green Energy Option Program (GEOP) in Mindanao" that targeted a start date of December 26, 2023. As of February 29, 2024, the final Department Circular has yet to be promulgated. AboitizPower continues to monitor for any development on the GEOP Rules in Mindanao.

19. Retail Competition and Open Access

Through a Decision dated March 2, 2021, the Supreme Court of the Philippines (the "Supreme Court") acted on several petitions regarding the implementation of Retail Competition and Open Access. These petitions were brought by Philippine Chamber of Commerce and Industry, Siliman University, and Batangas II Electric Cooperative (docketed as G.R. No. 228588, 229143, and 229453), among other petitioners and intervenors, against the DOE and the ERC. The Supreme Court struck down Department of Energy Circular No. DC2015-06-

0010, series of 2015, and ERC Resolutions No. 5, 10, 11, and 28, all series of 2016, primarily for mandating contestability and prohibiting distribution utilities from participating in the contestable market. It likewise directed the ERC to promulgate guidelines on the DOE's Department Circular Nos. DC2017-12-0013 and DC2017-12-0014 for being more aligned with the objective of the EPIRA to promote robust competition among retail electricity suppliers.

On May 15, 2023, the DOE posted a Call for Comments on its website for the Draft Department Circular entitled, "Declaring the Commercial Operations Date of Retail Competition and Open Access (RCOA), Retail Aggregation and Green Energy Option Program (GEOP) in Mindanao" that targeted a start date of December 26, 2023. As of February 29, 2024, the final Department Circular has yet to be promulgated. AboitizPower continues to monitor for any development on the GEOP Rules in Mindanao.

20. The Open Access Transmission Service (OATS) Rules

The Open Access Transmission Service (OATS) Rules describe the requirements and services provided by the Transmission Network Provider (TNP) that operates the high voltage backbone transmission system. The OATS Rules outline the responsibilities of the TNP and the functions of the System Operator (SO) as specified in the Philippine Grid Code (PGC) and the Wholesale Electricity Spot Market (WESM) Rules. It also sets out the responsibilities accepted by transmission customers as a condition of receiving the services. The OATS Rules aims to ensure the development of an appropriate, equitable and transparent electricity market, along with the safe, reliable, and efficient operation of the power system.

On June 9, 2022, the ERC published the 2022 Edition of the OATS, which was approved and adopted through ERC Resolution No. 03, series of 2022. AboitizPower continues to monitor for any developments on the OATS Rules.

21. Amendments to the Public Service Acts

Commonwealth Act No. 146, otherwise known as the Public Service Act, is a law governing the regulation of public services, which originally included "electric light, heat and power". On March 21, 2022, former President Duterte approved the amendments to the Public Service Act. The new law, Republic Act No. 11659, included amendments to the classification of certain public services as public utilities, which included both the distribution and transmission of electricity. The amendments also provided for revisions in the regulatory authorities of administrative agencies, but also provided that nothing in the Public Service Act shall be construed as amending or repealing laws and administrative regulations deregulating or delisting services, industries and/or rates.

22. Retail Aggregation

On June 24, 2022, the ERC published on its website ERC Resolution No. 04, Series of 2022, entitled "A Resolution Adopting the Rules for the Electric Retail Aggregation Program". The Retail Aggregation Rules establish standardized rules and procedures governing the aggregation of electricity requirements of End-users in the Competitive Retail Electricity Market (CREM) and prescribing and clarifying the requirements, conditions, eligibility, qualifications, and disqualifications of participants and the Aggregator in the Retail Aggregation Program.

On May 15, 2023, the DOE posted a Call for Comments on its website for the Draft Department Circular entitled, "Declaring the Commercial Operations Date of Retail Competition and Open Access (RCOA), Retail Aggregation and Green Energy Option Program (GEOP) in Mindanao" that targeted a start date of December 26, 2023. As of February 29, 2024, the final Department Circular has yet to be promulgated. AboitizPower continues to monitor for any development on the GEOP Rules in Mindanao.

23. Distributed Energy Resource

On November 29, 2022, the ERC published ERC Resolution No. 11, Series of 2022, entitled "A Resolution Adopting the Rules Governing Distributed Energy Resources (DER)". The DER Rules establish the procedure for securing the appropriate license prior to operations, commercial arrangements that DERs may enter into for

the energy it produces, pricing methodologies, reduction of contracted energy volumes, payment of subsidies, interconnection standards, reportorial requirements, and imposition of penalties for failure to comply with the terms and conditions of the DENR's Certificate of Compliance (COC).

24. Pass Through Charges

On December 19, 2022, the ERC published on its website ERC Resolution No. 14, Series of 2022, entitled "A Resolution Adopting the Revised Rules Governing the Automatic Cost Adjustment and True-up Mechanisms and Corresponding Confirmation Process for Distribution Utilities", which aims to push for a more transparent collection of pass-through costs or charges by DUs. Among the revisions is the creation of a Restricted Fund by the DUs where over-collections are maintained and earmarked for repayment to customers in subsequent billing months, effectively providing more timely refunds to end-users.

(xii) Amount Spent on Research and Development Activities

AboitizPower and its Subsidiaries do not allot specific amounts or fixed percentages for research and development. All research and development activities are done by AboitizPower's Subsidiaries and Affiliates on a per project basis. The allocation for such activities may vary depending on the nature of the project.

(xiii) Costs and Effects of Compliance with Environmental Laws

AboitizPower's generation and distribution operations are subject to extensive, evolving, and increasingly stringent safety, health, and environmental laws and regulations. These laws and regulations address concerns relating to, among other things, air emissions; wastewater discharges; the generation, handling, storage, transportation, treatment and disposal of toxic or hazardous chemicals, materials, and wastes; workplace conditions; and employee's exposure to hazardous substances.

Standard laws and regulations that govern business operations include the Clean Air Act (RA No. 8749), Ecological Solid Waste Management Act (RA No. 9003), Clean Water Act (RA No. 9275), Toxic Substances and Hazardous and Nuclear Wastes Control Act (RA No. 6969), Philippine Environmental Impact Statement System (PD No. 1586), and Occupational Safety and Health Standards (RA No. 11058). The RE Law also added new and evolving measures that must be complied with. These laws usher in new opportunities for the Company and set competitive challenges for the businesses covered. Additional regulations such as DOE's Energy Regulation No. 1-94 require companies to allocate funds for the benefit of host communities for the protection of the natural environment and for the benefit of the people living within the area. Further, funds are set for the management of carbon sinks and watershed areas through a nationwide reforestation program.

The Safety, Health, Environment and Security (SHES) group of AboitizPower oversees the SHES programs and activities within its operational control from the corporate center, business units, to facility teams. This includes the accounting of all environmental impacts. For the Generation Group, the facilities include: (1) APRI's Tiwi-MakBan plants, (2) SacaSun's San Carlos plant, (3) the Benguet, Bakun, Sabangan, Sibulan A, B, and Tudaya A, Tudaya B, Manolo Fortich, and Talomo HEPPs of the Hedcor Group, (4) SN AboitizPower Group's Ambuklao, Magat, and Maris plants, (5) the Oil Group's Cebu, Mactan, Mobile 1, Mobile 2, Mobile 3-6, and Naga plants, (6) Coal Group's Davao and Toledo plants. For the Distribution Utilities, the facilities include Cotabato Light, Davao Light, Visayan Electric, Balamban Enerzone, Mactan Enerzone, Lima Enerzone, Malvar Enerzone, and Subic EnerZone.

AboitizPower and its Subsidiaries have allocated budgets for environmental expenditures covering costs for waste disposal, remediation, pollution control, environmental initiatives and programs. All facilities are in compliance with regulatory requirements, thus noting zero spending for remediation costs.

AboitizPower and its Subsidiaries remain committed to align with international best practices in all power plants and distribution utilities consistent with its Safety, Health, and Environment Policy. This is exemplified with the attainment of 93% ISO certification for the management systems of Quality, Environment, Occupational Health and Safety. AboitizPower Subsidiaries under the Oil and Coal Business Units were recertified in 2022. Meanwhile, the AboitizPower Distribution Utilities, except for Malvar Enerzone, have maintained their certifications on ISO 9001:2015 Quality Management System, ISO 45001:2018 and ISO 14001:2015

Environmental Management System.

In 2023, continuous improvement in managing environmental impacts is evident, as seen in its increased total environmental management operating expense (OPEX) at ₱109.1 mn and environment-related capital expenditure (CAPEX) of ₱22.6 mn. This consists of ₱50.3 mn for the Renewables Group, ₱62.3 mn for the Thermal Group, and ₱19.2 mn for the Distribution Utilities. The distribution of the total expenses are as follows: (i) 49% for Internal Initiatives and Programs including compliance monitoring; (ii) 28% for External Initiatives; (iii) 19% for Waste Disposal; and (iv) the remaining 4% is other expenses such as permits and rentals. As the Company is keen on ensuring compliance with Hazardous Waste Management regulations, a significant portion of the spending was on the renovation of waste holding facility, sound disposal of asbestos-containing material as well as the testing and disposal of polychlorinated biphenyls (PCB)-containing oils and equipment. The Coal Business Unit invested in purchasing contingency instruments to ensure continuity of real-time emissions monitoring in cases of unplanned unavailability of the Continuous Emissions Monitoring Systems (CEMS).

AboitizPower goes beyond mere compliance with environmental regulations by actively supporting various environmental initiatives. The company participated in programs such as Adopt an Estero/Waterbody and donated Continuous Ambient Air Monitoring Systems to the Environmental Management Bureau of the DENR. In 2023 alone, AboitizPower engaged in 45 environmental activities, contributing to the planting of 353,975 trees across approximately 3,100 hectares with the assistance of nearly 2,447 volunteers. Additionally, the Company organized and conducted 61 coastal and river clean-up efforts, resulting in the collection of approximately 30,855 kilograms of waste and the mobilization of 3,374 volunteers.

Moreover, AboitizPower is committed to biodiversity conservation through initiatives like Davao Light's E-HINLO, Visayan Electric's Adopt Guadalupe River, Adopt Tigas River, Hedcor's Project Eagle Patroller, Therma Visayas' Coastal Resource Management Program, Therma Power Visayas' Adopt Pangdan River, Therma South's Adopt Macaring and Inawayan Creeks, and SN AboitizPower-Benguet's Adopt Agno-Ambalaga River. To promote responsible water use, SN AboitizPower-Benguet has implemented effluent reuse from its Sewage Treatment Plant as part of its water stewardship efforts.

AboitizPower and its Subsidiaries received a total of 34 awards, certifications, and citations in 2023 concerning Safety, Health, and Environmental Services (SHES). To highlight a few: (1) ECOalition Award for Therma South and Therma Visayas, (2) Gawad Kaligtasan at Kalusugan for SNAP Benguet (3) Gawad Kalasag National and Regional Champion for SN AboitizPower-Magat (4) National Awards (KAPAKANAN)-Kaagapay sa Pag-aalaga sa Kalikasan Natin Award for Therma Marine 2. These accolades underscore the dedication of AboitizPower and its subsidiaries to upholding the highest standards of safety, health, environmental stewardship, and sustainability.

In 2023, AboitizPower and its Subsidiaries did not incur any major sanctions for violation of environmental standards and laws. AboitizPower continues to be cognizant of new opportunities to comply with regulatory requirements and improvement of systems to promote safety and prevent adverse impacts to the environment or affected ecosystems.

(xiv) Employees

At the parent company level, AboitizPower has a total of 610 employees as of February 29, 2024. These include executives, managers, supervisory, and rank-and-file staff employees. There is no existing Collective Bargaining Agreement (CBA) covering AboitizPower employees.

The following table provides a breakdown of total employee headcount on a per business group basis, according to employees' function, as of February 29, 2024:

Business Group	Number of Employees					Unionized Employees	Expiry of CBA
	Total	Executives	Managers	Supervisors	Rank & File		
Aboitiz Power	610	115	145	121	229	0	N/A
Generation Companies							
Run-of-River Hydros	453	15	28	56	354	74	September 19, 2028 (Hedcor)
Large Hydros	236	23	50	87	76	0	N/A
Geothermal	311	12	33	65	201	-	N/A
Solar	6	0	0	2	4	0	N/A
Oil	355	8	29	79	239	0	N/A
Coal*	1,364	38	81	332	924	0	N/A
RES	5	0	0	1	4	0	N/A
Distribution Utilities	922	16	67	147	692	330	December 31, 2026 (Visayan Electric) June 30, 2024 (Cotabato Light) June 16, 2026 (Davao Light) May 9, 2024 (SFELAPCO)
Total No. of Employees	**4,262**	**227**	**433**	**879**	**2,723**	**404**	

The Company does not anticipate any significant increase in manpower within the next 12 months unless new development projects and acquisitions would materially require an increase.

(xv) Major Risk/s Involved in the Business

An integral part of AboitizPower's Enterprise Risk Management (ERM) efforts is to anticipate, understand, and address the risks that the Company may encounter in its businesses.

Risk management is integrated in the Company's strategic and operational planning and decision-making processes. Management and operating teams identify and assess the risk areas that may impact the Company's strategic objectives and day-to-day business operations. In addition, the Company develops key risk treatment plans to address the drivers of the Company's top risks, as well as emerging risks that may also significantly impact its business and stakeholders. The risk management processes, which include ESG focus areas, business continuity management, and risk transfer strategies, are also embedded in the organizational planning and risk management processes. Business continuity management (BCM) and risk finance are the other pillars of the ERM approach that are actively being implemented and continuously developed by AboitizPower.

Risk management planning in Aboitiz Power is an iterative process that is conducted at least semi-annually for strategic risks. Most of the top or strategic risks that are captured at the corporate or AboitizPower level originated from risks reported by the corporate support and business units. The Company's business units review operational risks and implement mitigation measures as part of day-to-day operations. At the end of every review period, strategic and emerging risks are reported to the highest management committee and the Board Risk and Reputation Management Committee.

Following the completion of the end-2023 strategic risk consolidation at AboitizPower, the following top or strategic risks have been identified and reported to the senior management executives:

1. Cyber and Information Security

AboitizPower acknowledges the risks associated with global information security breaches, the rising frequency of industry driven cyberattacks, and the growing complexities posed by digital transformations.

Management also recognizes the imperative to address information security threats to both prevent targeted and non-targeted attacks which can adversely disrupt business operations and customer services and result in serious impacts to the Company's bottom line and reputation.

In 2023, AboitizPower took significant steps to enhance its protection protocols, aiming to secure both its Operational Technology (OT) and Information Technology (IT) environments from potential cyber threats. Specifically, within the realm of Operational Technology, the Power Generation and Distribution Utilities Business Groups of the Company have initiated and are in the process of finalizing the implementation of a standardized, Company-wide Operational Technology (OT) Security Minimum Standard. These initiatives reflect a dedicated effort to establish consistent and robust security measures across the organization's operational technology infrastructure.

AboitizPower aligns with the Aboitiz Group-wide Cyber Security Program, specific governance frameworks, standards, training and culture-building, and Operational Technology Security projects. Its Information Security Management System (ISMS) discipline is a central component of AbotizPower's Cybersecurity strategy and will continue to be embedded in all three fundamental pillars of Information and Operational Systems Security, namely, People, Process, and Technology. By embedding cybersecurity principles within these pillars, AboitizPower aims to fortify its defenses and ensure a holistic and resilient cybersecurity framework.

Further, AboitizPower has achieved successful implementation of various security measures. These include the deployment of Continuous Threat Detection (CTD), network segmentation, firewalls, critical endpoint protection, and Secure Remote Access (SRA), among other security measures. These proactive steps underscore the organization's dedication to maintaining a resilient cybersecurity posture and safeguarding its systems and data against emerging threats in the digital landscape. A cyber risk quantification study is under way to improve the Company's in depth understanding of the potential consequences of a cyberattack.

In pursuit of attaining Level 4 in Cyber Security Maturity and fostering an information security risk-aware culture, the Company has implemented robust Business Continuity Plans (BCPs) specifically designed for potential loss-of-technology scenarios. These plans are not only established but are also subjected to annual testing, thorough reviews, and continuous improvement processes. Simultaneously, a comprehensive Cyber-Security Incident Management Plan is in progress, highlighting the organization's commitment to effectively respond to cyber threats.

Cyber and Information Security risks will remain a critical item in the agenda of the Board Risk Committee in years to come. This strategic focus underscores the organization's proactive stance in managing and mitigating risks associated with digitization and information security.

2. Regulatory

The electric power industry is characterized by a constantly evolving regulatory environment. Any shortcoming in regulatory compliance poses negative consequences in both the net income and reputation of each Business Unit and the Group. Further, the Company's results of operations and cash flow could be adversely affected by the inability to predict, influence, or respond appropriately to changes in law or regulations, including any inability or delay in obtaining expected or contracted increases in electricity tariff rates or tariff adjustments for increased expenses, or any inability or delay in obtaining or renewing permits for any facilities, could adversely impact results of operations and cash flow. The Company's business could also be adversely affected by any changes in laws or regulations, or changes in the application or interpretation of laws or regulations in jurisdictions where power projects are located, could adversely affect the Company's business, including, but not limited to:

a. Adverse changes in tax laws, including misinterpretation of statutory incentives granted to developers;
b. Changes in the timing of tariff increases or in the calculation of tariff incentives;
c. Change in existing subsidies and other changes in the regulatory determinations under the relevant concessions or grants;
d. Other changes related to licensing or permitting which increase capital or operating costs or otherwise affect the ability to conduct business, affecting both the generation and distribution utility business;

e. Other changes that have retroactive effect and/or take account of revenues previously received and expose power projects to additional compliance costs or interfere with our existing financial and business planning; or
f. Other changes in the performance based regulations affecting the return of capital investments in the future.

Any of the above events may result in lower margins for the affected businesses, which could adversely affect AboitizPower's business competitiveness.

For renewable assets, pricing is fixed by regulatory arrangements which operate instead of, or in addition to, contractual arrangements. To the extent that operating costs rise above the level approved in the tariff, the Business Units that are subject to regulated tariffs would bear the risk. During the life of a project, the relevant government authority may unilaterally impose additional restrictions on the project's tariff rates, subject to the regulatory frameworks applicable in each jurisdiction. Future tariffs may not permit the project to maintain current operating margins, which could have a material adverse effect on the Business Unit or the Group, financial condition, results of operations and prospects. Withholding of adjustment in feed-in-tariff rates and other fiscal incentives for qualified plants under the portfolio of AboitizPower are risks that are being monitored and addressed through active Stakeholder engagement with similarly situated developers and the ERC.

Regulatory issues related to the delivery of the transmission assets owned by the NGCP in order to dispatch capacity from newly commissioned plants of AboitizPower are also being managed. The Company continues to work with NGCP to minimize delay in the delivery of transmission assets as new plants begin commercial operations.

To anticipate and proactively respond to changes in regulations, the Regulatory Affairs and External Relations teams of AboitizPower constantly collaborate with the DOE and the ERC to work towards a sound and sustainable regulatory and policy environment. Similarly, AboitizPower's Safety, Health, Environment, and Safety (SHES) team keeps abreast with environmental laws and coordinates with the Department of Environment and Natural Resources (DENR) on matters pertaining to environmental compliance.

These teams, among others, actively participate in consultative processes and public consultations to provide feedback and positions on proposed laws and regulations. The Company's participation likewise ensures that its interpretation of such laws and regulations is aligned with the regulators. This is done in cooperation with organized power industry groups such as the Philippine Independent Power Producers Association (PIPPA) and Philippine Electric Plant Owners Association (PEPOA). Regular dialogues are conducted with host communities, media, non-government organizations, and the academe, to educate and update various groups about the power industry.

3. Operations

The loss of, and/or damage to, facilities caused by natural calamities such as earthquakes, typhoons, and floods may result in significant business interruptions within AboitizPower. Interruptions may also be caused by other factors such as critical equipment breakdown, Information Technology (IT) and OT security breaches, fires and explosions, hazardous waste spills, workplace injuries and fatalities, terrorism, and other serious risks.

Planned maintenance and overall outage management of AboitizPower's generation facilities and its critical equipment and OT infrastructure and systems are governed by asset management standards based on global best practices. All of AboitizPower's operational generation facilities have achieved asset management certifications based on ISO 55001:2014 standard. Recently commissioned plants will also be lined up for certification.

On the other hand, distribution network availability and reliability targets have consistently been aligned with the performance-based standards set by the ERC.

All Business Units have also achieved OSHAS 18001 certification, a British standard which is focused on controlling occupational health and safety hazards. AboitizPower companies are also transitioning to the ISO 45001 standard to drive a risk-based culture with more proactive approaches toward mitigating risks before they happen. To further reinforce industrial fire safety, an annual in-house training program on Fixed Fire Fighting Systems of the U.S. National Fire Protection Association is conducted for operations, maintenance, and safety personnel.

The Business Units at AboitizPower regularly undertake a comprehensive development, review, updating, implementation, testing, and improvement of their BCPs. This dynamic approach ensures that the plans remain relevant to current business conditions and effectively address the uncertainties and challenges faced by the Company. Some of these key enhancements include: (a) site-specific threat assessment; (b) typhoon preparedness; (c) regular emergency drills and simulation exercises on various scenarios related to other natural and man-made calamities; and (d) post-event evaluations to ensure that employees are able to respond effectively and safely as planned.

As part of its continuous improvement efforts, AboitizPower is exploring the expansion of business continuity strategies on a geographic regional scale. This approach seeks to enhance coordination among several plants, fostering a more synchronized and efficient response to potential disruptions as aligned to the DOE Energy Resilience Plan.

Furthermore, to elevate the existing BCM framework and practices, AboitizPower has transitioned from a scenario-based approach to an impact-based approach. This shift aims to achieve organizational resilience by prioritizing the understanding and management of potential impacts on the business, ensuring a more comprehensive, adaptive and robust response to a variety of disruptive events.

AboitizPower has established group insurance programs that leverage the Company's portfolio of generation and distribution assets, supported by robust risk modeling and quantification techniques, which are subjected to regular periodic reviews. The Company is committed to ensuring that its Business Units have the most suitable insurance solutions in place, striking the optimal balance between retaining and transferring risks while effectively managing the Total Cost of Insurable Risk. As such, the Company procures business interruption insurance to safeguard against potential losses in gross profits resulting from significant damage to critical plant assets. The Company is undertaking a major initiative to explore alternative risk transfer strategies. This includes efforts to optimize loss indemnity and risk retention, aligning with the Company's goal to enhance the efficiency and effectiveness of its risk management practices. By proactively managing risk through insurance solutions and exploring innovative risk transfer strategies, AboitizPower aims to strengthen its resilience against potential financial losses and disruptions, thereby ensuring the continuity and sustainability of its operation while preserving business competitiveness.

4. Sustainability

Investments are at risk if these are not able to sustain a viable economic return due to a combination of technology, regulatory, and/or market changes. Among these changes, ESG strategies continue to be the trend in the global community where investors are seeking to mitigate exposure to fossil-based fuel and diversifying portfolios to expand renewable energy capacity. In the event that future laws or contracts are enacted imposing restrictions on operations and refinancing, particularly in relation to power plants utilizing fossil fuels, certain capital expenditures or operating expenses or financing costs may not be fully recoverable.

The growing multi-sectoral negative action against coal has led many financial institutions to restrict investments in coal businesses and projects. The following are important considerations to the Company's existing portfolio and strategic project pipeline, where coal concentration will significantly be reduced by the year 2030:

a. Difficulty in insurance procurement or renewal, where insurers' policy on coal underwriting and investing are also aligned with the same global trends on sustainability and ESG issues. While insurers are still willing to cover coal plants, the resulting impact is significantly higher premium rates for coal insurance year on year. Inability to fill up 100% capacity due to the reluctance or withdrawal of some

insurance markets to insure coal plants has prompted the Company to resort to alternative risk transfer strategies. Other noteworthy risk drivers are the hardening of the insurance market aggravated by economic uncertainties, natural catastrophe losses, and the current global geopolitical tensions;

b. Financing and refinancing risks in terms of the Company's inability to borrow money to fund future projects due to current investments in coal. While banks are still willing to lend, the cost of project financing will be less competitive;
c. Withdrawal of technical support by critical contractors and suppliers from construction and/or maintenance thermal power plants in line with global trends on sustainability; and
d. Sourcing of fuel (coal and oil) due to global price volatility because of supply and demand fundamentally affected by pressure on the continued operation of mines.

The Philippines is a party to the 2015 Paris Agreement signed by almost 200 nations. The Paris Agreement aims to keep the increase in global average temperature to well below 2°C above pre-industrial levels and to limit the increase to 1.5°C, since this would substantially reduce the risks and effects of climate change. As a party to the agreement, the Philippines may impose more stringent regulations, particularly on coal-fired power plant emissions, requiring expensive pollution controls on coal-fired power plants, among other measures. These measures may significantly increase costs of coal-fired power plants and, at the same time, increase the cost competitiveness of renewable energy.

Recently promulgated implementing rules and regulations by the DOE on "Renewable Portfolio Standards" also mandate electric power industry participants (such as generation companies, distribution utilities and electric cooperatives) to source or produce a portion of their electricity requirements from eligible renewable energy resources and undertake CSPs in sourcing renewable energy. Although unlikely, a significant portion of the captive market may shift away from coal and other hydrocarbon fuels, which may expose the coal-fired power plants of the Company to stranded-asset risk (i.e., hazard of an asset suffering from an unanticipated write-down, devaluation, or conversion to liability).

AboitizPower is cognizant of the regulatory and market drivers in the shift towards green and sustainable business transformations. AboitizPower and its Subsidiaries are guided by its sustainability framework that looks into environmental, social and governance risks including climate-related risks of its value chains. Its strategy has long considered environmental sustainability as one of its key pillars and, to date, together with its partners, the Company is the largest private renewable energy operator in the Country with around 1,459 MW in installed capacity as of end-2023.

AboitizPower's growth strategy remains aligned with the energy trilemma – balancing the three pillars of energy security, energy equity, and environmental sustainability. Over the last decade, the growth in energy demand has necessitated a focus on energy security and energy equity – the provision of reliable, and affordable energy for a growing economy. Having addressed energy security and energy equity via the presence of sufficient baseload capacity, AboitizPower has begun to shift focus back to environmental sustainability, and rebalancing its energy portfolio. This transition is included in the Company's sustainability agenda, with the Company targeting a mix of 50% thermal and 50% renewable energy capacity by 2030 from its current mix of 74% thermal (which are conventional or combustion power plants such as coal or fuel fired plants), and 26% renewable (which do not rely on fossil fuels).

Further, to properly assess the potential and extent of the above-mentioned risks, AEV and AboitizPower signed up to become the first Philippine supporters of the international Task Force on Climate-Related Financial Disclosures ("TCFD") in early 2020. This is a voluntary commitment to adopt a defined governance structure on identifying and addressing physical and transition risks associated with climate change, as well uncovering opportunities, and improving disclosures to provide clear and reliable information to stakeholders. Under SEC Memorandum Circular No. 4, series of 2019 on the Sustainability Reporting Guidelines for Publicly-Listed Companies ("PLCs"), there is a three-year period under which PLCs can comply, which includes the adoption of the TCFD reporting template.

As a validation to AboitizPower's ESG commitment to risk and crisis management, in the 2023 S&P Global Corporate Sustainability Assessment, AboitizPower was ranked seventh in the global ranking for risk and crisis management performance among 256 rated global companies and highest ranked among rated Philippine

companies within the same industry. Good risk management is one of the ways AboitizPower is supporting its ESG performance in particular in the area of governance.

5. Financial

In the course of its operations, AboitizPower and its Subsidiaries are exposed to the following financial risks:

a. Interest rate risks resulting from the increasing cost to borrow money as a result of inflation; and
b. Foreign exchange (forex) risks in terms of forex fluctuations that may significantly affect its foreign currency-denominated placements, transactions, and borrowings. This risk is currently driven by the global economic recession and geopolitical conflict, given the impact it has on general currency markets; and the amount of natural hedge flows which may decline.

These risks constrain any expansion and growth projects. Furthermore, defaulting on existing loans and other financial obligations will consequently put the Company's reputation at risk.

To address these risks, the Company carries out regular monitoring of the Company's cash position and at the same time maintains good working relationships with the banks and financing institutions. AboitizPower is implementing the Group's Financial Risk Management Framework, which is a collaboration of the Group Risk and Treasury teams and designed to ensure a consistent approach in identifying, assessing, quantifying, and mitigating financial risks across the Group.

6. Reputation

AboitizPower recognizes that its reputation is one of its most valuable assets, a competitive advantage that allows the Company to earn, maintain, and strengthen the trust of its stakeholders. The Company knows that its reputation today took generations to build and sustain; hence, the need to protect and enhance it progressively is imperative.

Today's operating environment is characterized by increasing corporate governance standards, heightened public consciousness due to social media, and greater scrutiny from key stakeholders. Reputation risks result from the occurrence of, or failure to, mitigate other risks.

AboitizPower continues to strengthen stakeholder engagement activities with all its stakeholders, including its customers, employees, shareholders, lenders and insurers, regulators, host communities, and LGUs.

The Company's recent Corporate Sustainability Assessment by the highly regarded S&P Global has shown a slight improvement in AboitizPower's ESG performance. The Company's score increased from 50 in 2021 to 51 in the 2022 assessment, which brings the Company to the 76th percentile ranking in its global peer group.

AboitizPower's Corporate Affairs team remains dedicated to communicating and amplifying AboitizPower's pivotal role in contributing to a sustainable energy transition in the country. The effectiveness of these communication efforts is assessed through the 'Strategy' pillar of the Reputation ID research. This evaluation focuses on how AboitizPower, in comparison to its competitors, demonstrates robust leadership, outlines a clear future direction, showcases innovation, and asserts authority within the energy sector.

Looking ahead, AboitizPower is committed to addressing gaps in various risk areas associated with ESG factors. The Company's growth strategy remains aligned with the energy trilemma of energy security, energy equity, and environmental sustainability, but will be characterized by a strategic shift from ensuring low-cost energy to also providing energy from more sustainable sources in the next decade.

7. Talent

AboitizPower gears for further growth by shifting towards renewable energy sources and increasing its presence in the international market, while ensuring the availability and reliability of existing power plants. Both growth and operational excellence thrusts demand for organic subject matter experts of critical assets.

The risk on availability, readiness, and retention of talents for critical posts is inevitably increasing. Thus, talent attraction, optimization, and retention strategies are of utmost importance. In 2023, AboitizPower continued to heighten efforts in ensuring talent supply meets talent demand by utilizing strategic workforce planning process, in particular:

a. Optimize talent attraction channels / approaches such as establishing a compelling employer brand, building targeted talent communities and employee referral programs;
b. Build talent capability building to ensure a thriving workforce;
c. Promote a culture-centric engagement and benchmarked employee experience to retain critical talents;
d. Create as robust labor relations and business continuity plans, labor regulatory compliance checks & manager education; and
e. Improve Human Resources (HR) internal capability building and transformation thru leveraging analytics and digital tools/system, re-skilling and resourcing, structure redesign and process simplification/standardization.

AboitizPower integrated the Strategic and Operational Workforce Planning into the Organizational Planning processes to enable the identification of current and future talent needs. This helped shape the people strategy of AboitizPower to be able to increase workers engagement and remain competitive in the job market reshaped by the COVID-19 pandemic.

8. Project Delivery

AboitizPower has identified delay in project execution and delivery as one of its top risks as it continues to grow its power generation portfolio, in particular, with the construction and commissioning of new generation plants as AbotizPower expands its renewables portfolio. Global economic recession and supply chain restrictions due to geopolitical tensions have raised concerns on the ability to deliver and execute projects in a timely and cost-efficient manner.

As an overall risk mitigation plan, project risk management plans are thoroughly defined and regularly reviewed for each project in order to track issues related to quality, safety, compliance, schedule, and resources. This ensures that identified risk control measures and recovery actions are implemented. Appropriate project insurance coverage, as well as periodic performance reviews of selected partners, reputable contractors, and third-party suppliers, are also in place.

9. Emerging Risks

Embedded in the risk management process is the continuous identification and monitoring of emerging risks which encompass both threats and opportunities. During environmental scans, potential risks are thoroughly examined, and subject matter experts conduct further studies to understand the nuances and potential impacts. These emerging risks are reported and discussed as part of the Group Risk Management Council and Board Risk and Reputation Management Committee regular agenda.

Emerging risks are newly developing risks that cannot yet be fully assessed due to high uncertainty but could have a major impact on the organization in the future. These potential risks could be triggered by the fast-changing landscapes in the political, economic, social, technological, environmental, and legal facets surrounding the Company's operations.

For AboitizPower, one such major risk is that of climate change. While the Company has recognized that the availability of insurance and long-term financing for coal plants has become more and more challenging, these are being addressed by an overall sustainability strategy that is manifested by its portfolio mix changing towards sustainable energy sources over the long term. Active engagements with stakeholders to clarify AboitizPower's ESG strategy are undertaken to clarify the Company's positions and plans to achieve its sustainability goals in the context of the Philippine energy and growth plans. The market for fuel, particularly coal, is also being actively monitored as currently there are a lot of risk drivers that are starting to emerge that are coming from sustainability policies and dynamic domestic and international trade policies.

Disruptive and new technology are likewise emerging risks the Company continues to monitor. Among others, the battery storage and the digitization or internet of things are potential transformers of the power business. Energy storage could play a wider role in the global energy markets moving from limited uses to displacing power generation due to its potential for reliability, quality, and its capability for renewables integration. The internet of things has the potential to significantly transform the power sector by optimizing operations, managing asset performance. Other technologies are expected to impact power generation and transmission segments. The Company sees these technologies both as threats and opportunities.

Supply chain disruptions are also in AboitizPower' radar as part of emerging risk which could lead to critical goods and services shortages. In 2023, this risk has been triggered by the geopolitical conflicts and extreme weather events. The ongoing geo-political conflicts can have ripple effects on the global supply chain, impacting the availability and delivery of essential goods and services required for AboitizPower's operations. Likewise, disruptions may occur due to weather-related incidents affecting transportation, manufacturing, and other elements of the supply chain. As a response, AboitizPower's supply chain management team are constantly monitoring events while working closely with strategy consultants to develop an appropriate business continuity response.

(b) Requirements as to Certain Issues or Issuers

(i) Debt Issues

(a) Shelf Registration of Thirty Billion Peso Fixed-Rate Bonds issued in 2017 and 2018

On June 19, 2017, SEC issued an Order of Registration and a Certificate of Permit to Offer Securities for AboitizPower's fixed-rate corporate retail bonds in the aggregate amount of up to ₱30 bn ("2017 Bonds"). The 2017 Bonds were registered under the shelf registration program of the SEC and are to be issued in tranches.

Series "A" Three Billion Peso Fixed Rate Bonds issued in July 2017

Series "A" bonds were issued on July 3, 2017 with an aggregate amount of ₱3 bn, a tenor of ten years, and fixed interest rate of 5.3367% per annum. Interest is payable quarterly in arrears on January 3, April 3, July 3, and October 3 of each year, or the subsequent banking day without adjustment if such interest payment date is not a banking day. AboitizPower engaged BPI Capital Corporation (BPI Capital) as Issue Manager and Underwriter, BPI Asset Management and Trust Group (BPI-AMTG) as Trustee, and the Philippine Depository & Trust Corporation (PDTC) as the Registrar and Paying Agent. The Series "A" bonds received a credit rating of "PRS Aaa" with Stable Outlook from the Philippine Rating Services Corporation (Philratings), and is listed with the Philippine Dealing & Exchange Corporation (PDEx).

AboitizPower received the aggregate amount of ₱2.97 bn as proceeds from the offer and sale of the Series "A" bonds. AboitizPower has been paying interest to its bond holders since October 2017.

Use of Proceeds

As of December 31, 2017, the proceeds of the Series "A" bonds were fully utilized for the following projects:

Name of Project	Projected Usage (Per Prospectus) (in '000)	Actual Usage (in '000)
Equity infusions into GNPD in 2017	₱2,206,373	₱1,255,745
Equity infusions into GNPD in 2018	764,395	1,711,317
Bond issuance costs	29,232	32,938
TOTAL	**₱3,000,000**	**₱3,000,000**

Series "C" 2.5 Billion Peso Fixed Rate Bonds issued in October 2018

The Series "C" bonds, with an amount of ₱2.51 bn were issued on October 12, 2018. The Series "C" bonds have an interest rate of 8.5091% per annum, and will mature in 2028. Interest is payable quarterly in arrears on January 25, April 25, July 25, and October 25 of each year, or the subsequent banking day without adjustment if such interest payment date is not a banking day.

AboitizPower appointed BDO Capital & Investment Corporation (BDO Capital) as Issue Manager, BDO Capital, BPI Capital, and United Coconut Planters Bank as Joint Lead Underwriters, BDO Unibank, Inc. Trust & Investments Group (BDO Trust) as Trustee, and PDTC as the Registry and Paying Agent for the transaction. The Series "C" bonds received the highest possible rating of PRS "Aaa" from PhilRatings and is listed with PDEx.

AboitizPower received the amount of ₱2.5 bn as proceeds from the offer and sale of the Series "C" bonds. AboitizPower has been paying interest to its bond holders since January 2019 for the Series "C" bonds.

Use of Proceeds

As of September 30, 2019, the proceeds of the Series "C" bonds were fully utilized for the following projects:

Name of Project	Projected Usage (Per Prospectus) (in '000)	Actual Usage (in '000)
Refinancing of the Medium-Term Loan of Therma Power, Inc.	₱2,470,866	₱2,500,000
Bond issuance costs	29,234	
TOTAL	**₱2,500,000**	**₱2,500,000**

Series "D" 7.25 Billion Peso Fixed Rate Retail Bonds issued in October 2019

Series "D" bonds, with an aggregate amount of ₱7 bn and an oversubscription of ₱5 bn, were issued on October 14, 2019. The Series "D" bonds have an interest rate of 5.2757% per annum, and will mature in 2026. Interest is payable quarterly in arrears on January 14, April 14, July 14, and October 14 of each year, or the subsequent banking day without adjustment if such interest payment day is not a banking day.

AboitizPower appointed BDO Capital and First Metro Investment Corporation (FMIC) as Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters, and BDO Trust as Trustee, and PDTC as the Registry and Paying Agent of the transaction. The Series "D" bonds received the highest possible rating of PRS "Aaa" from PhilRatings and is listed with PDEx.

The Company received the aggregate amount of ₱7.25 bn as proceeds from the offer and sale of the Series "D" bonds. AboitizPower has been paying interest to its bond holders since January 2020 for the Series "D" bonds.

Use of Proceeds

As of December 31, 2019, the proceeds of the Series "D" bonds were fully utilized for the following projects:

Name of Project	Projected Usage (Per Prospectus) (in '000)	Actual Usage (in '000)
Repayment of short-term loan	₱7,161,972	₱7,250,000
Bonds issuance cost	88,028	-
TOTAL	**₱7,250,000**	**₱7,250,000**

Series "E" and "F" 9.55 Billion Peso Fixed Rate Retail Bonds issued in July 2020

Series "E" and Series "F" bonds, with an aggregate amount of ₱6 bn and an oversubscription option of ₱3.55 bn, were issued on July 6, 2020. The Series "E" bonds have an interest rate of 3.125% per annum, and will mature in 2022, while the Series "F" bonds have an interest rate of 3.935% per annum, and will mature in 2025. Interest is payable quarterly in arrears on January 6, April 6, July 6, and October 6 of each year, or the subsequent banking day without adjustment if such interest payment date is not a banking day.

AboitizPower appointed BDO Capital, China Bank Capital Corporation (China Bank Capital), and FMIC as the Joint Issue Managers and Joint Lead Underwriters, BDO Trust as Trustee, and PDTC as the Registry and Paying Agent for the transaction. The Series "E" and Series "F" bonds have been rated PRS "Aaa" with a stable outlook from PhilRatings on April 8, 2020, and are listed with PDEx.

AboitizPower received the aggregate amount of ₱9.55 bn as proceeds from the offer and sale of the Series "E" and Series "F" bonds. AboitizPower has been paying interest to its bond holders since October 2020 for the Series "E" and Series "F" bonds.

Use of Proceeds

As of December 31, 2021, the proceeds of the Series "E" and Series "F" bonds were utilized for the following projects:

Name of Project	Projected Usage (Per Prospectus) (in '000)	Actual Usage (in '000)
Reimburse Previous Equity Contributions to GNPD through AA Thermal and TPI	₱6,736,749	₱6,736,749
Fund Succeeding Equity Infusions in AA Thermal and TPI	2,082,873	2,522,627
General corporate purposes	614,889	177,077
Bond issuance costs	115,489	113,547
TOTAL	**₱9,550,000**	**₱9,550,000**

	Per Final Prospectus (in '000)	Actual Usage (in '000)
Gross Proceeds	₱9,550,000	₱9,550,000
Net Proceeds	9,434,511	9,436,453

(b) Shelf Registration of Thirty Billion Peso Fixed-Rate Bonds issued in 2021

On March 1, 2021, SEC issued an Order of Registration and a Certificate of Permit to Offer Securities for AboitizPower's fixed-rate corporate retail bonds in the aggregate principal amount of ₱30 bn (the "2021 Bonds"). The 2021 Bonds were registered under the shelf registration program of the SEC and were issued in tranches.

Series "A" Eight Billion Peso Fixed Rate Bonds issued in March 2021

The first tranche of the 2021 Bonds, with a base issue size of up to ₱4 bn and an oversubscription of up to ₱4 bn (the "Series "A" Bonds") was issued on March 16, 2021. The Series "A" Bonds have an interest rate of 3.8224% per annum, and will mature in 2026. Interest is payable in arrears on March 16, June 16, September 16, and December 16 of each year, or the subsequent banking day without adjustment if such interest payment date is not a banking day.

AboitizPower appointed BDO Capital, BPI Capital, China Bank Capital, and FMIC as Joint Lead Underwriters. BDO Trust was appointed as Trustee. The Series "A" Bonds received the credit rating of

"PRS Aaa" with Stable Outlook. AboitizPower listed the First Tranche Bonds with PDEx on March 15, 2021.

AboitizPower received the aggregate amount of ₱8 bn as proceeds from the offer and sale of the First Tranche Bonds.

Use of Proceeds

As of December 31, 2022, the proceeds of the Series "A" Bonds were fully utilized for the following projects:

Name of Project	Projected Usage (Per Prospectus) (in '000)	Actual Usage (in '000)
Redemption of the 2014 Series A Bonds Maturing in 2021	₱6,600,000	₱6,600,000
Partial Funding for the Early Redemption of the 2014 Series B Bonds Originally Maturing in 2026	1,295,303	1,303,093
Bond issuance costs	104,697	96,907
TOTAL	**₱8,000,000**	**₱8,000,000**

	Per Final Prospectus (in '000)	Actual Usage (in '000)
Gross proceeds	₱8,000,000	₱8,000,000
Net proceeds	7,895,303	7,903,093

Series "B" and "C" Twelve Billion Peso Fixed Rate Bonds issued in November 2021

Series "B" and Series "C" bonds (collectively, the "Second Tranche Bonds"), with an aggregate amount of ₱6 bn and an oversubscription option of ₱6 bn, were issued on November 15, 2021. The Series "B" bonds have an interest rate of 3.9992% per annum, and will mature in 2025, while the Series "C" bonds have an interest rate of 5.0283% per annum, and will mature in 2028. Interest is payable quarterly in arrears on March 2, June 2, September 2, and December 2 of each year, or the subsequent banking day without adjustment if such interest payment date is not a banking day.

AboitizPower appointed BDO Capital and ChinaBank Capital as Joint Issue Managers; and BDO Capital and ChinaBank Capital as Joint Lead Underwriters and Joint Bookrunners. BDOTrust was appointed as Trustee. The Second Tranche Bonds received the credit rating of "PRS Aaa" with Stable Outlook. AboitizPower listed the Second Tranche Bonds with PDEX on December 2, 2021.

AboitizPower received the aggregate amount of ₱12 bn as proceeds from the offer and sale of the Second Tranche Bonds.

Use of Proceeds

As of December 31, 2023, the proceeds of the Second Tranche Bonds were utilized for the following projects:

Name of Project	Projected Usage (Per Prospectus) (in '000)	Actual Usage (in '000)
Partially fund the equity contributions for the construction of the 74 MW Solar power plant in Pangasinan province	₱1,000,000	₱1,000,000

Name of Project	Projected Usage (Per Prospectus) (in '000)	Actual Usage (in '000)
Refinancing of the 2020 Series E Bonds Maturing in 2022	9,000,000	9,000,000
Fund future renewable projects	1,839,849	600,783
Bond issuance costs	160,151	150,195
TOTAL	**₱12,000,000**	**₱10,750,978**

	Per Final Prospectus (in '000)	Actual Usage (in '000)
Gross proceeds	₱12,000,000	₱12,000,000
Net proceeds	11,839,849	11,849,805

Balance of the proceeds as of December 31, 2023: ₱1,249,022,000.00

Series "D" and "E" Ten Billion Peso Fixed Rate Bonds issued in March 2022

Series "D" and Series "E" bonds (collectively, the "Third Tranche Bonds"), with an aggregate amount of up to ₱7 bn and an oversubscription option of up to ₱3 bn was issued on March 17, 2022. Series "D" of the Third Tranche Bonds have a fixed interest rate of 5.3066% per annum maturing in 2027, and the Series "E" bonds have a fixed interest rate of 5.7388% per annum maturing in 2029. Interest is payable in arrears on March 17, June 17, September 17, and December 17 of each year, or the subsequent banking day without adjustment if such interest payment date is not a banking day.

AboitizPower appointed BDO Capital, China Bank Capital, and FMIC as Joint Issue Managers; and BDO Capital, China Bank Capital, FMIC, and SB Capital Investment Corporation as Joint Lead Underwriters and Joint Bookrunners. The Third Tranche Bonds received a credit rating of "PRS Aaa" with Stable Outlook from PhilRatings. AboitizPower listed the Third Tranche Bonds with PDEx on March 17, 2021.

AboitizPower received the aggregate amount of ₱10 bn as proceeds from the offer and sale of the Third Tranche Bonds.

Use of Proceeds

As of December 31, 2023, the proceeds of the Third Tranche Bonds were utilized for the following projects:

Name of Project	Projected Usage Per Prospectus (in '000)	Actual Usage (in '000)
Early Redemption of the 2018 Series B Bonds	₱7,700,000	₱7,700,000
Partially fund future renewable energy projects	2,165,427	2,165,427
Bond issuance costs	134,573	134,753
TOTAL	**₱10,000,000**	**₱10,000,000**

	Per Final Prospectus (in '000)	Actual Usage (in '000)
Gross proceeds	₱10,000,000	₱10,000,000
Net proceeds	9,865,427	9,870,125

Item 2. Properties

The Company's head office is located at 32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines. The office space occupied by the Company is leased from a third party. As a holding company,

the Company does not utilize a significant amount of office space.

As of February 29, 2024, there were no definite plans of acquiring properties in the next twelve months. Nonetheless, the Company plans to continually participate in future projects that become available to it and will disclose the same in accordance with the applicable disclosure rules under the SRC.

On a consolidated basis, AboitizPower's Property, Plant and Equipment were valued at around ₱209.73 bn as of end-2023, as compared to ₱206.86 bn as of end-2022. The breakdown of the Company's Property, Plant and Equipment as of December 31, 2023 and December 31, 2022 is as follows:

Property, Plant and Equipment as of December 31	2023	2022
Land	2,438,196	1,920,614
Buildings, Warehouses and Improvements	58,488,612	57,180,191
Powerplant, Equipment, and Streamfield Assets	136,798,617	132,660,266
Transmission, Distribution and Substation Equipment	30,965,981	27,750,107
Transportation Equipment	1,942,736	1,710,577
Office Furniture, Fixtures and Equipment	1,807,882	1,307,704
Leasehold Improvements	3,267,309	3,054,331
Electrical Equipment	10,694,375	10,335,653
Meter and Laboratory Equipment	4,216,626	3,708,366
Tools and Others	1,649,182	1,604,331
Construction in Progress	21,132,222	13,925,385
Right-of-use Assets	35,424,123	38,713,511
Less: Accumulated Depreciation and Amortization	94,550,993	82,695,473
Less: Accumulated Impairment	4,537,975	4,317,975
TOTAL	**209,726,892**	**206,857,588**

Note: Values for the above table are in thousand Philippine Pesos.

Locations of Principal Properties and Equipment of the Company's Subsidiaries are as follows:

Subsidiary	Description	Location/Address	Condition
APRI	Geothermal power plants	Tiwi, Albay, Caluan, Laguna; and Sto. Tomas, Batangas	In use for operations, used to secure long-term debt
Aseagas	Raw land and improvements	Lian, Batangas	Ceased operations
Hedcor	Hydropower plants	Kivas, Banengneng, Benguet; Beckel, La Trinidad, Benguet; Bineng, La Trinidad, Benguet; Sal-angan, Ampucao, Itogon, Benguet; and Bakun, Benguet	In use for operations
Hedcor Sibulan	Hydropower plant	Santa Cruz, Sibulan, Davao del Sur	In use for operations
Hedcor Tudaya	Hydropower plant	Santa Cruz, Sibulan, Davao del Sur	In use for operations
Hedcor Sabangan	Hydropower plant	Namatec, Sabangan, Mountain Province	In use for operations
EAUC	Bunker-C thermal power plant	Lapu-Lapu City, Cebu	In use for operations
TMI	Barge-mounted diesel power plants	Nasipit, Agusan del Norte and Barangay San Roque, Maco, Compostela Valley	In use for operations
TMO	Barge-mounted diesel power plants	Navotas Fishport, Manila	In use for operations

Subsidiary	Description	Location/Address	Condition
TSI	Coal-fired thermal power plants	Davao City and Davao del Sur	In use for operations, used to secure long-term debt
TPVI	Buildings/plants, equipment, and machinery	Naga City, Cebu	In use for operations
TVI	Coal-fired thermal power plants	Bato, Toledo, Cebu	In use for operations, used to secure long-term debt
GMEC	Coal-fired thermal power plants	Mariveles, Bataan	In use for operations
Cotabato Light	Industrial land, buildings/ plants, equipment, and machinery	Sinsuat Avenue, Cotabato City	In use for operations
Davao Light	Industrial land, buildings/ plants, equipment, and machinery	P. Reyes Street, Davao City and Bajada, Davao City	In use for operations
	Substation equipment	Talomo, Matina Crossing Villa Abrille Estate, Indanga, Buhangin Davao City, Bobongon, Sto. Tomas, Davao	Ongoing development
Visayan Electric	Industrial land, buildings/ plants, equipment, and machinery	Jakosalem Street, Cebu City and J. Panis Street, Cebu City	In use for operations
	Substation equipment	San Roque, Talisay City, Cebu	Ongoing development
Lima Enerzone	Industrial land, buildings/plants, equipment, and machinery	Lipa City and Malvar, Batangas	In use for operations
Balamban Enerzone	Industrial land, buildings/plants, equipment, and machinery	Balamban, Cebu	In use for operations

Item 3. Legal Proceedings

Material Pending Legal Proceedings

AboitizPower and its Subsidiaries are involved in various legal proceedings in the ordinary conduct of their businesses. The Company believes that none of these legal proceedings will have a material effect on the Company's financial position and results of operations.

Visayan Electric, for example, received several assessments of real property taxes on its electric posts, transformers, wires, machineries, air-conditioning units, and water pumps. Visayan Electric consistently maintains that the electric posts, transformers, wires, machineries, air-conditioning units, water pumps and their appurtenances are not considered real properties under the Civil Code of the Philippines, and therefore are not lawful objects of real property tax. Further, Section 270 of the Local Government Code of 1991 provides that the collection of real property tax is mandatory within five years from the date they become due, and that failure to collect the real property tax within the said period will bar collection thereof.

Visayan Electric has availed of Cebu City's tax amnesty ordinance in settlement of its real property tax assessment case amounting to ₱183mn covering the period from 1989 to 2019 pending before the Cebu City Assessor's Office. Visayan Electric was issued a tax certificate on January 5, 2021, clearing the company of any and all real property tax liabilities for all its electric poles and their attachments located in Cebu City.

The other material pending legal proceedings involving the Company and its Subsidiaries are as follows:

Luzon Hydro Corporation vs. The Provincial Government of Benguet, represented by Governor Melchor D. Diclas; Orlando T. Oidi, in his official capacity as the Provincial Assessor of Benguet Province; Imelda I.

Macanes, in her official capacity as the Provincial Treasurer of Benguet Province; Bado K. Pasule, in his official capacity as the Municipal Assessor of Bakun, Benguet; and Merlita Tolito, in her official capacity as the OIC-Municipal Treasurer of Bakun, Benguet
Civil Case No. 20I-CV-3558

In view of the finality of the SC's Decision in the case entitled: *"National Power Corporation vs. Luzon Hydro Corporation (LHC), Banggay T. Alwis, Municipal Assessor, Manuel C. Bagayao, Municipal Treasurer of Bakun, Benguet, Erlinda Estepa, Provincial Assessor and Mauricio B. Ambanloc, Provincial Treasurer of the Province of Benguet"* docketed as GR No. 244450 and GR No. 244659, the Municipal Treasurer of Bakun issued real property tax Bills for the period covering 2002 to 2019 amounting to ₱284,448,073.24 on January 16, 2020.

On February 3, 2020, LHC wrote to the Provincial Governor requesting for the amendment of the real property tax Bills to align with the MOA dated December 20, 2012 by and between LHC and the Province of Benguet. In the same letter, LHC also cited Executive Order (EO) No. 88, Series of 2019, which reduced the liability for real property tax of IPPs such as LHC with BOT Agreements with Government Owned and Controlled Corporations to an amount equivalent to the tax due if computed at 15% assessment level and condoned all interest and penalties for all years up to 2018.

On September 14, 2020, LHC filed a Petition with the Regional Trial Court ("RTC") of La Trinidad, Benguet, praying for the issuance of a writ of *mandamus* to compel the Province of Benguet to comply with the provisions of the EO and recompute the real property tax liabilities of LHC. The Province of Benguet filed its Comment with Motion to Dismiss, which was denied by the RTC. The RTC also directed the parties to immediately manifest their conformity to the statement of undisputed facts, admitted documentary exhibits, and the statement of legal issues. LHC filed its Comment on January 21, 2021 while the Province filed its Compliance with Manifestation on February 5, 2021.

On March 23, 2021, a hearing was held through videoconference to discuss the factual issues raised by the Province. The judge advised that an Amended Order will be issued containing the summary of admitted facts, list of admitted facts, list of admitted documents, and statement of legal issues based on the respective Comments or Manifestations filed by the parties. LHC filed its Memorandum on April 28, 2021.

On December 17, 2021, LHC received the RTC's Decision dated November 18, 2021 denying the Petition. On December 28, 2021, LHC filed with the Supreme Court a motion for extension of time, requesting a 30-day extension from January 1, 2022, or until January 31, 2022, within which to file its Petition for Review on Certiorari.

On February 2, 2022[6], LHC filed its Petition for Review on Certiorari with the Supreme Court. As of February 29, 2024, the Petition is pending before the Supreme Court.

G.R. No. 210245 entitled "*Bayan Muna Representative Neri Javier Colmenares, et al. vs. Energy Regulatory Commission, et al*.", Supreme Court; December 19, 2013

G.R. No. 210255 entitled "*National Association of Electricity Consumers for Reforms, et al. vs. Manila Electric Company, et al*.", Supreme Court; December 20, 2013

G.R. No. 210502 entitled "*Manila Electric Company, et al. v Philippine Electricity Market Corporation, et al.", Supreme Court;* January 8, 2014

On December 19, 2013, Bayan Muna representatives filed a Petition for *Certiorari* against ERC and Meralco with the SC, questioning the alleged substantial increase in Meralco's power rates for the billing period of November 2013. These cases raised, among others, the: (i) legality of Sections 6, 29 and 45 of the EPIRA, (ii) failure of ERC to protect consumers from high prices of electricity, and (iii) alleged market collusion by the generation companies. These cases were consolidated by the SC, which issued a TRO preventing Meralco

[6] On January 12, 2022, the Supreme Court issued Memorandum Order No. 10-2022 which, among others, extended until February 1, 2022 the filing periods of any and all pleadings and other court submissions that will fall due in the month of January 2022 in view of the rising cases of COVID-19 due to the Omicron variant. Further, through Proclamation No. 1236 dated October 29, 2021, February 1, 2022 has been declared a Special (Non-Working) Day in view of the celebration of Chinese New Year. Hence, all pleadings that will fall due on said date may be filed on the next business day.

from collecting the increase in power rates for the billing period of November 2013. The TRO was subsequently extended by the SC for another 60 days, or until April 22, 2014. On April 22, 2014, the SC extended the TRO indefinitely.

Meralco filed a counter-petition impleading all generation companies supplying power to the WESM to prevent the generation companies from collecting payments on power purchased by Meralco from the WESM during the contested billing period. The SC ordered other power industry participants (DOE, ERC, PEMC, PSALM, and the generation companies) to respond to Meralco's counter-petition.

The SC set the consolidated cases for oral arguments on January 21, 2014, February 4 and 11, 2014. After oral arguments, all parties were ordered to file their comments and/or memoranda. Meralco has been prevented from collecting the differential increase of the price hike. Because of Meralco's counter-petition against the generation companies, PEMC withheld settlement of the power purchases during the covered period.

On February 7, 2019, petitioners in G.R. No. 210245 filed their Motion for Directions, Status Updates and Immediate Resolution. In its Decision dated August 3, 2021, the SC declared the ERC's March 3, 2014 Order null and void. The Petition in G.R. No. 210502 was granted insofar as it prayed for the dismissal of the Petitions in G.R. Nos. 210245 and 210255 as they were dismissed. The December 9, 2013 Order of the ERC, on the other hand, was affirmed.

On July 18, 2022, the National Association of Electricity Consumers for Reforms, Inc. (NASECORE) filed its Motion for Reconsideration. On July 19, 2022, the ERC filed its Motion for Partial Reconsideration. On July 20, 2022, Bayan Muna filed its Motion for Reconsideration.

In a Resolution dated October 11, 2022, the SC resolved to deny with finality the Motions for Reconsideration filed by NASECORE and Bayan Muna and the Motion for Partial Reconsideration filed by the ERC.

SC GR No. 224341 entitled "*Philippine Electricity Market Corporation vs. Therma Mobile, Inc.*", Supreme Court

[CA G.R. SP No. 140177 entitled "*PEMC v. Therma Mobile Inc.*", Court of Appeals, Manila, SP Proc. No. 12790 entitled "*Therma Mobile Inc. vs. PEMC*", Regional Trial Court Branch 157-Pasig City;

PEMC ECO-2014-0009 entitled "Therma Mobile, Inc. (*TMO Power Plants Units 1-4*) Possible Non-Compliance with Must-Offer-Rule, Investigation Summary Report, dated August 4, 2014"]

The Enforcement and Compliance Office of the Philippines Electricity Market Corporation (PEMC-ECO) conducted an investigation on TMO for possible non-compliance with the Must-Offer-Rule for the period October 26, 2013 to December 25, 2013. PEMC-ECO concluded that TMO was non-compliant with the Must-Offer-Rule for 3,578 intervals and recommended a penalty of ₱234.9 mn.

TMO filed its letter request for reconsideration on September 5, 2014, contending that it did not violate the Must-Offer Rule because its maximum available capacity was limited to 100 MW due to: (a) the thermal limitations of the old TMO 115-kV transmission line, and (b) the technical and mechanical constraints of the old generating units and the component engines of the TMO power plants which were under various stages of rehabilitation after having been non-operational for five years. Although TMO's rated capacity is 234 MW (net), it could only safely and reliably deliver 100 MW during the November and December 2013 supply period because of limitations of its engines and the 115-kV transmission line. This temporary limitation of TMO's plant was confirmed during a dependable capacity testing conducted on November 21, 2013.

In its letter dated January 30, 2015, the PEMC Board of Directors denied TMO's request for reconsideration and confirmed its earlier findings. On February 13, 2015, TMO filed a Notice of Dispute with PEMC to refer the matter to dispute resolution under the WESM Rules, WESM Dispute Resolution Market Manual and the ERC-PEMC Protocol.

On February 16, 2015, TMO filed a petition for TRO before the Pasig City RTC. In its Order dated February 24, 2015, the RTC granted TMO a 20-day temporary order of protection and directed PEMC to: (i) refrain from

demanding or collecting the amount of ₱234.9 mn as financial penalty; (ii) refrain from charging interest on the financial penalty and having the same accrue; and (iii) refrain from transmitting PEMC-ECO's investigation report to the ERC. TMO posted a bond in the amount of ₱234.9 mn to answer for any damage that PEMC may suffer as a result of the Order. On April 1, 2015, the RTC rendered a Decision in favor of TMO. PEMC appealed the RTC decision before the Court of Appeals (CA) and sought to reverse and set aside the decision of the RTC.

On December 14, 2015, the CA rendered a Decision denying PEMC's Petition for Review and affirming the April 1, 2015 Decision of RTC in favor of TMO. On June 6, 2016, PEMC filed a Petition for Review on *Certiorari* with the SC to assail the December 14, 2015 CA Decision. TMO filed its Comment to PEMC's Petition for Review and PEMC filed a Reply. In its March 29, 2017 Resolution, the SC noted TMO's Comment and PEMC's Reply.

As of February 29, 2024, PEMC's Petition was still pending before the SC.

SC G.R. Nos. 244449 and 244455-56 entitled "*Energy Regulatory Commission vs. Therma Mobile, Inc., Manila Electric Company and AP Renewables, Inc.*", Supreme Court;

[CA G.R. SP. No. 152588 entitled "*Therma Mobile, Inc. vs. Energy Regulatory Commission, Atty. Alfredo P. Vergara, Jr. and Engr. Nelson D. Canlas, in their capacity as Investigating Officers (IOs) of the Investigatory Unit constituted by the Honorable Commission pursuant to its Office Order No. 38, Series of 2013 dated December 26, 2013, as amended by Office Order No. 82, Series of 2017*", Court of Appeals, Manila;

ERC Case No. 2015-025 MC entitled "*Atty. Isabelo Joseph P. Tomas II, in his capacity as the Investigating Officer of the Investigatory Unit constituted by the Honorable Commission pursuant to its Office Order No. 38, Series of 2013 dated December 26, 2013 vs Meralco and Therma Mobile, Inc. [For Violation of Section 45 of RA 9136, otherwise known as EPIRA, Rule 11, Section 1 of IRR of the EPIRA (Commission of an Anti-Competitive Behavior, particularly Economic Withholding)]*", ERC Pasig City, June 4, 2015;

ERC Case No. 2015-027 MC entitled "*Atty. Isabelo Joseph P. Tomas II, in his capacity as the Investigating Officer of the Investigatory Unit constituted by the Honorable Commission pursuant to its Office Order No. 38, Series of 2013 dated December 26, 2013 vs Therma Mobile, Inc. [For Violation of Section 45 of RA 9136, otherwise known as EPIRA, Rule 11, Section 1 and 8(e) of IRR of the EPIRA (Commission of an Anti-Competitive Behavior, particularly Physical Withholding)]*", ERC, Pasig City, June 4, 2015;

Pursuant to the allegations in the Bayan Muna SC case, the Investigation Unit of ERC ("ERC-IU") conducted investigations on the alleged anti-competitive behavior and market abuse committed by some participants of the WESM, including TMO.

On January 24, 2014, ERC issued a *Subpoena Ad Testificandum and Duces Tecum* directing TMO's representative to give clarification on matters pertaining to offers per trading interval involving the November to December 2013 supply months and provisions on the PSA between Meralco and TMO. The representative was likewise directed to bring relevant documents.

On January 29, 2014, TMO filed its Compliance and Submission to the *Subpoena Duces Tecum*. Further, on March 11, 2014, TMO filed its Memorandum, arguing that it did not commit any act constituting anti-competitive behavior and/ or misuse of market power. TMO then requested ERC-IU to terminate and close the investigation.

On May 20, 2015, ERC-IU issued its report and found that in bidding the way they did for the November and December 2013 supply months, TMO and Meralco allegedly committed Economic Withholding, and TMO committed Physical Withholding, and thus recommended the filing of cases for Anti-Competitive Behavior against TMO and Meralco.

On June 23, 2015, ERC ordered Meralco and TMO to file their respective Answers to the Complaint. On August 24, 2015, TMO filed its Answers praying for the dismissal of the Complaints.

In its Manifestation dated October 7, 2016, ERC-IU manifested the resignation of Atty. Isabelo Tomas as Investigating Officer (IO) and the appointment of Director Alfredo Vergara, Jr. and Engr. Nelson Canlas as new IOs. In a separate pleading, the new IOs filed their Reply to various motions filed by TMO.

On July 27, 2016, Meralco filed in ERC Case No. 2015-025MC an Urgent Motion to Dismiss with Motion to Suspend Proceedings on the ground that ERC has no jurisdiction over anti-competitive behavior cases, and that jurisdiction is with PCC. On July 28, 2016, TMO filed in the same case a Manifestation and Motion adopting Meralco's Urgent Motion to Dismiss. On August 1, 2016, TMO also filed its Manifestation and Motion, which sought the dismissal of ERC Case No. 2015-027MC for lack of jurisdiction.

In an Order dated February 2, 2017, ERC denied Meralco's and TMO's motions to dismiss for lack of jurisdiction. TMO filed its Motion for Reconsideration, which the ERC subsequently denied in its Order dated June 20, 2017.

On September 18, 2017, TMO filed a Petition for *Certiorari* with the CA, praying that the CA: (i) issue a TRO commanding the ERC to desist from conducting further proceedings in ERC Case No. 2015-025MC and ERC Case No. 2015-027MC; (ii) after proceedings, issue a Writ of Preliminary Injunction; and (iii) annul and set aside the February 2, 2017 and June 20, 2017 ERC Orders.

In a Resolution dated October 2, 2017, the CA directed the respondents to file their comment on TMO's Petition for *Certiorari* and denied TMO's prayer for a TRO. TMO filed a Motion for Partial Reconsideration of the CA's October 2, 2017 Resolution, which the CA denied. Thereafter, the CA issued its Notice of Judgment and Decision dated May 23, 2018, which denied TMO's Petition. On June 20, 2018, TMO filed its Motion for Reconsideration of CA's Decision dated May 23, 2018. In a Resolution dated January 28, 2019, the CA denied the motions for reconsideration filed by TMO, Meralco and APRI and the motion for partial reconsideration filed by the ERC.

Subsequently, ERC filed a Petition dated February 21, 2019 with the SC via Rule 45 of the Rules of Court. In the Petition, ERC challenged the CA Decision and Resolution insofar as the CA ruled that the PCA repealed the parts of the EPIRA that granted jurisdiction to ERC over anti-competition matters in the energy sector, and that PCC has original and exclusive jurisdiction over anti-competition matters, including those affecting the energy sector after the effectivity of the PCA.

In a Resolution dated July 30, 2019, the SC directed the respondents to file their Comments on ERC's Petition. On November 25, 2019, TMO filed its Manifestation with the SC.

In a Resolution dated September 29, 2021, the SC partly granted the ERC's Petition for Review on *Certiorari* and ruled that the ERC has jurisdiction over anti-competitive cases filed prior to the enactment of the Philippine Competition Act pursuant to the principle of adherence of jurisdiction. The Supreme Court did not rule on the delineation of jurisdiction between the Philippine Competition Commission and the ERC after the effectivity of the Philippine Competition Act.

SC G.R. Nos. 244449 and 244455-56 entitled "*Energy Regulatory Commission vs. Therma Mobile, Inc., Manila Electric Company and AP Renewables, Inc.*", Supreme Court;

CA G.R. SP. No. 152613 entitled, "*AP Renewables, Inc. vs. Energy Regulatory Commission and Directors Alfredo P. Vergara, Jr. and Engr. Nelson Canlas, in their capacity as the Investigating Officers of the Investigatory Unit of the Energy Regulations Commission*", Court of Appeals, Manila

ERC Case No. 2015-038 MC entitled "*Energy Regulatory Commission vs. AP Renewables, Inc. ([Violation of Section 45 of EPIRA, Rule 11, Sec. 1 and 8 (E) of the Implementing Rules and Regulations (Commission of an Anti-Competitive Behavior, particularly, Physical Withholding)]*", ERC, Pasig City, June 9, 2015

The ERC-IU conducted investigations on the alleged anti-competitive behavior and market abuse committed by some participants of the WESM, including APRI. On May 20, 2015, ERC-IU released its report holding that APRI's non-compliance with the Must-Offer Rule for four intervals is tantamount to Physical Withholding which, it alleged, is a form of anti-competitive behavior.

On June 9, 2015, complainant Atty. Isabelo Joseph Tomas III, Investigating Officer of the IU, filed the complaint for Anti-Competitive Behavior against APRI. On June 23, 2015, ERC issued an Order directing APRI to file its answer within 15 days from notice.

On July 1, 2015, APRI received the summons and complaint. Subsequently, on July 7, 2015, APRI filed a Motion praying that: (a) the Complainant serve upon APRI the complete copy of the complaint and its annexes; (b) the Complainant clarify and put on record the answer to the following issues: (i) which of Makban Plants' generating units is the subject of the complaint; and (ii) the dates and times of the four intervals mentioned in the complaint during which APRI allegedly offered "less than its total registered capacity." Meanwhile, on July 29, 2015, APRI filed its Answer *ad cautelam*.

In its Manifestation dated October 7, 2016, ERC-IU manifested the resignation of Atty. Isabelo Tomas as IO and the appointment of new IOs. The new IOs filed their Reply to various motions filed by APRI.

Subsequently, APRI filed a Motion to Dismiss dated July 29, 2016, arguing that jurisdiction over the case is vested in the PCC. APRI also filed its *Ad Cautelam* Pre-Trial Brief and Judicial Affidavits. ERC denied APRI's Motion to Dismiss, and APRI's subsequent Motion for Reconsideration.

On September 19, 2017, APRI filed a Petition for *Certiorari* (with application for TRO and Writ of Preliminary Injunction) with the CA (CA G.R. SP. No. 152613), praying for the CA to: (i) issue a TRO commanding ERC to desist from conducting further proceedings in ERC Case. No. 2015-038MC; (ii) after proceedings, issue a Writ of Preliminary Injunction; and (iii) annul and set aside the February 2, 2017 and June 20, 2017 ERC Orders, and dismiss the complaint and ERC proceedings with prejudice.

On November 6, 2017, the IOs filed a Motion for Consolidation seeking to consolidate CA G.R. SP. No. 152613 with TMO's Petition in CA GR. No. 152588. Therafter, the CA issued its Notice of Judgment and Decision dated May 23, 2018, which denied APRI's Petition. On June 18, 2018, APRI filed its Motion for Reconsideration of the CA's Decision dated May 23, 2018.

In a Resolution dated January 28, 2019, the CA denied the motions for reconsideration filed by APRI, Meralco, and TMO and the motion for partial reconsideration filed by ERC.

Subsequently, ERC filed a Petition dated February 21, 2019 with the SC via Rule 45 of the Rules of Court. In the Petition, ERC challenged the CA Decision and Resolution insofar as the CA ruled that the PCA repealed the parts of the EPIRA that granted to ERC jurisdiction over anti-competition matters in the energy sector, and that the PCC has original and exclusive jurisdiction over anti-competition matters including those affecting the energy sector after the effectivity of the PCA.

In a Resolution dated July 30, 2019, the SC directed the respondents to file their Comments on ERC's Petition. On November 4, 2019, APRI filed its Comment with the SC. As of February 28, 2022, ERC's Petition is still pending with the SC.

In a Resolution dated September 29, 2021, the SC partly granted the ERC's Petition for Review on *Certiorari* and ruled that the ERC has jurisdiction over anti-competitive cases filed prior to the enactment of the Philippine Competition Act pursuant to the principle of adherence of jurisdiction. The Supreme Court did not rule on the delineation of jurisdiction between the Philippine Competition Commission and the ERC after the effectivity of the Philippine Competition Act.

Consolidated Regulated Price Case (ERC vs. Various Generation Companies and PEMC) G.R. Nos. 246621-30, and G.R. Nos. 247352-61, Petitions for Review on *Certiorari*, Supreme Court;

[Consolidated Regulated Price Case against the Energy Regulatory Commission, Petition for Review on *Certiorari*, Court of Appeals, Manila;

ERC Case No. 2014-021 MC entitled "*In the Matter of the Prices in the WESM for the Supply Months of November and December 2013 and the Exercise by the Commission of its Regulatory Powers to Intervene*

***and Direct the Imposition of Regulated Prices therein without Prejudice to the On-going Investigation on the Allegation of Anti- Competitive Behavior and Possible Abuse of Market Power Committed by Some WESM Participants*", March 28, 2014]**

The ERC conducted an investigation on the alleged collusion by the generation companies to raise the WESM prices. Subsequently, the ERC issued an Order in ERC Case No. 2014-021 MC dated March 3, 2014 (the "ERC Order"), declaring as void the Luzon WESM prices during the November and December 2013 supply months. ERC also declared the imposition of regulated prices for such billing periods and directed PEMC to calculate the regulated prices and implement the same in the revised November and December 2013 WESM bills of the concerned distribution utilities in Luzon, except for Meralco whose November 2013 WESM bill was maintained in compliance with the TRO issued by the SC.

Pursuant to the ERC Order, on March 18, 2014, PEMC issued adjusted billing statements for all generators trading in the WESM, including Cebu-based EAUC and CPPC, recalculating the WESM prices.

The Company's Affiliates and Subsidiaries, APRI, TLI, TMO, AESI, Adventenergy, SN Aboitiz Power-Magat, SN Aboitiz Power-Benguet, CPPC, and EAUC filed their respective Motions for Reconsideration, questioning the validity of the ERC Order on the ground of lack of due process, among others.

The ERC, in its Order dated October 15, 2014, denied said Motions for Reconsideration. SN Aboitiz Power-Benguet, SN Aboitiz Power-Magat, APRI, TLI, and TMO filed their Petitions for Review (the "Petitions") before the CA on November 19, 24, December 1, and 4, 2014, respectively. The CA ordered the consolidation of the Petitions on October 9, 2015.

On November 7, 2017, the CA granted the Petitions. ERC's March 3, 2014 Order, among other orders, were declared null and void, and the Luzon WESM market prices in November and December 2013 were declared valid and therefore reinstated.

Thereafter, ERC and Meralco filed their respective motions for reconsideration. Several entities also filed motions to intervene in the case. APRI, TLI, and TMO filed their oppositions to the motions for reconsideration and motions to intervene. The CA denied the motions to intervene filed by several entities, which thereafter filed their motions for reconsideration. In an Omnibus Resolution dated March 29, 2019, the CA denied the motions for reconsideration by ERC and Meralco, as well as the motions for reconsideration filed by several entities that wanted to intervene in the case.

In June 2019, ERC, Meralco, and several entities filed their Petitions for Review on *Certiorari* with the SC, asking the latter to reverse and set aside the CA Decision dated November 7, 2017 and the CA Omnibus Resolution dated March 29, 2019. They also prayed that the SC reinstate the ERC Orders.

In September to October 2019, the SC issued Resolutions denying the Petitions for Review on *Certiorari* filed by several entities, including Calco Industries Inc., Paperland, *Alyansa ng mga Grupong Haligi at Teknolohiya Para sa Mamamayan* (AGHAM), Ateneo de Manila University, Citizenwatch, Riverbanks Dev't. Corp., Steel Angles Shapes & Sections Manufacturers, for failure to show any reversible error on the part of the CA in promulgating the Decision dated November 7, 2017 and Omnibus Resolution dated March 29, 2019.

In a Resolution dated September 11, 2019, the SC required respondents to file their Comments to ERC's Petition for Review on *Certiorari*. On January 28, 2020, TMO and TLI filed their Consolidated Comment (to the Petition for Review on *Certiorari* dated June 13, 2019); whereas APRI filed its Comment (on the Petition for Review on *Certiorari* dated June 13, 2019) on February 11, 2020.

In a Resolution dated February 10, 2020, the SC required respondents to file their Comments on Meralco's Petition for Review on *Certiorari* dated June 13, 2019. On July 9, 2020, APRI filed its Comment, and TLI and TMO filed their Consolidated Comment to Meralco's Petition for Review on *Certiorari*.

Subsequently, the SC issued a Resolution dated March 11, 2020 requiring the respondents to comment on San Beda University's Motion for Leave to Intervene and to Admit Petition-In-Intervention. On October 2,

2020, APRI filed its Opposition to San Beda University's Motion; while TLI and TMO filed their Opposition on October 21, 2020.

In a Resolution dated November 4, 2020, the SC resolved to consolidate and transfer the case with G.R. Nos. 247352-61 to the case with G.R. Nos. 246621-30. In a Resolution dated June 23, 2021, the SC required Meralco to file its Consolidated Reply to respondents' Comments, which Meralco filed on October 19, 2021.

As of February 29, 2024, ERC's and Meralco's petitions were pending resolution by the SC.

ERC Case No. 2013-077 MC entitled "*In Re: Petition for Dispute Resolution: Manila Electric Company (Meralco) vs. South Premier Power Corporation (SPPC), Masinloc Power Partners Company, Ltd. (MPPCL), AP Renewables, Inc. (APRI), Therma Luzon, Inc. (TLI), San Miguel Energy Corporation (SMEC) and SEM-Calaca Power Corporation (SCPC)*", August 29, 2013

On August 29, 2013, Meralco filed a petition before ERC against TLI and APRI, among other Successor Generating Companies (SGCs), docketed as ERC Case No. 2013-077 MC, where Meralco prayed that it be refunded by the respondent-SGCs of the transmission line losses. The petition arose from a claim of refund on account of the alleged over-recoveries of transmission line losses.

The petition was filed by Meralco pursuant to ERC Order dated March 4, 2013 and July 1, 2013 in ERC Case No. 2008- 083 MC where the SGCs were not parties to.

On September 20, 2013, APRI and TLI, together with the other SGCs, filed a Joint Motion to Dismiss arguing that Meralco's petition should be dismissed for failure to state a cause of action and ERC's lack of jurisdiction over the subject matter of the case. The motion argued that: (i) Meralco cannot base its cause of action against the SGCs on a decision issued by ERC in another case where none of the SGCs were made parties to the case; and (ii) Meralco's claim is in a nature of a claim for sum of money which is properly within the jurisdiction of regular courts. The Joint Motion to Dismiss has since then been submitted for resolution with ERC.

As of February 29, 2024, ERC has yet to render its decision on the Joint Motion to Dismiss.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(1) Market Information

AboitizPower's common shares are traded on the PSE.

The high and low stock prices of AboitizPower's common shares for each quarter of the past two years were as follows:

	2023		2022		2021	
	High	Low	High	Low	High	Low
First Quarter	₱39.80	₱33.90	₱36.70	₱29.30	₱27.35	₱23.05
Second Quarter	38.45	36.50	37.00	28.50	24.90	20.50
Third Quarter	37.30	30.00	32.85	29.45	34.20	23.00
Fourth Quarter	38.00	34.35	35.60	30.30	34.00	29.30

The closing price of AboitizPower common shares as of March 21, 2024 was ₱36.90 per share.

(2) Holders

As of March 21, 2024, AboitizPower has 562 stockholders of record, including PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Foreign). Common shares outstanding as of same date were 7,205,584,307 shares.

The top 20 stockholders of AboitizPower as of March 21, 2024 were as follows:

Name	Number of Shares	Percentage
1) Aboitiz Equity Ventures Inc.	3,817,195,833	52.97%
2) JERA Asia Private Limited	1,986,823,063	27.57%
3) PCD Nominee Corporation (Filipino)	1,040,902,130	14.45%
4) PCD Nominee Corporation (Foreign)	103,596,825	1.44%
5) Bauhinia Management Inc.	20,948,380	0.29%
6) Danel C. Aboitiz	20,000,000	0.28%
7) San Fernando Electric Light & Power Co., Inc.	7,931,034	0.11%
8) Parraz Development Corporation	7,827,522	0.11%
9) Arrayanes Corporation	6,936,943	0.10%
10) Sabin M. Aboitiz	5,667,406	0.08%
11) Iker M. Aboitiz	5,465,100	0.08%
12) Ramon Aboitiz Foundation, Inc.	3,900,000	0.05%
13) Salt Grass Management, Inc.	3,411,295	0.05%
Tawakoni Management, Inc.	3,411,295	0.05%
Ganando Management, Inc.	3,411,295	0.05%
Abocosa Management, Inc.	3,411,295	0.05%
14) Tris Management Corporation	3,130,359	0.04%
15) Tinkerbell Management Corporation	3,042,454	0.04%
16) CAL Management Corporation	3,036,798	0.04%
17) Gitana Management & Dev't. Corporation	2,817,091	0.04%
18) TRA Management & Development Corporation	2,561,882	0.04%
19) Ngotipa, Inc.	2,426,300	0.03%
20) Nuski Management Corporation	2,387,492	0.03%

SUBTOTAL	**7,060,241,792**	**97.98%**
Other Stockholders	**145,612,515**	**2.02%**
TOTAL SHARES	**7,205,854,307**	**100.00%**

(3) Dividends

Since 2013, the Company's dividend policy has been to declare an annual cash dividend payment ratio of 50% of its consolidated net income from the previous fiscal year based on the audited financial statements of the Company, in all cases subject to the approval of the Company's Board of Directors. The policy changed the previous cash dividend payment ratio of 33% of previous year's net profits.

The cash dividends declared by AboitizPower to common stockholders from 2022 to the first quarter of 2024 are shown in the table below:

Year	Cash Dividend Per Share	Total Declared	Declaration Date	Record Date	Payment Date
2024 (regular)	₱2.30	₱16.57 bn	03/05/2024	03/19/2024	03/26/2024
2023 (regular)	₱1.87	₱13.76 bn	03/03/2023	03/17/2023	03/30/2023
2022 (regular)	₱1.45	₱10.67 bn	03/04/2021	03/18/2022	03/30/2022

There are no restrictions that limit the payment of dividends on common shares to stockholders of record as of March 19, 2024.

(4) Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

AboitizPower does not have any recent sales of unregistered or exempt securities including recent issuances of securities constituting an exempt transaction.

Item 6. Management's Discussion and Analysis or Plan of Action

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of AboitizPower 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.

Year Ended December 31, 2023 versus Year Ended December 31, 2022

The table below shows the comparative figures of the key performance indicators for the year ended December 31, 2023 and December 31, 2022:

Key Performance Indicators	December 31, 2023 Audited	December 31, 2022 (As restated)
Amounts in thousands of ₱s, except for financial ratios		
SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	19,817,774	15,134,970
EBITDA	67,913,578	57,596,836
CASH FLOW GENERATED:		
Net cash flows from operating activities	50,267,419	34,213,337
Net cash flows used in investing activities	(15,086,374)	(11,442,216
Net cash flows used in financing activities	(45,433,181)	(14,475,876)
Net (Decrease)/Increase in Cash & Cash Equivalents	(10,252,136)	8,295,246
Cash & Cash Equivalents, Beginning	64,763,642	57,130,243
Cash & Cash Equivalents, End	54,538,784	64,763,642
CURRENT RATIO	1.79	1.78
DEBT-TO-EQUITY RATIO	1.51	1.68

- Share in net earnings in associates and joint ventures for the year 2023 increased by 31% compared to 2022. The increase was mainly due to fresh contributions from GNPower Dinginin Ltd. Co. (GNPD).

- EBITDA for the year 2023 increased by 18%. This was primarily due to fresh contributions from GNPD Units 1 and 2 and higher availability across the Company's generation portfolio.

- Cash and cash equivalents as of end-2023 decreased by ₱10.2 billion (bn) compared to end-2022. This was mainly due to the prepayment by Therma Luzon, Inc. (TLI) of its remaining lease obligations to PSALM and the acquisition of treasury shares by AboitizPower.

- Current Ratio as of December 31, 2023 was at 1.79x as compared to 1.78x as of December 31, 2022.

- Debt-to-Equity Ratio as of December 31, 2023 was at 1.51x, lower than the 1.68x recorded as of December 31, 2022.

Results of Operations

Core net income for the full year 2023 was ₱32.0 bn, 29% higher than the ₱24.8 bn recorded in 2022. The increase was primarily due to fresh contributions from GNPD and higher availability across the Company's generation portfolio. The Company's reported net income for the full year 2023 was ₱33.1 bn, 27% higher than the reported net income of ₱26.0 bn for 2022.

These comprise the significant elements of income or loss from continuing operations.

Power Generation and Retail Electricity Supply (RES)

AboitizPower's generation and retail supply business recorded EBITDA of ₱61.3 bn in 2023, 20% higher than the ₱ 51.2 bn recorded in 2022. This was primarily due to fresh contributions from GNPD and higher availability across the Company's portfolio. Energy volume sold in 2023 increased by 17% to 35,372 gigawatt-hours (GWh) compared to 30,251 GWh in 2022.

Power Distribution

During 2023, AboitizPower's distribution business recorded EBITDA of ₱8.7 bn, 8% higher than the ₱8.0 bn recorded in 2022. Energy sales increased by 6% to 6,157 GWh in 2023, compared to 5,785 GWh in 2022. Energy sales from the Residential customer segment was higher by 8% and Commercial and Industrial energy sales were higher by 6%, due to recoveries in demand in the areas affected by Typhoon Odette and resurgence of energy sold back to pre-pandemic level.

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 ₱7.10 bn, or 27% YoY. The various movements in line items are shown below to account for the increase:

(Amounts in thousands of ₱s)	
Net Income Attributable to Equity Holders of the Parent (January - December 2022)	**₱25,998,668**
Increase in operating revenues	13,106,309
Increase in operating expenses	(11,124,204)
Increase in interest income	998,582
Increase in interest expense	(741,298)
Increase in share in net earnings of associates and joint ventures	4,682,804
Increase in other income	4,118,484
Increase in provision for taxes	(2,575,860)
Increase in income attributable to non-controlling interests	(1,351,766)
Total	7,103,051
Net Income Attributable to Equity Holders of the Parent (January - December 2023)	**₱33,101,719**

Operating Revenues
(7% increase from ₱193.99 bn to ₱207.10 bn)

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

Operating Expenses
(7% increase from ₱164.19 bn to ₱175.31 bn)

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

Interest Income
(146% increase from ₱679.00 mn to ₱1.67 bn)

The increase in interest income was primarily due to higher interest rates on money market placements.

Interest Expense and other financing costs
(6% increase from ₱13.42 bn to ₱14.16 bn)

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

Share in Net Earnings of Associates and Joint Ventures
(31% increase from ₱15.13 bn to ₱19.82 bn)

Share in net earnings in associates and joint ventures for the year of 2023 increased by 31%, as compared to 2022. The increase was mainly due to the fresh contributions from GNPD.

Other Income (Expenses) – net
(reversal from expenses of ₱515.00 mn to income of ₱4.63 bn)

The reversal from expenses to income during year 2023 as compared to year 2022 was mainly due to the additional investment in STEAG State Power, Inc. (SPI). The increase in the Company's stake from 34% to 69.4% resulted in recording a bargain purchase gain. Additional increase in other income was also due to the recognition of the business interruptions (BI) claims for the GNPower Mariveles Energy Center Ltd. Co. (GMEC), Hedcor Bukidnon Inc. (HBI), Hedcor Inc. (HI), and AP Renewables Inc. (APRI) plant outages.

Provision for Taxes
(55% increase from ₱4.70 bn to ₱7.28 bn)

The increase in provision for taxes during 2023 was due to higher taxable income and the reversal of TLI's deferred tax asset on PSALM lease obligations due to the prepayment by TLI to PSALM on November 2023 of the remaining lease payments.

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

Assets

Total assets as of December 31, 2023 compared to December 31, 2022 increased by ₱9.65 bn, or 2%. The major movements of the accounts leading to the increase were as follows:

a. Cash and cash equivalents decreased by ₱10.22 bn, or 16% (from ₱64.76 bn to ₱54.54 bn). This was mainly due to prepayment of TLI PSALM lease and acquisition of treasury shares.

b. Trade and other receivables decreased by ₱1.10 bn, or 3% (from ₱35.34 bn to ₱34.25 bn). This was primarily due to higher collection efficiency.

c. Inventories decreased by ₱2.45 bn or 15% (from ₱16.12 bn to ₱13.68 bn). This was mainly driven by the decrease in fuel inventory due to lower indices.

d. Derivative assets (current and non-current portions) decreased by ₱2.56 bn or 88% (from ₱2.91 bn to ₱0.36 bn). This was mainly due to the maturity of derivatives and prepayment of TLI PSALM lease.

e. Other current assets decreased by ₱1.09 bn, or 8% (from ₱14.08 bn to ₱12.99 bn). This was mainly due to the lower debt service reserve account and utilization of prepaid taxes.

f. Investments and advances increased by ₱13.71 bn, or 18% (from ₱77.93 bn to ₱91.64 bn). This was mainly due to fresh contributions from GNPD.

g. Property, plant and equipment slightly increased by ₱2.87 bn, or 1% (from ₱206.86 bn to ₱209.73 bn). This was primarily due to the planned capital expenditures for the renewable power projects, partly offset by the depreciation of existing assets.

h. Other noncurrent assets increased by ₱10.33 bn, or 123% (from ₱8.39 bn to ₱18.72 bn). This was primarily due to the first-time consolidation of SPI, bulk of which pertains to service concession agreement.

Liabilities

Compared to December 31, 2022, total liabilities as of December 31, 2023 decreased by ₱6.19 bn, or 2%. The major movements of accounts leading to the decrease were as follows:

a. Short-term loans decreased by ₱1.44 bn, or 7% (from ₱21.40 bn to ₱19.96 bn). This was mainly due to loan payments by the Group.

b. Derivative liabilities (current and non-current portions) increased by ₱34 mn, or 8% (from ₱447 mn to ₱482 mn). This was primarily due to net hedging losses.

c. Income tax payable decreased by ₱20.00 mn, or 4% (from ₱493.00 mn to ₱473.00 mn). This was mainly due to lower taxable income.

d. Customers' deposits increased by ₱718.00 mn, or 9% (from ₱8.14 bn to ₱8.86 bn). This was mainly due to the receipt of bill deposits from new customers of the Retail Energy Supply and Distribution Utilities segments.

e. Long-term debt (current and non-current portions) increased by ₱14.82 bn, or 7% (from ₱199.45 bn to ₱214.27 bn). This was mainly due to new loans to support renewable energy projects and to prepay TLI's lease obligations to PSALM, which were partly offset by regular debt servicing across the Group.

f. Lease liabilities (current and noncurrent portions) decreased by ₱24.63 bn, or 89% (from ₱27.54 bn to ₱2.91 bn). This is mainly due to the prepayment by TLI of its lease obligations to PSALM.

g. Long-term obligation on power distribution system (current and noncurrent portions) decreased by ₱23.00 mn, or 16% (from ₱145.00 mn to ₱123.00 mn), due to Subic Enerzone's regular payment.

h. Decommissioning liability increased by ₱1.71 bn, or 30% (from ₱5.65 bn to ₱7.36 bn). This was mainly due to adjustments in the decommissioning provisions on power plant assets of APRI.

i. Net pension liabilities (net of pension assets) increased by ₱346.00 mn, or 67% (from ₱516.00 mn to ₱863.00 mn), mainly due to higher current service cost based on the new actuarial studies across the Group.

j. Deferred income tax liabilities (net of deferred income tax assets) increased by ₱2.20 bn, or 171% (from ₱1.29 bn to ₱3.49 bn). This was mainly due to the IAS 12 adoption of recognizing deferred income tax liabilities on TLI's right-of-use (ROU) assets and to the first-time consolidation of SPI.

Equity

Equity attributable to equity shareholders of the Parent increased by 7% (from ₱169.06 bn as of December 31, 2022 to ₱180.14 bn as of December 31, 2023) mainly due to fresh contributions from GNPD and higher availability across the Company's generation portfolio. Cash flow hedge reserve decreased by ₱2.92 bn primarily due to the maturity of TLI's commodity swap contracts. Cumulative translation adjustments and share in other comprehensive income of associates and joint ventures decreased by ₱0.5 bn, due to the downward net adjustment in the net assets translation effect of GMEC and GNPD during the year.

Material Changes in Liquidity and Cash Reserves of Registrant

As of December 31, 2023, the Group's cash and cash equivalents decreased by 16% to ₱54.54 bn, from ₱64.76 bn as of December 31, 2022.

Higher EBITDA and lower working capital requirements resulted in higher cash generated from operations during the year of 2023 by ₱16.05 bn, which was a 47% increase compared to the year of 2022.

Net cash flows used in investing activities increased from ₱11.44 bn in 2022 to ₱15.09 bn in 2023, mainly due to the higher scheduled capital expenditures for the renewable power projects.

The net cash flows used in financing activities increased from ₱14.48 bn in 2022 to ₱45.43 bn in 2023, mainly due to TLI prepayment of lease obligations and acquisition of treasury shares.

There are no events that will trigger direct or contingent financial obligations that are material to the Company, including any default or acceleration of an obligation, except those discussed under Item 3 – *Legal Proceedings* of this Definitive Information Statement.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created in 2023.

Financial Ratios

As of December 31, 2023, current assets decreased by 13% and current liabilities decreased by 13% YoY compared to the end of 2022. The current ratio as of December 31, 2023 was at 1.79x compared to 1.78x as of December 31, 2022.

Consolidated debt-to-equity ratio as of December 31, 2023 was at 1.51x, lower than the 1.65x recorded at the end of 2022. This was due to a 2% decrease in total liabilities compared to a higher 9% increase in equity in 2023.

There are no material commitments for capital expenditures except those disclosed in the Audited Financial Statements and discussed in *Outlook for the Upcoming Year/Known Trends, Events, and Uncertainties which may have Material Impact in the Registrant*.

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

AboitizPower (or the "Company") is focused on providing reliable supply to its markets, at a reasonable cost, and with minimal impact on the environment and communities. The Company believes that there is no single technology that completely addresses the country's energy requirements. AboitizPower believes that to effectively and sustainably address the Country's power requirements, a mix of power generation technologies is necessary. As such, the Company pursues both renewable projects and thermal technologies where and when it makes sense.

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

As part of its decarbonization journey, the Company continues to grow its portfolio of generation assets with renewables and selective baseload builds. It targets to grow its RE portfolio to 4,600 MW of net attributable selling capacity, of which, 3,700 MW will be the new RE capacity. AboitizPower's initial expansion phase focuses on developing solar and wind plants with a cumulative net attributable capacity of up to 1,200 MW. The Company is on track for 176 MW to come only by early 2024, with construction ongoing for an additional 218 MW. The second phase of its expansion will see additional capacity of around 1,700 MW of solar and wind power, bringing the Company's capacity closer to achieving its 3,700 MW RE target.

The Company also aims to maximize opportunities arising from the implementation of the Renewable Portfolio Standards ("RPS") by the Department of Energy ("DOE"). In line with the DOE's aspirational goal of a 35% share in renewable energy utilization by 2030, RPS is a market-based policy that mandates power distribution utilities, electric cooperatives, and retail electricity suppliers to source an agreed portion of their energy supplies from renewable

energy facilities. The Company is likewise open to opportunities in optimizing its existing baseload facilities to meet critical market needs as energy demand in the Philippines is still expected to grow in the coming years. AboitizPower is studying to fill some of these gaps with Liquified Natural Gas (LNG)-to-Power projects, unless a cleaner technology proves to be the more economical option.

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

Given the current state of power needs in the Philippines and the expected build progression of new plants over the next decade, AboitizPower believes its existing coal assets will need to continue to play an integral role for at least another 15 to 20 years and is always seeking improvements to ensure it operates its assets responsibly and in compliance with all relevant regulations.

The Company believes that its balance sheet gives it the capability to create or acquire additional generating capacity over the next few years. AboitizPower, together with its partners, has allotted ₱73 bn for capital expenditures in 2024. 72% of the total capex budget for this year is earmarked for AboitizPower's renewable energy pipeline, while the remaining budget is for the continuous improvement of the reliability of its baseload plants, as well as various land acquisitions, new substations, and new meters for its distribution business. This figure does not include AboitizPower's investment in Chromite Gas through TNGP.

AboitizPower and JERA have also agreed to collaborate in the following areas: 1) development of power projects, including LNG-to-Power projects; 2) management and sourcing of LNG fuel supply; and 3) potential participation in aspects of plant operation and maintenance (O&M). In February 2023, AboitizPower and JERA signed, in the presence of his Excellency Ferdinand R. Marcos Jr., President of the Republic of the Philippines, a Memorandum of Understanding to commence a joint study on ammonia co-firing for decarbonization. Both companies will assess the feasibility of ammonia co-fired power generation and study potential development in the ammonia and hydrogen value chains in the Philippines for decarbonization.

Other known trends, events, uncertainties which may have a material impact on AboitizPower have been discussed extensively in sections of the Company's Information Statement (*e.g. for an extensive discussion on regulatory issues, see Effect of Existing or Probable Government Regulations on the Business on page 79 of the Company's 2023 Definitive Information Statemen*t).

Year Ended December 31, 2022 versus Year Ended December 31, 2021

Key Performance Indicators	December 31, 2022	December 31, 2021
Amounts in thousands of ₱s, except for financial ratios		
SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	15,134,970	9,479,696
EBITDA	57,596,836	50,661,619
CASH FLOW GENERATED:		
Net cash flows from operating activities	34,213,337	36,327,039
Net cash flows used in investing activities	(11,442,216)	1,018,172
Net cash flows used in financing activities	(14,475,876)	(19,103,664)
Net (Decrease)/Increase in Cash & Cash Equivalents	8,295,246	18,241,547
Cash & Cash Equivalents, Beginning	57,130,243	38,699,545
Cash & Cash Equivalents, End	64,763,642	57,130,243
CURRENT RATIO	1.78	1.53
DEBT-TO-EQUITY RATIO	1.65	1.75

- Share in net earnings in associates and joint ventures for the year 2022 increased by 60% compared to 2021. The increase was mainly due to the fresh contributions from GNPD.

- EBITDA for 2022 increased by 14%. This was primarily due to fresh contributions from GNPD Units 1 and 2, higher availability across the Company's generation portfolio, gains from commodity hedges, and higher water inflows.

- Cash and cash equivalents as of end-2022 increased by ₱7.63 billion (bn) compared to end-2021. This is mainly due to the availment of new loans for renewable projects.

- Current Ratio as of December 31, 2022 was at 1.78x as compared to 1.53x as of December 31, 2021. The increase was primarily due to lower long-term debt portion that is due to be repaid within the next 12 months and the increase in cash and cash equivalents.

- Debt-to-Equity Ratio as of December 31, 2022 was at 1.68x, lower than the 1.75x recorded as of December 31, 2021.

Results of Operations

Net income for 2022 was ₱26.00 bn, which was 25% higher than the ₱19.09 bn reported in 2021. This translated to earnings per share of ₱3.53 for 2022. The Company also recognized non-recurring gains of ₱1.0 bn during 2022, as compared to ₱57 million (mn) in non-recurring gains recorded in 2021. This is due to the portion of commodity hedge gains which were not recognized in fuel costs. Without these one-off gains, the Company's core net income for the full year 2022 was ₱24.8 bn, 30% higher than the ₱19.0 bn recorded in 2021. If the Company excluded the impact of Typhoon Odette, liquidated damages, and business interruption claims that the Company collected in 2022 and 2021, this would have resulted in a 47% gain in the Company's core net income and a 52% gain in its net income in 2022 versus 2021. The increase in net income during 2022 was primarily due to fresh contributions from GNPD and higher availability across the Company's generation portfolio, gains from commodity hedges, and higher water inflows.

Power Generation and Retail Electricity Supply (RES)

AboitizPower's generation and retail supply business recorded EBITDA of ₱51.2 bn in 2022, 18% higher than the ₱ 43.4 bn recorded in 2021. This was primarily due to fresh contributions from GNPD and higher availability across the Company's portfolio, gains from commodity hedges, and higher water inflows. Capacity sold in 2022 increased by 7% to 4,034 megawatts (MW), compared to 3,753 MW in 2021. Energy sold increased by 16% to 30,251 gigawatt-hours (GWh) for the full year 2022, compared to 26,031 GWh in 2021.

Power Distribution

In 2022, AboitizPower's distribution business recorded EBITDA was ₱8.0 bn, which is 6% higher than the ₱7.5 bn recorded in 2021. Energy sales increased by 4% to 5,785 GWh in 2022, compared to 5,583 GWh in 2021. Energy sales from the Residential customer segment were flat year-on-year (YoY). Commercial and Industrial energy sales were higher by 5% due to recovering demand in 2022.

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 ₱5.16 bn, or 25% YoY. The various movements in line items are shown below to account for the increase:

(Amounts in thousands of ₱s)

Net Income Attributable to Equity Holders of the Parent (January - December 2021)	**₱20,837,182**
Increase in operating revenues	59,634,367
Increase in operating expenses	(58,041,189)
Increase in interest income	335,463
Decrease in interest expense	170,017
Increase in share in net earnings of associates and joint ventures	5,655,274
Increase in other income	301,766
Increase in provision for taxes	(2,589,960)
Increase in income attributable to non-controlling interests	(304,251)
Total	5,161,487
Net Income Attributable to Equity Holders of the Parent (January - December 2022)	**₱25,998,668**

Operating Revenues
(44% increase from ₱134.36 bn to ₱193.99 bn)

The increase in operating revenues during 2022 as compared to 2021 was primarily due to higher availability across the Company's generation portfolio.

Operating Expenses
(55% increase from ₱106.15 bn to ₱164.19 bn)

The increase in operating expenses during 2022 as compared to 2021 was mainly due to the higher cost of purchased power and of generated power. This is consistent with the higher operating revenues discussed above.

Interest Income
(98% increase from ₱343.00 mn to ₱679.00 mn)

The increase in interest income during 2022 as compared to year 2021 was primarily due to higher interest rates on money market placements.

Interest Expense and other financing costs
(1% decrease from ₱13.59 bn to ₱13.42 bn)

Interest expense decreased during 2022 as compared to 2021 due to lower interest accretion on lease liabilities as timely payments were made during 2022 on TLI's obligation to PSALM.

Share in Net Earnings of Associates and Joint Ventures

(60% increase from ₱9.48 bn to ₱15.13 bn)

Share in net earnings in associates and joint ventures for 2022 increased by 60% YoY. The increase was mainly due to fresh contributions from GNPD.

Other Income (Expenses) – net

(141% increase from ₱214.00 mn to ₱515.00 mn)

The increase in net other income (expenses) during 2022 as compared to 2021 was mainly due to higher realized commodity hedging gains.

Provision for Taxes

(123% increase from ₱2.11 bn to ₱4.70 bn)

The increase in provision for taxes during 2022 was due to higher taxable income, IAS 12 adoption of recognition of deferred income tax liabilities on right-of-use (ROU) assets, and the timing of the adjustments relating to the provisions of CREATE Act during the first half of 2021.

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

Assets

Total assets as of December 31, 2022 compared to December 31, 2021 increased by ₱50.18 bn, or 12%. The major movements of the accounts leading to the increase were as follows:

a. Cash and cash equivalents increased by ₱7.63 bn, or 13% (from ₱57.13 bn to ₱64.76 bn). This is mainly due to ARI's new loans to support its renewable power projects.

b. Trade and other receivables increased by ₱8.52 bn, or 32% (from ₱26.82 bn to ₱35.34 bn), primarily due to higher revenues.

c. Inventories increased by ₱6.55 bn or 68% (from ₱9.57 bn to ₱16.12 bn). This was mainly driven by the increase in spare parts, supplies and fuel inventory.

d. Other current assets increased by ₱4.57 bn, or 48% (from ₱9.51 bn to ₱14.08 bn). This was mainly driven by TLI's VAT input build-up as well as TVI and TSI's build-up of restricted cash in its reserve account in accordance with its loan agreement.

e. Investments and advances increased by ₱12.98 bn, or 20% (from ₱64.95 bn to ₱77.93 bn). This was mainly driven by the take up of share in earnings from associates during the year 2022 which was higher than the receipt of dividends.

f. Property, plant and equipment slightly increased by ₱3.62 bn, or 2% (from ₱203.24 bn to ₱206.86 bn). This was primarily due to the construction-in-progress of new solar power plant projects and the catch up on capital expenditures that were previously deferred due to the pandemic., partly offset by the depreciation of existing assets.

g. Intangible assets increased by ₱3.76 bn, or 8% (from ₱46.02 bn to ₱49.77 bn). This was primarily due to the forex revaluation of GMEC goodwill partly offset by amortization of existing assets.

h. Other noncurrent assets increased by ₱1.20 bn, or 17% (from ₱7.18 bn to ₱8.39 bn). This was mainly due to the reclassification of prepaid taxes which are expected to be utilized for more than one year.

Liabilities

Compared to December 31, 2021, total liabilities as of December 31, 2022 increased by ₱25.58 bn, or 9%. The major movements of accounts leading to the increase were as follows:

a. Short-term loans increased by ₱2.78 bn, or 15% (from ₱18.63 bn to ₱21.40 bn). This was mainly due to loan availments by the Group during the year of 2022 which were used for working capital purposes and PV Sinag's availment of bridge short-term loan for project financing.

b. Trade and other payables increased by ₱10.20 bn, or 45% (from ₱22.74 bn to ₱32.95 bn). This was primarily due to the increase in trade and fuel purchases.

c. Income tax payable increased by ₱228.00 mn, or 86% (from ₱265.00 mn to ₱493.00 mn). This was mainly due to higher taxable income.

d. Customers' deposits increased by ₱944.00 mn, or 13% (from ₱7.20 bn to ₱8.14 bn). This was mainly due to the receipt of bill deposits from new customers of the Retail Energy Supply and Distribution Utilities segments.

e. Long-term debt (current and non-current portions) increased by ₱17.41 bn (from ₱182.04 bn to ₱199.45 bn). This was mainly due to ARI's new loans to support renewable power projects.

f. Lease liabilities (current and noncurrent portions) decreased by ₱6.23 bn (from ₱33.77 bn to ₱27.54 bn), as TLI made regular payments during 2022 of its obligation to PSALM.

g. Long-term obligation on power distribution system (current and noncurrent portions) decreased by ₱20.00 mn, or 12% (from ₱166.00 mn to ₱145.00 mn), due to Subic Enerzone's regular payment.

h. Net derivative asset and liability changed by ₱1.40 bn (from ₱1.07 bn asset to ₱2.46 bn asset) during the year 2022 due to net hedging gains.

i. Net pension liabilities increased by ₱297.00 mn, or 98% (from ₱303.00 mn to ₱599.00 mn), mainly due to higher current service cost based on the new actuarial studies across the Group.

j. Deferred income tax liabilities (net of deferred income tax assets) increased by ₱2.15 bn, or 251% (from net deferred tax assets of ₱856 mn to net deferred tax liabilities of ₱2.42 bn). This was mainly due to the IAS 12 adoption of recognizing deferred income tax liabilities on TLI's ROU assets.

k. Other noncurrent liabilities decreased by ₱55.00 mn, or 100% (from ₱55.00 mn to ₱0.00 mn), mainly due to the reclassification of the PSALM deferred adjustments to current.

Equity

Equity attributable to equity shareholders of the Parent Company increased by 14% (from ₱147.95 bn as of December 31, 2021 to ₱169.06 bn as of December 31, 2022) mainly due to the retained earnings build-up, cumulative translation adjustments and cash flow hedge reserve recognized in 2022. Cumulative translation adjustments increased by ₱3.55 bn, due to the upward net adjustment in the net assets translation effect of GMEC and LHC during the period. Cash flow hedge reserve increased by ₱1.73 bn, due to the upward net adjustment in the fair value of the Group's foreign currency forward and commodity swap contracts.

Material Changes in Liquidity and Cash Reserves of Registrant

As of December 31, 2022, the Group's cash and cash equivalents increased by 13% to ₱64.76 bn, from ₱57.13 bn as of December 31, 2021.

Higher working capital requirements for fuel purchases resulted in lower cash generated from operations during the year 2022 by ₱2.11 bn which was a 6% decrease compared to 2021.

Net cash flows from (used in) investing activities reversed from ₱1.02 bn in 2021 to -₱11.44 bn in 2022, mainly due to lower dividends received from associates and higher capital expenditures.

The net cash flows used in financing activities decreased from ₱19.10 bn in 2021 to ₱14.48 bn in 2022 mainly due to reduced debt repayments and the impact of new loans.

Financial Ratios

As of December 31, 2022, current assets increased by 27% and current liabilities increased by 9% YoY compared to the end of 2021. The current ratio as of December 31, 2022 was at 1.78x compared to 1.53x as of December 31, 2021.

Consolidated debt-to-equity ratio as of December 31, 2022 was at 1.68x, lower than the 1.75x recorded at the end of 2021. This was due to a 9% increase in total liabilities compared to a higher 14% increase in equity in 2022.

Year Ended December 31, 2021 versus Year Ended December 31, 2020

The table below shows the comparative figures of the key performance indicators for 2021 and 2020:

Key Performance Indicators	2021	2020
Amounts in thousands of ₱s, except for financial ratios		
SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	9,479,696	2,675,136
EBITDA	50,661,619	44,687,315
CASH FLOW GENERATED:		
Net cash flows from operating activities	36,327,036	31,781,669
Net cash flows used in investing activities	1,018,171	(4,526,973)
Net cash flows used in financing activities	(19,103,660)	(25,914,010)
Net (Decrease)/Increase in Cash & Cash Equivalents	18,241,547	1,340,686
Cash & Cash Equivalents, Beginning	38,699,545	37,433,929
Cash & Cash Equivalents, End	57,130,243	38,699,545
CURRENT RATIO	1.53	1.38
DEBT-TO-EQUITY RATIO	1.75	1.96

- Share in net earnings in associates and joint ventures for the year 2021 increased by 254% compared to 2020. The increase was mainly due to higher water inflows of SN Aboitiz Power-Magat and SN Aboitiz Power-Benguet and the claim of liquidated damages for the delay in the construction of the GNPD plant.

- EBITDA for the year 2021 increased by 13% Year-on-Year (YoY). This was primarily due to the commissioning revenue from GNPD Unit 1, higher water inflow, higher availability of the TLI, TSI, and TVI facilities, and higher WESM dispatch in compliance with the must-offer rule.

- For the year ended 2021, cash and cash equivalents increased by ₱18.43 billion (bn) compared to 2020. This was mainly due to the Parent's retail bond issuance, partly offset by loans and lease payments during the year 2021.

- Current Ratio as of December 31, 2021 was at 1.53x as compared to 1.38x as of December 31, 2020. The increase was primarily due to Parent's retail bond issuance in 2021.

- Debt-to-Equity Ratio as of December 31, 2021 was at 1.75x, lower than the 1.96x recorded as of December 31, 2020.

Results of Operations

Net income for 2021 was ₱19.09 bn, which was 52% higher than the ₱12.58 bn reported in 2020. This translated to earnings per share of ₱2.59 for 2021. The Company recognized non-recurring losses of ₱228 mn during 2021 (as compared to the non-recurring gains of ₱45 mn in 2020), primarily due to the impairment losses of TPVI and RPEnergy, which were partially offset by net foreign exchange gains on the revaluation of dollar-denominated liabilities. Without these one-off gains, the Company's core net income for 2021 was ₱19.0 bn, 52% higher than the ₱12.5 bn recorded in 2020. This was primarily due to commissioning revenue from GNPD Unit 1, higher water inflow for AboitizPower's hydro plants, higher availability of the TLI, TSI, and TVI facilities, and higher WESM dispatch in compliance with the must-offer rule. During 2021, AboitizPower was also able to claim liquidated damages for the delay in the construction of GNPD Units 1 and 2, and also received the final payment for business interruption claims resulting from the GMEC and APRI outages in previous years.

Power Generation and Retail Electricity Supply (RES)

AboitizPower's generation and retail supply business recorded EBITDA of ₱43.4 bn during 2021, 15% higher than the ₱37.7 bn recorded in 2020. This was due to the commissioning revenue from GNPD Unit 1, higher availability of the Company's TLI, TSI, and TVI facilities, higher water inflows for the hydro plants, and higher WESM dispatch in compliance with the must-offer rule. These gains were partially offset by the lower margins resulting from the GMEC outage. Capacity sold in 2021 increased by 10% to 3,753 megawatts (MW), compared to 3,417 MW in 2020. Energy sold increased by 14% to 26,031 gigawatt-hours (GWh) for 2021, compared to 22,754 GWh during 2020.

Power Distribution

During 2021, AboitizPower's distribution business recorded EBITDA of ₱7.5 bn, 5% higher than the ₱7.2 bn recorded in 2020. Energy sales increased by 4% to 5,584 GWh for 2021, compared to 5,368 GWh for 2020. This was driven by higher energy consumption resulting from recoveries in demand. Energy sales from the Residential, Commercial and Industrial customer segments increased due to less stringent community quarantine during 2021 and the resumption of operations of commercial and industrial customers.

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

Consolidated Statements of Income

Net income attributable to equity holders of the Parent Company increased by ₱8.26 bn, or 66% YoY. The various movements in line items are shown below to account for the increase:

(Amounts in thousands of ₱s)

Net Income Attributable to Equity Holders of the Parent (January - December 2020)	**₱12,577,676**
Increase in operating revenues	23,982,572
Increase in operating expenses	(22,652,663)
Decrease in interest income	(309,843)
Decrease in interest expense	663,163
Increase in share in net earnings of associates and joint ventures	6,804,560
Decrease in other income	(4,714,998)
Decrease in provision for taxes	2,199,509
Decrease in income attributable to non-controlling interests	535,693
Total	6,507,993
Net Income Attributable to Equity Holders of the Parent (January - December 2021)	**₱19,085,669**

Operating Revenues
(22% increase from ₱110.38 bn to ₱134.36 bn)

The increase in operating revenues during 2021 as compared to 2020 was primarily due to higher availability of TLI, TSI, and TVI facilities and higher WESM dispatch in compliance with the must-offer rule.

Operating Expenses
(27% increase from ₱83.50 bn to ₱106.15 bn)

The increase in operating expenses during 2021 as compared to 2020 was mainly due to the higher cost of purchased power and generated power.

Interest Income
(47% decrease from ₱653.00 mn to ₱343.00 mn)

The decrease in interest income during 2021 as compared to 2020 was primarily due to lower interest rates on money market placements.

Interest Expense and other financing costs
(5% decrease from ₱14.25 bn to ₱13.59 bn)

Interest expense decreased in 2021 compared to 2020, due to lower interest accretion on lease liabilities as timely payments were made on TLI's obligation to PSALM. The refinancing of Hedcor Bukidnon project loan in September 2020, and the prepayment of Parent's US dollar loan also contributed to lower interest expense in 2021. These were partly offset by additional interest expenses recognized in 2021 on AboitizPower's ₱9.55 bn and ₱8.00 bn retail bonds issued in July 2020 and March 2021, respectively.

Share in Net Earnings of Associates and Joint Ventures
(254% increase from ₱2.68 bn to ₱9.48 bn)

Share in net earnings in associates and joint ventures for the year 2021 increased by 254% YoY. The increase was mainly due to higher water inflows of SN Aboitiz Power-Magat and SN Aboitiz Power-Benguet, and the claim of liquidated damages for the delay in the construction of the GNPD plant.

Other Income (Expenses) – net
(96% decrease from ₱4.93 bn to ₱214.00 mn other income)

The decrease in other income in 2021 as compared to 2020 was mainly due to the losses on the revaluation of foreign-currency denominated liabilities.

Provision for Taxes
(36% decrease from ₱6.06 bn to ₱3.86 bn)

The decrease in provision for taxes was due to the application of the provisions of the CREATE Act reducing the regular corporate income tax (RCIT) rate from 30% to 25% partially offset by the IAS 12 adoption of recognition of deferred income tax liabilities on the right-of-use (ROU) assets. The AboitizPower Group also recognized a reversal of deferred tax on Net Operating Loss Carry-Over (NOLCO) during the year 2020 that resulted in higher provision for taxes during 2020 as compared to 2021.

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

Assets

Total assets (as of December 31, 2021 compared to December 31, 2020) increased by ₱29.49 bn, or 7%. The major movements of the accounts leading to the increase were as follows:

a. Cash and cash equivalents increased by ₱18.43 bn, or 48% (from ₱38.70 bn to ₱57.13 bn). This was due to Parent's retail bond issuance, offset by loans and lease payments during the year 2021.

b. Trade and other receivables increased by ₱4.80 bn, or 22% (from ₱22.02 bn to ₱26.82 bn), primarily due to higher revenues.

c. Inventories increased by ₱3.27 bn or 52% (from ₱6.31 bn to ₱9.57 bn). This was mainly driven by the increase in spare parts, supplies and fuel inventory.

d. Other current assets decreased by ₱969.00 mn, or 9% (from ₱10.48 bn to ₱9.51 bn). This was mainly driven by TVI's utilization of restricted cash in accordance with its loan agreement.

e. Investments and advances increased by ₱3.12 bn, or 5% (from ₱61.83 bn to ₱64.95 bn). This was mainly driven by GNPD's capital contributions and share in earnings during the year 2021.

f. Intangible assets increased by ₱1.74 bn, or 4% (from ₱44.28 bn to ₱46.02 bn). This was primarily due to the foreign exchange revaluation of GMEC's goodwill, partly offset by amortization of existing assets.

g. Net pension assets increased by ₱37.00 mn, or 73% (from ₱50.00 mn to ₱87.00 mn). This was mainly due to actuarial gains.

h. Deferred income tax assets decreased by ₱341.00 mn, or 22% (from ₱1.54 bn to ₱1.20 bn). This was mainly due to the application of the provisions of the CREATE Act partially offset by the IAS 12 adoption of recognition of deferred income tax assets on lease liabilities.

i. Other noncurrent assets decreased by ₱2.09 bn, or 23% (from ₱9.27 bn to ₱7.18 bn). This was mainly due to the regular reduction in PSALM deferred adjustment of the Power Distribution group.

Liabilities

Compared to December 31, 2020, total liabilities as of December 31, 2021 increased by ₱8.76 bn, or 3%. The major movements of accounts leading to the increase were as follows:

a. Short-term loans increased by ₱5.44 bn, or 41% (from ₱13.18 bn to ₱18.63 bn). This was mainly due to loan availments by the AboitizPower Group during the year 2021 which were used for working capital purposes.

b. Trade and other payables increased by ₱4.37 bn, or 24% (from ₱18.37 bn to ₱22.74 bn). This was primarily due to the increase in trade and fuel purchases.

c. Income tax payable decreased by ₱458.00 mn, or 63% (from ₱723.00 mn to ₱265.00 mn). This was mainly due to the application of the provisions of the CREATE Act.

d. Customers' deposits increased by ₱401.00 mn, or 6% (from ₱6.80 bn to ₱7.20 bn). This was mainly due to the receipt of bill deposits from new customers.

e. Decommissioning liability increased by ₱678.00 mn, or 14% (from ₱5.01 bn to ₱5.69 bn). This was mainly due to the recognition of additional decommissioning provisions on power plant assets of APRI.

f. Long-term debt (current and non-current portions) increased by ₱6.16 bn (from ₱175.88 bn to ₱182.04 bn). This was mainly due to Parent's retail bond issuance in 2021.

g. Lease liabilities (current and noncurrent portions) decreased by ₱5.49 bn (from ₱39.26 bn to ₱33.77 bn), as TLI made timely payments during 2021 of its obligations to PSALM.

h. Long-term obligation on power distribution system (current and noncurrent portions) decreased by ₱18.00 mn, or 10% (from ₱183.00 mn to ₱166.00 mn), due to regular payments.

i. Net derivative asset and liability increased by ₱2.85 bn (from ₱1.79 bn liability to ₱1.07 bn asset) during the year 2021 due to hedging gains.

j. Deferred income tax liabilities increased by ₱102.00 mn, or 14% (from ₱745.00 mn to ₱847.00 mn), mainly due to the application of the provisions of the CREATE Act and IAS 12 adoption of recognition of deferred income tax liabilities on right-of-use (ROU) assets.

k. Other noncurrent liabilities decreased by ₱1.04 bn, or 95% (from ₱1.10 bn to ₱55.00 mn), mainly due to the regular payments of the PSALM deferred adjustments.

Equity

Equity attributable to equity shareholders of the Parent increased by 16% (from ₱127.16 bn as of December 31, 2020 to ₱147.45 bn as of December 31, 2021) after the declaration of dividends in March 2021, net of comprehensive income recognized during the year 2021. Cumulative translation adjustments increased by ₱5.28 bn, due to the upward net adjustment in the fair value of the Group's foreign currency forward and commodity swap contracts designated as cash flow hedges, as well as the net assets translation effect of GMEC and LHC during the period.

Material Changes in Liquidity and Cash Reserves of Registrant

As of December 31, 2021, the Group's cash and cash equivalents increased by 48% to ₱57.13 bn, from ₱38.70 bn as of December 31, 2020.

Higher water inflows, higher availability of the Company's thermal facilities, and higher spot sales resulted in higher cash generated from operations during the year 2021 by ₱4.55 bn, which was a 14% increase YoY.

Net cash flows from (used in) investing activities reversed from -₱4.53 bn in 2020 to ₱1.02 bn in 2021 mainly due to the increase in dividends received from associates.

The net cash flows used in financing activities decreased from ₱25.91 bn in the year 2020 to ₱19.10 bn in the year 2021 mainly due to lower payments of cash dividends and higher net availment of short-term loans.

Financial Ratios

As of December 31, 2021, current assets increased by 35% and current liabilities increased by 22% YoY. The current ratio as of December 31, 2021 was at 1.53x compared to 1.38x as of December 31, 2020.

Consolidated debt to equity ratio as of December 31, 2021 was at 1.75x, lower than the 1.96x recorded at the end of 2020. This was due to a 3% increase in total liabilities and 15% increase in equity during the year 2021.

Item 7. Financial Statements

The consolidated financial statements of AboitizPower are incorporated herein by reference. The schedules listed in the accompanying Index to Supplementary schedules are filed as part of this SEC Form 17-A.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has engaged the services of SyCip Gorres Velayo & Co. (SGV) during the two most recent fiscal years. There were no disagreements with SGV on accounting and financial disclosure.

Information on Independent Public Accountant

As a matter of policy, the Board Audit Committee (the "Audit Committee") selects, monitors, and reviews the independence, performance and effectiveness, scope of work, fees, and remuneration of external auditors, in consultation with the Chief Executive Officer, the Chief Financial Officer, and the Group Internal Audit Head. Where appropriate, the Committee may recommend to the Board of Directors the re-appointment or replacement of the current external auditor.

During the March 5, 2024 Board Meeting, the Chairman of the Audit Committee, Mr. Eric Ramon O. Recto, reported to the Board that the Audit Committee evaluated and assessed the previous year's performance of the Company's external auditor, SyCip Gorres Velayo & Co. (SGV). Based on the results of its evaluation, the

Audit Committee advised the Board of Directors that it is satisfied with SGV's performance for the previous year and recommended SGV's re-appointment as the Company's external auditor for 2024.

The Board of Directors discussed the Audit Committee's recommendation, and after discussion, approved the re-appointment of SGV. The Board of Directors will endorse to the shareholders the re-appointment of SGV as the Company's external auditor for 2024.

The accounting firm of SGV has been AboitizPower's Independent Public Accountant for the last 25 years. Ms. Jhoanna Feliza C. Go is AboitizPower's audit partner from SGV since 2022. AboitizPower complies with the requirements of Section 3(b)(ix) of SRC Rule 68 on the rotation of external auditors or signing partners and the two-year cooling-off period. There was no event in the past 25 years wherein AboitizPower and SGV or its handling partner had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

Representatives of SGV will be present during the 2024 ASM and will be given the opportunity to make a statement if they so desire. They are also expected to respond to appropriate questions, if needed.

The Chairman of the Audit Committee is Mr. Eric Ramon O. Recto, an Independent Director. The other members are Mr. Cesar G. Romero, an Independent Director, and Messrs. Danel C. Aboitiz, Edwin R. Bautista, and Luis Miguel O. Aboitiz, who are directors of AboitizPower.

External Audit Fees and Services

The following table sets out the aggregate fees billed to the Company for each of the last two years for professional services rendered by SGV.

Fee Type	Year ended December 31, 2023	Year ended December 31, 2022
Audit Fees		
Audit Fees	₱698,600	₱698,600
Audit Related Fees – Bond issuance	6,000,000	8,750,000
Total	**6,698,000**	**9,448,600**
Non-Audit Fees		
Financial and Tax Due Diligence Fees	1,352,567	6,838,988
Total	**1,352,567**	**6,838,988**
Total Audit and Non-Audit Fees	**₱8,051,167**	**₱16,287,588**

AboitizPower engaged SGV to audit its 2023 and 2022 annual financial statements. SGV was also engaged to conduct 2023 quarterly financial results for bond issuance readiness. In 2022, SGV was engaged to conduct post audit reviews and other procedures for the purpose of issuing comfort letters in connection with the issuance of the ₱10 bn bonds. The Company also engaged SGV to provide financial and tax due diligence in relation to the Company's preparation of BIR form 1709 and transfer pricing documentation.

As a policy, the Board Audit Committee makes recommendations to the Board of Directors concerning the choice of external auditor and pre-approves audit plans, scope, and frequency before the audit is conducted.

Audit services of SGV for 2023 and 2022 were pre-approved by the Board Audit Committee. The Board Audit Committee also reviewed the extent and nature of these services to ensure that the independence of the external auditors was preserved. SGV does not have any direct or indirect interest in the Company.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has engaged the services of SGV during the two most recent fiscal years. There are no disagreements with SGV on accounting and financial disclosure.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers

(a) Directors and Officers for 2023-2024

(1) Directors for 2023-2024

The Company's board of directors (the "Board") is composed of nine directors, two of whom are Independent Directors, five are Non-Executive Directors, and two are Executive Directors. Below are the profiles of each director for 2023-2024 with their corresponding positions, offices, and business experience held for the past five years. Except for Mr. Izumi Kai who assumed his directorship on August 15, 2023, the directors were elected during AboitizPower's 2023 ASM to serve for a term of one year, and until their successors are duly elected and qualified.

SABIN M. ABOITIZ
Chairman of the Board
Non-Executive Director

Age: 59 years old
Citizenship: Filipino
Date of First Appointment: April 26, 2021
Tenure: 2 years

Committee Memberships:

Chairman	Board Risk and Reputation Management Committee *(since April 26, 2021)*
Member	Board Environmental, Social and Corporate Governance Committee *(since April 26, 2021)*
	Board Executive Committee *(since April 26, 2021)*
	Board Cybersecurity Committee *(since April 26, 2021)*

Present Positions:

Chairman of the Board	Aboitiz Power Corporation*
	Aboitiz Foundation, Inc.
	Advanced Data Innovation, Inc.
	Aboitiz Land, Inc.
	CRH Aboitiz Holdings, Inc.
	Manila-Oslo Renewable Enterprise, Inc.
	SN Aboitiz Power – Benguet, Inc.
	Tenfold Ventures Corporation
Director/President and Chief Executive Officer	Aboitiz Equity Ventures Inc.*
	Aboitiz & Company, Inc.
Director/President	AEV CRH Holdings, Inc.
Director	Aboitiz Construction International, Inc.
	Aboitiz Construction, Inc.
	Aboitiz Data Innovation Pte. Ltd.
	Aboitiz FeedAll Holdings, Inc.
	Aboitiz Impact Ventures, Inc.
	Aboitiz InfraCapital, Inc.
	AboitizPower International Pte. Ltd.
	AEV International Pte Ltd.
	Apo Agua Infrastructura, Inc.
	CCEP Aboitiz Beverages Philippines, Inc.
	GMR Megawide Cebu Airport Corporation
	Lima Land, Inc.
	Pilmico Animal Nutrition Corporation

	Pilmico Foods Corporation
	Republic Cement & Building Materials, Inc.
	Republic Cement Services, Inc.
	Therma Luzon, Inc.
	Therma South, Inc.
	Unity Digital Infrastructure Inc.
	Union Bank of the Philippines, Inc.*
	UnionDigital Bank, Inc.
Head	Private Sector Advisory Council
Business Advisory Council (ABAC) PH Member	Asia-Pacific Economic Cooperations

** A publicly listed company*

Previous Positions:

First Vice President	Aboitiz Equity Ventures Inc.
Senior Vice President	
Executive Vice President and Chief Operating Officer	

Educational Background:

College	Business Administration, Major in Finance Gonzaga University, Spokane, U.S.A.

He is not connected with any Philippine government agency or instrumentality.

ERIC RAMON O. RECTO
Vice Chairman of the Board
Lead Independent Director

Age: 60 years old
Citizenship: Filipino
Date of First Appointment: May 21, 2018
Tenure: 5 years

Committee Memberships:

Chairman	Board Related Party Transactions Committee *(since May 21 2018)*
	Board Cyber and Information Security Committee *(since April 26, 2021)*
	Board Audit Committee *(since April 25, 2022)*
Member	Board Environmental, Social and Corporate Governance Committee *(since April 26, 2021)*
	Board Risk and Reputation Management Committee *(since May 21, 2018)*

Present Positions:

Vice Chairman of the Board/ Lead Independent Director	Aboitiz Power Corporation*
Chairman of the Board	Philippine Bank of Communications*
Chairman of the Board and President	Bedfordbury Development Corporation
Chairman of the Board and Chief Executive Officer	Alphaland Corporation
	Atok-Big Wedge Co., Inc.*
President/Director	Q-Tech Alliance Holdings, Inc.*

Director	DITO CME Holdings Corp.*
	Miescor Infrastructure Development Corporation
Independent Director	PH Resorts Group Holdings, Inc.*
Independent Director	Manila Water Company, Inc.*
Senior Adviser	Stonepeak Insurance Partners

** A publicly listed company*

Previous Positions:

Vice Chairman	Alphaland Corporation
President	Top Frontier Investment Holdings, Inc.
Director	San Miguel Corporation
	Manila Electric Company
	Maynilad Water Services, Inc.
	Metro Pacific Investments Corporation
Independent Director	Philippine National Bank
	Davao Insular Hotel Company Inc.
	Energy Development Corporation
	Waterfront Cebu City Casino Hotel Inc.
Undersecretary	Department of Finance

Educational Background:

College	Bachelor of Science Degree in Industrial Engineering University of the Philippines – Diliman
Graduate Studies	Master's in Business Administration, with concentration in Finance and Operation Management Johnson Graduate School of Management at the Cornell University in Ithaca, New York, U.S.A.

He is not connected with any Philippine government agency or instrumentality.

LUIS MIGUEL O. ABOITIZ
Non-Executive Director

Age: 59 years old
Citizenship: Filipino
Date of First Appointment: September 1, 2018
Tenure: 5 years

Committee Memberships:

Member	Board Audit Committee *(since April 26, 2021)*
	Board Risk and Reputation Management Committee *(since April 25, 2022)*
	Board Environmental, Social and Corporate Governance Committee *(since December 22, 2021)*
	Board Executive Committee *(since April 26, 2021)*
	Board Cyber and Information Security Committee *(since April 26, 2021)*
	Board Related Party Transactions Committee *(since April 25, 2022)*

Present Positions:

Chairman of the Board	Aboitiz Impact Ventures, Inc.
Director	Aboitiz & Company, Inc.
	Aboitiz Power Corporation*

	AB Capital Securities, Inc.
Director and President	DDLS Aboitiz, Inc.
Trustee	Pacific Basin Economic Council
	Philippine Business for Social Progress

** A publicly listed company*

Previous Positions:

Vice Chairman of the Board	Aboitiz Power Corporation
Executive Vice President – Chief Strategy Officer	
Executive Vice President and Chief Operating Officer – Corporate Business Group	
Senior Vice President-Power Marketing and Trading	

Educational Background:

College	Bachelor of Science in Computer Science and Engineering Santa Clara University, California, U.S.A.
Graduate Studies	Masters in Business Administration University of California, Berkeley, U.S.A.

He is not connected with any Philippine government agency or instrumentality. He is not a director of any other publicly-listed company in the Philippines.

EMMANUEL V. RUBIO*

Executive Director/President and Chief Executive Officer

Age: 59 years old
Citizenship: Filipino
Date of First Appointment: January 1, 2020
Tenure: 4 years

Committee Memberships:

Chairman	Board Executive Committee *(since January 1, 2020)*
Member	Board Risk and Reputation Management Committee *(since April 26, 2021)*
Ex-Officio Member	Board Cybersecurity Committee *(since July 29, 2021)*

Present Positions:

Director/President and Chief Executive Officer	Aboitiz Power Corporation*
Chairman of the Board	AA Thermal, Inc.
	Aboitiz Renewables, Inc.
Director	1882 Energy Ventures, Inc.
	Aboitiz Power Distributed Energy, Inc.
	Aboitiz Power Distributed Renewables, Inc.
	Cotabato Light & Power Company
	Davao Light & Power Co., Inc.
	Manila-Oslo Renewable Enterprise, Inc.
	Redondo Peninsula Energy, Inc.
	STEAG State Power, Inc.
Alternate Director	AboitizPower International Pte. Ltd.
Trustee	Aboitiz Foundation, Inc.

** A publicly listed company*

Previous Positions:

Executive Vice President and Chief Operating Officer – Power Generation Group	Aboitiz Power Corporation
Executive Vice President - Chief Operating Officer	Aboitiz Power Corporation

Educational Background:

College	Bachelor of Science in Industrial Management Engineering with a minor in Mechanical Engineering De La Salle University, Manila
Graduate Studies	Masters in Business Administration Certificate of Completion De La Salle University, Manila
Certificates and Courses	The LEAD Program, Columbia University Advanced Management Program, Columbia University Strategic Management Course, Nanyang Technological University, Singapore Executive Certificate in Directorship, Singapore Management University – Singapore Institute of Directors (SMU-SID)

He is not connected with any Philippine government agency or instrumentality. He is not a director of any other publicly-listed company in the Philippines.

* Mr. Rubio will be retiring from the Company effective at the end of June 30, 2024. During a special board meeting held on March 21, 2024, the Board of Directors of the Company approved the appointment of Mr. Danel C. Aboitiz as President and Chief Executive Officer, replacing Mr. Rubio, effective July 1, 2024.

TOSHIRO KUDAMA
Non-Executive Director

Age: 66 years old
Citizenship: Japanese
Date of First Appointment: December 22, 2021
Tenure: 2 years

Committee Memberships:

Member	Board Executive Committee *(since December 22, 2021)*
	Board Risk and Reputation Management Committee *(since December 22, 2021)*

Present Positions:

Director	Aboitiz Power Corporation*
Senior Managing Executive Officer	JERA Co., Inc.
Director, Vice Chairman**	JERA Asia Private Limited

** A publicly listed company*

Previous Positions:

Chief Executive Officer**	JERA Asia Private Limited
Managing Executive Officer	JERA Co., Inc.

Chief Power Development Officer and Senior Executive Vice President	
Director and Chief Executive Officer	JERA Americas Inc.
Managing Director, Head of Overseas and Domestic Operations	TEPCO Fuel & Power, Incorporated

Educational Background:

College	Bachelor's Degree in Mechanical Engineering Tokyo Institute of Technology
Graduate Studies	Master's Degree in Mechanical Engineering Graduate School of Tokyo Institute of Technology

He is not connected with any Philippine government agency or instrumentality. He is not a director of any other publicly-listed company in the Philippines.

****** Effective April 1, 2024, Mr. Kudama assumed the role of Director, Vice Chairman of JERA Asia. Mr. Izumi Kai, who is also a Director of AboitizPower, became the Chief Executive Officer of JERA Asia.

EDWIN R. BAUTISTA
Non-Executive Director

Age: 63 years old
Citizenship: Filipino
Date of First Appointment: April 26, 2021
Tenure: 2 years

Committee Memberships:

Member	Board Environmental, Social and Corporate Governance Committee *(since April 25, 2022)*
	Board Audit Committee *(since April 25, 2022)*

Present Positions:

Director	Aboitiz Power Corporation*
Director/ President and Chief Executive Officer	Union Bank of the Philippines*
Director	First Union Direct Corp.
	First Union Plans, Inc.
	UBX Philippines Corporation
	UnionDigital Bank, Inc.
	Union Investments Corp.

** A publicly listed company*

Previous Positions:

Chief Operating Officer	Union Bank of the Philippines
Senior Executive Vice President	
Executive Vice President	
Director	City Savings Bank
	Petnet, Inc.

Educational Background:

College	Bachelor of Science in Mechanical Engineering De La Salle University, Manila

Graduate Studies	Advanced Management Program Harvard Business School in Massachusetts, U.S.A.

He is not connected with any Philippine government agency or instrumentality.

DANEL C. ABOITIZ*
Executive Director

Age: 42 years old
Citizenship: Filipino
Date of First Appointment: December 11, 2018
Tenure: 5 years

Committee Memberships:

Member	Board Audit Committee *(since January 28, 2020)*
	Board Executive Committee *(since April 26, 2021)*

Present Positions:

Director and Chief Commercial and Stakeholder Engagement Officer	Aboitiz Power Corporation*
Chairman of the Board	Republic Cement Services, Inc.
Vice Chairman of the Board	Republic Cement & Building Materials, Inc.
Vice Chairman	Independent Power Producers Association
Vice Chairman, Energy Committee	Management Association of the Philippines
Director	1882 Energy Ventures, Inc.
	AA Thermal, Inc.
	Aboitiz Land, Inc.
	Aboitiz Renewables, Inc.
	AboitizPower International Pte. Ltd.
	Abovant Holdgins, Inc.
	AEV CRH Holdings, Inc.
	AP Renewables, Inc.
	Balamban Enerzone Corporation
	Cebu Energy Development Corporation
	Cebu Private Power Corporation
	Cotabato Light & Power Company
	CRH Aboitiz Holdings, Inc.
	Davao Light and Power Co., Inc.
	East Asia Utilities Corporation
	Lima Enerzone Corporation
	Mactan Enerzone Corporation
	Malvar Enerzone Corporation
	Manila-Oslo Renewable Enterprise, Inc.
	Neptune Hydro, Inc.
	Pagbilao Energy Corporation
	Redondo Peninsula Energy, Inc.
	San Fernando Electric Light & Power Co., Inc.
	STEAG State Power, Inc.
	Subic Enerzone Corporation
	Therma Dinginin Holdings, Inc.
	Therma Luzon, Inc.
	Therma Marine, Inc.
	Therma Mobile, Inc.

	Therma NatGas Power Inc.
	Therma Power, Inc.
	Therma Power-Visayas, Inc.
	Therma South, Inc.
	Therma Visayas, Inc.
	Visayan Electric Company, Inc.
Management Committee Representative	GNPower Dinginin Ltd. Co.
Member of the Board of Advisors	Aboitiz & Company, Inc.
Board Observer	Aboitiz FeedAll Holdings, Inc.
Private Sector Representative for Mindanao, Inter-Agency Investment Promotion Coordination Committee	Department of Trade and Industry

** A publicly listed company*

Previous Positions:

SVP for Regulatory Affairs and External Relations	Aboitiz Power Corporation
President and COO	AboitizPower Coal Business Units
President and COO	AboitizPower Oil Business Units

Educational Background:

College	MA, Philosophy & Politics (with Second Honors) University of Edinburgh
Gap Year	Beijing Language and Culture University Chinese Language

Affiliations:

Director	Philippine Electricity Market Corporation
Vice Chairman	Philippine Independent Power Producers Association

He is not connected with any Philippine government agency or instrumentality. He is not a director of any other publicly-listed company in the Philippines.

* Mr. Aboitiz is the incoming President and Chief Executive Officer of AboitizPower, effective July 1, 2024. His appointment was approved by the Board of Directors of the Company in a special board meeting held on March 21, 2024.

CESAR G. ROMERO
Independent Director

Age: 58 years old
Citizenship: Filipino
Date of First Appointment: October 1, 2022
Tenure: 1 year

Committee Memberships:

Chairman	Board Environmental, Social and Corporate Governance Committee *(since October 1, 2022)*
Member	Board Audit Committee *(since October 1, 2022)*
	Board Risk and Reputation Management Committee *(since October 1, 2022)*
	Board Related Party Transaction Committee *(since October 1, 2022)*

Present Positions:

Independent Director	Aboitiz Power Corporation*
	Aboitiz Equity Ventures Inc.*
	Robinsons Retail Holdings, Inc.*

** A publicly listed company*

Previous Positions:

President and Chief Executive Officer	Pilipinas Shell Petroleum Corporation
Vice President – Global Retail Network	Shell's Global Downstream Business
Vice President of Retail Sales and Operations East	
Vice President for Supply – East based in Singapore	
Vice President for Downstream Management Consultancy based in London	
Business Assistant to the Executive Director	

Educational Background:

College	Bachelor of Science in Mechanical Engineering (*cum laude)*, University of the Philippines
Graduate Studies	Master's Degree in Business Administration (with High Distinction), University of Michigan, Michigan, U.S.A.
Various Management Development Courses	London Business School
	Wharton Business School

He is not connected with any Philippine government agency or instrumentality.

IZUMI KAI
Non-Executive Director

Age: 49 years old
Citizenship: Japanese
Date of First Appointment: August 15, 2023
Tenure: 7 months

Committee Memberships:

Observer	Board Environmental, Social and Corporate Governance Committee *(since August 15, 2023)*
	Board Audit Committee *(since August 15, 2023)*
	Board Cyber and Information Security Committee *(since August 15, 2023)*

Present Positions:

Director	Aboitiz Power Corporation*
Chief Executive Officer	JERA Asia Private Limited**
Managing Executive Officer and Head of the Platform Business Division	JERA Co., Inc.

** A publicly listed company*

Previous Positions:

Chief Strategy Officer	JERA Americas Holdings, Inc.
President	JERA Energy America LLC
General Manager for Global Fuel Trading Business Development	JERA Co., Inc.
Senior Manager for Marketing and Sales of LNG	Japan Petroleum Exploration Co., Ltd.

Educational Background:

College	Bachelor's Degree in Engineering Ritsumeikan University, Japan
Graduate Studies	Master's Degree in Business Administration in Global Management with a major in Finance Arizona State University, USA

He is not connected with any Philippine government agency or instrumentality. He is not a director of any public-listed company in the Philippines.

* Effective April 1, 2024, Mr. Izumi Kai assumed the role of new Chief Executive Officer of JERA Asia, replacing Mr. Toshiro Kudama.

Performance Assessment and Attendance Reports of the Board

In accordance with AboitizPower's Revised Manual on Corporate Governance (as amended on February 23, 2022) (the "Revised Manual"), the members of the Board and Board Committees conduct an annual self-assessment of their collective and individual performance. In addition, the directors assess the performance of the Company's corporate officers such as the Chairman of the Board, the Chief Executive Officer, the Chief Risk Officer, and Compliance Officer, and the Group Internal Audit Head.

The assessment forms are prepared and regularly reviewed by the Compliance Officer to elicit relevant and valuable insights on the following assessment criteria: (1) compliance with best governance practices and principles; (2) participation and contribution to the Board and committee meetings; and (3) performance of their duties and responsibilities as provided in the Company's Revised Manuals, Charters, Amended Articles of Incorporation, and Amended By-Laws.

In addition, AboitizPower directors are evaluated by its key officers based on the following criteria: (1) business acumen, (2) independent judgment, (3) familiarity with the business, (4) active participation and effective challenge, (5) professional expertise and network, (6) value contribution, (7) embodiment of Aboitiz core values, and (8) reputation. Assessment results are presented to the Board ESCG Committee as part of the nomination and selection process of incumbent Board members.

The Corporate Governance Code and the Revised Manual requires that at least once in every three years, the conduct of the Board performance assessment must be supported by an independent third-party facilitator. AboitizPower complied with this requirement in 2023 with the engagement of the Institute of Corporate Directors (ICD), a non-stock, not-for-profit national association of corporate directors and other stakeholders engaged in corporate governance, to support its Board performance assessment exercise.

For more discussion on the Board's (i) performance assessment, and (ii) attendance record at Board, Board Committee, and stockholders' meetings for the year 2023, please refer to the Board Matters portion of Part III – Corporate Governance on page 114 of the Company's 2023 Annual Report.

Nominations for Independent Directors and Procedure for Nomination

The procedure for the nomination and election of the Independent Directors is in accordance with Rule 38 of the Securities Regulation Code ("SRC Rule 38"), AboitizPower's Amended By-Laws, and AboitizPower's

Amended Guidelines for the Nomination and Election of Independent Directors, approved by the Board of Directors on March 23, 2017 (the "Amended Guidelines").

Nominations for Independent Directors were opened beginning January 1, 2024 and the table for nominations was closed on February 15, 2024, in accordance with Section C (1) of the Guidelines. The period may be extended by unanimous vote of the Board ESCG Committee for meritorious reasons.

SRC Rule 38 further requires the Board ESCG Committee (in its capacity as the Board Nominations and Compensation Committee) to meet and pre-screen all nominees and submit a Final List of Nominees to the Corporate Secretary, so that such list will be included in the Company's Preliminary and Definitive Information Statements. Only nominees whose names appear on the Final List shall be eligible for election as Independent Directors. No other nominations shall be entertained after the Final List of nominees has been prepared. The name of the person or group of persons who nominates an Independent Director shall be identified in such report including any relationship with the nominee.

On February 15, 2024, the Chairman of the Board of the ESCG Committee submitted the Final List of Nominees to the Corporate Secretary. In approving the nominations for Independent Directors, the Board ESCG Committee considered the guidelines on the nominations of Independent Directors prescribed in SRC Rule 38, the Amended Guidelines, and AboitizPower's Revised Manual. In 2023, Mr. Cesar G. Romero, Independent Director, was the Chairman of the Board ESCG Committee. The other voting members are Messrs. Eric Ramon O. Recto, Sabin M. Aboitiz, Luis Miguel O. Aboitiz, and Edwin R. Bautista, while the *ex-officio* non-voting members are Mr. Manuel Alberto R. Colayco, Ms. Maria Luisa C. Inofre, and Mr. Ronald Francis A. Suarez.

Independent Directors shall be elected at the stockholders' meeting during which other members of the Board are to be elected. However, no nominations for Independent Director shall be accepted at the floor during the 2024 ASM.

Messrs. Eric Ramon O. Recto and Cesar G. Romero are the nominees for Independent Directors of AboitizPower for the 2024 ASM. They are neither officers nor employees of AboitizPower or any of its Affiliates, and do not have any relationship with AboitizPower which would interfere with the exercise of independent judgment in carrying out the responsibilities of an Independent Director.

AboitizPower stockholders, Mesdames Esmeralda C. Dano and Katrina B. Aliman, have respectively nominated Messrs. Recto and Romero as AboitizPower's Independent Directors. None of the nominating stockholders have any relation to the respective independent director they are nominating.

Other Nominees for Election as Members of the Board of Directors

As the Board ESCG Committee conveyed to the Corporate Secretary on February 15, 2024, the following were also nominated and qualified as candidates to the AboitizPower Board of Directors for the ensuing year 2024-2025:

Sabin M. Aboitiz
Erramon I. Aboitiz
Emmanuel V. Rubio
Danel C. Aboitiz
Edwin R. Bautista
Toshiro Kudama
Izumi Kai

Pursuant to Section 7, Article I of the Amended By-Laws of AboitizPower, nominations for members of the Board, other than Independent Directors, for the ensuing year must be submitted in writing to the Corporate Secretary at least 15 working days prior to the ASM on April 22, 2024 or not later than March 26, 2024.

All other information regarding the positions and offices held by nominees are integrated in Item 9(a)(1) above. Mr. Erramon I. Aboitiz, previously the President and Chief Executive Officer of AboitizPower, is being

nominated again to the Board of Directors.

Below is the profile of Mr. Erramon I. Aboitiz including the positions and offices he held for the past five years.

ERRAMON I. ABOITIZ
Nomination: Non-Executive Director

Age: 67 years old
Citizenship: Filipino

Present Positions:

Director	Aboitiz Equity Ventures Inc.*
	Aboitiz InfraCapital Inc.
Chairman of the Board of Directors	Union Bank of the Philippines *
	Endeavor Philippines
Chairman of the Board of Trustees	Asian Institute of Management
Board Observer	Aboitiz & Company, Inc.

** A publicly listed company*

Previous Positions:

President and Chief Executive Officer	Aboitiz Power Corporation
	Aboitiz Equity Ventures Inc.
Director/ Chairman of the Board	Aboitiz Power Corporation
Executive Vice President and Chief Operating Officer	Aboitiz Equity Ventures Inc.
Trustee	Philippine Disaster Recovery Foundation

Educational Background:

College	Bachelor of Science Degree in Business Administration, Major in Accounting and Finance Gonzaga University, Spokane, Washington, U.S.A
Graduate Studies	Honorary Doctorate Degree in Management Asian Institute of Management

He is not connected with any Philippine government agency or instrumentality.

(2) Officers for 2023-2024

Below is the list of AboitizPower's officers for 2022-2023 with their corresponding positions and offices held for the past five years. Unless otherwise indicated, the officers assumed their positions during AboitizPower's organizational meeting in 2023 for a term of one year.

SABIN M. ABOITIZ
Chairman – Board of Directors

Refer to Item 9 (a)(1) for the profile of Mr. Sabin M. Aboitiz.

ERIC RAMON O. RECTO
Vice Chairman – Board of Directors

Refer to Item 9 (a)(1) for the profile of Mr. Eric Ramon O. Recto.

EMMANUEL V. RUBIO
Director/President and Chief Executive Officer

Refer to Item 9 (a)(1) for the profile of Mr. Emmanuel V. Rubio.

JUAN ALEJANDRO A. ABOITIZ
Senior Vice President – Chief Financial Officer/Corporate Information Officer

Age: 39 years old
Citizenship: Filipino

Committee Memberships:

Ex-Officio Member	Board Risk and Reputation Management Committee *(since November 1, 2023)*
	Board Executive Committee *(since November 1, 2023)*

Present Positions:

Senior Vice President – Chief Financial Officer/Corporate Information Officer	Aboitiz Power Corporation*
Chairman of the Board	Aboitiz Energy Solutions, Inc.
	Adventenergy, Inc.
	AP Renewables, Inc.
	Prism Energy, Inc.
	Therma Luzon, Inc.
	SN AboitizPower – RES, Inc.
Director	1882 Energy Ventures Incorporated
	Aboitiz FeedAll Holdings, Inc.
	Aboitiz InfraCapital, Inc.
	AboitizPower International Pte. Ltd.
	Aboitiz Renewables, Inc.
	AP Lariang Pte. Ltd.
	Cebu Private Power Corporation
	GNPower Mariveles Energy Center Ltd. Co.
	Manila-Oslo Renewable Enterprise, Inc.
	Mazzaraty Energy Corporation
	Pilmico Animal Nutrition Corporation
	Pilmico Foods Corporation
	Therma Dinginin Holdings, Inc.
	Therma Mariveles Holdings, Inc.
	Therma NatGas Power, Inc.
	Therma Power, Inc.
	Therma Power-Visayas, Inc.
	Therma Visayas, Inc.
President	Aboitiz Power Distributed Energy, Inc.
	Aboitiz Power Distributed Renewables, Inc.
Chairman of the Committee	Board Audit Committee of Aboitiz InfraCapital, Inc.
Nominee and Treasurer	Solviva Energy OPC

** A publicly listed company*

Previous Positions:

Director	Union Bank of the Philippines
Senior Vice President for Commercial Operations	Aboitiz Power Corporation
First Vice President for Energy Trading & Sales	

Regulatory Affairs Manager	
Assistant Vice President for Corporate Finance	Aboitiz Group
Department Head for Billing and Collection	Visayan Electric Company, Inc.

Educational Background:

College	Bachelor of Science Degree in Accounting Loyola Marymount University, Los Angeles, California, U.S.A.
Graduate Studies	Master of Business Administration The Hong Kong University of Science and Technology
	MBA International Exchange Program IESE Business School – University of Navarra, Barcelona, Spain

He is not connected with any Philippine government agency or instrumentality. She is not a director of a publicly-listed company in the Philippines.

MARIA VERONICA C. SO
Group Treasurer

Age: 52 years old
Citizenship: Filipino

Committee Memberships:

None	N/A

Present Positions:

Group Treasurer	Aboitiz Power Corporation*
Senior Vice President – Group Treasurer	Aboitiz Equity Ventures Inc.*

** A publicly listed company*

Previous Positions:

First Vice President – Deputy Group Treasurer	Aboitiz Equity Ventures Inc.
Vice President – Treasury Services	
Various treasury and finance positions	Globe Telecom

Educational Background:

College	Bachelor of Science in Business Management Ateneo de Manila University, Manila
Graduate Studies	Masters in Business Management Asian Institute of Management

She is not connected with any Philippine government agency or instrumentality. She is not a director of any publicly-listed company in the Philippines.

MANUEL ALBERTO R. COLAYCO
Senior Vice President/Chief Legal and Compliance Officer/Corporate Secretary

Age: 54 years old
Citizenship: Filipino

Committee Memberships:

None	N/A

Present Positions:

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

** A publicly listed company*

Previous Positions:

Senior Vice President – Chief Legal and Compliance Officer/Corporate Secretary	Aboitiz Equity Ventures Inc.
General Counsel	AGP International Holdings Ltd.
	Atlantic, Gulf & Pacific Company of Manila, Inc.
Executive Director and Assistant General Counsel	J.P. Morgan Chase Bank N.A.
Vice President and Legal Counsel	DKR Oasis (Hong Kong) LLC
Associate	Skadden, Arps, Slate, Meagher & Flom, LLP
	Romulo Mabanta Buenaventura Sayoc & de los Angeles

Educational Background:

College	Bachelor of Arts in Economics Ateneo de Manila University, Manila
Graduate Studies	Juris Doctor Ateneo de Manila University, Manila
	Master of Laws New York University School of Law, New York, U.S.A.

He is a member in good standing of the Integrated Bar of the Philippines and of the New York State Bar. He is not connected with any Philippine government agency or instrumentality. He is not a director of any publicly-listed company in the Philippines.

MA. CLARISSE S. OSTERIA
Assistant Corporate Secretary

Age: 35 years old
Citizenship: Filipino

Committee Memberships:

None	N/A

Present Positions:

Assistant Corporate Secretary	Aboitiz Power Corporation*
Assistant Vice President – Governance and Compliance and Assistant Corporate Secretary	
Corporate Secretary	Various Subsidiaries of the Aboitiz Group
Assistant Corporate Secretary	Various Subsidiaries of the Aboitiz Group

** A publicly listed company.*

Previous Positions:

Corporate Secretary	RL Fund Management, Inc.
	RL Property Management, Inc.
Assistant Corporate Secretary	Altus Property Ventures Inc.
	Robinsons Land Corporation

Educational Background:

College	Bachelor of Arts in Journalism *(Cum Laude)* University of the Philippines – Diliman
Graduate Studies	Juris Doctor University of the Philippines – Diliman

She is a member in good standing of the Integrated Bar of the Philippines. She is not connected with any Philippine government agency or instrumentality. She is not a director of a publicly-listed company in the Philippines.

MARK LOUIE L. GOMEZ
Vice President for Risk and Organizational Performance Management and Data Protection Officer

Age: 43 years old
Citizenship: Filipino

Committee Memberships:

Ex-Officio Member	Board Risk and Reputation Management Committee

Present Positions:

Vice President for Risk and Organizational Performance Management and Data Protection Officer	Aboitiz Power Corporation*

** A publicly listed company*

Previous Positions:

Assistant Vice President – Enterprise Risk Management and Data Protection Officer	Therma Luzon, Inc.
Compliance Manager	AP Renewables Inc.

Educational Background:

College	Bachelor of Arts in Political Science University of the Philippines – Diliman
Graduate Studies	Bachelor of Laws San Beda College of Law, Manila

He is a member in good standing of the Integrated Bar of the Philippines and a certified risk management professional. He is not connected with any Philippine government agency or instrumentality. He is not a director of any publicly-listed company in the Philippines.

JUAN PASCUAL C. COSARE
Internal Audit Head

Age: 38 years old
Citizenship: Filipino

Committee Memberships:

None	N/A

Present Positions:

Internal Audit Head/Assistant Vice President – Audit	Aboitiz Power Corporation*

** A publicly listed company*

Previous Positions:

Audit Operations Head/Senior Manager	Aboitiz Power Corporation
Internal Audit Manager	
Internal Audit Supervisor	

Educational Background:

College	Bachelor of Science in Accountancy *(Cum Laude)* University of Immaculate Concepcion, Davao City

Mr. Cosare is a Certified Public Accountant, Certified Internal Auditor, Certified Asset Management Assessor (taken in Singapore), and an Information Security Management Systems (ISMS) Lead Auditor Candidate (taken in Malaysia), as well as an ISO 45001:2018 OSH Management Systems Lead Auditor Candidate. He is not connected with any Philippine government agency or instrumentality. He is not a director of any publicly-listed company in the Philippines.

Period in which the Directors and Executive Officers Should Serve

The directors shall serve for a period of one year.

Term of Office of a Director

Pursuant to the Company's Amended By-Laws, the directors are elected at each ASM by stockholders entitled to vote. Each director holds office until the next annual election, or for a term of one year and until his successor is duly elected, unless he resigns, dies, or is removed prior to such election.

Any vacancy in the Board, other than by removal or expiration of term, may be filled by a majority vote of the remaining members thereof at a meeting called for that purpose, if they still constitute a quorum. The director so chosen shall serve for the unexpired term of his/her predecessor in office.

When the vacancy arises as a result of removal by the stockholders or members, the election may be held on the same day of the meeting authorizing the removal and this fact must be so stated in the agenda and notice of said meeting. In all other cases, the election must be held no later than 45 days from the time the vacancy arose. The director so chosen to fill a vacancy shall serve for the unexpired term of his/her predecessor in office.

When the vacancy prevents the remaining directors from constituting a quorum and emergency action is required to prevent grave, substantial, and irreparable loss or damage to the corporation, the vacancy may be temporarily filled from among the officers of the corporation by unanimous vote of the remaining directors. The action by the designated director shall be limited to the emergency action necessary, and the term shall cease within a reasonable time from the termination of the emergency or upon the election of the

replacement director, whichever comes earlier.

(3) Significant Employees

AboitizPower considers the contribution of every employee important to the fulfillment of its goals.

(4) Family Relationships

Mr. Sabin M. Aboitiz is an uncle of Mr. Danel C. Aboitiz.

Other than this, no other officers or directors are related within the fourth degree of consanguinity.

(5) Involvement in Certain Legal Proceedings as of March 21, 2024

To the knowledge and/or information of AboitizPower, none of its nominees for election as directors, its present members of the Board, or its executive officers have been involved in any of the following during the past five years up to March 21, 2024:

(a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(b) Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his/her involvement in any type of business, securities, commodities or banking activities; and

(d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

(6) Parent Company

AboitizPower's parent company is AEV. As of March 21, 2024, AEV owns 52.97% of the voting shares of AboitizPower. In turn, ACO owns, as of March 21, 2024, 48.68% of the voting shares of AEV.

(b) Resignation or Refusal to Stand for Re-election by Members of the Board of Directors

No director has resigned or declined to stand for re-election to the Board since the date of AboitizPower's last ASM because of a disagreement with AboitizPower on matters relating to its operations, policies, and practices.

Item 10. Compensation of Directors and Executive Officers

(a) Summary of Compensation of Executive Officers

Information as to the aggregate compensation paid or accrued to AboitizPower's Chief Executive Officer and four most highly compensated executive officers, as well as other directors and officers during the last two completed fiscal years and the ensuing fiscal year, are as follows:

Name of Officer and Principal Position*	Year	Salary	Bonus	Other

				Compensation
Chief Executive Officer and the Four Most Highly Compensated Executive Officers: 1. **EMMANUEL V. RUBIO** *- President and Chief Executive Officer* 2. **LIZA LUV T. MONTELIBANO*** *- Senior Vice President - Chief Financial Officer/Corporate Information Officer* . **JUAN ALEJANDRO A. ABOITIZ**** *- Senior Vice President - Chief Financial Officer/Corporate Information Officer* 3. **DANEL C. ABOITIZ** *- Chief Commercial and Stakeholder Engagement Officer* 4. **MARK LOUIE M. GOMEZ** *- Data Privacy Officer and Vice President for Risk and Organizational Performance Management* 5. **MANUEL ALBERTO R. COLAYCO** *- Senior Vice President – Chief Legal Officer/Corporate Secretary/Chief Compliance Officer*				
All above named officers as a group	**Actual 2023**	**₱141,867,934.00**	**₱12,937,748.00**	**₱10,531,199.00**
	Actual 2022	₱117,580,000.00	₱6,080,000.00	₱22,330,000.00
	Projected 2024	₱144,041,609.00	₱14,022,797.00	₱11,460,411.00
All other officers and directors as a group	**Actual 2023**	**₱9,360,515.00**	**₱2,181,485.00**	**₱39,150,000.00**
	Actual 2022	₱3,090,000.00	₱280,000.00	₱34,600,000.00
	Projected 2024	₱10,296,566.00	₱2,399,634.00	₱39,839,217.00

*Resigned effective November 12, 2023

**Before assuming the role of Chief Financial Officer/Corporate Information Officer on November 12, 2023, Mr. Juan Alejandro A. Aboitiz was AboitizPower's Senior Vice President for Commercial Operations Business Unit.

The 2020 Amended By-Laws of the Company, as approved by the SEC on October 1, 2020, defined corporate officers as follows: the Chairman of the Board; the Vice Chairman; the Chief Executive Officer; the Chief Operating Officer; the Treasurer; the Corporate Secretary; the Assistant Corporate Secretary; and such other officers as may be appointed by the Board of Directors. For the year 2023, the Company's Summary of Compensation of Executive Officers covers the compensation of officers as reported under Item 10(a) of the Annual Report.

Except for the regular company retirement plan, which by its very nature will be received by the officers concerned only upon retirement from the Company, the above-mentioned officers do not receive any other compensation in the form of warrants, options, and/or profit-sharing.

There is no compensatory plan or arrangement between the Company and any executive in case of resignation or any other termination of employment or from a change-in-control of the Company.

(b) Compensation of Directors

(1) Standard Arrangements

AboitizPower directors receive a monthly allowance of ₱150,000.00, while the Chairman of the Board receives a monthly allowance of ₱200,000.00. In addition, each director/member and the Chairmen of the Board and the Board Committees receive a per diem for every Board or Board Committee meeting attended as follows:

Type of Meeting	Directors	Chairman of the Board
Board Meeting	₱150,000.00	₱225,000.00

Type of Meeting	Members	Chairman of the Committee
Board Committee Meeting *(except Audit Committee)*	₱100,000.00	₱150,000.00
Audit Committee Meeting	₱100,000.00	₱200,000.00

In compliance with Section 29 of the Revised Corporation Code, the total compensation of each of the Company's directors as of December 31, 2023 is as follows:

Name of Director	Total Compensation Received as a Director[7]
SABIN M. ABOITIZ* *Chairman of the Board of Directors*	₱6,750,000.00
ERIC RAMON O. RECTO *Lead Independent Director/ Vice Chairman of the Board of Directors*	₱6,800,000.00
CESAR G. ROMERO *Independent Director*	₱6,450,000.00
LUIS MIGUEL O. ABOITIZ *Director*	₱5,800,000.00
EMMANUEL V. RUBIO* *Director/President and Chief Executive Officer*	₱4,800,000.00
EDWIN R. BAUTISTA *Director*	₱4,900,000.00
DANEL C. ABOITIZ * *Director/Chief Commercial and Stakeholder Engagement Officer*	₱4,900,000.00
TOSHIRO KUDAMA *Director*	₱3,750,000.00
SATOSHI YAJIMA** *Director*	₱2,250,000.00
IZUMI KAI*** *Director*	₱1,600,000.00

** A portion of the director's compensation was paid to ACO.*
*** Resigned as director effective August 15, 2023.*
**** Appointed as director effective August 15, 2023.*

(2) Other Arrangements

Other than payment of the directors' per diem and monthly allowance as stated, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director.

(c) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There is no compensatory plan or arrangement between AboitizPower and any executive officer in case of resignation or any other termination of employment or from a change in the management or control of AboitizPower.

(d) Warrants and Options Outstanding

To date, AboitizPower has not granted any stock option to its directors or officers.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

[7] Consisting of the monthly allowance and per diem. Per diem is based on the directors' attendance in the Board and Board Committee meetings, and their Committee memberships for the period January 1 to December 31, 2023.

(1) Security Ownership of Certain Record and Beneficial Owners (more than 5% of the voting shares) as of March 21, 2024

Title of Class of Shares	Name and Address of Record Owner, and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held and Nature of Ownership (Record and/or Beneficial)	Percentage of Ownership
Common	**1. Aboitiz Equity Ventures Inc. (AEV)**[8] 32nd Street, Bonifacio Global City, Taguig City (Stockholder)	Aboitiz Equity Ventures Inc.[9]	Filipino	3,817,195,833 (Record and Beneficial)	52.97%
Common	**2. JERA Asia Private Limited (JERA Asia)**[10] 1 Raffles Places, #49-00 One Raffles 603-279-596 Place, Singapore 48616 (Stockholder)	JERA Asia Private Limited	Japanese	1,986,823,063 (Record and Beneficial)	27.57%
Common	**3. PCD Nominee Corporation**[11] 37th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas, Makati City, 1226 Metro Manila (Stockholder)	PCD participants acting for themselves or for their customers[12]	Filipino	1,040,902,130 (Record)	14.45%

On December 16, 2021, JERA Asia acquired a 27% stake in AboitizPower, which consisted of a 25.01% stake from AEV and a 1.99% stake from the Aboitiz family privately held company, Aboitiz & Company, Inc. (ACO). JERA Asia is an affiliate of JERA Co., Inc. (JERA), a joint venture company organized under the laws of Japan and established in 2015 by two major Japanese electric companies (TEPCO Fuel & Power Incorporated and Chubu Electric Power Company Incorporated). JERA is Japan's largest power generation company and has a global footprint through its subsidiaries operating in various countries around the world.

AEV is the public holding and management company of the Aboitiz Group, one of the largest conglomerates in the Philippines. As of March 21, 2024, the following entities own at least five per centum (5%) or more of AEV:

Title of Class of Shares	Name and Address of Stockholder and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares and Nature of Ownership (Record and/ or Beneficial)	Percentage of Ownership
Common	**1. Aboitiz & Company, Inc.** Aboitiz Corporate Center, Gov. Manuel A. Cuenco Avenue, Kasambagan, Cebu City (Stockholder)	Aboitiz & Company, Inc.	Filipino	2,735,600,915 (Record and Beneficial)	48.68%
Common	**2. PCD Nominee Corporation (Filipino)** 37th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas,	PCD participants acting for themselves or for their customers	Filipino	999,932,841 (Record)	17.97%

[8] AEV is the parent company of AboitizPower.
[9] Mr. Sabin M. Aboitiz, President and Chief Executive Officer of AEV, will vote the shares of AEV in AboitizPower in accordance with the directive of the AEV Board of Directors.
[10] Messrs. Takao Onuki or Katsuya Harada, Authorized Representatives of JERA Asia, will vote for the shares of JERA Asia in AboitizPower in accordance with the directive of JERA Asia's Board of Directors.
[11] PCD Nominee Corporation is not related to the Company. The beneficial owners of the shares held through a PCD participant are the beneficial owners thereof to the extent of the number of shares registered under the respective accounts with the PCD participant.
[12] Each beneficial owner of shares, through a PCD participant, is the beneficial owner of such number of shares he owns in his account with the PCD participant. AboitizPower has no record relating to the power to decide how the shares held by PCD are to be voted. None of the beneficial owners under a PCD participant own more than 5% of the Company's common shares, as of March 21, 2024.

Title of Class of Shares	Name and Address of Stockholder and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares and Nature of Ownership (Record and/ or Beneficial)	Percentage of Ownership
	Makati City, 1226 Metro Manila (Stockholder)				
Common	**3. Ramon Aboitiz Foundation, Inc.** 35 Lopez Jaena Street, Cebu City (Stockholder)	Ramon Aboitiz Foundation, Inc.	Filipino	426,804,093 (Record and Beneficial)	7.59%
Common	**4. PCD Nominee Corporation** 37th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas, Makati City, 1226 Metro Manila (Stockholder)	PCD participants acting for themselves or for their customers	Non-Filipino	322,078,780 (Record)	5.73%

(2) Security Ownership of Management as of March 21, 2024 (Record and Beneficial)

Title of Class of Shares	Name of Owner and Position	No. of Shares and Nature of Ownership (Direct and/or Indirect)		Citizenship	Percentage of Ownership
Common	**Sabin M. Aboitiz** Chairman of the Board	5,667,406	Direct	Filipino	0.08%
		16,835,679	Indirect		0.23%
Common	**Eric Ramon O. Recto** Vice Chairman of the Board/Lead Independent Director	1,000	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Emmanuel V. Rubio** Director/President and Chief Executive Officer	89,130	Direct	Filipino	0.00%
		428,000	Indirect		0.01%
Common	**Luis Miguel O. Aboitiz** Director	11,167,081	Direct	Filipino	0.15%
		21,238,323	Indirect		0.29%
Common	**Danel C. Aboitiz** Director/Chief Commercial and Stakeholder Engagement Officer	20,000,000	Direct	Filipino	0.28%
		1,000,000	Indirect		0.01%
Common	**Toshiro Kudama** Director	100	Direct	Japanese	0.00%
		0	Indirect		0.00%
Common	**Izumi Kai** Director	100	Direct	Japanese	0.00%
		0	Indirect		0.00%
Common	**Edwin R. Bautista** Director	1,000	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Cesar G. Romero** Independent Director	100	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Veronica C. So** Group Treasurer	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Juan Alejandro A. Aboitiz** Senior Vice President/Chief Financial Officer/Corporate Information Officer	0	Direct	Filipino	0.00%
		2,685,408	Indirect		0.04%
Common	**Manuel Alberto R. Colayco** Senior Vice President/ Chief Legal and Compliance Officer/ Corporate Secretary	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Ma. Clarisse S. Osteria** Assistant Corporate Secretary	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Mark Louie L. Gomez** Data Privacy Officer and Vice President for Risk and Organizational Performance Management	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	**Juan Pascual C. Cosare**	0	Direct	Filipino	0.00%

Title of Class of Shares	Name of Owner and Position	No. of Shares and Nature of Ownership (Direct and/or Indirect)		Citizenship	Percentage of Ownership
	Internal Audit Head	300	Indirect		0.00%
	TOTAL	**79,113,627**			**1.10%**

(3) Voting Trust Holders of Five Per Centum (5%) or More of Common Equity

No person holds under a voting trust or similar agreement more than five per centum (5%) of AboitizPower's common equity.

(4) Changes in Control

There are no arrangements that may result in a change in control of AboitizPower during the period covered by this report.

Item 12. Certain Relationships and Related Transactions

AboitizPower and its Subsidiaries (the "Group"), in their regular conduct of business, have entered into related party transactions consisting of professional fees, advances, various guarantees, construction contracts, and rental fees. These are made on an arm's length basis as of the time of the transactions.

AboitizPower ("Parent") has provided support services to its Business Units, such as marketing, trading, billing and other technical services, necessary for the effective and efficient management and operations among and between the Subsidiaries and Associates.

The Group has existing Service Level Agreements (SLAs) with its parent company, AEV, for management fees and corporate center services such as tax compliance and information technology. These services are obtained from AEV to enable the Group to realize cost synergies and optimize expertise at the corporate center. AEV maintains a pool of highly qualified professionals with business expertise specific to the businesses of the Group. Transaction costs are always benchmarked on third party rates to ensure competitive pricing and consistency with prevailing industry standards. SLAs are in place to ensure quality of service.

Material and significant related party transactions are reviewed and approved by the Board Related Party Transactions Committee, composed of two independent directors and one non-Executive director.

No other transactions, without proper disclosure, were undertaken by the Company in which any director or executive officer, any nominee for election as director, any beneficial owner (direct or indirect) or any member of his immediate family was involved or had a direct or indirect material interest. Other than what has been discussed in this Annual Report and the Company's 2023 Annual Financial Statements, there are no other related party transactions entered into by the Company with related parties, including transactions with directors or self-dealings by the Company's directors.

AboitizPower employees are required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are brought to the attention of the management.

In 2021, AboitizPower updated the Related Parties Certification for Directors and Officers in compliance with the Bureau of Internal Revenue (BIR) Regulation No. 19-2020 on the reporting guidelines for the transactions of individuals and juridical entities with related parties. The RPT Committee continued to ensure that related party transactions are taken on an arm's-length basis, within market rates, and with sufficient documentation. Lastly, the RPT Committee ensured that RPTs falling below the SEC-defined materiality threshold are coursed through the appropriate levels of review, reporting, and/or approval process.

For detailed discussion on related party transactions, please refer to the Consolidated Financial Statements.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

In 2023, the Aboitiz Group propelled itself into a new era navigating the unfolding chapters of its rich history with an unwavering commitment to *drive change for a better world by advancing business and communities.* As the organization embraced the challenges of the *Great Transformation*, it strategically steered towards shaping a future where innovation stands as the cornerstone of its growth trajectory, aspiring to emerge as the Philippines' first *techglomerate*. Guiding this transformative journey are the boards of directors of AboitizPower, united in their firm belief that a robust corporate governance framework serves as the cornerstone for achieving the Group's strategic objectives and ambitious growth aspirations.

Notable accomplishments of the AboitizPower Board for 2023 are as follows:

- Reviewed and affirmed the appropriateness of the Group's purpose and brand promise in support of the country's gradual economic recovery.
- Reviewed and ensured the sufficiency of the internal controls system and enterprise risk management framework of AboitizPower.
- Authorized and held AboitizPower's Virtual Annual Stockholders' Meeting for the fourth consecutive year.
- Approved amendments to the Board Cyber and Information Security and Board Audit Committee Charters.
- Reviewed and implemented changes to the Board's governance mechanism in alignment with global best practices and the demands of the current business environment.
- Engaged a third party to conduct the annual board evaluation.
- In addition to the Annual Corporate Governance Seminar, conducted regular virtual learning sessions to strengthen the continuous learning program for the Company's directors and officers.

Shareholders Rights and Equitable Treatment

Safeguarding the rights of its stockholders stands as a cornerstone principle for the Company's governance practices. The primary objective is to guarantee the unfettered exercise of stockholder rights, fostering an environment where every shareholder, irrespective of the quantity of shares they own, can actively and freely participate in corporate decision-making processes. This dedication underscores not only a commitment to regulatory compliance but also a proactive approach in cultivating transparency, equity, and shareholder inclusivity within the Company's governance principles.

Among the rights of the Company's shareholders are: (i) to receive notices of and to attend shareholders' meetings; (ii) call for a special board meeting and propose a meeting agenda; (iii) to participate and vote on the basis of the one-share, one-vote policy; (iv) to vote in person, *in absentia*, or through proxy; (v) to ratify corporate actions; (vi) nominate, elect, remove, and replace Board members (including via cumulative voting); (vii) to inspect corporate books and records; (viii) to receive dividends; and (ix) to be timely and regularly informed of the state of the Company's businesses.

Right to Actively Participate at Shareholders' Meetings

The Company strives to maintain a transparent, easily accessible, and fair conduct of its shareholders' meetings. The goal is to ensure that the shareholders are given accurate and timely information to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

The highlights and summary of the financial, non-financial, and operating performance of the Company and its Subsidiaries are contained in the Definitive Information Statement and the Annual Report, which are distributed prior to the ASM and made available in the Company's website. Shareholders are likewise provided with individual profiles of new and returning directors, as well as a summary of the Board and Board Committee's performance assessments, attendance record, compensation, and notable accomplishments for the year.

To enhance accessibility, notices for the Company's ASM, complete with quick response (QR) codes to the Definitive Information Statements, are published in two widely circulated newspapers within 21 days before the meetings.

The commitment to shareholder engagement is evident in the conduct of stockholder meetings, with notices provided not less than 28 days from the date of the meeting, containing all agenda items for discussion. The rationale of agenda items which are submitted to the shareholders for their approval are included in the notices to shareholders' meetings.

AboitizPower is committed to provide an accessible and convenient venue for its shareholders to exercise their basic and inviolable right to attend and participate at any shareholder meeting, including the opportunity to elect their representatives to the Boards of Directors and ratify corporate actions. In 2023, AboitizPower conducted a fully digital stockholders' meeting for the fourth consecutive year. Shareholders were given the opportunity to cast their votes through non-traditional means such as remote communication or *in absentia*. Shareholders may access AboitizPower's online voting portal in order to register and vote on the matters submitted for shareholders' approval at any stockholder meetings.

All shareholders are encouraged to actively participate during meetings. They are allowed to raise their concerns, ask questions, and comment on the state of the Company's business during meetings through the ASM online portal or live if time permits. There are no barriers or impediments preventing shareholders from consulting or communicating with one another, with the Directors, and with the Corporate Secretary.

The questions, answers, issues and motions raised, the agreements and resolutions arrived at, the corporate acts approved or disapproved, and the voting results are reported in the minutes and are made publicly available by the next working day through the Company's website under the Investors' page. The Company also discloses to PSE, PDEx, and the SEC all the items approved at the shareholders' meeting no later than the next business day.

The Company continues to exert efforts to extend the communication channels between the Company and the institutional and individual stockholders through its Investor Relations Office and Shareholder Relations Office, respectively.

Right to Receive Dividends

The right to receive dividends is a basic shareholder right. The Company promotes this basic shareholder right by adopting a clear and transparent dividend policy.

Every year, the Company pays dividends in an equitable and timely manner. All shareholders are treated equally, receiving an amount of dividends per share that is proportionate to their shareholdings. The period for payment of dividends is based on trading requirements or constraints of the SEC and PSE. In 2023, AboitizPower paid the cash dividends within 26 days from the declaration date.

In the last three (3) years, the Company has paid the following dividends:

		Declaration Date	Record Date	Payment Date	Dividends per Share	Total Dividends Declared
AboitizPower	2024	March 5, 2024	March 19, 2024	March 26, 2024	₱2.30 (regular)	₱16.57 bn
	2023	March 3, 2023	March 17, 2023	March 30, 2023	₱1.87 (regular)	₱13.76 bn
	2022	March 4, 2022	March 18, 2022	March 30, 2022	₱1.45 (regular)	₱10.67 bn

Lastly, AboitizPower's Board Secretariat has adopted certified Board protocols and procedures under the ISO 9001:2015 Management Board and System to ensure the effectiveness of Board and shareholders' commitments. This includes coordination with stock transfer agents to ensure appropriate responses to and timely resolution of shareholders' queries and requests.

For a more detailed discussion on the rights of the shareholders of the Company, please refer to the 2023 Consolidated Annual and Sustainability Report, the 2023 Integrated Annual Corporate Governance Report (IACGR), and the Governance page of the AboitizPower website, which will be available at *www.aboitizpower.com* on or before May 30, 2024.

BOARD MATTERS

Board of Directors

The Board leads the Group's corporate governance framework. Independent from management, its members are committed to serve and promote long-term success, and to secure the Group's sustained growth, competitiveness and sustainability. The Directors perform the crucial role of articulating and assessing the Group's purpose, vision and mission, and strategies to carry out its objectives. They ensure that the strategic business direction of the Group's businesses are soundly established and are in line with the overall Group's goals and strategy. In line with best practices, the members of the Board are responsible in establishing and monitoring the Group's commitment to the principles embodied in ESG. In performing these functions, the members of the AboitizPower Board, individually and collectively, are expected to act consistently with the Aboitiz core values.

The AboitizPower Board is composed of nine members, all of whom come from diverse professional backgrounds. They are composed of legal and finance professionals, engineers, former or current Chief Executive Officers/Chief Operating Officers, auditors, and accountants. Many of them have management experience in the private and Government sectors, as well as in multilateral agencies. In 2023, the AboitizPower Board had two Independent Directors, five Non-Executive Directors, and two Executive Directors. The Chairman of the AboitizPower Board, Mr. Sabin M. Aboitiz, is a highly experienced Non-Executive Director. As a Non-Executive Director, he is not involved in the Company's day-to-day operations, which enables him to focus on ensuring that the AboitizPower Board properly discharges its duties and responsibilities. The AboitizPower Board appointed Mr. Cesar G. Romero as Independent Director, and Mr. Eric Ramon O. Recto as the Company's Lead Independent Director and Vice Chairman of the Board. Mr. Romero was also the Chairman of the ESCG Committee (also functions as the Nomination and Selection Committee) to ensure an independent and transparent nomination, selection, election, and performance assessment process of the Board.

As of December 31, 2023, the members of the AboitizPower Board are the following:

ABOITIZ POWER CORPORATION'S BOARD OF DIRECTORS					
Director (Age, Nationality)	**Designation/ Directorship**	**Year First Elected**	**Number of Years Served as Director**	**Board and Committee Memberships and % of Attendance for 2022**	**Directorships in Other Listed Companies Outside the Aboitiz Group**
SABIN M. ABOITIZ 59 years old Filipino	Chairman of the Board (NED)	April 26, 2021	2 years	(C) BOD (100%) (C) Risk (100%) (M) ESCG (100%) (M) ExCom (n.a) (M) Cyber (75%)	None
ERIC RAMON O. RECTO 59 years old Filipino	Vice-Chairman (NED) and Lead Independent Director	May 21, 2018	5 years	(VC) BOD (100%) (M) ESCG (100%) (C) Audit (100%) (M) Risk (100%) (C) RPT (100%) (C) Cyber (100%)	1. Philippine Bank of Communications (C) 2. Atok-Big Wedge Co., Inc. 3. DITO CME Holdings Corp. 4. PH Resorts Group Holdings, Inc. 5. Manila Water Company, Inc.
EMMANUEL V. RUBIO 59 years old Filipino	President and CEO (ED)	January 1, 2020	4 years	(M) BOD (100%) (M) Risk (100%) (C) ExCom (n.a.)	None

LUIS MIGUEL O. ABOITIZ 59 years old Filipino	Non-Executive Director	April 26, 2021	2 years	(M) BOD (100%) (M) ESCG (100%) (M) Audit (100%) (M) Risk (100%) (M) RPT (100%) (M) ExCom (n.a.)	None
TOSHIRO KUDAMA 66 years old Japanese	Non-Executive Director	December 22, 2021	2 years	(M) BOD (93%) (M) Risk (100%) (M) ExCom (n.a.)	None
EDWIN R. BAUTISTA 63 years old Filipino	Non-Executive Director	April 26, 2021	2 years	(M) BOD (100%) (M) ESCG (100%) (M) Audit (100%)	None
DANEL C. ABOITIZ 42 years old Filipino	Chief Commercial and Stakeholder Engagement Officer (ED)	December 11, 2018	4 years	(M) BOD (93%) (M) Audit (100%) (M) ExCom (n.a.)	None
IZUMI KAI 49 years old Japanese	Non-Executive Director	August 15, 2023	7 months	(M) BOD (100%)	None
CESAR G. ROMERO 58 years old Filipino	Independent Director	October 1, 2022	1 year	(ID) BOD (100%) (C) ESCG (100%) (M) Audit (100%) (M) Risk (100%) (M) RPT (100%)	1. Robinsons Retail Holdings, Inc.

Legend: C- Chairman; VC – Vice Chairman; M – Member; ID - Independent Director; NED - Non-Executive Director; ED - Executive Director; BOD - Board of Directors; ESCG - Board Environmental, Social, and Corporate Governance Committee; ExCom - Board Executive Committee; AudCom - Board Audit Committee; Risk - Board Risk and Reputation Management Committee; RPT - Board Related Party Transactions Committee; Cyber - Board Cybersecurity and Information Security Committee.

Board Performance

In 2023, the members of the AboitizPower Board conducted the following performance review and assessment:

Type of Assessment	Respondents and Scope	Criteria
Board Assessment Completed: February 2024	Respondents: Independent Directors Scope: Chairman; individual and the collective performance of the members of the Board.	

Type of Assessment	Respondents and Scope	Criteria
Key Officers Evaluation Completed: December 2023	**Respondents:** Non-Executive Directors **Scope:** Chairman, Chief Executive Officer, Internal Audit Head, Risk Officer, Corporate Secretary, and Compliance Officer	
Board and Committee Charter Assessment Completed: November 2023	**Respondents:** Board and Committee Members	(1) Membership and composition, (2) duties and responsibilities, (3) conduct of meetings, (4) support and resources

In addition, the Corporate Governance Code requires that at least once in every three years, the conduct of the Board performance assessment must be supported by an independent third-party facilitator. AboitizPower complied with this requirement in 2023 with the engagement of the Institute of Corporate Directors (ICD), a non-stock, not-for-profit national association of corporate directors and other stakeholders engaged in corporate governance, to support its Board performance assessment exercise.

Board Committees

The different Board committees - Audit, Corporate Governance (now Environmental, Social, and Corporate Governance), Risk and Reputation Management, Related Party Transactions, Executive Committee, and the Cyber and Information Security Committee - report regularly to the Board and are crucial in maintaining Board oversight in key management areas.

The mandate of each Board committee, including key accomplishments in 2023, are described below:

a. The **Board Environmental, Social, and Corporate Governance Committee** is responsible for ensuring the establishment of a governance mechanism that promotes sustainability practices through proper environmental stewardship, social development, and sound corporate governance. The ESCG Committee also perform the functions of the Nomination and Remuneration Committee. In carrying out its duties and responsibilities, the ESCG Committee is supported by the company's Compliance Officer, Chief External Relations Officer, as well as the Group Chief Human Resources Officer. These officers regularly attend committee meetings to act as resource persons. The chairmen of the ESCG Committees are the Independent Directors.

Key Areas of Focus in 2023	
Environmental and Social	- Approved the Company's ESG Roadmap and Sustainability Ambition. - Monitored the progress of the ongoing ESG Activities.
Compliance	- Reviewed and monitored AboitizPower's compliance with new laws and regulations. - Ensured that the nomination, selection, remuneration, and assessment of each company's directors and officers are aligned with the Manuals.
Corporate Governance	- Reviewed and endorsed for Board approval the proposed amendments to the Manual on Corporate Governance and General Trading Policy Implemented the Aboitiz High Impact Governance. - Reviewed and monitored the status of whistleblowing reports.
Nomination and Compensation	- Approved the final list of nominees for directors for election after reviewing all the qualifications and none of the disqualifications as provided in the By-Laws, Revised Manuals, and other relevant SEC rules. - Reviewed the qualifications of all persons nominated to appointed positions by the Board. - Reviewed and approved the 2023 group-wide merit increase guidelines.

b. The **Board Audit Committee** represents the Board in discharging its responsibility related to audit matters for the Group. Independent Directors comprise the majority of the members of the Board Audit Committee, including its Chairman. At the end of every Audit Committee meeting, Committee Members meet without the presence of any executive.

Key Areas of Focus in 2023	
Financial Reports	- Reviewed, discussed, and approved for public disclosure the 2023 quarterly unaudited consolidated financial statements. - Endorsed for approval by the full Board the 2023 annual audited financial statements of AboitizPower, its subsidiaries and affiliates.
External Auditors	- Reviewed the performance of SGV as AboitizPower's external auditor. - Endorsed to the Board the appointment of SGV as AboitizPower's External Auditor for 2023. - Reviewed and approved the overall scope and audit plan of SGV. - Reviewed and approved the audit plan, fees and terms of engagement which covers non-audit and audit-related services provided by SGV.
Internal Auditors	- Reviewed and approved the annual audit program for 2023 which also covers the adequacy of resources, qualifications and competency of the staff and independence of the internal auditor. - Reviewed sample CAPEX transactions to help ensure process integrity and promote continuous improvement. - Confirmed that the internal audit function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner.
Committee Charter	- Approved the amendments to the Board Audit Committee Charter to comply with the new governance requirements on external auditors and the requirement from the international Ethic Board on the approval of non-audit services by external auditors.

c. The **Board Risk and Reputation Management Committee** represents the Board in discharging its responsibility relating to the risk and reputation management related matters for the Group. In 2023, the Board Risk and Reputation Committee updated its charter to continually identify, monitor, and manage the Group's top risks.

Key Areas of Focus in 2023	
Governance	- Introduced a top-down approach to strategic risk identification where risks are identified at the 1AP Management Committee level. - Operationalized risk appetite setting through consultation with the Management Committee and Board Committee members. - Formally introduced and welcomed the new member of the Committee – the new CFO, Mr. Sandro Aboitiz.
Risk Planning	- Regularized the "Risk in Focus" segment in the agenda to discuss strategically relevant and highly critical emerging risks with inputs from the subject matter and industry experts. - Regularized Learning Sessions segment in the agenda to reinforce board learning of key and foundational risk management concepts and practices - Discussed topics on the potential for prolonged delay of RE projects, its causes, impact to AP, including its mitigation plans. - Invited a resource speaker to provide the Committee information on the near and long-term global risks and the top executive concerns from East Asia, Pacific and Philippines including the assessment of the possible top risks for AP from an outside perspective. - Invited AP CISO to provide further information on cyber risks as a unique business risk, including APs security posture and its existing and planned mitigations. - Reviewed and discussed AboitizPower Group's Mid-Year and Year-End Top Risks report where regulatory risk and cyber risks, respectively, took the top spot.
Risk Finance	- Presented the One Master (Power) Program, its placement highlights with the background of 1AP Insurance cost and market property insurance rate YoY capping off with the market. - Presented to the Committee the 1AP 10-year Insurance Strategy Roadmap and invited a risk consultant to provide the Committee further information on Captive Insurance vehicle for AP. - Shared the insurance cost reduction strategies for the upcoming 2024 renewal of the operational insurances.
Reputation	- Discussed results of AboitizPower's Reputation ID Score and PR Value for the year 2022 and as of Sept 2023 including the key activities driving the increase.

d. The **Board Related Party Transactions Committee** represents the Board in discharging its responsibility to ensure that related party transactions are taken on an arms' length basis and within market rates, with sufficient documentation, and coursed through all appropriate levels of approval necessary.

Key Areas of Focus in 2023	
RPT Policy and Committee Charter	- Conducted the annual review of AboitizPower's RPT Policies to further strengthen the process of reviewing, reporting, and (if necessary) approving RPTs, particularly those falling below the SEC-defined materiality threshold.
Completion of RPT Certification	- Monitored the compliance of AboitizPower with the reportorial requirements of the BIR.
Fairness of RPTs	- Continued to ensure that RPTs are taken on an arm's-length basis and within market rates, with sufficient documentation, and coursed through the appropriate levels of approval.

e. The **Executive Committee** assists the Board in overseeing the Company's day-to-day operations of the Company. The Committee ensures agility in the management of the Company and in strategic decision-making, as well as compliance with the Company's governance policies, during the intervening period between Board meetings. Due to the monthly Board meetings during 2023, no meetings of the Executive Committee were held.

f. The **Board Information Security and Cybersecurity Committee** assists the Board in providing strategic direction and ensuring the establishment of a system of governance (processes, policies, controls and management) for the Company and its strategic business units on matters relating to information security and cybersecurity. In 2023, the AboitizPower Cyber Committee was composed of two non-executive directors and one independent director who also served as the chairman of the committee.

Key Areas of Focus in 2023	
Organizational	- Completed AboitizPower's Cyber and Information Security Organization based on the approved functional structure.
Cybersecurity Strategy	- Released the revised OT minimum security standard aimed at establishing OT relevant baseline security controls. - Established foundational cybersecurity governance policies, guidelines and procedures. - Intensified security awareness activities through the use of digital platforms and systems. - Established channels to better communicate and improve collaboration on cybersecurity-related matters. - Engaged in an innovative and proactive way of discovering and resolving weaknesses/vulnerabilities in our digital environment. - Conducted comprehensive OT-specific tabletop exercises aimed at increasing AP BUs' preparedness to manage or handle OT cybersecurity incidents.
Cybersecurity Risks	- Established a better way of assessing OT security risks through the use of the MITRE Attack framework for the purpose of improving OT risk quantification and overall, OT risk management.

For more details on the AboitizPower Board and Board Committees matters, please refer to the 2023 Consolidated Annual and Sustainability Report, the 2023 IACGR, and the Governance page of the AboitizPower website, which will be available at *www.aboitizpower.com* on May 31, 2024.

GOVERNANCE PRACTICES

Compliance with Governance Policies

AboitizPower has a Revised Manual and a Code of Ethics and Business Conduct ("Code of Ethics") to guide the attainment of its corporate goals and the implementation of its strategies. The Revised Manual is generally aligned to the principles and recommendations laid down by the SEC under the Corporate Governance Code for Publicly-Listed Companies to further strengthen the Company's corporate governance practices. The Board regularly reviews

the Revised Manual to ensure that the same remains relevant and responsive to the needs of the organization. Any amendments to the Revised Manual are promptly submitted to the SEC for confirmation and approval.

The Revised Manual is supported by various company policies that are regularly reviewed and issued by the Board including the Code of Ethics. AboitizPower ensures that its Code of Ethics is cascaded to new team members as part of their onboarding processes. Team members are also required to review the Code of Ethics and to sign an affirmation that they have read and understood the same. In order to support this annual exercise, an e-learning module on the Group's Code of Ethics was developed and is rolled out every year. As part of the Group's commitments in the Code of Ethics, all team members are expected to act professionally, fairly, and with integrity in all of their business dealings, and to comply with all applicable laws and regulations, including those against bribery and corruption.

The Chief Compliance Officer, together with the Human Resources Department, regularly monitors and evaluates compliance by the Board, management, and employees with the Revised Manual, the Code of Ethics, other company policies, and existing laws and regulations. The Chief Compliance Officer also ensures the implementation of AboitizPower's policy against conflicts of interests and the misuse of confidential and proprietary information throughout the organization.

The Chief Compliance Officer regularly reports the Company's compliance status with existing laws and regulations, as well as the Board's, management's and employees' compliance with internal governance policies to the Board ESCG Committee.

In addition, the Company has a Whistleblowing Policy to support the implementation of the Revised Manual and the Code of Ethics. Through this policy, allegations of violations of the Revised Manual, the Code of Ethics, or of other illegal conduct can be reported through an independent whistleblowing portal. Matters reported through the whistleblowing platform are discussed by the Board ESCG Committee and, if necessary, escalated to the entire Board.

There are no major deviations from the Revised Manual as of the date of this report. There were no corruption-related incidents reported in 2023.

For a full discussion on the Company's corporate governance initiatives, please refer to the 2023 Consolidated Annual and Sustainability Report, the 2023 IACGR, and the Governance page of the AboitizPower website which will be available at *www.aboitizpower.com* on or before May 31, 2024.

Disclosure and Transparency

Pursuant to its commitment to transparency and accountability, AboitizPower's website, *www.aboitizpower.com* has its own dedicated corporate governance webpage which serves as a resource center and library for its stakeholders. AboitizPower also publishes a consolidated Annual and Sustainability Report and IACGR on its website at *www.aboitizpower.com*.

SUSTAINABILITY AND ENVIRONMENT, SOCIAL, AND GOVERNANCE PRACTICES

The Aboitiz Group's adherence to sustainable business practices and social responsibility are key to its success story for the past 100 years. Today, AboitizPower's ESG strategy addresses balancing business growth with sustainability initiatives. It does so by accounting for the impact of its activities on people, planet, and prosperity, and with a view of its long-term implications. In replicating this success for future generations, AboitizPower intends to strengthen its ESG standards and practices by reinforcing its purpose of "Transforming Energy for a Better World" and taking advantage of emerging technologies and innovations as the Aboitiz Group undertakes its "Great Transformation" into the Philippines' first techglomerate. This is amidst the country's continued post-pandemic recovery and transition to a decarbonized economy.

Indices and Ratings

AboitizPower's efforts "to drive change for a better world by advancing business and communities" continue to be recognized by various independent ESG assessors. S&P Global accorded the Company a score of 51 in its 2023 Corporate Sustainability Assessment (CSA), a one-point increase versus the previous year. The Company is positioned

at the 76th percentile among its global peers in the Electric Utilities industry, showing strong performance in the areas of Innovation Management, Privacy Protection, and Risk & Crisis Management, and marked improvements in the areas of Environmental Dimension, Market Opportunities, and Occupational Health and Safety.

In the Sustainalytics ESG Risk Ratings, the Company remains in the medium risk at 28.7 risk rating. According to the report, despite the Company's high exposure to various ESG risks, its strong management kept its risk rating at a medium risk level, especially in Environmental Management and Health & Safety Management Systems.

Following the FTSE4Good Index Series Quarterly Review in September 2023, AboitizPower is no longer part of FTSE4Good Index Series. As per the rule of FTSE Russell, companies must be the constituents of their country's indices to be eligible for inclusion in the FTSE4Good Index Series.

In September 2023, AboitizPower received a 3-arrow award from the Institute of Corporate Directors (ICD) for its 2022 ASEAN Corporate Governance Scorecard (ACGS) assessment. The ACGS is an assessment tool that evaluates the corporate governance of publicly listed companies based on the Philippine Code of Corporate Governance and best practices from abroad.

Focus Areas

AboitizPower's commitment to "people, planet, and prosperity" is inspired by its core values of integrity, teamwork, innovation, responsibility, and service excellence. It promotes inclusive growth by integrating its stakeholders - communities, customers, team members, and shareholders – into its sustainable enterprise of creating long-term equitable value. The Company is also conscious of the limitedness of resources and helps ensure that there will be enough left for future stakeholders to address their needs. By extension, AboitizPower also ensures that it partners with suppliers who prioritize sustainability and sustainable business practices. Prosperity balanced with a vital social component and healthy environmental practices is critical to building a sustainable business for future generations.

In line with the Philippines' goal of having a 35% share of renewable energy (RE) in the power generation mix by 2030, AboitizPower aims to grow its portfolio of generation assets with renewables and select baseload builds. To achieve this, the Company is targeting to grow its renewables group's (also called Cleanergy) assets to 4,600 MW of net attributable generation capacity, which will be sourced from indigenous energy sources - solar, hydro, geothermal, and wind. With its diversified fleet of Cleanergy assets, AboitizPower will contribute to addressing the energy trilemma of energy security, energy equity, and environmental sustainability within the country. This is made even more important as its economy recovers from pandemic scarring. AboitizPower strives to provide a reliable and ample power supply at reasonable and competitive prices while considering social development and environmental stewardship.

As part of the Aboitiz Group's initiative to become the Philippines' first techglomerate by 2025, AboitizPower will utilize technology, including data science and artificial intelligence, to improve production, services, and processes. This transition will also involve empowering team members by embedding a robust entrepreneurial mindset and spirit as they are exposed to the opportunities of a more modernized, inclusive, and technology-driven organization.

The Company has progressed in the following focus areas: team member engagement and development, corporate social responsibility (CSR), disaster resilience, carbon emissions reduction, resource efficiency, renewable energy, waste management, financial growth, and financial returns. Other focus areas on its ESG reports include Occupational Health and Safety (OHS), diversity and inclusion, corporate governance, biodiversity and conservation, risk management, and ISO certification.

AboitizPower conducts a report in compliance with the sustainability reporting initiatives of its parent company, AEV. Currently, AboitizPower is compliant with AEV's sustainability reporting initiatives. Its report has been prepared following the GRI Standards: Core Option and its key performance indicators are aligned with the United Nations Sustainable Development Goals (SDGs).

United Nations Sustainable Development Goals

The Aboitiz Group acknowledges the interconnectedness of the United Nations' (UN) 17 SDGs, recognizing it as a shared blueprint for peace and prosperity for people and the planet. The UN SDGs guide the organization's efforts

towards poverty reduction, education, climate change, responsible consumption, disaster preparedness, technological innovation, and institutional partnership. In 2020, the Aboitiz Group became a member of the United Nations Global Compact (UNGC), and is currently a member of the Board of Trustees of UNGC's Global Compact Network Philippines (GCNP).

AboitizPower has made significant contributions to UN SDG 7 or Affordable and Clean Energy, through its offering and aggressive expansion of Cleanergy and selective building of baseload capacities. As of end-2023, the Company has a total net sellable capacity of 1,281 MW of renewable energy. Moving forward, it intends to continue providing accessible, affordable, and environmentally sustainable energy that accommodates the country's growth aspirations amid post-pandemic recovery.

In its mission to bring down electricity prices for its consumers, AboitizPower wants to exhaust all possible technological avenues. It is currently optimizing energy storage for battery systems, predicting boiler tube leaks in thermal power plants, managing grid risks from vegetation, and improving customer service and account management through data science and artificial intelligence (DSAI).

AboitizPower is submitting its Sustainability Report through the consolidated report that its parent company, AEV, publishes annually. AEV began publishing its Sustainability Report in 2009.

Sustainable Finance

Earlier in 2023, ARI, a wholly-owned subsidiary of AboitizPower, secured a ₱20-bn loan facility with a ten-year maturity from the Land Bank of the Philippines intended to finance the ongoing and future RE projects. The Company, through its subsidiary APRI, had a groundbreaking ceremony for the new Tiwi Binary Geothermal Power Plant Project, a facility designed to extract the recoverable heat from the geothermal brine that is processed in a closed-loop system where no harmful gas or liquid is being emitted, nor any waste products are discharged to the atmosphere. The design will produce an additional 17MW gross generated electricity - an additional source of clean energy for the Luzon Grid.

In February 2023, AboitizPower signed a memorandum of understanding (MOU) to lead a Philippines-Japan Consortium that will explore the development of technology and an integrated system for potential projects in the field of renewable energy. Under the MOU, the parties (AboitizPower, Kawasaki Heavy Industries, Energy Solution and Marine Engineering, KS Co. Ltd., and Amber Kinetics) will leverage their respective new-generation technologies and expertise to optimize renewable energy development in the Philippines while contributing to energy cost savings and grid stability. This may lead to further exploration and expansion beyond the Philippines to ASEAN, Japan, and Australia. Moreover, the Company also signed a MOU with JERA Co., Inc. (JERA), Japan's largest power generation company, to jointly assess the potential for greener fuels in power generation. This MOU outlines the collaborative efforts in assessing the feasibility of ammonia co-fired power generation and further development of the ammonia and hydrogen value chains in the Philippines, supporting the decarbonization efforts of the Company and the Philippines.

The Company also had a partnership agreement with UnionBank of the Philippines' UBX, the leading Open Finance platform in the Philippines, to power the mobile app of AboitizPower, integrating digital payments to provide customers of the Company's distribution utilities greater convenience. Under the agreement, AboitizPower will integrate BUx, an all-in-one payment solution platform developed by UBX, into its mobile application, MobileAP. This integration allows customers to pay their electricity bills online, providing greater convenience by removing the long process of heading to service centers to settle their monthly dues. Moreover, MobileAP has empowered customers to check their electricity bills remotely for the past 12 months without going to outposts to check their status or waiting for the physical copy via mail.

In August 2023, AboitizPower launched its Electric Vehicle (EV) Fleet Transformation Program to support the Electric Vehicle Industry Development Act (EVIDA) and its vision of cleaner mobility in the Philippines. The company unveiled new plug-in EVs for its distribution utilities in Visayas and Mindanao to kick off the transition of 40% of its fleet of four-wheeled vehicles and motorbikes to be electric by 2030 en route to 100% by 2040. The transformation program reinforces the demand for cleaner energy sources. It aligns with AboitizPower's growth strategy of adding 3,700 megawatts of renewable energy — like solar, wind, and geothermal — to its generation portfolio by 2030.

On wind technology, ARI signed a joint venture agreement with Singapore-based company, Vena, to invest in the latter's greenfield 102-megawatt (MW) wind power project in Rizal and Laguna. The wind power project is expected to reach financial close and commercial operations in 2024 and 2025, respectively. Later in September 2023, ARI signed another joint venture agreement with Vena and VEC to develop, construct, and operate the 206-MW San Isidro Wind Power Project in San Isidro, Northern Samar, Visayas. The project is expected to reach a financial close and is targeted to begin commercial operations in Q1 2025.

The Company further brings its solar energy project to five in 2023 with ARI's new solar facilities in Negros Occidental and Zambales. ARI will build the 172.7-MWp solar power project in Calatrava, Negros Occidental. It is expected to export electricity to the grid via the Calatrava substation as soon as December 2024. It will be undertaken by SUMEC Complete Equipment and Engineering Co., Ltd. Meanwhile, ARI will also build the 211-MWp solar power project in Olongapo, Zambales, its largest solar project by far. The project is expected to be commercially operational by September 2025 to provide electricity through the Castillejos substation. The Olongapo Solar will be built within an approximate land area of 196 hectares, to be undertaken by a joint venture between Guangdong Electric Power Design Institute Co., LTD. (GEDI) and parent company China Energy International Group Co., Ltd. The other solar projects include the operational SacaSun 59-MWp solar power plant in Negros Occidental and the ongoing Laoag and Cayanga solar projects in Pangasinan.

Overall, the Company estimates a price tag of ₱190 bn to achieve its ten-year growth strategy of adding 3,700 MW of renewable sources to its energy capacities by 2030. By then, this will account for a 50:50 balance of Cleanergy and thermal capacities, crucial to the country's ambition to reduce its carbon emissions while on its path to continued economic growth.

Corporate Social Responsibility

In fulfilling the triple bottom line framework of "people, planet, and prosperity", AboitizPower and its business units realize their aspirations to "advance business and communities" through the Aboitiz Group's social development arm, Aboitiz Foundation, Inc. (Aboitiz Foundation). As a partner in nation building, AboitizPower extends educational scholarships, cooperative assistance programs, environmental campaigns, and corporate social responsibility (CSR) activities to its partner communities. Keeping with its framework and aspirations, the Aboitiz Group, via the Aboitiz Foundation, invested a total of ₱171.8 mn in CSR projects and initiatives to support its partner communities in 2023. Broken down, this consisted of ₱13.8 mn for future leaders' programs (e.g. educational scholarship), ₱8.3 mn for enterprise or livelihood programs, ₱17.4 mn for climate action, ₱29.3 mn for disaster resilience, and ₱102.9 mn for other initiatives. Moving towards its "Great Transformation" to a techglomerate, the Aboitiz Group will harness the opportunities brought forth by new technologies and innovations to further elevate the value, scalability, and sustainability of its CSR program projects.

Further taking part in the Philippines' post-pandemic economic recovery, AboitizPower continues to extend assistance to its partner communities through its compliance with Energy Regulations No. 1-94 (ER 1-94). The aforementioned program is a policy under the DOE Act of 1992 and the EPIRA, which stipulates that host communities will get a share of one centavo for every kilowatt-hour (₱0.01/kWh) generated by power plants operating in its area. Host beneficiaries can use the funds generated for the electrification of areas or households that have no access to power, development, and livelihood programs, as well as reforestation, watershed management, health, and environmental enhancement initiatives.

On April 6, 2020, due to the COVID-19 pandemic, the DOE released Department Circular No. DC2020-04-0008 which repurposed ER 1-94 funds for projects that would help alleviate the COVID-19 situation in the country. AboitizPower successfully downloaded about ₱240 mn-worth of ER 1-94 funds as of the end of 2023 to about 150 host beneficiaries. About ₱575 mn-worth of outstanding ER 1-94 funds was also remitted by the DOE to the Company's beneficiaries. The remitted funds were used by the beneficiaries to build isolation facilities and purchase relief goods, medical supplies or equipment, and COVID-19 testing kits and vaccines.

With the recent amendment to the ER 1-94 guidelines, power generation companies can now directly download the ER 1-94 fund to their host communities. Streamlining the release of funding will ease the process of implementing projects that benefit the host communities. Towards the end of 2019, AboitizPower led its power generation business units to sign memoranda of agreement with their respective beneficiaries for the amended set-up of the ER 1-94.

Beyond Compliance

a. A-Park Program

The A-Park Program is the Aboitiz Group's partnership with the Ramon Aboitiz Foundation Inc., Philippine Business for Social Progress, and the carbon sink program of TSI and TVI as part of the Enhanced National Greening Program of the DENR. As the largest tree growing initiative, it has resulted in the planting of as much as 12 mn trees, with about 300,000 trees planted by team member volunteers all over the archipelago in 2021. Of the 12 mn trees, AboitizPower contributed 5 mn from its own initiatives. Between 2016 to 2023, the Company has planted more than 2.5 mn trees in 6,127 hectares. Further, AboitizPower also supports the A-Park Program through the watershed management and carbon sink programs of its subsidiaries.

b. Aboitiz Cleanergy Park

The Aboitiz Cleanergy Park, located in Davao City, serves as a sanctuary and safe nesting ground for the critically endangered Hawksbill sea turtles (*Eretmochelys imbricata*), as well as to more than 100 species of endemic and migratory birds, and marine species. The eight-hectare park actively promotes decarbonization in an urban area via habitat conservation and biodiversity management, showcasing a mangrove reforestation site, nursery, and botanical garden for the propagation of 29 native tree species. Since 2014, the park has already released more than 8,461 hatchlings to the sea, planted 19,583 mangroves, and rescued 24 *pawikans*. It has been designated by the DENR as the Pawikan Rescue Center of Davao City.

c. Cleanergy Center and Energy Education Resource Center

Located at the Makiling-Banahaw Geothermal Complex of APRI, the Cleanergy Center is an educational facility that serves to uphold the Aboitiz Group's advocacy to renewable energy education - the first of its kind in the country. Launched in August 2013, the Center has audiovisual presentations, interactive displays, and a tour of a working geothermal power plant. It has since accommodated close to 56,456 local and foreign visitors.

Meanwhile, the Energy Education Center is a public facility at TSI's Davao baseload power plant that teaches electric power generation via interactive scale models and displays of the Philippine energy sector and various advanced technologies, as well as an overview of the power plant's 300 MW operations. Since its inauguration by TSI and the Aboitiz Foundation in May 2016, it has welcomed about 4,690 visitors.

d. Building Resilient Infrastructure and Communities through Kaibigans (B.R.I.C.K) Hub

The Building Resilient Infrastructure and Communities through Kaibigans (B.R.I.C.K) Hub is a project that produces eco-bricks incorporating ash by-products from AboitizPower's power generation plant and community plastic wastes to the Company's community partners in Barangay Binugao and Inawayan in Davao and Toledo City, Cebu. The ash and plastics are upcycled into high-value pavers and bricks that are nine times stronger than a typical hollow block brick. Aside from providing livelihood opportunities, it also promotes solid waste management, supports resilient infrastructure, and reduces the Company's collective environmental footprint. The project collaborates AboitizPower Business Units, TSI and TVI, with Green Antz Builders, Inc., United Kaibigan Multipurpose Cooperative (UKC), and Income Credit Cooperative (ICC). Since their operations, the Hubs have produced about 18,000 bricks and pavers.

e. #BetterTogether Talks

Launched in 2021, the #BetterTogether series was created to improve its team members' knowledge and appreciation of Sustainability and different ESG topics and issues that impact the Company and its stakeholders. In these internal awareness events, AboitizPower President and Chief Executive Office, Manny Rubio, joins as panelist, along with invited external subject matter experts as speakers, to enrich the discussion on the various sustainability concerns. In 2023, the learning discussions focused on ESG trends, recognizing unconscious bias and allyship in the organization, water demand management, and Materiality Assessment.

f. Materiality Assessment

In 2023, AboitizPower conducted its Materiality Assessment to identify the material ESG topics and issues that could impact the overall business (operationally, financially, or reputationally), or the Company's impact to its stakeholders. A third-party consultant was commissioned to conduct the exercise, including interviews with internal and external stakeholders. As a result, the Company has identified 21 material topics important to the organization and its stakeholders. Among the top priority topics – categorized as critical for the Company given their high importance to stakeholders and high potential impact on the business – are Sustainable Growth, Energy Security and Equity, Greenhouse Gas (GHG) Emissions & Climate Strategy, and Product and Service Stewardship. The Company will continue to monitor and manage all these material topics in 2024 and work on gaps necessary to mitigate possible risks and maximize business opportunities.

g. Diversity, Equity, Inclusion and Belongingness (DEIB)

In 2019, AboitizPower started formalizing its efforts to promote and raise awareness of diversity and inclusion within the Company. AboitizPower's diversity and inclusion campaign has focused on communicating merit primacy above gender, sexual orientation, age, religion, nationality, or ethnic background. In 2023, the Company advances its advocacy in this area by releasing a DEIB Policy that recognizes its importance in the workplace and that the Company will ensure all of its employees are valued, protected, and celebrated. AboitizPower also partnered with organizations such as Philippine Financial & Inter-Industry Pride (PFIP) and the Philippine Business Coalition for Women Empowerment (PBCWE) to learn and improve practices for DEIB. The Company also affirmed its support for LGBT diversity and inclusivity in the workplace by participating for the first time in the 2023 Pride Festival at the Quezon Memorial Circle.

h. Supply Chain Management

The Company recognizes the vital role of its suppliers in delivering reliable, reasonable, and responsible energy to the country. Pursuing more sustainable practices across its operations, AboitizPower created a Supplier Code of Conduct that ensures all of its suppliers will uphold and share the same values and sustainability principles when doing business with the Company and adhere to the Company's compliance, social, and environmental standards, and requirements. The Company also released a policy on Sustainable Procurement, which creates a standard process for acquiring goods and services for the organization that not only provides value for money but also integrates environmental, governance, and social factors of corporate responsibility.

i. Other Initiatives

As part of its efforts to reduce carbon emissions and improve climate change resilience, AboitizPower and its Subsidiaries took part in many other initiatives. These include the Annual Aboitiz groupwide simultaneous tree planting, watershed projects, adoption of protected areas, Adopt-a-River, Adopt-a-Marine Sanctuary, coastal and river clean-ups, and Philippine Eagle Adoption. In addition, AboitizPower has also integrated pollution control devices and new technology and systems that improve its processes and optimize its resources.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits. None

(b) Reports on SEC Form 17-C

Reports filed by AboitizPower on SEC Form 17-C from April 2023 to March 2024 are as follows:

Date Reported	Disclosure Details
April 25, 2023	Results of the 2023 Annual Stockholders' Meeting
April 25, 2023	Results of the 2023 Organizational Meeting
April 28, 2023	First Quarter 2023 Financial and Operating Results
May 5, 2023	Notice of Analysts'/Investors' Briefing for the PSE's Strengthening Access and Reach (STAR): Investor Day
May 5, 2023	Press Release: Traditional power plants significant for energy security, says AboitizPower head
June 2, 2023	Acquisition of Additional Stake in STEAG State Power, Inc.
July 25, 2023	Resignation of Director, Mr. Satoshi Yajima, and Appointment of Mr. Izumi Kai as members of the Board of Directors of Aboitiz Power Corporation
July 27, 2023	Second Quarter 2023 Financial and Operating Results
August 3, 2023	Press Release: Aboitiz Renewables, Vena Energy enter into JV for 102 MW Rizal-Laguna Wind Power Project
August 4, 2023	Joint Venture between Aboitiz Renewables, Inc. , and 7 Balboa Energy Holdings, Inc. ("7Balboa")
August 29, 2023	Matters Approved by the AboitizPower Board in its Regular Meeting dated August 29, 2023
September 18, 2023	Buy-back Transaction of 1,557,500 Shares
September 19, 2023	Buy-back Transaction of 950,000 Shares
September 19, 2023	Buy-back Transaction of 8,900,000 Shares
September 20, 2023	Buy-back Transaction of 26,102,600 Shares
September 21, 2023	Buy-back Transaction of 27,566,800 Shares
September 22, 2023	Buy-back Transaction of 4,874,300 Shares
September 26, 2023	Buy-back Transaction of 49,038,400 Shares
September 27, 2023	Buy-back Transaction of 3,112,179 Shares
September 27, 2023	Press Release: Aboitiz Renewables, Vena Energy, and Vivant Energy enter JV for 206 MW San Isidro Wind Power Project
September 27, 2023	Buy-back Transaction of 557,900 Shares
September 29, 2023	Buy-back Transaction of 1,197,200 Shares
September 29, 2023	Resignation of Senior Vice President/Chief Financial Officer/Corporate Information Officer, Ms. Liza Luv T. Montelibano, and Appointment of Mr. Juan Alejandro A. Aboitiz as her Replacement
October 2, 2023	Buy-back Transaction of 8,352,900 Shares
October 4, 2023	Buy-back Transaction of 673,700 Shares
October 4, 2023	Buy-back Transaction of 1,000,000 Shares
October 5, 2023	Buy-back Transaction of 270,000 Shares
October 5, 2023	Buy-back Transaction of 2,039,400 Shares
October 9, 2023	Buy-back Transaction of 478,200 Shares
October 10, 2023	Buy-back Transaction of 2,565,500 Shares
October 11, 2023	Buy-back Transaction of 11,763,421 Shares
October 16, 2023	Buy-back Transaction of 90,300 Shares
October 16, 2023	Amended Notice of Analysts' Briefing for the Third Quarter 2023 Financial and Operating Results
October 17, 2023	Buy-back Transaction of 409,700 Shares
October 19, 2023	Buy-back Transaction of 500,000 Shares
October 20, 2023	Buy-back Transaction of 351,800 Shares
October 23, 2023	Buy-back Transaction of 398,200 Shares
October 31, 2023	Matters Approved by the AboitizPower Board in its Regular Meeting dated October 30, 2023

Date Reported	Disclosure Details
October 31, 2023	Third Quarter 2023 Financial and Operating Results
November 22, 2023	Matters Approved by the AboitizPower Board in its Regular Board Meeting dated November 22, 2023
November 30, 2023	Press Release: New projects sustain company confidence, says new AboitizPower CFO
January 4, 2024	Press Release: Diverse energy mix, expanded grid can weather 2024 headwinds, says AboitizPower CEO
February 1, 2024	Schedule of 2024' Analysts' Briefing
February 2, 2024	Press Release: Updates on SN Aboitiz Power's Magat BESS Project
February 19, 2024	Nominees to the Company's Board of Directors for 2024-2025
February 22, 2024	AboitizPower entered into a Share Purchase Agreement for the acquisition of an additional 15.6% equity stake in STEAG State Power Inc.
March 4, 2024	Aboitiz Power, through its subsidiary, Therma NatGas Power, Inc. signs Agreement for Acquisition of Stake in Chromite Gas Holdings, Inc.
March 5, 2024	Declaration of Cash Dividends
March 5, 2024	Matters Approved by the AboitizPower Board of Directors during its March 5, 2024 Special Board Meeting
March 5, 2024	Notice and Agenda of the 2024 Annual Stockholders' Meeting
March 5, 2024	Full Year 2023 Financial and Operating Results
March 21, 2024	Retirement of the President and Chief Executive Officer, Mr. Emmanuel V. Rubio, and Appointment of Mr. Danel C. Aboitiz as his Replacement

(c) Sustainability Report

The 2023 Aboitiz Group Annual Report and Sustainability Report (the "2023 Consolidated Annual Report") is submitted together with the Company's SEC Form 17-A (2023 Annual Report) and is also available for download at the Company's website at latest Annual Report page in the Investor Relations tab in: *https://aboitizcom-uploads.s3.ap-southeast-1.amazonaws.com/wp-content/uploads/2024/04/2023-Aboitiz-Integrated-Report.pdf*

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 177 of the Revised Corporation Code, AboitizPower has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Taguig on April 12, 2024

By:

Sgd.
EMMANUEL V. RUBIO
Principal Executive Officer

Sgd.
JUAN ALEJANDRO A. ABOITIZ
Principal Financial Officer

Sgd.
MANUEL ALBERTO R. COLAYCO
Corporate Secretary

Sgd.
MA. RACQUEL J. BUSTAMANTE
Controller/Principal Accounting Officer

BEFORE ME, a notary public in and for the city named above, personally appeared:

NAME	GOVT. ISSUED ID	DATE / PLACE OF ISSUE
EMMANUEL V. RUBIO	[redacted]	[redacted]
JUAN ALEJANDRO A. ABOITIZ	[redacted]	[redacted]
MANUEL ALBERTO R. COLAYCO	[redacted]	[redacted]
MA. RACQUEL J. BUSTAMANTE	[redacted]	[redacted]

who were identified by me through competent evidence of identity to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath/affirmation before me as to such instrument.

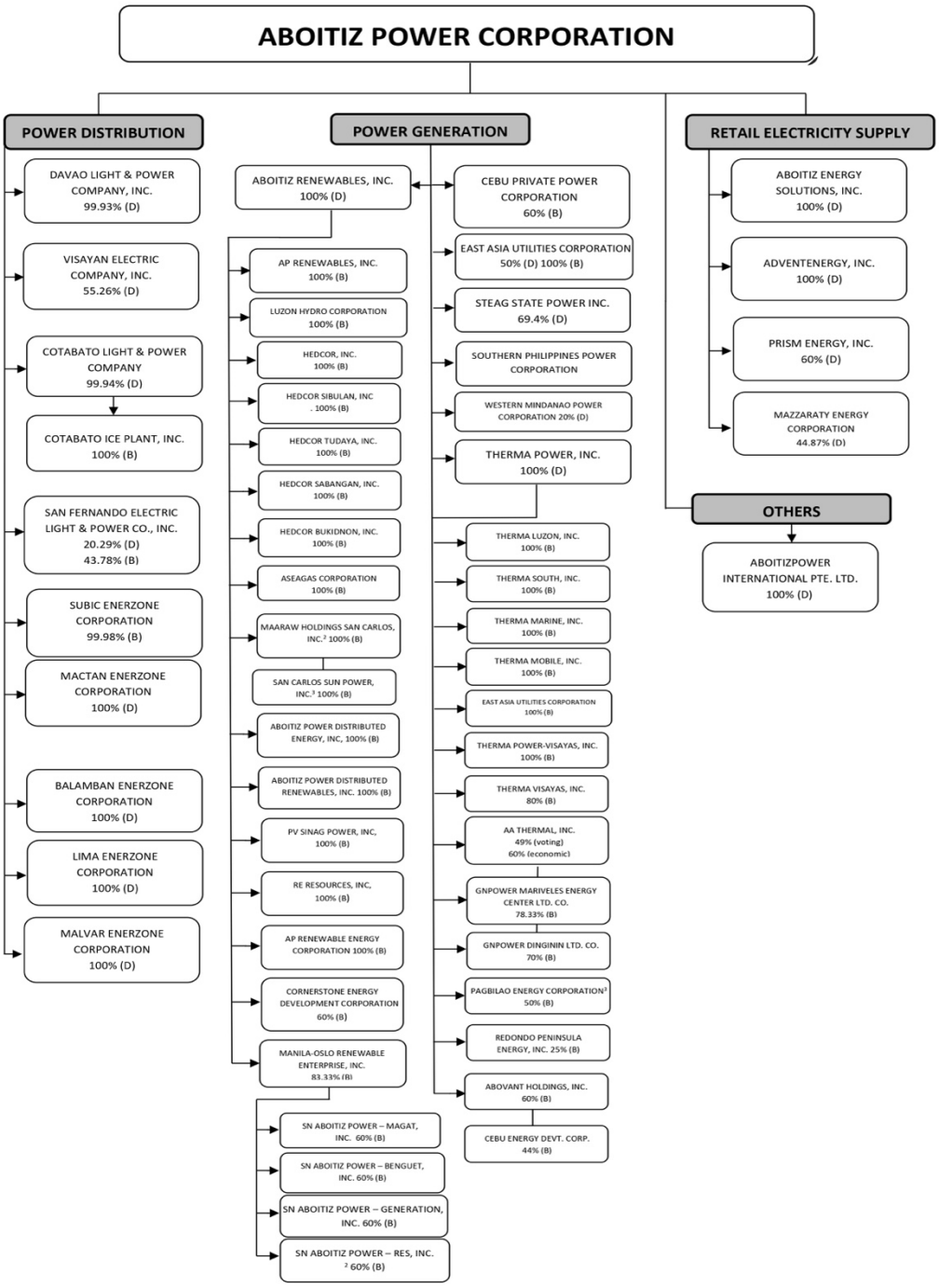
Witness my hand and seal this APR 12 2024.

Doc No. 3;
Page No. 2;
Book No. VIII;
Series of 2024.

ATTY. CZAR AUGUSTUS C. COLINA
Notary Public for Taguig City
Notarial Commission No. 76 (2023-2024)
Until 31 December 2024
NAC Tower, 32nd Street, Bonifacio Global City, Taguig City
Roll No. 70362, Admitted to the Bar 02 June 2017
PTR No. A-6155015, 09 January 2024, Taguig City
IBP No. 414728, 10 January 2024, Makati City
MCLE Compliance No. VII-0011495

ANNEX "A" – Conglomerate Map

As of February 29, 2024



Legend:
B – Beneficial Ownership
D – Direct Ownership

[1] Other services
[2] Engages in Retail Electricity Supply Business
[3] Joint operations

ANNEX "B" – Certificates of Compliance

Title of Document	Issued under the Name of	Power Plant					Economic Life/Term of COC	Date of Issuance
		Name	Type	Location	Capacity	Fuel		
COC No. 18-12-M-00330L	Hedcor, Inc.	Irisan 3	Hydroelectric Power Plant	Tadiangan, Tuba, Benguet	1.20 MW	Hydro	November 5, 2018 - November 4, 2023[13]	December 11, 2018
COC No.18-12-M-00334L	Hedcor, Inc.	Bineng 3	Hydroelectric Power Plant	Bineng, La Trinidad, Benguet	5.625 MW	Hydro	November 5, 2018 - November 4, 2023[14]	December 11, 2018
COC No. 18-12-M-00329L	Hedcor, Inc.	Ampohaw	Hydroelectric Power Plant	Banengbeng, Sablan, Benguet	8.00 MW	Hydro	November 5, 2018 - November 4, 2023[15]	December 11, 2018
Provisional Authority to Operate	Hedcor, Inc	La Trinidad	Hydroelectric Power Plant	La Trinidad, Benguet	20.4 MW	Hydro	October 5, 2022 - October 5, 2023[16]	November 3, 2021
COC No. 18-12-M-00336L	Hedcor, Inc.	Sal-angan	Hydroelectric Power Plant	Ampucao, Itogon, Benguet	2.40 MW	Hydro	November 5, 2018 - November 4, 2023[17]	December 11, 2018
COC No. 17-04-M-00032L	Hedcor, Inc.	Irisan 1	Hydroelectric Power Plant	Brgy. Tadiangan, Tuba, Benguet	3.89 MW	Hydro	April 30, 2017 – April 29, 2022[18]	April 19, 2017
COC No. 20-08-M-00061M	Hedcor, Inc.	Talomo 1	Hydroelectric Power Plant	Brgy. Malagos, Davao City	1 MW	Hydro	February 16, 2020 - February 15, 2025	August 12, 2020
COC No. 20-08-M-00062M	Hedcor, Inc.	Talomo 2	Hydroelectric Power Plant	Brgy. Mintal, Davao City	0.6 MW	Hydro	February 16, 2020 - February 15, 2025	August 12, 2020
COC No. 20-08-M-00063M	Hedcor, Inc.	Talomo 2A	Hydroelectric Power Plant	Brgy. Tugbok, Davao City	0.65 MW	Hydro	February 16, 2020 - February 15, 2025	August 12, 2020
COC No. 20-08-M-00064M	Hedcor, Inc.	Talomo 2B	Hydroelectric Power Plant	Brgy. Tugbok, Davao City	0.3 MW	Hydro	February 16, 2020 - February 15, 2025	August 12, 2020
COC No. 20-08-M-00065M	Hedcor, Inc.	Talomo 3	Hydroelectric Power Plant	Catalunan, Pequeño, Davao City	1.92 MW	Hydro	February 16, 2020 - February 15, 2025	August 12, 2020

[13] For submission of COC Re-filing Application in accordance with ERC Resolution No. 17, Series of 2023, entitled "A Resolution Adopting the 2023 Revised Rules for the Issuance of Certificates of Compliance for Generation Facilities" (the "2023 Revised COC Rules").
[14] For submission of COC Re-filing Application in accordance with the 2023 Revised COC Rules.
[15] For submission of COC Re-filing Application in accordance with the 2023 Revised COC Rules.
[16] For submission of COC Re-filing Application in accordance with the 2023 Revised COC Rules.
[17] For submission of COC Re-filing Application in accordance with the 2023 Revised COC Rules.
[18] For submission of COC Re-filing Application in accordance with the 2023 Revised COC Rules.

Title of Document	Issued under the Name of	Power Plant					Economic Life/Term of COC	Date of Issuance
		Name	Type	Location	Capacity	Fuel		
COC No. 18-12-M-00327L	Hedcor, Inc.	Ferdinand L. Singit Plant (FSL)	Hydroelectric Power Plant	Poblacion, Bakun, Benguet	6.40 MW	Hydro	November 5, 2018 - November 4, 2023[19]	December 11, 2018
COC No. 18-12-M-00335L	Hedcor, Inc.	Lower Labay	Hydroelectric Power Plant	Ampusongan, Bakun, Benguet	2.40 MW	Hydro	November 5, 2018 - November 4, 2023[20]	December 11, 2018
COC No. 18-12-M-00328L	Hedcor, Inc.	Lon-oy	Hydroelectric Power Plant	Poblacion, Bakun, Benguet	3.60 MW	Hydro	November 5, 2018 - November 4, 2023[21]	December 11, 2018
Provisional Authority to Operate	Hedcor Sibulan, Inc.	Sibulan A	Hydroelectric Power Plant	Brgy. Sibulan, Sta. Cruz, Davao del Sur	16.328MW	Hydro	February 9, 2021 - February 8, 2022[22]	November 4, 2020
Provisional Authority to Operate	Hedcor Sibulan, Inc.	Sibulan B	Hydroelectric Power Plant	Brgy. Sibulan, Sta. Cruz, Davao del Sur	26.256 MW	Hydro	November 24, 2021 - November 23, 2022[23]	November 4, 2020
Provisional Authority to Operate	Hedcor Sibulan, Inc.	Tudaya 1	Hydroelectric Power Plant	Sta. Cruz, Davao del Sur	6.654 MW	Hydro	January 19, 2024 – January 18, 2025	January 19, 2024
COC No. 18-06-M-00017L	Luzon Hydro Corporation	Bakun AC	Hydroelectric Power Plant	Amilongan, Alilem, Ilocos Sur	74.80 MW	Hydro	July 30, 2018 – July 29, 2023[24]	June 20, 2018
COC No. 19-03-M-00013M	Hedcor Tudaya, Inc.	Tudaya 2 – Unit 1	Hydroelectric Power Plant	Sta. Cruz, Davao del Sur	5.362 MW	Hydro	April 11, 2019 - April 10, 2024	March 5, 2019
		Tudaya 2 – Unit 2			2.775 MW	Hydro		
Provisional Authority to Operate	Hedcor Sabangan, Inc.	Sabangan Hydro	Hydroelectric Power Plant	Brgy. Namatec, Sabangan, Mountain Province	14.139 MW	Hydro	September 29, 2021 - September 28, 2022[25]	September 29, 2021
COC No. 19-06-M-00174M	Hedcor Bukidnon, Inc.	Manolo Fortich 1	Hydroelectric Power Plant	Brgy. Santiago, Manolo Fortich, Bukidnon	45.936 MW	Hydro	June 18, 2019 - June 17, 2024	June 18, 2019
COC No. 19-06-M-00175M	Hedcor Bukidnon, Inc.	Manolo Fortich 2	Hydroelectric Power Plant	Brgy. Dalirig, Manolo Fortich, Bukidnon	27.387 MW	Hydro	June 18, 2019 - June 17, 2024	June 18, 2019
Provisional Authority to Operate	San Carlos Sun Power Inc.	San Carlos Sun Power Inc.	Solar Power Plant	Brgy. Punao, San Carlos City, Negros Occidental	58.981 MWp DC	Solar	July 14, 2021 - July 13, 2022[26]	July 7, 2021

[19] For submission of COC Re-filing Application in accordance with the 2023 Revised COC Rules.
[20] For submission of COC Re-filing Application in accordance with the 2023 Revised COC Rules.
[21] For submission of COC Re-filing Application in accordance with the 2023 Revised COC Rules.
[22] For submission of COC Re-filing Application in accordance with the 2023 Revised COC Rules.
[23] For submission of COC Re-filing Application in accordance with the 2023 Revised COC Rules.
[24] For submission of COC Re-filing Application in accordance with the 2023 Revised COC Rules.
[25] For submission of COC Re-filing Application in accordance with the 2023 Revised COC Rules.
[26] For submission of COC Re-filing Application in accordance with the 2023 Revised COC Rules.

Title of Document	Issued under the Name of	Power Plant					Economic Life/Term of COC	Date of Issuance
		Name	Type	Location	Capacity	Fuel		
COC No. 17-04-M-15911M[27]	Cotabato Light and Power Company, Inc.	N/A	Bunker C-Fired Diesel Engine	CLPC Compound, Sinsuat Ave., Rosary Heights I, Cotabato City	9.927 MW	Diesel / Bunker C	January 10, 2017 - January 9, 2022[28]	April 19, 2017
			Blackstart		10 kW	Diesel		
COC No. 18-03-M-00002V	East Asia Utilities Corporation	N/A	Bunker C/Diesel Fired Power Plant	Barrio Ibo, MEPZ 1, Lapu-Lapu City, Cebu	49.60 MW	Bunker C/ Diesel	June 11, 2018 – June 10, 2023[29]	March 27, 2018
COC No. 18-12-M-00020M	Western Mindanao Power Corporation	N/A	Bunker C-Fired Power Plant	Malasugat, Sangali, Zamboanga City	112 MW	Bunker C/Diesel	August 27, 2018 – August 26, 2023[30]	December 4, 2018
		N/A	Blackstart		160 kW	Diesel		
COC No. 18-12-M-00021M	Southern Philippines Power Corporation	N/A	Bunker C-Fired Diesel Power Plant	Brgy. Baluntay, Alabel, Sarangani Province	61.72 MW	Bunker C/ Diesel	August 27, 2018 – August 26, 2023[31]	December 4, 2018
			Blackstart		160 kW	Diesel		
Provisional Authority to Operate	SN Aboitiz Power – Magat, Inc. (Magat Hydroelectric Power Plant)	Magat Hydroelectric Power Plant – Unit 1	Hydroelectric Power Plant	Ramon, Isabela and A. Lista, Ifugao	90 MW	Hydro	November 29, 2021 - November 28, 2022[32]	March 7, 2022
		Magat Hydroelectric Power Plant – Unit 2			90 MW			
		Magat Hydroelectric Power Plant – Unit 3			90 MW			
		Magat Hydroelectric Power Plant – Unit 4			90 MW			
		Blackstart Diesel Generator Set	Blackstart		344 kW	Diesel	25 years	
COC No. 18-04-M-00150L	SN Aboitiz Power – Magat, Inc.	Maris Main Canal I Hydroelectric Power Plant	Hydroelectric Power Plant	Brgy. Ambatali, Ramon, Isabela	8.50 MW	Hydro	April 4, 2018 – April 3, 2023[33]	April 4, 2018
Provisional Authority to Operate[34]	SN Aboitiz Power – Benguet, Inc.	Binga Hydroelectric Power Plant – Unit 1	Hydroelectric Power Plant	Brgy. Tinongdan, Itogon, Benguet	35.02 MW	Hydro	March 12, 2022 - March 11,	March 2, 2022
		Binga	Hydroelectric		35.02			

[27] Cotabato Light's 9.927 MW Diesel Plant and 10 MW Blackstart Diesel Generator's COC is valid until January 9, 2022. ERC issued a certification dated January 12, 2023 stating that the COC/PAO is currently being evaluated.
[28] The Company's PAO has been filed and is currently being evaluated by the ERC.
[29] For submission of COC Re-filing Application in accordance with the 2023 Revised COC Rules.
[30] Pursuant to the transitory provision of the 2023 Revised COC Rules, "existing generation facilities with pending applications for renewal of COC filed before the ERC, the validity period of such COC is extended until 2024, and the date of which be the day and month of its original expiry. On July 20, 2023, WMPC applied for the renewal of its COC/PAO which is valid until August 26, 2023, thus it is within the ambit of the aforementioned provision and the PAO would remain valid until August 26, 2024.
[31] SPPC opted to undergo mothballing and has not applied for the renewal of its COC.
[32] Validity of the PAO is extended until November 28, 2024
[33] Validity of the PAO is extended until April 3, 2024
[34] SNAboitiz Power – Benguet's Ambuklao Hydroelectric Power Plant Units 1 to 3, Auxillary Generator Set, and Blackstart Generator Set's COC are valid until August 30, 2022. ERC issued a certification dated October 20, 2022 stating that the COC/PAO is currently being evaluated.

Title of Document	Issued under the Name of	Power Plant					Economic Life/Term of COC	Date of Issuance
		Name	Type	Location	Capacity	Fuel		
		Hydroelectric Power Plant – Unit 2	Power Plant		MW		2023[35]	
		Binga Hydroelectric Power Plant – Unit 3	Hydroelectric Power Plant		35.02 MW			
		Binga Hydroelectric Power Plant – Unit 4	Hydroelectric Power Plant		35.02 MW			
		Binga Hydroelectric Power Plant	Blackstart Generator Set		320 KW	Diesel		
		Binga Hydroelectric Power Plant	Diesel Auxiliary Generator Set		330.40 KW	Diesel		
Provisional Authority to Operate	SN Aboitiz Power – Benguet, Inc.	Ambuklao Hydroelectric Power Plant – Unit 1	Hydroelectric Power Plant	Brgy. Ambuklao, Bokod, Benguet	34.85 MW	Hydro	August 31, 2021 - August 30, 2022[36]	September 1, 2021
		Ambuklao Hydroelectric Power Plant – Unit 2			34.85 MW			
		Ambuklao Hydroelectric Power Plant – Unit 3			34.85 MW			
		Ambuklao Hydroelectric Power Plant	Auxiliary Generator Set		320 KW	Diesel		
		Ambuklao Hydroelectric Power Plant	Blackstart Generator Set		314 KW	Diesel		
Provisional Authority to Operate	SN Aboitiz Power – Magat, Inc.	Magat Battery Energy Storage System	Battery Energy Storage System	General Aguinaldo, Ramon, Isabela	32.425 / 32.428 Aggregated Rated Capacity (MWDC/ MWh)		December 19, 2023 – December 18, 2024	December 19, 2023
COC No. 21-11-M-00016M	STEAG State Power, Inc.	N/A	Coal Fired Power Plant	Phividec Industrial Estate, Balacanas, Villanueva, Misamis Oriental	232 MW	Coal	August 30, 2021 – August 29, 2026	November 13, 2021
COC No. 22-12-S-04892M	STEAG State Power, Inc.	N/A	Emergency Generating Set	Phividec Industrial Estate, Balacanas, Villanueva, Misamis Oriental	1.25 MW	Diesel	December 22, 2022 – December 22, 2027	December 23, 2022

[35] Validity of the PAO is extended up to March 11, 2024
[36] Validity of the PAO is extended up to August 30, 2024

Title of Document	Issued under the Name of	Power Plant					Economic Life/Term of COC	Date of Issuance
		Name	Type	Location	Capacity	Fuel		
COC No. 19-09-S-00013M	STEAG State Power, Inc.	N/A	Diesel Engine	Phividec Industrial Estate, Balacanas, Villanueva, Misamis Oriental	400 kW	Diesel	September 5, 2019 - September 4, 2024	September 5, 2019
Provisional Authority to Operate	AP Renewables, Inc.	Makban – Bay, Plant A, Unit 1	Geothermal Power Plant	Brgy. Bitin, Bay, Laguna	63.2 MW	Geo-thermal Steam	November 30, 2022 – November 30, 2024	December 18, 2023
		Makban – Bay, Plant A, Unit 2			63.2 MW			
		Makban – Bay, Plant D, Unit 7			20.0 MW			
		Makban – Bay, Plant D, Unit 8			20.0 MW			
Provisional Authority to Operate	AP Renewables, Inc.	Makban – Calauan, Plant B, Unit 3	Geothermal Power Plant	Brgy. Limao, Calauan, Laguna	63.2 MW	Geo-thermal Steam	November 30, 2022 – November 30, 2024	December 18, 2023
		Makban – Calauan, Plant B, Unit 4			63.2 MW			
		Makban – Calauan, Plant C, Unit 5			55.0 MW			
		Makban – Calauan, Plant C, Unit 6			55.0 MW			
Provisional Authority to Operate	AP Renewables, Inc.	Makban – Sto. Tomas, Plant E, Unit 9	Geothermal Power Plant	Brgy. Sta. Elena, Sto. Tomas, Batangas	20.0 MW	Geo-thermal Steam	November 30, 2022 – November 30, 2024	December 18, 2023
		Makban – Sto. Tomas, Plant E, Unit 10			20.0 MW			
Provisional Authority to Operate	AP Renewables, Inc.	Tiwi Plant A, Unit 1	Geothermal Power Plant	Brgy. Naga, Tiwi, Albay	60 MW	Geo-thermal Steam	November 30, 2022 – November 30, 2024	December 18, 2023
		Tiwi Plant A, Unit 2			60 MW			
Provisional Authority to Operate	AP Renewables, Inc.	Tiwi Plant C, Unit 5	Geothermal Power Plant	Brgy. Cale, Tiwi, Albay	57 MW	Geo-thermal Steam	November 30, 2022 – November 30, 2024	December 18, 2023
		Tiwi Plant C, Unit 6			57 MW			
Provisional Authority to Operate	AP Renewables, Inc.	MakBan Binary 1	Geothermal Power Plant	Brgy. Sta. Elena, Sto. Tomas, Batangas	7.0 MW	Brine	November 30, 2022 – November 30, 2024	December 18, 2023
Provisional Authority to	Therma Marine, Inc.	Mobile 1	Diesel Power Plant	Brgy. San Roque, Maco,	100.337 MW	Diesel	April 19,	December 1, 2023

Title of Document	Issued under the Name of	Power Plant						
		Name	Type	Location	Capacity	Fuel	Economic Life/Term of COC	Date of Issuance
Operate			Blackstart	Davao de Oro	1.680 MW	Diesel	2023 – April 18, 2024	
Provisional Authority to Operate	Therma Marine, Inc.	M1 - BESS	Auxilliary Battery Energy Storage System	Brgy. San Roque, Maco, Davao de Oro	31.547 MW	BESS	August 23, 2023 – August 22, 2024	December 1, 2023
Provisional Authority to Operate	Therma Marine, Inc.	Mobile 2	Diesel Power Plant	Brgy. Sta. Ana, Nasipit, Agusan del Norte	100.327 MW	Diesel	April 6, 2023 – April 5, 2024	December 1, 2023
			Blackstart		1.68 MW	Diesel		
Provisional Authority to Operate	Therma Mobile, Inc.	Barge 1/Mobile 3	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Baradero Street, North Bay Blvd., Navotas City	66 MW	Bunker C/ Diesel	July 9, 2023 - July 8, 2024	December 18, 2023
COC No. 17-07-M-00306L	Therma Mobile, Inc.	Barge 2/ Mobile 4	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Baradero Street, North Bay Blvd., Navotas City	56 MW	Bunker C/ Diesel	July 9, 2023 - July 8, 2024	December 18, 2023
COC No. 17-07-M-00307L	Therma Mobile, Inc.	Barge 3/ Mobile 5	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Baradero Street, North Bay Blvd., Navotas City	57 MW	Bunker C/ Diesel	July 9, 2023 - July 8, 2024	December 18, 2023
COC No. 17-07-M-00308L	Therma Mobile, Inc.	Barge 4/ Mobile 6	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Baradero Street, North Bay Blvd., Navotas City	52 MW	Bunker C/ Diesel	July 9, 2023 - July 8, 2024	December 18, 2023
Provisional Authority to Operate	Therma Power-Visayas, Inc.	Naga Oil-Fired Power Plant (NOPP) and Blackstart Diesel Engine Generating Unit	Oil-Fired Power Plant and Blackstart	Brgy. Colon, Naga City, Cebu	44.680 MW 440 kW	Bunker C and Diesel	December 19, 2023 – December 18, 2024	January 9, 2024
Provisional Authority to Operate	Therma South, Inc.	Unit 1	Coal Fired Power Plant	Brgy. Binugao, Toril District, Davao City	150.025 MW	Coal	January 5, 2024 – January 4, 2025	January 24, 2024
		Unit 2			150.025 MW	Coal		
COC No. 19-06-M-00176V	Therma Visayas, Inc.	Therma Visayas Circulating Fluidized Bed Coal-Fired Power Plant	Coal-Fired Power Plant	Brgy. Bato, Toledo City, Cebu	353.94 MW	Coal	April 15, 2019 - April 14, 2024	June 26, 2019
COC No. 19-07-M-00040L	TeaM Energy Corporation *(Administrator:*	Pagbilao Coal Fired Power Plant	Coal Fired Thermal Power Plant	Isla Grande, Ibabang Polo, Pagbilao,	751.4 MW	Coal	July 20, 2019 - July 19, 2024	July 9, 2019

Title of Document	Issued under the Name of	Power Plant						
		Name	Type	Location	Capacity	Fuel	Economic Life/Term of COC	Date of Issuance
	Therma Luzon, Inc.)		Black Start	Quezon	800 kW	Diesel		
COC No. 18-02-M-00145L	Pagbilao Energy Corporation	Pagbilao Unit 3 Coal Fired Thermal Power Plant	Coal Fired Thermal Power Plant	Isla Grande, Ibabang Polo, Pagbilao, Quezon	420 MW	Coal	February 20, 2018 – February 19, 2023[37]	February 20, 2018
			Blackstart		1.04 MW	Diesel		
COC No. 17-11-M-00282L	GNPower Mariveles Coal Plant Ltd. Co.	Unit 1	Coal Fired Power Plant	Brgy. Alas-asin, Mariveles, Bataan	325.8 MW	Coal	December 3, 2017 – December 2, 2022 [38]	November 21, 2017
		Unit 2			325.8 MW			
		N/A	Blackstart		1.68 MW	Diesel		
COC No. 21-12-M-00203L	GNPower Dinginin Ltd. Co.	Unit 1	Supercritical Coal-Fired Power Plant	Coastal Area, Sitio Dinginin, Brgy. Alas-asin, Mariveles, Bataan	724.965 MW	Coal	December 2, 2021 - December 1, 2026	December 2, 2021
COC No. 21-04-S-04285L		N/A	Diesel	Sitio Dinginin, Brgy. Alas-asin, Mariveles, Bataan	2.400 MW	Diesel	Apri 30, 2021 to April 29, 2026	April 30, 2021

[37] On December 21, 2023, PEC re-filed its application for the renewal of its COC with the ERC under the 2023 Revised COC Rules.
[38] GMEC's renewal of its COC is ongoing, and is given by the ERC up to October 3, 2024 to complete its renewal under the 2023 Revised COC Rules.

Annex C. Reporting Template

We are pleased to present the 2023 Aboitiz Power Corporation (AboitizPower) Annual Integrated Report as consolidated by our holding company Aboitiz Equity Ventures (AEV). The Report provides information on financial, operational, governance, social, and environmental performance material to AEV's business subsidiaries and stakeholders.

The Report contains a full year's data—from January 1 to December 31, 2023—and focuses on AEV's strategic business units: Power, Banking and Financial Services, Food, Infrastructure, Land, and Data Science and Artificial Intelligence (DSAI). We gathered reports on their performance in the following focus areas: team member engagement and development, corporate social responsibility, customer focus, disaster resilience, carbon emissions reduction, resource efficiency, renewable energy, waste management, and financial growth and returns.

The results of the operations of AboitizPower are discussed on pages 33-37 of the 2023 Annual Integrated Report.

Monetary values in the Report are presented in Philippine Pesos (PHP), which is AEV's Reporting Standards and Guidance GRI Standards functional currency. All information is disclosed to uphold the principles of ethics and transparency and to communicate vital information to our stakeholders.

This report complies with the Securities and Exchange Commission Memorandum Circular No. 4 Series of 2020: "Sustainability Reporting Guidelines for Publicly Listed Companies."

Kindly refer to the 2023 Annual Integrated Report: Techglomerate Builders, which is available for download at the main Aboitiz Website: https://aboitizcom-uploads.s3.ap-southeast-1.amazonaws.com/wp-content/uploads/2024/04/2023-Aboitiz-Integrated-Report.pdf and the Aboitiz Sustainability Microsite: https://sustainability.aboitiz.com/report/.

Other key sustainability performance data of AboitizPower can also be found at https://aboitizpower.com/esg-sustainability.

NOTE: The page numbers indicated as reference are based on the actual page of the PDF file of the disclosure document.

Contextual Information

Company Details	
Name of Organization	Aboitiz Power Corporation
Location of Headquarters	NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, 1643 Philippines
Location of Operations	The locations where the operations of the Aboitiz Group's businesses are found on page 24 2023 Annual Integrated Report.
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	The reporting scope is found in the About the Report section on pages 4-5 of the 2023 Annual Sustainability Report.
Business Model, including Primary Activities, Brands, Products, and Services	Kindly refer to page 6 of the 2023 Annual Integrated Report.
Reporting Period	January 1, 2023 to December 31, 2023
Highest Ranking Person responsible for this report	Emmanuel V. Rubio President and Chief Executive Officer

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
The discussion on the materiality assessment process can be found on page 6 of the 2023 Annual Integrated Report (About the Report). Materiality, as defined by the GRI reporting framework, includes topics and disclosures that reflect the Group's significant economic, environmental, and social impacts, or those that would substantially influence the assessments and decisions of our stakeholders. Our process involved an internal analysis of the importance of a broad list of sustainability issues related to our core businesses of power, banking and financial services, food, infrastructure, land, DSAI, and our corporate foundation. At the parent company level, we integrated the common material issues that are within the medium-term horizon of our reporting parameters. We also used discussions from stakeholder dialogues and company-wide feedback channels to inform the selection of these material issues, which were

[1] See *GRI 102-46* (2016) for more guidance.

discussed and approved by the Aboitiz Group Management Committee as part of the focus areas of our Aboitiz Sustainability Synergy.

Our process of determining material topics and a list of material topics are reported using GRI 3-1 and 3-2 and can be found on pages 74-75 of the 2023 Annual Integrated Report.

We used our stakeholder dialogues and company-wide feedback channels to inform the selection of these material issues, which were discussed and approved by the Aboitiz Group Management Committee as part of the focus areas of our Aboitiz Sustainability Framework.

Supporting references are found on page 98 of the Key Dialogue Channel for Stakeholders of the 2023 Annual Integrated Report.

Similarly, AboitizPower also conducted its own Materiality Assessment in 2023 to identify the material ESG topics and issues that could impact the overall business (operationally, financially, or reputationally), or the Company's impact on its stakeholders. A third-party consultant was commissioned to conduct the exercise, including interviews with internal and external stakeholders. As a result, the Company has identified 21 material topics important to the organization and its stakeholders. Among the top priority topics – categorized as critical for the Company given their high importance to stakeholders and high potential impact on the business – are Sustainable Growth, Energy Security and Equity, Greenhouse Gas (GHG) Emissions & Climate Strategy, and Product and Service Stewardship. The Company will continue to monitor and manage all these material topics in 2024 and work on gaps necessary to mitigate possible risks and maximize business opportunities.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

AboitizPower's financial performance is summarized on page 11 for Financial Highlights and discussed on pages 18-22 for CFO Message of the 2023 Annual Integrated Report. Economic and Governance practices of AboitizPower are also available on the company website at https://aboitizpower.com/sustainability/governance/.

Disclosure	Amount	Units
Direct economic value generated (revenue)	207,100	PHP millions

Direct economic value distributed:		
a. Operating costs	175,315	PHP millions
b. Employee wages and benefits	7.42	PHP millions
c. Payments to suppliers, other operating costs		PHP
d. Dividends given to stockholders and interest payments to loan providers		PHP
e. Taxes given to the government		PHP
f. Investments to the community (e.g. donations, CSR)	0.32	PHP millions

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization		

Climate-related risks and opportunities[2]

A discussion on the Aboitiz Group's Climate-related actions is found on page 79 of the 2023 Annual Integrated Report.

In 2023, the Aboitiz Group has included our progress in addressing climate change risks following the guidance of the Task Force on Climate-Related Financial Disclosures (TCFD).

Our disclosures of the Climate Risk Scenario Analysis and Climate Strategy can also be found in our Aboitiz Sustainability Microsite: https://sustainability.aboitiz.com/our-impact/climate-strategy/

Governance	**Strategy**	**Risk Management**	**Metrics and Targets**
Disclose the organization's governance around climate-related risks and opportunities	Disclose the actual and potential impacts[3] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	Disclose how the organization identifies, assesses, and manages climate-related risks	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material
Recommended Disclosures			
a) Describe the board's oversight of climate-related risks and opportunities	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	a) Describe the organization's processes for identifying and assessing climate-related risks	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process
b) Describe management's role in assessing and	b) Describe the impact of climate-related	b) Describe the organization's processes for	b) Describe the targets used by the organization to

[2] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

[3] For this disclosure, impact refers to the impact of climate-related issues on the company.

managing climate-related risks and opportunities	risks and opportunities on the organization's businesses, strategy and financial planning.	managing climate-related risks	manage climate-related risks and opportunities and performance against targets
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers		%

For Supply Chain Management Approach and significant improvements and innovations to our supply chain processes kindly refer to pages 206-209 of the 2023 Annual Integrated Report.

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Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*

organization or linked to impacts through its business relationship)		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
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Anti-corruption

For our disclosures relevant to Anti-Corruption, refer to pages 104-109 of the 2023 Annual Integrated Report and page 145 of the 2023 20-IS Definitive Information Statement Report: https://aboitizpower.com/uploads/media/2024-AP-SEC-Form-20-IS-Definitive-Information-Statement.pdf

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to		%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to		%
Percentage of directors and management that have received anti-corruption training		%
Percentage of employees that have received anti-corruption training		%

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Incidents of Corruption

Corruption-related reports or incidents are discussed on page 145 of the 2023 20-IS Definitive Information Statement Report: https://aboitizpower.com/uploads/media/2022-AP-SEC-Form-20-IS-Definitive-Information-Statement.pdf

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

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ENVIRONMENT

Information on environmental indicators material to the Aboitiz Group is found on pages 76-79 and 137-138 of the 2023 Annual Integrated Report; our 2023 Performance Tables and Cost and Effects of Compliance with Environmental Laws on **page 100** of the AP 20-IS Definitive Statement. Environment metrics, indicators, and practices of AboitizPower are also available on the AboitizPower website https://aboitizpower.com/sustainability/environment

A discussion on the Aboitiz Group's management approaches and initiatives for environmental stewardship is found on pages 73-74 and 76-79 of the 2023 Annual Integrated Report.

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)		GJ
Energy consumption (gasoline)		GJ
Energy consumption (LPG)		GJ
Energy consumption (diesel)		GJ
Energy consumption (electricity)	8,580,620	MWh

Reduction of energy consumption:

Disclosure	Quantity	Units
Energy reduction (gasoline)		GJ
Energy reduction (LPG)		GJ
Energy reduction (diesel)		GJ
Energy reduction (electricity)		kWh
Energy reduction (gasoline)		GJ

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Water consumption within the organization

Disclosure	**Quantity**	**Units**
Water withdrawal	671.57	million cubic meters
Water consumption	7.74	million cubic meters
Water recycled and reused		million cubic meters

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Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
● renewable	23,581,108	tonnes
● non-renewable	2,351,125	tonnes
Percentage of recycled input materials used to manufacture the organization's primary products and services		%

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Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	**Quantity**	**Units**
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	(identify all sites)	
Habitats protected or restored		ha
IUCN[4] Red List species and national conservation list species with habitats in areas affected by operations	(list)	

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)	*(e.g. employees, community, suppliers,*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects,*

[4] International Union for Conservation of Nature

Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*government, vulnerable groups)*	*programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
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Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions		Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions		Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)		Tonnes

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Air Pollutants

Disclosure	Quantity	Units
NO_x		kg
SO_x		kg
Persistent organic pollutants (POPs)		kg
Volatile organic compounds (VOCs)		kg
Hazardous air pollutants (HAPs)		kg
Particulate matter (PM)		kg

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Solid and Hazardous Wastes

Solid Waste

Disclosure	**Quantity**	**Units**
Total solid waste generated		kg
Reusable		kg
Recyclable		kg
Composted		kg
Incinerated		kg
Residuals/Landfilled		kg

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What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization		

Hazardous Waste

Disclosure	**Quantity**	**Units**
Total weight of hazardous waste generated	1,929	tonnes
Total weight of hazardous waste transported	1,929	tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
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Effluents

Disclosure	Quantity	Units
Total volume of water discharges		Cubic meters
Percent of wastewater recycled		%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
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What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations		PHP

No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations		#
No. of cases resolved through dispute resolution mechanism		#

Refer to pages 76-79 of the 2023 Annual and Sustainability Report, and pages 100-102 of the 2023 20-IS Definitive Information Statement Report: https://aboitizpower.com/uploads/media/2024-AP-SEC-Form-20-IS-Definitive-Information-Statement.pdf.

In 2023, AboitizPower and its Subsidiaries did not incur any major sanctions for violation of environmental standards and laws. AboitizPower continues to be cognizant of new opportunities to comply with regulatory requirements and improve systems to promote safety and prevent adverse impacts on the environment or affected ecosystems.

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization		

SOCIAL

Information on social indicators material to the Aboitiz Group is found on pages 80-83, 136-137 of the 2023 Annual Integrated Report; our 2023 Performance Tables and Social metrics, indicators, and practices of AboitizPower are also available on the AboitizPower website at https://aboitizpower.com/sustainability/social

A discussion on the Aboitiz Group's management approaches, talent analytics, and initiatives for social indicators is found on pages 73-74 and 80-83 of the 2023 Annual Integrated Report

Our Corporate Social Responsibility approaches and performance is reported on pages 66-72 of the 2023 Annual Integrated Report.

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[5]	3,681	
a. Number of female employees	1,155	#
b. Number of male employees	2,526	#
Attrition rate[6]		rate
Ratio of lowest paid employee against minimum wage		ratio

[5] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[6] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y		
PhilHealth	Y		
Pag-ibig	Y		
Parental leaves	Y		
Vacation leaves	Y		
Sick leaves	Y		
Birthday leave	Y		
Medical benefits (aside from PhilHealth)	Y		
Housing assistance (aside from Pag-ibig)	Y		
Calamity Assistance	Y		
Retirement fund (aside from SSS)	Y		
Further education support	Y		
Company stock options	Y		
Telecommuting / Work From Home	Y		
Flexible-working Hours	Y		

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*

What are the Risk/s Identified?	Management Approach
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees		hours
b. Male employees		hours
Average training hours provided to employees		
a. Female employees		hours/employee
b. Male employees		hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**

Identify the opportunity/ies related to material topic of the organization	

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	9.48	%
Number of consultations conducted with employees concerning employee-related policies		#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	31	%
% of male workers in the workforce	69	%

Number of employees from indigenous communities and/or vulnerable sectors*		#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	**Quantity**	**Units**
Safe Man-Hours		Man-hours
No. of work-related injuries (employee and contractor)	12	#
No. of work-related fatalities (employees)	0	#
No. of work-related fatalities (contractors)	0	#
No. of work-related ill-health	0	#
No. of safety drills	397	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Labor Laws and Human Rights

Disclosure	**Quantity**	**Units**
No. of legal actions or employee grievances involving forced or child labor		#

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	**Y/N**	**If Yes, cite the reference in the company policy**
Forced labor	Y	We have a human rights commitment on our website. See the section on Respecting Human Rights at https://aboitizpower.com/sustainability/social/**.**
Child labor	Y	
Human Rights	Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Supply Chain Management

Our disclosures relevant to Supply Chain Management are on page 139 of the 2023 Annual Integrated Report.

AboitizPower ensures that it partners with suppliers that will not only be able to deliver their products or services accordingly but also give importance to sustainability and implement sustainable business practices. The company has a Supplier Code of Conduct which aims to align our company values with our suppliers and to strengthen our supplier's standard of doing business with the company. This also ensures that all of its suppliers will uphold and share the same values and sustainability principles when doing business with the Company, and adhere to our compliance, ethical, social, labor, environmental, and quality standards and requirements.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite the reference in the supplier policy
Environmental performance	Y	The company conducts accreditation through an Ocular Inspection Team comprised of the following: 1. Supply Chain Management representative 2. Health, Safety, Environment (HSE) representative 3. Risk representative
Forced labor	Y	
Child labor	Y	

Human rights	Y	4. Authorized technical representative/s
Bribery and corruption	Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Relationship with Community

Significant Impacts on Local Communities

Our disclosures relevant to the Relationship with the Community, Customer Management, Customer Privacy, and Data Security can be found on pages 35, 88-89, 108, and 139. Our CSR Programs are discussed on pages 66-72 of the 2023 Annual Integrated Report.

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this	**Location**	**Vulnerable groups (if applicable)***	**Does the particular operation have impacts on indigenous people (Y/N)?**	**Collective or individual rights that have been identified that or particular concern for the community**	**Mitigating measures (if negative) or enhancement measures (if positive)**

has to be business operations)					

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

Certificates	**Quantity**	**Units**
FPIC process is still undergoing		#
CP secured		#

What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Customer Management

Customer Satisfaction

Disclosure	**Score**	**Did a third party conduct the customer satisfaction study (Y/N)?**
Customer satisfaction (Distribution Utilities only)	93%	Y

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Health and Safety

Disclosure	**Quantity**	**Units**
No. of substantiated complaints on product or service health and safety*		#
No. of complaints addressed		#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*

What are the Risk/s Identified?	Management Approach
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*		#
No. of complaints addressed		#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Customer Privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*		#
No. of complaints addressed		#
No. of customers, users and account holders whose information is used for secondary purposes		#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts, and losses of data		#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and their contribution to sustainable development.

We align our key performance indicators with the United Nations Sustainable Development Goals (SDGs). These highlight our contributions to poverty reduction, education, climate change, responsible consumption, disaster preparedness, technological innovation, and institutional partnership to achieve these shared targets.

We have also assessed our focus areas in our OneNewAboitiz Sustainability Synergy which can be found on page 75 of the 2023 Annual Integrated Report.

Our disclosures on our programs and initiatives aligned with the SDGs are found in our Aboitiz Sustainability Microsite https://sustainability.aboitiz.com/sdg-journey/

Our Businesses	Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Power	Power Generation & Distribution Service	• Ample and reliable power supply • Reasonable and competitive price • Availability of the right mix of energy supply SDG 7	Potential negative impacts of Carbon footprint on SDG 13 14 and 15	• Managing the Carbon footprint of our operations through compliance with regulatory standards and minimizing by promoting Carbon sequestration and biodiversity programs

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

Receiving: John Denver De Guzman
Receipt Date and Time: April 03, 2024 08:40:17 AM

Company Information

SEC Registration No.: C199800134
Company Name: ABOITIZ POWER CORP.
Industry Classification: E40100
Company Type: Stock Corporation

Document Information

Document ID: OST10403202482169757
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2023
Submission Type: Parent
Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	1	9	9	8	0	0	1	3	4	

COMPANY NAME

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

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

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																	

Form Type	Department requiring the report	Secondary License Type, If Applicable
A P F S	C R M D	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
ap_investor@aboitiz.com	(632) 889-10307	Not Available

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
578	4th Monday of April	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ma. Racquel J. Bustamante	racquel.bustamante@aboitiz.com	(02) 8886-2800	

CONTACT PERSON's ADDRESS

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

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

aboitiz

Daryl Jay Rimas <daryl.rimas@aboitiz.com>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Wed, Apr 3, 2024 at 8:22 AM
To: ap200652460@aboitiz.com
Cc: AP200652460@gmail.com

Hi ABOITIZ POWER CORPORATION,

Valid files

- EAFS200652460OTHTY122023.pdf
- EAFS200652460TCRTY122023-01.pdf
- EAFS200652460AFSTY122023.pdf
- EAFS200652460ITRTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-4XQRTTZM09KL59A95QMQSS3Y30TTNSYMR**
Submission Date/Time: **Apr 03, 2024 08:22 AM**
Company TIN: **200-652-460**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

AboitizPower

ABOITIZ POWER CORPORATION

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Aboitiz Power Corporation** is responsible for the preparation and fair presentation of the parent financial statements including the schedules attached therein, for the years ended **December 31, 2023, 2022 and 2021**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

SABIN M. ABOITIZ
Chairman of the Board

EMMANUEL V. RUBIO
President & Chief Executive Officer

JUAN ALEJANDRO A. ABOITIZ
Senior Vice President /Chief Financial Officer/Corporate Information Officer

Signed this
5th day of March 2024

Republic of the Philippines)
Taguig City) S.S.

Before me, a notary public in and for the city named above, personally appeared:

Name	Passport	Date/Place Issued
SABIN M. ABOITIZ	P7230904B	July 19, 2021; DFA Manila
EMMANUEL V. RUBIO	P3162364B	September 13, 2019; DFA Manila
JUAN ALEJANDRO A. ABOITIZ	P6235359B	February 5, 2021; DFA Manila

who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this MAR 13 2024.

Doc. No. 289;
Page No. 59;
Book No. VII;
Series of 2024

ATTY. CZAR AUGUSTUS C. COLINA
Notary Public for Taguig City
Notarial Commission No. 76 (2023-2024)
Until 31 December 2024
NAC Tower, 32nd Street, Bonifacio Global City, Taguig City
Roll No. 70362, Admitted to the Bar 02 June 2017
PTR No. A-6155015, 09 January 2024, Taguig City
IBP No. 414728, 10 January 2024, Makati City
MCLE Compliance No VII-0011495

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines 1634

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Aboitiz Power Corporation (the Company), which comprise the parent company balance sheets as at December 31, 2023 and 2022, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 23 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Company. The information has been subjected to the auditing procedures applied in our audit of the parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Jhoanna Feliza C. Go

SYCIP GORRES VELAYO & CO.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079942, January 5, 2024, Makati City

March 5, 2024

ABOITIZ POWER CORPORATION

PARENT COMPANY BALANCE SHEETS

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱2,191,015,624**	₱3,734,929,981
Trade and other receivables (Note 5)	**495,917,863**	313,233,281
Derivative asset (Note 19)	**481,595,229**	116,671,798
Prepayments and other current assets (Note 6)	**2,522,876**	16,593,188
Total Current Assets	**3,171,051,592**	4,181,428,248
Noncurrent Assets		
Investments and advances (Note 7)	**107,966,951,345**	114,536,586,492
Project development costs (Note 10)	**1,038,504,045**	809,434,961
Property and equipment (Note 8)	**358,437,515**	142,627,038
Derivative asset - net of current portion (Note 19)	**—**	330,592,486
Other noncurrent assets (Note 9)	**1,206,956,913**	894,171,827
Total Noncurrent Assets	**110,570,849,818**	116,713,412,804
TOTAL ASSETS	**₱113,741,901,410**	₱120,894,841,052
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of long-term debts (Note 12)	**₱45,231,308**	₱45,181,722
Trade and other payables (Note 11)	**1,053,447,883**	901,457,882
Current portion of lease liabilities (Note 20)	**23,938,768**	4,760,368
Derivative liability (Note 19)	**481,595,229**	116,671,798
Total Current Liabilities	**1,604,213,188**	1,068,071,770
Noncurrent Liabilities		
Long-term debts (Note 12)	**53,693,926,196**	53,647,932,849
Derivative liability - net of current portion (Note 19)	**—**	330,592,486
Pension liability (Note 15)	**398,233,365**	433,306,621
Lease liabilities - net of current portion (Note 20)	**27,541,916**	—
Total Noncurrent Liabilities	**54,119,701,477**	54,411,831,956
Total Liabilities	**55,723,914,665**	55,479,903,726
Equity		
Capital stock (Note 13a)	**7,358,604,307**	7,358,604,307
Additional paid-in capital (Note 13a)	**12,588,894,332**	12,588,894,332
Actuarial losses on defined benefit plan (Note 15)	**(650,105,723)**	(658,104,601)
Retained earnings (Note 13b)		
Appropriated	**11,900,000,000**	20,060,000,000
Unappropriated	**31,712,425,020**	26,065,543,288
Treasury shares (Note 13d)	**(4,891,831,191)**	—
Total Equity	**58,017,986,745**	65,414,937,326
TOTAL LIABILITIES AND EQUITY	**₱113,741,901,410**	₱120,894,841,052

See accompanying Notes to Parent Company Financial Statements.

ABOITIZ POWER CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE			
Dividends (Note 17)	**₱15,540,588,115**	₱5,531,683,113	₱13,584,933,218
Technical, management and other service fees (Note 17)	**2,066,241,941**	1,359,693,663	1,033,204,426
Interest income (Notes 4 and 17)	**121,705,165**	193,529,774	98,196,432
	17,728,535,221	7,084,906,550	14,716,334,076
GENERAL AND ADMINISTRATIVE EXPENSES			
Interest and other financing charges (Notes 12, 18 and 20)	**2,765,247,456**	3,408,227,748	3,471,372,528
Personnel (Note 14)	**2,342,303,287**	1,664,991,796	1,066,641,892
Service fees (Note 17)	**367,936,959**	482,233,747	250,318,230
Transportation and travel (Note 17)	**276,159,650**	143,866,593	68,267,910
Communication	**168,235,237**	39,660,394	18,106,175
Professional fees (Note 17)	**101,768,232**	89,548,778	136,516,864
Depreciation and amortization (Notes 8 and 9)	**93,391,624**	58,022,491	48,112,514
Advertising and sponsorships	**54,524,455**	178,629,798	18,762,673
Entertainment, amusement and recreation	**41,766,820**	29,968,949	7,762,576
Training	**37,799,758**	34,529,170	16,765,191
Taxes and licenses	**21,680,189**	21,164,901	23,961,998
Office supplies	**6,159,773**	8,214,359	5,157,938
Repairs and maintenance	**5,518,237**	6,697,172	7,743,500
Rent (Note 17)	**3,704,750**	1,442,303	1,379,361
Light and water	**1,526,417**	2,510,486	711,722
Others	**60,158,279**	35,453,430	12,251,929
	6,347,881,123	6,205,162,115	5,153,833,001
OTHER INCOME (CHARGES) - net			
Foreign exchange gains (loss) (Note 18)	**(19,862,686)**	233,044,269	(383,484,630)
Write-off of project development cost (Note 10)	**(185,811,210)**	(238,020,806)	(298,031,413)
Others (Notes 17d and 22a)	**104,171,262**	292,864,080	349,170,980
	(101,502,634)	287,887,543	(332,345,063)
INCOME BEFORE INCOME TAX	**11,279,151,464**	1,167,631,978	9,230,156,012
PROVISION FOR INCOME TAX (Note 16)	**31,679,678**	23,639,480	17,079,902
NET INCOME	**₱11,247,471,786**	₱1,143,992,498	₱9,213,076,110
EARNINGS PER COMMON SHARE (Note 13c)			
Basic and diluted, for net income for the year	**₱1.54**	₱0.16	₱1.25

See accompanying Notes to Parent Company Financial Statements.

ABOITIZ POWER CORPORATION

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
NET INCOME	**₱11,247,471,786**	₱1,143,992,498	₱9,213,076,110
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains (loss) on defined benefit plans (Note 15)	**7,998,878**	(120,237,686)	67,527,593
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:			
Changes in fair value of cash flow hedge (Note 19)	—	(75,717,785)	505,216,246
Total other comprehensive income (loss) for the year, net of tax	7,998,878	(195,955,471)	572,743,839
TOTAL COMPREHENSIVE INCOME	**₱11,255,470,664**	₱948,037,027	₱9,785,819,949

See accompanying Notes to Parent Company Financial Statements.

ABOITIZ POWER CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Capital Stock (Note 13a)	**Additional Paid-In Capital** (Note 13a)	**Cash Flow Hedge Reserve** (Note 19)	**Actuarial Losses on Defined Benefit Plan**	**Retained Earnings** (Note 13b)		**Treasury Shares** (Note 13d)	**Total**
					Appropriated	Unappropriated		
Balances at January 1, 2023	**₱7,358,604,307**	**₱12,588,894,332**	**₱—**	**(₱658,104,601)**	**₱20,060,000,000**	**₱26,065,543,288**	**₱—**	**₱65,414,937,326**
Net income for the year	**—**	**—**	**—**	**—**	**—**	**11,247,471,786**	**—**	**11,247,471,786**
Other comprehensive income	**—**	**—**	**—**	**7,998,878**	**—**	**—**	**—**	**7,998,878**
Total comprehensive income	**—**	**—**	**—**	**7,998,878**	**—**	**11,247,471,786**	**—**	**11,255,470,664**
Cash dividends (Note 13)	**—**	**—**	**—**	**—**	**—**	**(13,760,590,054)**	**—**	**(13,760,590,054)**
Reversal of appropriation (Note 13b)	**—**	**—**	**—**	**—**	**(8,160,000,000)**	**8,160,000,000**	**—**	**—**
Acquisition of treasury shares (Note 13d)	**—**	**—**	**—**	**—**	**—**	**—**	**(4,891,831,191)**	**(4,891,831,191)**
Balances at December 31, 2023	**₱7,358,604,307**	**₱12,588,894,332**	**₱—**	**(₱650,105,723)**	**₱11,900,000,000**	**₱31,712,425,020**	**(₱4,891,831,191)**	**₱58,017,986,745**
Balances at January 1, 2022	₱7,358,604,307	₱12,588,894,332	₱75,717,785	(₱537,866,915)	₱20,060,000,000	₱35,591,527,035	₱—	₱75,136,876,544
Net income for the year	—	—	—	—	—	1,143,992,498	—	1,143,992,498
Other comprehensive income	—	—	(75,717,785)	(120,237,686)	—	—	—	(195,955,471)
Total comprehensive income	—	—	(75,717,785)	(120,237,686)	—	1,143,992,498	—	948,037,027
Cash Dividends (Note 13)	—	—	—	—	—	(10,669,976,245)	—	(10,669,976,245)
Balances at December 31, 2022	₱7,358,604,307	₱12,588,894,332	₱—	(₱658,104,601)	₱20,060,000,000	₱26,065,543,288	₱—	₱65,414,937,326

	Capital Stock (Note 13a)	Additional Paid-In Capital (Note 13a)	Cash Flow Hedge Reserve (Note 19)	Actuarial Losses on Defined Benefit Plan	Retained Earnings (Note 13b)		Total
					Appropriated	Unappropriated	
Balances at January 1, 2021	₱7,358,604,307	₱12,588,894,332	(₱429,498,461)	(₱605,394,508)	₱33,660,000,000	₱19,033,264,586	₱71,605,870,256
Net income for the year	—	—	—	—	—	9,213,076,110	9,213,076,110
Other comprehensive income	—	—	505,216,246	67,527,593	—	—	572,743,839
Total comprehensive income	—	—	505,216,246	67,527,593	—	9,213,076,110	9,785,819,949
Cash dividends (Note 13)	—	—	—	—	—	(6,254,813,661)	(6,254,813,661)
Reversal of Appropriation (Note 13)	—	—	—	—	(13,600,000,000)	13,600,000,000	—
Balances at December 31, 2021	₱7,358,604,307	₱12,588,894,332	₱75,717,785	(₱537,866,915)	₱20,060,000,000	₱35,591,527,035	₱75,136,876,544

See accompanying Notes to Parent Company Financial Statements.

ABOITIZ POWER CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱11,279,151,464**	₱1,167,631,978	₱9,230,156,012
Adjustments for:			
Interest and other financing charges (Notes 12, 18 and 20)	**2,765,247,456**	3,408,227,748	3,471,372,528
Write-off of project development cost (Note 10)	**185,811,210**	238,020,806	298,031,413
Depreciation and amortization (Notes 8 and 9)	**93,391,624**	58,022,491	48,112,514
Unrealized foreign exchange losses (Note 18)	**17,219,991**	69,015,123	958,305,749
Losses (gain) on disposal of property and equipment (Note 8)	**(5,167,859)**	677,516	878,330
Interest income (Notes 4 and 17e)	**(121,705,165)**	(193,529,774)	(98,196,432)
Operating income before working capital changes	**14,213,948,721**	4,748,065,888	13,908,660,114
Decrease (increase) in:			
Trade and other receivables	**(202,073,180)**	518,297,899	461,523,013
Input VAT	**(75,068,962)**	(8,767,295)	(814,638)
Increase (decrease) in:			
Trade and other payables	**236,559,603**	298,948,763	635,204
Pension liability	**(27,074,377)**	294,239,227	53,217,409
Net cash generated from operations	**14,146,291,805**	5,850,784,482	14,423,221,102
Income taxes refunded (paid) - net	**(227,188,019)**	105,839,295	16,133,106
Net cash flows from operating activities	**13,919,103,786**	5,956,623,777	14,439,354,208
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**138,889,058**	194,165,432	81,889,660
Decrease (increase) in recoverable deposits	**(7,678,600)**	(83,647)	212,277
Proceeds from:			
Advances from subsidiaries and associates	**5,243,356,840**	855,707,000	2,000,560,856
Redemption of preferred shares (Note 7)	**3,577,116,577**	2,870,882,531	14,413,000
Disposal of property and equipment (Note 8)	**10,395,601**	7,969,501	5,124,967
Additions to:			
Investments and advances	**(2,250,838,271)**	(381,392)	(181,386,883)
Project development costs (Note 10)	**(475,449,823)**	(598,460,337)	(44,355,693)
Property and equipment (Note 8)	**(227,411,230)**	(118,987,861)	(30,796,911)
Computer software license (Note 9)	**(6,360,822)**	(3,048,696)	(2,576,154)
Net cash flows from investing activities	**6,002,019,330**	3,207,762,531	1,843,085,119
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Cash dividends (Note 13b)	**(13,760,113,135)**	(10,669,606,442)	(6,254,587,553)
Acquisition of treasury shares (Note 13d)	**(4,891,831,191)**	—	—
Interest and other financing charges	**(2,720,208,360)**	(3,350,620,250)	(3,049,008,525)
Long-term debt	**(50,000,000)**	(19,615,775,000)	(22,815,725,000)
Lease liability, including interest accretion (Note 20)	**(25,664,801)**	(26,816,552)	(25,334,028)
Transaction costs from availment of long-term debt	**—**	(129,875,189)	(292,662,959)
Proceeds from long-term debts (Note 12)	**—**	10,000,000,000	26,000,000,000
Net cash flows used in financing activities	**(21,447,817,487)**	(23,792,693,433)	(6,437,318,065)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,526,694,371)**	(14,628,307,125)	9,845,121,262
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(17,219,986)**	(8,185,121)	205,464,252
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,734,929,981**	18,371,422,227	8,320,836,713
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱2,191,015,624**	₱3,734,929,981	₱18,371,422,227

See accompanying Notes to Parent Company Financial Statements.

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 December 31, 2023, Aboitiz Equity Ventures, Inc. (AEV; also a publicly-listed entity incorporated in the Philippines) and JERA Asia Private Limited own the Company by 53.09% and 27.57%, respectively. The Company's ultimate parent is ACO.

The Company's registered office address is 32nd Street, Bonifacio Global City, 1635 Taguig City, NCR, Fourth District Philippines.

The parent company financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) of the Company on March 5, 2024.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Financial Statement Preparation
The parent company financial statements have been prepared on a historical cost basis, except for derivative financial instruments which are measured at fair value. The parent company financial statements are presented in Philippine peso which is the Company's functional currency.

Statement of Compliance
The parent company financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

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

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

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

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

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

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company does not expect that the future adoption of the said pronouncements will have a significant impact on its parent company financial statements. The Company intends to adopt the following pronouncements when they become 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. The amendments are not expected to have a material impact on the Company.

- 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. The amendments are not expected to have a material impact on the Company.

- 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. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21*, Lack of exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Summary of Significant Accounting Policies

Current versus Noncurrent Classification
The Company presents assets and liabilities in the parent company balance sheet based on current/noncurrent classification. An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for a least twelve months after reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as noncurrent.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability, or
• In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Foreign-currency-denominated Transactions

The Company's financial statements are presented in Philippine Peso, which is the Company's functional currency. Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at balance sheet date. Exchange gains and losses arising from foreign currency transactions and translations of foreign currency denominated monetary assets and liabilities are credited to or charged against current operations. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions

Cash and Cash Equivalents

Cash and cash equivalents in the parent company balance sheet consist of cash on hand and with banks, and short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. They are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purpose of the parent company statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial Instruments - Classification and Measurement

Classification of financial assets

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Company's business model for managing the financial assets.

The Company classifies its financial assets into the following measurement categories:

- financial assets measured at amortized cost
- financial assets measured at fair value through profit or loss (FVTPL)

- financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

Contractual cash flows characteristics
If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Company assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Company determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e, interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to a contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model
The Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument.

The Company's business model refers to how it manages its financial assets in order to generate cash flows. The Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Company in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Financial assets at amortized cost
A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest method. The amortization is included in 'Interest income' in the statement of income and is calculated by applying the effective interest method to the gross carrying amount of the financial asset, except for (i) purchased or originated credit-impaired financial assets and (ii) financial assets

that have subsequently become credit-impaired, where, in both cases, the effective interest method is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in 'Provision for credit and impairment losses' in the parent company statement of income.

The Company's financial assets at amortized cost as of December 31, 2023 and 2022 consist of cash in banks, cash equivalents and trade and other receivables (see Note 19). The Company assessed that the contractual cash flows of these financial assets are SPPI and are expected to be held to collect all contractual cash flows until their maturity. As a result, the Company concluded these financial assets are to be measured at amortized cost.

Classification of financial liabilities
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are measured subsequently at amortized cost, except for the following:

- financial liabilities measured at FVTPL;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Company retains continuing involvement;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or
- if a Company of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

The Company's financial liabilities measured at amortized cost as of December 31, 2023 and 2022 which comprise of trade and other payables, long-term debts and lease liabilities (see Note 19).

Reclassifications of financial instruments
The Company reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Company and any previously recognized gains, losses or interest shall not be restated. The Company does not reclassify its financial liabilities.

The Company does not reclassify its financial assets when:

- A financial asset that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;

- A financial asset becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and
- There is a change in measurement on credit exposures measured at fair value through profit or loss.

Derivative financial instruments

Initial recognition and subsequent measurement
Derivative financial instruments, including embedded derivatives, are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated, and are subsequently remeasured at FVTPL, unless designated as effective hedge. Changes in fair value of derivative instruments not accounted as hedges are recognized immediately in the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Company assesses whether embedded derivatives are required to be separated from host contracts when the Company first becomes party to the contract. An embedded derivative is separated from the host financial or non-financial contract and accounted for as a separate derivative if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized as at FVPL.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL. The Company uses derivative financial instruments, such as foreign currency forward and interest rate swaps (IRS) to hedge its foreign currency risks and interest rate risk, respectively.

For the purpose of hedge accounting, the Company's hedge are classified as cash flow hedges. Hedges are classified as cash flow hedge when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

The Company's hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedge
The effective portion of the gain or loss on the hedging instrument is recognized in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the parent company statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company uses foreign currency forward contracts as hedges of its exposure to foreign currency risk in forecast transactions and IRS contracts to manage its floating interest rate exposure on its loans. The ineffective portion relating to these contracts are recognized in other operating income or expenses as realized gain or loss on derivative instruments.

The Company designated all of the foreign currency forward and IRS as hedging instrument. The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive must be accounted for depending on the nature of the underlying transaction as described above.

Derecognition of Financial Assets and Liabilities

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognized when, and only when:

- the rights to receive cash flows from the asset expires;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company retains the contractual rights to receive the cash flows of a financial asset but assumes a contractual obligation to pay those cash flows to one or more entities, the Company treats the transaction as a transfer of a financial asset if the Company:

- has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset;
- is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and
- has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In transactions where the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and it retains control over the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. The extent of the Company's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset. When the Company's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Company's continuing involvement is the lower of (i) the amount of the asset and (ii) the maximum amount of the consideration received that the Company could be required to repay ('the guarantee amount'). When the Company's continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase. However, in the case of a written put option on an asset that is measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price. When the Company's continuing involvement takes the form of a cash-settled option or similar provision on the transferred asset, the extent of the Company's continuing involvement is measured in the same way as that which results from non-cash settled options.

Modification of contractual cash flows
When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original effective interest method

(or credit-adjusted effective interest method for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the parent company statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset.

Financial liabilities
A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the parent company statement of income.

Impairment of Financial Assets
The Company recognizes ECL for the following financial assets that are not measured at FVTPL:

- debt instruments that are measured at amortized cost and FVOCI;
- loan commitments; and
- financial guarantee contracts.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the balance sheet date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL
For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the balance sheet date are recognized.

Stage 2: Lifetime ECL - not credit-impaired
For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL - credit-impaired
Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade', or when the exposure is less than 30 days past due.

Determining the stage for impairment
At each balance sheet date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the balance sheet date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to 'Trade receivables'. The Company has established a provision matrix for customer segments that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the parent company balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements whereby the related assets and liabilities are presented gross in the parent company balance sheet.

Classification of Financial Instruments between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as income or expense. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Investments in Subsidiaries and Associates

A subsidiary is an entity over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decision of the investee, but is not control or joint control over those policies.

Investments in subsidiaries and associates are carried at cost, less impairment in value, in the parent company financial statements.

The Company recognizes income from the investments only to the extent that the Company receives distributions or establishes a right to receive distributions from accumulated profits of the subsidiaries and associates arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Property and Equipment

Property and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value, if any. The initial cost of property and equipment compromises its purchase price, including import duties, if any, nonrefundable taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing parts of such property and equipment when that costs is incurred if the recognition criteria are met. Repairs and maintenance costs are recognized in the parent company statement of income as incurred.

Depreciation is computed using the straight-line method over the useful lives of the assets as follows:

Category	Number of years
Leasehold improvements	10
Transportation equipment	5
Office equipment	3
Communication equipment	3

Leasehold improvements are amortized over the shorter of the lease terms and the lives of the improvements.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the parent company statement of income in the year the asset is derecognized.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each financial year-end to ensure that the periods, residual values and method of depreciation are consistent with the expected patter of economic benefit from the items of property and equipment.

When each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

Fully depreciated assets are retained in the accounts until these are no longer in use. When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation and amortization and any allowance for impairment losses, if any, are removed from the accounts, and any resulting gain or loss is recognized parent company statement of income.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of the acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the parent company statement of income in the year in which the expenditure is incurred.

Computer software license

Computer software license is initially recognized at cost. Following initial recognition, the computer software license cost is carried at cost less accumulated amortization and any accumulated impairment in value, if any.

The computer software license is amortized on a straight-line basis over its estimated useful economic life of three to five years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization commences when the computer software license is available for use. The amortization period and the amortization method for the license are reviewed at each financial year end. Changes in the estimated useful life is accounted for by changing the amortization period or method, as appropriate, and treating them as changes in accounting estimates. The amortization expense is recognized in the parent company statement of income in the expense category consistent with the function of the computer software license.

Project Development Costs

Project development costs include power plant projects in the development phase which meet the "identifiability" requirement under PAS 38, *Intangible Assets*, as they are separable and susceptible to individual sale and are carried at acquisition cost. These assets are transferred to "Property and

equipment" when construction of each power plant commences. During the period of development, the asset is tested for impairment annually.

Research and Development Expenditure

The Company's policy is to record research expenses in the parent company statement of income in the period when they are incurred.

Development costs are recognized as an intangible asset on the parent company balance sheet if the Company can identify them separately and show the technical viability of the asset, its intention and capacity to use or sell it, and how it will generate probable future economic benefits.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Impairment of Nonfinancial Assets

Prepayment and other current assets, project development costs, property and equipment, and other noncurrent assets

Except for the project development costs, which are tested for impairment annually, the Company assesses at each balance sheet date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the parent company statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Investments and advances
The Company performs impairment review on its investments and advances whenever an impairment indicator exists. This requires an estimation of the value in use of the investees. Estimating the value in use requires the Company to make an estimate of the future cash flows of the investees and to use a suitable discount rate to calculate the present value of those future cash flows. Impairment losses, if any, are recognized in the parent company statement of income.

Capital Stock and Additional Paid-in Capital
Capital stock is measured at par value for all shares issued. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Capital stock includes common stock and preferred stock.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are debited to the "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against an equity reserve account.

Retained Earnings
The amount included in retained earnings includes accumulated earnings of the Company and reduced by dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved by the BOD. Dividends for the year that are approved after the financial balance sheet date are dealt with as an event after the financial balance sheet date. Retained earnings may also include effect of changes in accounting policy as may be required by the transition provisions of new and amended standards.

Treasury Shares
The Company's own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognized in the parent company statement of income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent.

The following specific recognition criteria must also be met before revenue is recognized:

Dividend income
Dividend income is recognized when the Company's right to receive payment is established.
Technical, management and service fees
Technical, management and service fees are recognized when the related services are rendered.

Interest income
Interest is recognized as it accrues taking into account the effective interest method.

Expenses
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Company's policy to classify right-of-use assets as part of property and equipment.
The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets only pertain to office spaces and are depreciated on a straight-line basis over the shorter of the lease term of 5 to 10 years and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.
In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the

lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases
The Company applies the short-term lease recognition exemption to its short-term leases of conference rooms (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Pension benefits
The Company has defined benefit pension plans which require contributions to be made to separately administered funds. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the parent company statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to parent company statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of

those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period shall not exceed the amount of borrowing costs incurred during that period.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the balance sheet date.

Current income tax relating to items recognized directly in equity is recognized in the parent company statement of comprehensive income and not in the parent company statement of income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused net operating loss carryover (NOLCO) and excess minimum corporate income tax

(MCIT), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of unused NOLCO and excess MCIT can be utilized in the future, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the account profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the balance sheet date.

Income tax relating to items recognized directly in other comprehensive income is also recognized in other comprehensive income and not in the parent company statement of income.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the parent company balance sheet. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the parent company balance sheet to the extent of the recoverable amount.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the parent company statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingencies
Contingent liabilities are not recognized in the parent company financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the parent company financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events that provide additional information about the Company's financial position at balance sheet date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed when material.

Earnings Per Common Share
Basic earnings per common share are computed by dividing net income for the year by the weighted average number of common shares issued and outstanding during the year, after retroactive adjustments for any stock dividends declared and stock rights exercised during the year.

Diluted earnings per share amounts are calculated by dividing the net income for the year by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued for outstanding common stock equivalents.
The Company does not have dilutive common stock equivalents.

Operating Segments
For management purposes, the Company is the parent of the Aboitiz Power Corporation Group that is organized into two major operating segments (power generation and power distribution) according to the nature of the services provided, with each segment representing a significant business segment. The Group's identified operating segments are consistent with the segments reported to the BOD which is the Group's Chief Operating Decision Maker (CODM).

3. Significant Accounting Judgment, Estimates and Assumptions

The preparation of the Company's parent company financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and related notes. The judgment, estimates and assumptions used in the parent company financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's parent company financial statements. Actual results could differ from such estimates. Judgments, estimates and assumptions 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 following items are those matters which the Company assess to have significant risk arising from judgement and estimation uncertainty:

Judgments
In the process of applying the Company's accounting policies, management has made judgments, apart from those involving estimations which have the most significant effect on the amounts recognized in the Parent Company's financial statements.

Classification of financial instruments
The Company exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the parent company balance sheet.

Contractual cash flows assessment
For each financial asset, the Group assesses the contractual terms to identify whether the instrument is consistent with the concept of SPPI.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Evaluation of business model in managing financial instruments
The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Identifying performance obligations
The Company identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Company's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Company assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if i) each distinct good or services in the series are transferred over time and ii) the same method of progress will be used (i.e., units of delivery) to measure the entity's progress towards complete satisfaction of the performance obligation.

Revenue recognition
The Company recognizes revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The Company determines, at contract inception, whether it will transfer control of a promised good or service over time. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The Company will continue to recognize revenue from rendering of services over time, since customers simultaneously receives and consumes the benefits as the Company provides the services.

Identifying methods for measuring progress of revenue recognized over time
The Company determines the appropriate method of measuring progress which is either through the use of input or output methods. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation while output method recognizes revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Measurement of expected credit losses
ECLs are derived from unbiased and probability-weighted estimates of expected loss. Financial assets that are not credit-impaired at the balance sheet date are measured as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

The Company leverages existing risk management indicators (e.g., internal credit risk classification and restructuring triggers), credit risk rating changes and reasonable and supportable information which allows the Company to identify whether the credit risk of financial assets has significantly increased.

No allowance for expected credit losses was recognized in 2023 and 2022. Trade and other receivables amounted to ₱495.9 million and ₱313.2 million as of December 31, 2023 and 2022, respectively (see Note 5).

Inputs, assumptions and estimation techniques
The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), defined as follows:

- *PD*

  The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures. The 12-months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk.

- *LGD*

  Loss Given Default represents the Company's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of EAD.

- *EAD*

  EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

The ECL is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the balance sheet date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD Is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by counterparty.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies.

The assumptions underlying the ECL calculation such as how the maturity profile of the PDs change are monitored and reviewed on a quarterly basis.

Simplified approach for trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates.
The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the industrial segment, the historical default rates are adjusted. At every balance sheet date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Incorporation of forward-looking information
The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Company has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years.
The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Company has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

Estimating allowance for impairment of losses on investment in and advances to subsidiaries and associates

Investments in and advances to subsidiaries and associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
No impairment loss recognized in 2023 and 2022. The aggregate carrying amount of the investments in and advances to subsidiaries and associates amounted to ₱107.97 billion and ₱114.54 billion as of December 31, 2023 and 2022, respectively (see Note 7).

Estimating impairment of project development costs
Impairment is determined for development costs by assessing the recoverable amount of each projects. Where the recoverable amount of the project is less than the carrying amount, an impairment loss is recognized. When calculating recoverable amount, the future cash flow is discounted by a discount factor that takes into consideration risk free interest and the risk associated with the specific project.

The Company has written off project development costs amounting to ₱185.81 million and ₱238.02 million in 2023 and 2022, respectively. The carrying amount of the Company's project development costs amounted to ₱1038.50 million and ₱809.43 million as of December 31, 2023 and 2022, respectively (see Note 10).

Estimating useful lives of property and equipment
The Company estimates the useful lives of property and equipment based on the period over which assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of property and equipment is based on collective assessment of internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors and circumstances mentioned above. As of December 31, 2023 and 2022, the net book values of property and equipment amounted to ₱358.44 million and ₱142.63 million, respectively (see Note 8).

Assessing impairment of nonfinancial assets
The Company assesses whether there are any indicators of impairment for nonfinancial assets at each balance sheet date. These nonfinancial assets (property and equipment, input VAT and noncurrent assets) are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Determining the recoverable amount of the assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect its financial statements. Future events could cause the Company to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

As of December 31, 2023, the carrying values of property and equipment, prepayment and other current assets and noncurrent assets amounted to ₱358.44 million, ₱2.52 million, and ₱1,206.96 million, respectively. As of December 31, 2022, the carrying values of property and equipment, prepayment and other current assets and noncurrent assets amounted to ₱142.63 million, ₱16.59 million, and ₱894.17 million, respectively (see Notes 6, 8 and 9).

Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure its lease liability. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic

environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. As of December 31, 2023 and 2022, lease liability amounted to ₱51.5 million and ₱4.8 million, respectively (see Note 20).

Pension benefits
The cost of defined benefit pension plans, as well as the present value of the pension obligation, are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each balance sheet date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Further details about the assumptions used are provided in Note 15.

Net benefit expense amounted to ₱128.6 million in 2023, ₱294.2 million in 2022 and ₱53.2 million in 2021. Net pension liability amounted to ₱398.2 million in 2023 and ₱433.3 million in 2022 (see Note 15).

Recognition of deferred income tax assets
The Company reviews the carrying amounts of deferred income tax assets at each balance sheet date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient income will be available to allow all or part of the deferred income tax assets to be utilized. Deferred income tax asset amounted to ₱14.3 million and ₱4.1 million as of December 31, 2023 and 2022, respectively (see Note 16).

No deferred income tax assets were recognized for deductible temporary difference and carryforward benefit from unused NOLCO and excess MCIT as disclosed in Note 16.

Legal contingencies
The estimate of probable costs for the resolution of possible claims has been developed in consultation with outside counsels handling the Company's defense in these matters and is based upon an analysis of potential results. No provision for probable losses arising from legal contingencies was recognized in the Company's parent company financial statements for the years ended December 31, 2023 and 2022.

4. Cash and Cash Equivalents

	2023	2022
Cash on hand and in banks	**₱366,645,624**	₱779,586,769
Short-term deposits	**1,824,370,000**	2,955,343,212
	₱2,191,015,624	₱3,734,929,981

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

Interest income earned from cash in banks and short-term deposits amounted to ₱121.5 million, ₱153.5 million and ₱75.0 million in 2023, 2022 and 2021, respectively.

5. Trade and Other Receivables

	2023	2022
Trade receivables		
Related parties (Note 17)	**₱18,296,142**	₱22,800,149
Others	**255,237,691**	58,719,710
Dividends (Note 17)	**194,734,442**	180,515,117
Interest	**10,911,581**	28,095,474
Others	**16,738,007**	23,102,831
	₱495,917,863	₱313,233,281

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

For terms and conditions relating to related party receivables, refer to Note 17.

6. Prepayments and other current assets

	2023	2022
Prepaid expenses	**₱2,522,876**	₱—
Input VAT	**—**	16,593,188
	₱2,522,876	₱16,593,188

7. **Investments and Advances**

	2023	2022
Investments in Subsidiaries		
Therma Power, Inc. (TPI)	**₱30,116,058,873**	₱30,116,058,873
Aboitiz Renewables, Inc. (ARI)	**25,172,988,814**	25,172,988,814
Therma Visayas, Inc. (TVI)	**7,118,681,570**	7,118,681,570
STEAG State Power, Inc. (SPI)	**6,545,299,736**	—
Lima Enerzone Corporation (LEZ)	**1,329,696,667**	1,329,696,667
Therma South, Inc. (Therma South)	**877,892,679**	877,892,679
Therma Mobile, Inc. (Therma Mobile)	**742,400,000**	742,400,000
Davao Light & Power Co., Inc. (DLPC)	**738,845,011**	738,845,011
Visayan Electric Co., Inc. (VECO)	**665,438,202**	665,438,202
Mactan Enerzone Corporation (MEZC)	**609,532,287**	609,532,287
Balamban Enerzone Corporation (BEZC)	**444,869,161**	444,869,161
Subic Enerzone Corporation (SEZC)	**227,000,000**	227,000,000
Cotabato Light & Power Co. (CLPC)	**214,051,330**	214,051,330
Hedcor Sabangan, Inc. (Hedcor Sabangan)	**187,643,142**	527,643,142
AboitizPower International Pte. Ltd. (AP Int)	**171,404,666**	171,404,666
Retensol, Inc. (RI)	**135,116,116**	135,116,116
Malvar Enerzone Corporation (Malvez)	**110,500,000**	110,500,000
East Asia Utilities Corporation (EAUC)	**100,914,275**	100,914,275
1882 Ventures Incorporated (1882EV)	**75,000,000**	—
AP Renewable Energy Corporation (APREC)	**27,382,759**	27,382,759
Aboitiz Energy Solutions, Inc. (AESI)	**21,000,000**	21,000,000
Cebu Private Power Corporation (CPPC)	**17,806,608**	17,806,608
Prism Energy, Inc. (PEI)	**12,648,600**	12,648,600
AdventEnergy, Inc. (AI)	**812,500**	812,500
Peninsula Energy Corporation (PENEC)	**150,000**	—
Cell Power Energy Corporation (formerly Olongapo Energy Corporation) (CPEC)	**5,000**	5,000
Hedcor Bukidnon, Inc. (Hedcor Bukidnon)	**—**	1,897,000,000
Hedcor, Inc. (HI)	**—**	1,237,204,309
Hedcor Tudaya, Inc. (HTI)	**—**	95,972,269
	75,663,137,996	72,612,864,838
Investments in Associates		
AA Thermal, Inc.	**31,822,827,705**	31,822,827,705
Hijos de F. Escaño, Inc. (Hijos)	**873,491,034**	873,491,034
Pampanga Energy Ventures, Inc. (PEVI)	**209,465,106**	209,465,106
San Fernando Electric Light & Power Co., Inc.	**180,863,801**	180,863,801
AEV Aviation, Inc. (AAI)	**130,038,200**	136,978,200
Western Mindanao Power Corporation (WMPC)	**79,099,377**	79,099,377
Southern Philippines Power Corporation (SPPC)	**45,776,067**	45,776,067
Mazzaraty Energy Corporation (MEC)	**2,243,418**	2,243,418
SPI	**—**	4,400,611,465
	33,343,804,708	37,751,356,173
Less allowance for impairment loss	**1,071,358,480**	1,071,358,480
	107,935,584,224	109,292,862,531
Advances	**31,367,121**	5,243,723,961
	₱107,966,951,345	₱114,536,586,492

Investment in SPI
On September 15, 2022, STEAG GmbH entered into a Share Purchase Agreement with the

Company for the purchase by the Company of an additional 35.4% stake in SPI. The total purchase price for the shares is US$ 36.1 million (₱2.1 billion), plus locked box interest at a simple rate of 4% per annum (on the basis of a 365-day year) from January 1, 2021 to March 31, 2022.

In June 2023, all of the closing condition have been met allowing the Company to complete the acquisition of the 35.4% ownership interest in SPI from STEAG GmbH. As a result of the acquisition, STEAG became a subsidiary of the Company owning at 69.4% interest.

In February 2024, the Company entered into an agreement with STEAG GmbH to acquire the latter's remaining 15.6% interest in SPI.

Investment in Hedcor Bukidnon
Hedcor Bukidnon redeemed shares attributable to the Company at 1.9 billion redeemable preference shares (RPS) at ₱1 per share for ₱1.9 billion and 1.1 billion RPS at ₱1 per share for ₱1.1 billion in 2023 and 2022, respectively.

Investment in Hedcor Sabangan
Hedcor Sabangan redeemed shares attributable to the Company at 340.0 million RPS at ₱1 per share for ₱340.0 million and 1.2 billion RPS at ₱1 per share for ₱1.2 billion in 2023 and 2022, respectively.

Investment in HTI
HTI redeemed shares attributable to the Company at 95.0 million RPS at ₱1 per share for ₱95.0 million and 0.6 million RPS at ₱1 per share for ₱0.6 million in 2023 and 2022, respectively.

Investment in HI
In 2023, the Company sold 1.2 billion RPS of HI at ₱1 per share amounting to ₱1.2 billion to ARI.

Investment in 1882EV
In 2023, the Company made capital contributions to 1882EV amounting to ₱75.0 million.

Investment in PENEC
In 2023, the Company made capital contributions to PENEC amounting to ₱0.2 million.

Investment in AAI
AAI redeemed shares attributable to the Company at 6,940 RPS at ₱1,000 per share for ₱6.9 million and 5,605 RPS for ₱5.6 million at ₱1,000 per share in 2023 and 2022, respectively.

Investment in DLPC
In 2022, the Company purchased 18,986 common shares of DLPC amounting to ₱0.4 million.

Investment in CPEC
In 2022, the Company converted the advances to CPEC to equity in the form of common shares amounting to ₱5,000.

Investment in CLPC
In 2022, the Company purchased 994 common shares of CLPC amounting to ₱3,887.
Investment in AA Thermal, Inc.
In 2021, the Company subscribed additional RPS amounting to USD 3.7 million (₱179.1 million)

Investment in MEC
In 2021, the Company made capital contributions to MEC amounting to ₱2.2 million.

Advances
These advances include advances to subsidiaries that will be applied against future subscriptions of the Company to the shares of stock of the subsidiaries.

The Company received full settlement from TPI amounting to ₱5.2 billion and ₱0.8 million in 2023 and 2022, respectively. The company received partial settlement on other advances amounting to ₱0.2 million in 2022.

In 2023, the Company granted Aboitiz Distributed Renewables, Inc. (APX2) an interest-bearing advances amounting to ₱31.0 million.

The Company's subsidiaries, all incorporated in the Philippines except for AP Int which was incorporated in Singapore and the corresponding percentage equity ownership are as follows:

		2023		2022	
Name of Company	Nature of Business	**Direct**	**Indirect**	Direct	Indirect
TPI	Holding company	**100 %**	**—**	100 %	—
ARI	Holding company	**100 %**	**—**	100 %	—
TVI	Power generation	**—**	**80 %**	—	80 %
Hedcor Bukidnon	Power generation	**—**	**100 %**	—	100 %
Hedcor Sabangan	Power generation	**—**	**100 %**	—	100 %
LEZ	Power distribution	**100 %**	**—**	100 %	—
HI	Power generation	**—**	**100 %**	—	100 %
Therma South	Power generation	**—**	**100 %**	—	100 %
Therma Mobile	Power generation	**—**	**100 %**	—	100 %
DLPC	Power distribution	**100 %**	**—**	100 %	—
VECO	Power distribution	**55 %**	**—**	55 %	—
HTI	Power generation	**—**	**100 %**	—	100 %
MEZC	Power distribution	**100 %**	**—**	100 %	—
BEZC	Power distribution	**100 %**	**—**	100 %	—
SEZC	Power distribution	**65 %**	**35 %**	65 %	35 %
CLPC	Power distribution	**100 %**	**—**	100 %	—
RI*	Power generation	**— %**	**100 %**	—	100 %
EAUC	Power generation	**50 %**	**50 %**	50 %	50 %
Malvez*	Power distribution	**100 %**	**—**	100 %	—
AP Int	Holding company	**100 %**	**—**	100 %	—
APREC*	Power generation	**— %**	**100 %**	—	100 %
AESI	Retail electricity supplier	**100 %**	**—**	100 %	—
CPPC	Power generation	**60 %**	**—**	60 %	—
PEI	Retail electricity supplier	**60 %**	**—**	60 %	—
AI	Retail electricity supplier	**100 %**	**—**	100 %	—
CPEC*	Power generation	**100 %**	**—**	100 %	—
SPI	Power generation	**69 %**	**—**	— %	—
Cleanergy Asia Power Holdings Pte Ltd.	Holding company	**— %**	**100 %**	—	100 %
AP Lariang Pte Ltd.	Holding company	**— %**	**100 %**	—	100 %

** No commercial operations as of December 31, 2023 and 2022*

The percentage of the Company's ownership in associates and joint ventures is as follows:

		Percentage of Ownership	
Name of Company	Nature of Business	**2023**	2022
PEC	Power generation	**50%**	50%
AAI	Service	**49%**	49%
AA Thermal, Inc.	Holding company	**49%**	49%
Hijos	Holding company	**47%**	47%
MEC	Power distribution	**45%**	45%
PEVI*	Holding company	**43%**	43%
SFELAPCO*	Power distribution	**20%**	20%
SPPC	Power generation	**20%**	20%
WMPC	Power generation	**20%**	20%
SPI	Power generation	**—%**	34%

**PEVI has direct ownership in SFELAPCO of 54.83% while the Company's direct ownership in SFELAPCO is 20.29% resulting to the Company's effective ownership in SFELAPCO of 43.78%.*

8. Property and Equipment

December 31, 2023

	Transportation Equipment	**Office Equipment**	**Communication Equipment**	**Leasehold Improvements**	**Right-of-use asset - Office Space**	**Total**
Cost:						
Balances at beginning of year	**₱178,498,567**	**₱87,549,574**	**₱816,915**	**₱40,811,095**	**₱66,453,069**	**₱374,129,220**
Additions	**141,091,238**	**23,911,277**	**—**	**62,408,715**	**70,325,312**	**297,736,542**
Disposals	**(6,537,425)**	**(51,381)**	**—**	**—**	**—**	**(6,588,806)**
Balances at end of year	**313,052,380**	**111,409,470**	**816,915**	**103,219,810**	**136,778,381**	**665,276,956**
Accumulated Depreciation and Amortization:						
Balances at beginning of year	**75,753,988**	**61,136,687**	**806,097**	**32,553,984**	**61,251,426**	**231,502,182**
Depreciation and amortization	**37,821,128**	**13,995,241**	**10,818**	**6,474,316**	**18,396,820**	**76,698,323**
Disposals	**(1,340,074)**	**(20,990)**	**—**	**—**	**—**	**(1,361,064)**
Balances at end of year	**112,235,042**	**75,110,938**	**816,915**	**39,028,300**	**79,648,246**	**306,839,441**
Net Book Values	**₱200,817,338**	**₱36,298,532**	**₱—**	**₱64,191,510**	**₱57,130,135**	**₱358,437,515**

December 31, 2022

	Transportation Equipment	Office Equipment	Communication Equipment	Leasehold Improvements	Right-of-use asset - Office Space	Total
Cost:						
Balances at beginning of year	₱100,623,503	₱62,505,096	₱816,915	₱40,811,095	₱65,824,334	₱270,580,943
Additions	93,818,383	25,169,478	—	—	628,735	119,616,596
Disposals	(15,943,319)	(125,000)	—	—	—	(16,068,319)
Balances at end of year	178,498,567	87,549,574	816,915	40,811,095	66,453,069	374,129,220
Accumulated Depreciation and Amortization:						
Balances at beginning of year	60,223,712	50,751,075	784,462	28,593,334	44,629,355	184,981,938
Depreciation and amortization	22,930,561	10,406,629	21,635	3,960,650	16,622,071	53,941,546
Disposals	(7,400,285)	(21,017)	—	—	—	(7,421,302)
Balances at end of year	75,753,988	61,136,687	806,097	32,553,984	61,251,426	231,502,182
Net Book Values	₱102,744,579	₱26,412,887	₱10,818	₱8,257,111	₱5,201,643	₱142,627,038

The Company recognized gain (loss) on disposal of property and equipment amounting to ₱5.2 million and (₱0.7 million) in 2023 and 2022, respectively. There are no restrictions on the title and no property and equipment are pledged as security for liabilities.

Fully depreciated property and equipment with cost amounting to ₱128.4 million and ₱94.8 million as of December 31, 2023 and 2022, respectively, are still carried in the books of the Company and still in use.

9. Other Noncurrent Assets

	2023	2022
Prepaid tax	**₱1,117,193,898**	₱862,324,462
Computer software licenses	**76,360,274**	26,123,224
Recoverable deposits	**13,402,741**	5,724,141
	₱1,206,956,913	₱894,171,827

In 2022, the Company received a tax refund amounting to ₱145.7 million.

The rollforward analysis of computer software licenses is presented below:

	2023	2022
Cost:		
Balances at beginning of year	**₱49,449,920**	₱46,401,224
Reclassification (Note 10)	**60,569,529**	—
Additions	**6,360,822**	3,048,696
Balances at end of year	**116,380,271**	49,449,920
Accumulated amortization:		
Balances at beginning of year	**23,326,696**	19,245,751
Amortization for the year	**16,693,301**	4,080,945
Balances at end of year	**40,019,997**	23,326,696
Net book values	**₱76,360,274**	₱26,123,224

10. Project Development Costs

	2023	2022
Balances at beginning of year	**₱809,434,961**	₱448,995,430
Additions	**475,449,823**	598,460,337
Write-offs	**(185,811,210)**	(238,020,806)
Reclassification (Note 9)	**(60,569,529)**	–
Balances at end of year	**₱1,038,504,045**	₱809,434,961

Project development costs consist of rights, titles and interests for various power plant development projects.

11. **Trade and other payables**

	2023	2022
Trade payables	**₱95,980,497**	₱347,919,060
Nontrade payables	**455,621,552**	53,725,900
Accrued interest (see Note 12)	**304,657,609**	357,721,250
Accrued taxes and fees	**129,047,774**	140,129,000
Output VAT	**64,929,399**	—
Others (see Note 17)	**3,211,052**	1,962,672
	₱1,053,447,883	₱901,457,882

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

Accrued taxes and fees represent taxes withheld on compensation, benefits, interests and other fees.

Nontrade payables refer to amounts owed by the Company to parties other than its suppliers, which includes accrued personnel cost and dividends payable, and are normally settled within one year.

12. **Long-term Debts**

Long-Term Debts

	Interest Rate	**2023**	2022
Financial and non-financial institutions - unsecured			
2017 10-year retail bonds	5.34%	**₱3,000,000,000**	₱3,000,000,000
2018 10-year retail bonds	8.51%	**2,500,000,000**	2,500,000,000
2019 7-year retail bonds	5.28%	**7,250,000,000**	7,250,000,000
2019 7-year long-term loan	4.33%	**4,800,000,000**	4,850,000,000
2020 5-year retail bonds	3.94%	**550,000,000**	550,000,000
2021 5-year retail bonds	3.82%	**8,000,000,000**	8,000,000,000
2021 7-year retail notes	4.00%	**6,000,000,000**	6,000,000,000
2021 4-year retail bonds	4.00%	**4,800,000,000**	4,800,000,000
2021 7-year retail bonds	5.03%	**7,200,000,000**	7,200,000,000
2022 5-year retail bonds	5.31%	**3,000,000,000**	3,000,000,000
2022 7-year retail bonds	5.74%	**7,000,000,000**	7,000,000,000
		54,100,000,000	54,150,000,000
Less deferred financing costs		**360,842,496**	456,885,429
		53,739,157,504	53,693,114,571
Less current portion - net of deferred financing costs		**45,231,308**	45,181,722
		₱53,693,926,196	₱53,647,932,849

Retail Bonds - ₱10.0 billion

In March 2022, the Company issued ₱3.0 billion 5-year bond due 2027 and ₱7.0 billion 7-year bond due 2029 at an annual fixed rate equivalent to 5.31% and 5.74%, respectively.

Retail Bonds - ₱12.0 billion
In December 2021, the Company issued a total of ₱12.0 billion bonds, broken down into a ₱4.8 billion 4-year bond due 2025 at a fixed rate equivalent to 4% p.a. and a ₱7.2 billion 7-year bond due 2028 at a fixed rate equivalent to 5.03% p.a. The bonds have been rated PRS Aaa by PhilRatings.

Long-term Loan - ₱6.0 billion
In July 2021, the Company availed ₱6.0 billion 7-year fixed-rate notes from the BDO Unibank, Inc. due 2028 at an annual fixed rate equivalent to 4%.

Retail Bonds - ₱8.0 billion
In March 2021, the Company issued another ₱8.0 billion 5-year bond due 2026 at an annual fixed rate equivalent to 3.82% as part of the first tranche of its ₱30.0 billion debt securities program. The bonds have been rated PRS Aaa by PhilRatings.

Retail Bonds - ₱9.6 billion
In July 2020, the Company issued the fourth and last tranche of its ₱30.0 billion debt securities program, equivalent to ₱9.6 billion in July (the "Series E and F Bonds"). The Fixed Rate "Series E and F Bonds" has an interest rate of 3.125% and 3.935% per annum maturing in 2022 and 2025, respectively. The bonds have been rated PRS Aaa by PhilRatings.

Under the bond trust agreements, the Company shall not permit its debt-to-equity ratio to exceed 3:1 calculated based on the year-end debt and consolidated equity. The Company is in compliance with the debt covenants as of December 31, 2022.

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

Long-term Loan - ₱5.0 billion
In November 2019, the Company obtain a ₱5.0 billion 7-year long term loan from the BDO Unibank, Inc. at a fixed rate of 5.28% p.a.

In 2020, the Company amend the "Mode of Payment" for the Principal from bullet payment to partial payments equal to 1 percent (%) of total principal amount payable annually starting November 2020 and the remaining 94 percent (%) upon maturity.

On July 13, 2021, the Company reached a rate reduction agreement to amend the interest rates of the loan from fixed rate loan of 5.28% to the sum of a benchmark rate and a spread of 0.90%, divided by an applicable factor and 4.125% per annum, whichever is higher.

Under the facility agreement, the Company shall not incur any obligation with a maturity of more than 1 year, if on the date of such borrowing, the net debt to consolidated equity ratio will exceed 3:1. The Company is in compliance with the debt covenants as of December 31, 2023 and 2022, respectively.

Retail Bonds – ₱7.3 billion
In October 2019, the Company issued ₱7.3 billion 7-year bond due 2026 at a fixed rate of 5.28% p.a. The bonds have been rated PRS Aaa by PhilRatings.

Retail Bonds - ₱10.2 billion
In October 2018, the Company issued a total of ₱10.2 billion bonds, broken down into a ₱7.7 billion 5.25-year bond due 2024 at a fixed rate equivalent to 7.51% p.a. and a ₱2.5 billion 10-year bond due 2028 at a fixed rate equivalent to 8.51% p.a. The bonds have been rated PRS Aaa by PhilRatings.

In October 2022, the Company prepaid the 5.25-year bond amounting to ₱7.7 billion. The recognized loss on extinguishment due to this prepayment amounted to ₱45.0 million. It was included as part of the "Interest expense and other financing costs" in the parent company statement of income for the year ended December 31, 2022.

Retail Bonds - ₱3.0 billion
In July 2017, the Company issued ₱3.0 billion 10-year bond due 2027 at an annual fixed rate of 5.34% p.a. The bonds have been rated PRS Aaa by PhilRatings.

Retail Bonds - ₱10.0 billion
In September 2014, the Company issued a total of ₱10.0 billion bonds, broken down into a ₱6.6 billion 7-year bond due 2021 at a fixed rate equivalent to 5.21% p.a. and a ₱3.4 billion 12-year bond due 2026 at a fixed rate equivalent to 6.10% p.a. The bonds have been rated PRS Aaa by PhilRatings.

The principal amount of these bonds shall be payable on a lump sum basis on the respective maturity date at its face value. These bonds may be redeemed in advance by the Company based on stipulated early redemption option dates and on agreed early redemption price.

In September 2021, the Company settled its 2014 Series 'B' Bonds by prepaying ₱3.4 billion twelve-year bond maturing in 2026 and paying as scheduled its ₱6.6 billion seven-year bond.

Under the bond trust agreements, the Company shall not permit its debt-to-equity ratio to exceed 3:1 calculated based on the year-end debt and consolidated equity. The Company is in compliance with the debt covenants as of December 31, 2023 and 2022, respectively.

Unamortized deferred financing cost reduced the carrying amount of long-term debt by ₱360.8 million and ₱456.9 million as of December 31, 2023 and 2022, respectively.

Total interest expense recognized amounted to ₱2.6 billion, ₱3.2 billion and ₱2.9 billion in 2023, 2022 and 2021, respectively (see Note 18).

13. Equity and Earnings per Common Share

a. Paid-in Capital

	2023	2022
Capital Stock:		
Authorized – ₱1 par value:		
Common shares – 16,000,000,000 shares		
Preferred shares – 1,000,000,000 shares		
Issued:		
Common shares – 7,358,604,307 shares	**₱7,358,604,307**	₱7,358,604,307
Additional Paid-in Capital	**12,588,894,332**	12,588,894,332
	₱19,947,498,639	₱19,947,498,639

On May 25, 2007, the Company listed with the Philippine Stocks Exchange its 7,187,664,000 common shares with a par value of ₱1.00 to cover the initial public offering (IPO) of 1,787,664,000 common shares at an issue price of ₱5.80 per share. On March 17, 2008, the Company listed an additional 170,940,307 common shares, which it issued pursuant to a share swap agreement at the IPO price of ₱5.80 per share. The total proceeds from the issuance of new shares amounted to ₱10.37 billion. The Company incurred transaction costs incidental to the initial public offering amounting to ₱412.4 million, which is charged against "Additional paid-in capital" in the parent company balance sheet.

As of December 31, 2023, 2022 and 2021, the Company has 578, 594 and 598 shareholders, respectively.

Preferred shares are non-voting, non-participating, non-convertible, redeemable, cumulative, and may be issued from time to time by the BOD in one or more series. The BOD is authorized to issue from time to time before issuance thereof, the number of shares in each series, and all the designations, relative rights, preferences, privileges and limitations of the shares of each series. Preferred shares redeemed by the Company may be reissued. Holders thereof are entitled to receive dividends payable out of the unrestricted retained earnings of the Company at a rate based on the offer price that is either fixed or floating from the date of the issuance to final redemption. In either case, the rate of dividend, whether fixed or floating, shall be referenced, or be a discount or premium, to market-determined benchmark as the BOD may determine at the time of issuance with due notice to the SEC.

In the event of any liquidation or dissolution or winding up of the Company, the holders of the preferred stock shall be entitled to be paid in full the offer price of their shares before any payment in liquidation is made upon the common stock.

There are no preferred shares issued and outstanding as of December 31, 2023 and 2022.

b. Retained Earnings

As of December 31, 2020, the Company has appropriated retained earnings amounting to ₱33.7 billion. This appropriation pertains to the project development and construction of power plants that was approved on March 7, 2019, November 24, 2016 and November 27, 2014, amounting ₱11.9 billion, ₱13.2 billion and ₱8.6 billion, respectively.

On March 5, 2021, the BOD also approved the reversal of a total of ₱13.6 billion retained earnings appropriation for the following:

- set up in 2014 for the ₱2.6 billion equity requirements of the 68 MW Manolo Fortich Hydropower and for the ₱6.0 billion of the 400 MW Pagbilao Coal
- set up in 2016 for the ₱5.0 billion equity requirements of RP Energy

On November 22, 2023, the BOD approved the reversal of ₱8.2 billion retained earnings appropriation set up in 2019 for the equity requirement of the 300MW Cebu Coal plant.

As of December 31, 2023 and 2022 total appropriated retained earnings amounted to ₱11.9 billion and ₱20.1 billion, respectively.

On March 5, 2021, the BOD approved the declaration of regular cash dividends of ₱0.85 per share (₱6.25 billion) were paid to all stockholders of record as of March 19, 2021. The cash dividends are payable on March 31, 2021.

On March 4, 2022, the BOD approved the declaration of regular cash dividends of ₱1.45 per share (₱10.67 billion) will be paid to all stockholders of record as of March 18, 2022. The cash dividends are payable on March 30, 2022.

On March 3, 2023, the BOD approved the declaration of regular cash dividends of ₱1.87 per share (₱13.76 billion) will be paid to all stockholders of record as of March 17, 2023. The cash dividends are payable on March 30, 2023.

On March 5, 2024, the BOD approved the declaration of regular cash dividends of ₱2.3 per share (₱16.55 billion) will be paid to all stockholders of record as of March 19, 2024. The cash dividends are payable on March 26, 2024.

c. Earnings per Common Share

Earnings per common share amounts were computed as follows:

	2023	2022	2021
a. Net income	**₱11,247,471,786**	₱1,143,992,498	₱9,213,076,110
b. Weighted average number of common shares issued and outstanding	**7,318,142,937**	7,358,604,307	7,358,604,307
Earnings per common share (a/b)	**₱1.54**	₱0.16	₱1.25

d. Treasury Shares

The Company purchased a total of 152,750,000 shares of its own common shares for 4.89 billion as of December 31, 2023. The acquisition is pursuant to the authority approved by the Company's Board of Directors on August 29, 2023.

14. **Personnel Costs**

	2023	2022	2021
Salaries and wages	**₱1,448,755,637**	₱931,561,511	₱716,663,207
Employee benefits	**764,949,845**	439,191,058	296,761,276
Retirement benefit costs (Note 15)	**128,597,805**	294,239,227	53,217,409
	₱2,342,303,287	₱1,664,991,796	₱1,066,641,892

15. **Retirement Costs**

The Company has a funded, non-contributory, defined benefit pension plan (the "Plan") covering all regular and full-time employees and requiring contributions to be made to separately administered fund. This retirement benefit fund (the "Fund") is in the form of a trust being maintained and managed by AEV, under the supervision of the Board of Trustees (BOT) of the Plan. The BOT, whose members are also officers of AEV, is responsible for the investment of the Fund assets. Taking into

account the Plan's objectives, benefit obligations and risk capacity, the BOT periodically defines the investment strategy in the form of a long-term target structure.

The following tables summarize the components of net benefit expense recognized in the parent company statements of income and the funded status and amounts recognized in the parent company balance sheets for the plan.

Net benefit expense (recognized as part of personnel costs):

	2023	2022	2021
Retirement expense:			
Current service cost	**₱94,583,235**	₱293,292,092	₱51,991,233
Net interest cost	**34,014,570**	947,135	1,226,176
	₱128,597,805	₱294,239,227	₱53,217,409

Remeasurement effect to be recognized in other comprehensive income:

	2023	2022	2021
Actuarial gains (loss) due to:			
Experience adjustments	**₱109,429,373**	(₱200,594,117)	(₱40,983,766)
Changes in financial assumptions	**(95,764,302)**	88,519,794	52,489,103
Actual return excluding amount included in net interest cost	**(5,666,193)**	(8,163,363)	56,022,256
	₱7,998,878	(₱120,237,686)	₱67,527,593

Pension liability

	2023	2022
Present value of obligation	**₱916,165,009**	₱794,010,759
Fair value of plan assets	**(517,931,644)**	(360,704,138)
	₱398,233,365	₱433,306,621

Changes in the present value of the defined benefit obligation are as follows:

	2023	2022
At January 1	**₱794,010,759**	₱484,385,778
Current service cost	**94,583,235**	293,292,092
Interest cost	**61,727,552**	24,364,605
	156,310,787	317,656,697
Benefits paid	**(16,370,997)**	(137,574,782)
Employee transfers	**(4,120,469)**	17,468,743
Remeasurements in other comprehensive income:		
Actuarial loss (gain) due to:		
Changes in financial assumptions	**95,764,302**	(88,519,794)
Experience adjustments	**(109,429,373)**	200,594,117
	(13,665,071)	112,074,323
At December 31	**₱916,165,009**	₱794,010,759

Changes in the fair value of plan assets are as follows:

	2023	2022
At January 1	**₱360,704,138**	₱465,556,070
Actual contributions	**147,999,656**	—
Interest income included in net interest cost	**27,712,982**	23,417,470
Benefits paid	**(8,698,470)**	(137,574,782)
Transfers	**(4,120,469)**	17,468,743
Actual return excluding amount included in net interest cost	**(5,666,193)**	(8,163,363)
At December 31	**₱517,931,644**	₱360,704,138

Changes in pension liability recognized in the parent company balance sheets are as follows:

	2023	2022
At January 1	**₱433,306,621**	₱18,829,708
Actual contributions	**(147,999,656)**	—
Actuarial loss recognized for the year	**(7,998,878)**	120,237,686
Benefits paid from Company operating fund	**(7,672,527)**	—
Retirement expense for the year	**128,597,805**	294,239,227
At December 31	**₱398,233,365**	₱433,306,621

The fair value of plan assets by each class at the end of the reporting period are as follows:

	2023	2022
Assets:		
Financial assets at FVOCI	**₱157,746,557**	₱157,364,850
Equity instruments - financial institution:		
Financial assets at amortized cost	**424,504,875**	104,173,544
Holding	**4,700**	5,615
Power	**52,739,610**	46,239,490
Financial institution	**9,353,640**	27,032,591
Others	**53,321,409**	166,209,814
	697,670,791	501,025,904
Liability:		
Financial liability	**(179,739,147)**	(140,321,766)
Fair value of plan assets	**₱517,931,644**	₱360,704,138

The plan assets have diverse investments and do not have any concentration risk.

The Company's retirement benefit fund for its employees has investments in the equity of the Company. The carrying value of these investments as of December 31, 2023 and 2022 amounted to ₱55.8 million and ₱50.3 million, respectively. The losses of Fund arising from such investments in 2023 and 2022 amounted to ₱5.5 million and ₱6.6 million, respectively.

The principal assumptions used as of December 31, 2023 and 2022 in determining net pension liability for the Company's Plan is shown below:

	2023	2022
Discount rate	**6.12%**	7.85%
Salary increase rate	**7.00%**	7.00%

The sensitivity analysis below has been determined based on reasonable possible changes of each significant assumption on the defined benefit obligation as of December 31, 2023 and 2022, respectively, assuming all other assumptions were held constant:

	Increase (decrease) in basis points	Effect on defined benefit obligation	
		2023	2022
Discount rates	100	**(₱58,048,346)**	(₱41,634,342)
	(100)	**66,657,808**	47,514,201
Future salary increases	100	**₱69,668,114**	₱50,970,016
	(100)	**(61,824,447)**	(45,445,764)

The Company's defined benefit pension plan is funded by the Company.

The Company expected to contribute ₱100.7 million to the defined benefit plans in 2024. The average duration years of the defined benefit obligation is 13 years as of December 31, 2023 and 2022.

The BOT reviews the performance of the plans on a regular basis. It assesses whether the retirement plans will achieve investment returns which, together with contributions, will be sufficient to pay retirement benefits as they fall due. The Company also reviews the solvency position of the different member companies on an annual basis and estimates, through the actuary, the expected contribution to the Plan in the subsequent year.

16. Income Tax

Details of provision for income tax are as follows:

	2023	2022	2021
Current:			
Corporate income tax	**₱9,818,440**	₱5,568,087	₱7,532,077
Final	**21,861,238**	18,071,393	9,547,825
	₱31,679,678	₱23,639,480	₱17,079,902

The provision for corporate income tax represents MCIT in 2023, 2022 and 2021.

Reconciliation between the statutory income tax rate and the Company's effective income tax rates follows:

	2023	2022	2021
At statutory rate of 25%	**₱2,819,787,866**	₱291,907,995	₱2,307,539,003
Additions to (reductions in) income tax resulting from:			
Dividend income	**(3,885,147,029)**	(1,382,920,778)	(3,396,233,305)
Movement on unrecognized deferred income tax asset on:			
NOLCO	**938,219,233**	986,108,819	1,023,007,205
Accrual of pension cost	**32,149,451**	73,559,807	13,304,352
Unamortized past service cost	**(45,094,268)**	(13,800,478)	(13,800,478)
MCIT	**9,818,440**	5,568,087	8,573,595
Nondeductible expenses:			
Write-off of project development cost	**46,452,803**	59,505,201	74,507,853
Interest expense	**6,074,901**	4,926,335	2,465,483
Others	**117,931,547**	5,344,773	495,782
Interest income already subjected to final tax at a lower rate	**(8,513,266)**	(6,560,281)	(2,779,588)
	₱31,679,678	₱23,639,480	₱17,079,902

The components of the Company's net deferred income tax asset (liability) are as follows:

	2023	2022
Lease liabilities	**₱12,870,171**	₱–
Right-of-use assets	**(14,282,534)**	
NOLCO	**1,412,363**	4,137,320
Unrealized foreign exchange gains	**–**	(4,137,320)
	₱–	₱–

As of December 31, 2023, the Company has MCIT that can be claimed as deduction from regular income tax liability as follows:

Period of Recognition	Availment Period	Amount	Applied	Expired	Balance
2020	2021-2023	₱3,124,553	₱–	₱3,124,553	₱–
2021	2022-2024	8,573,595	–	–	8,573,595
2022	2023-2025	5,568,087	–	–	5,568,087
2023	2024-2026	9,818,440	–	–	9,818,440
		₱27,084,675	₱–	₱3,124,553	₱23,960,122

Bayanihan to Recover as One Act (Bayanihan 2)
On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 of Bayanihan 2 which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2023, the Company has NOLCO in 2023 and 2022, which are valid as deduction against the regular taxable income for the next three (3) consecutive taxable years, as follows:

Period of Recognition	Availment Period	Amount	Applied	Expired	Balance
2022	2023-2025	₱3,884,025,155	₱–	₱–	₱3,884,025,155
2023	2024-2026	3,758,085,113	–	–	3,758,085,113
		₱7,642,110,268	₱–	₱–	₱7,642,110,268

As of December 31, 2023, the Company has NOLCO in taxable years 2021 and 2020 which can be claimed as deduction against the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan 2, as follows:

Period of Recognition	Availment Period	Amount	Applied	Expired	Balance
2020	2021-2025	₱3,130,564,280	₱–	₱–	₱3,130,564,280
2021	2022-2026	3,139,176,172	–	–	3,139,176,172
		₱6,269,740,452	₱–	₱–	₱6,269,740,452

No deferred income tax assets have been recognized as of December 31, 2023 and 2022 on the following temporary differences as it is not probable that sufficient taxable income will be available to allow the benefit of the net deferred income tax assets to be utilized:

	2023	2022
NOLCO	**₱13,906,201,268**	₱10,137,216,327
Pension Liability	**398,233,365**	433,306,621
Unamortized past service cost	**248,341,767**	218,929,385
MCIT	**23,960,122**	17,266,235

17. Related Party Disclosures

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

The Company, in its normal course of business, has transactions with its related parties, which principally consist of the following:

a. The Company has management agreements with each of the following subsidiaries: CLPC, and DLPC for which it is entitled to management fees.

b. The Company renders various services to related parties such as technical and legal assistance for various projects, trainings and other services, for which it bills technical and service fees.

c. Interest-bearing advances from the Company availed by DLPC, CLPC, APX2, and Hijos. The annual interest rates are determined on arm's length basis. Non-interest bearing advances is granted by the Company to TPI.

d. The Company obtained standby letters of credit (SBLC) and DSRA letter of credit and is acting as surety and guarantor for the benefit of certain subsidiaries, associates and joint ventures in connection with certain loans and credit accommodations. As of December 31, 2023 and 2022, the Company provided SBLCs for AP Renewables, Inc. (APRI), Cebu Energy Development Corporation (CEDC), Luzon Hydro Corporation (LHC), SN Aboitiz Power-Benguet, Inc. (SNAP B), Therma South (TSI), Pagbilao Energy Corporation (PEC), Hedcor Inc. (HI), SPI, and TVI in the amount of ₱3.8 billion and ₱3.6 billion, respectively. The Company received guarantee fee from GNPower Dinginin Ltd. Co (GNPD) amounting to ₱75.9 million and ₱33.0 million in 2023 and 2022, respectively.

e. AEV and ACO provides human resources, internal audit, legal, treasury and corporate finance services, among others, to the Company and shares with the member companies the business expertise of its highly qualified professionals. Transactions are priced based on agreed rates, and billed costs are always benchmarked to third party rates to ensure competitive pricing. Service Level Agreements are in place to ensure quality of service. This arrangement enables the Company to maximize efficiencies and realize cost synergies.

f. Cash deposits and money market placements with Union Bank of the Philippines (UBP), an associate of AEV. At prevailing rates, these fixed-rate investments earned interest income amounting to ₱23.1 million and ₱6.8 million in 2023 and 2022, respectively. Outstanding balances amounted ₱55.9 million and ₱0.8 billion as of December 31, 2023, and 2022, respectively.

g. Rentals paid at current market rates to AEV and Cebu Praedia Development Corporation (CPDC) for the use of meeting rooms, parking lots and properties by the Company's officers and employees.

h. Aviation service fees paid at arm's length basis to AAI for the use of aircraft during travel of the Company's officers and employees.

i. HI renders technical services to the Company for the technical expertise of its highly qualified professionals on the Company's project management.

j. Consultancy service fees paid arm's length basis to Aboitiz Data Innovation PTE. Ltd (ADI) for services relating to data innovation initiatives.

k. TMI incurred shared services relating to corporate support for the Company.

l. The Company engaged in NDF contracts with ARI which were mirrored from a separate contract with banks, with the intention of ultimately hedging ARI's exposure.

m. The Company incurs expenses for the research and development of projects which are subsequently reimbursed by the related party.

n. The Company sold 1.2 billion RPS of HI at ₱1 per share amounting to ₱1.2 billion to ARI.

The Company's balance sheets and statements of income include the following accounts resulting from the above transactions with related parties:

Technical, Management and other Service Fees

	Revenue			Receivable			
	2023	2022	2021	**2023**	2022	Terms	Conditions
Subsidiaries:							
ARI	**₱753,459,998**	₱304,602,250	₱16,794,750	**₱3,485,214**	₱–	30-day, non-interest bearing	Unsecured, no impairment
DLPC	**617,041,832**	591,898,702	470,453,414	**4,414,092**	–	30-day, non-interest bearing	Unsecured, no impairment
GMEC	**226,607,080**	49,555,740	42,508,219	**–**	4,091,094	30-day, non-interest bearing	Unsecured, no impairment
VECO	**105,711,666**	79,021,227	71,364,024	**2,160,879**	–	30-day, non-interest bearing	Unsecured, no impairment
CLPC	**61,288,604**	51,391,144	44,514,947	**856,584**	–	30-day, non-interest bearing	Unsecured, no impairment
AI	**57,079,221**	19,035,819	25,928,663	**–**	1,744,950	30-day, non-interest bearing	Unsecured, no impairment
APRI	**28,372,027**	32,887,635	22,458,468	**3,284,840**	9,973,436	30-day, non-interest bearing	Unsecured, no impairment
Therma Luzon, Inc. (TLI)	**26,625,782**	56,684,028	38,939,644	**2,112**	–	30-day, non-interest bearing	Unsecured, no impairment
TVI	**15,618,761**	18,998,967	67,385,513	**–**	–	30-day, non-interest bearing	Unsecured, no impairment
TSI	**13,672,287**	13,113,107	12,405,436	**–**	–	30-day, non-interest bearing	Unsecured, no impairment
SEZC	**10,571,167**	7,902,123	7,136,902	**492,947**	–	30-day, non-interest bearing	Unsecured, no impairment

(Forward)

	Revenue			Receivable			
	2023	2022	2021	**2023**	2022	Terms	Conditions
AESI	**₱9,799,869**	₱7,835,436	₱44,066,628	**₱–**	₱691,493	30-day, non-interest bearing	Unsecured, no impairment
LEZC	**7,928,375**	5,926,592	5,351,677	**–**	–	30-day, non-interest bearing	Unsecured, no impairment
Hedcor Bukidnon	**4,349,066**	10,487,813	23,801,631	**–**	1,331,477	30-day, non-interest bearing	Unsecured, no impairment
MEZC	**3,964,187**	2,963,296	2,676,338	**6,208**	–	30-day, non-interest bearing	Unsecured, no impairment
BEZC	**3,964,187**	2,963,296	2,676,338	**–**	–	30-day, non-interest bearing	Unsecured, no impairment
Therma Marine, Inc. (TMI)	**3,177,150**	10,134,478	11,417,673	**–**	326,592	30-day, non-interest bearing	Unsecured, no impairment
CPPC	**2,602,069**	968,871	1,741,872	**–**	–	30-day, non-interest bearing	Unsecured, no impairment
HI	**2,538,954**	3,204,001	3,789,097	**–**	739,968	30-day, non-interest bearing	Unsecured, no impairment
EAUC	**2,409,828**	1,993,558	1,832,018	**–**	182,743	30-day, non-interest bearing	Unsecured, no impairment
TMO	**2,073,337**	2,721,680	2,918,377	**–**	249,487	30-day, non-interest bearing	Unsecured, no impairment
TPVI	**1,997,012**	1,214,443	348,385	**–**	111,324	30-day, non-interest bearing	Unsecured, no impairment
PEI	**1,597,375**	2,658,358	8,039,203	**–**	277,191	30-day, non-interest bearing	Unsecured, no impairment
Aboitiz Power Distributed Renewables, Inc.	**322,312**	362,574	362,574	**–**	33,402	30-day, non-interest bearing	Unsecured, no impairment
San Carlos Sun Power, Inc. (SACASUN)	**309,846**	1,679,894	1,178,232	**–**	–	30-day, non-interest bearing	Unsecured, no impairment
Luzon Hydro Corporation	**291,880**	291,880	291,880	**–**	–	30-day, non-interest bearing	Unsecured, no impairment

(Forward)

	Revenue			Receivable			
	2023	2022	2021	**2023**	2022	Terms	Conditions
Hedcor Sabangan, Inc.	**₱291,880**	₱291,880	₱291,880	**₱–**	₱–	30-day, non-interest bearing	Unsecured, no impairment
Hedcor Sibulan, Inc.	**291,880**	291,880	291,880	**–**	–	30-day, non-interest bearing	Unsecured, no impairment
Hedcor Tudaya, Inc.	**291,880**	291,880	291,880	**–**	–	30-day, non-interest bearing	Unsecured, no impairment
APX2	**251,628**	262,726	262,726	**–**	23,917	30-day, non-interest bearing	Unsecured, no impairment
Associates:							
GNPD	**44,910,472**	43,476,565	39,502,302	**3,593,266**	3,023,075	30-day, non-interest bearing	Unsecured, no impairment
SFELAPCO	**25,874,930**	6,000,000	19,000,000	**–**	–	30-day, non-interest bearing	Unsecured, no impairment
Joint Venture:				**–**	–		
SN Aboitiz Power - Magat, Inc.	**16,309,405**	6,696,429	6,696,429	**–**	–	30-day, non-interest bearing	Unsecured, no impairment
SN Aboitiz Power - Benguet, Inc.	**7,500,000**	6,696,429	6,696,429	**–**	–	30-day, non-interest bearing	Unsecured, no impairment
SN Aboitiz Power - Generation, Inc.	–	–	238,501	**–**	–	30-day, non-interest bearing	Unsecured, no impairment
Affiliates:							
Apo Agua Infrastructura, Inc.	**7,145,994**	15,188,962	14,948,497	**–**	–	30-day, non-interest bearing	Unsecured, no impairment
	₱2,066,241,941	₱1,359,693,663	₱1,018,602,427	**₱18,296,142**	₱22,800,149		

Advances to Related Parties

	Advances		Outstanding Receivable			
	2023	2022	**2023**	2022	Terms	Conditions
Subsidiaries:						
DLPC	**₱–**	₱1,982,000,000	**₱–**	₱–	30-day, interest bearing	Unsecured, no impairment
CLPC	–	435,000,000	**–**	–	30-day, interest bearing	Unsecured, no impairment
TPI	–	–	**–**	5,243,356,840	30-day, non-interest bearing	Unsecured, no impairment
APX2	**31,000,000**	–	**31,000,000**	–	3 years, interest bearing	Unsecured, no impairment
Affiliates:		–				
Hijos	–	–	**367,121**	367,121	On-demand, interest bearing	Unsecured, no impairment
	₱31,000,000	₱2,417,000,000	**₱31,367,121**	₱5,243,723,961		

Dividends

	Revenue			Receivable			
	2023	2022	2021	**2023**	2022	Terms	Conditions
Subsidiaries:							
ARI	**₱11,000,000,000**	₱2,900,000,000	₱7,900,000,000	**₱—**	₱—	30-day, non-interest bearing	Unsecured, no impairment
DLPC	**1,455,904,692**	493,510,593	1,690,784,646	**—**	—	30-day, non-interest bearing	Unsecured, no impairment
VECO	**1,212,123,441**	1,313,399,393	1,158,584,493	**—**	—	30-day, non-interest bearing	Unsecured, no impairment
TVI	**613,255,010**	—	—	**—**	—	30-day, non-interest bearing	Unsecured, no impairment
LEZC	**299,161,784**	364,212,765	285,120,000	**—**	—	30-day, non-interest bearing	Unsecured, no impairment

(Forward)

	Revenue			Receivable			
	2023	2022	2021	**2023**	2022	Terms	Conditions
TSI	**₱204,624,707**	₱23,000,000	₱230,000,000	**₱—**	₱—	30-day, non-interest bearing	Unsecured, no impairment
TPI	**200,000,000**	—	—	**—**	—	30-day, non-interest bearing	Unsecured, no impairment
AESI	**193,000,000**	—	₱272,454,554	**193,000,000**	—	30-day, non-interest bearing	Unsecured, no impairment
SEZC	**107,692,583**	112,583,405	130,130,000	**—**	—	30-day, non-interest bearing	Unsecured, no impairment
PEVI	**79,339,669**	104,872,305	67,730,030	**—**	—	30-day, non-interest bearing	Unsecured, no impairment
SFELAPCO	**68,980,145**	79,124,284	71,008,973	**—**	—	30-day, non-interest bearing	Unsecured, no impairment
WMPC	**60,000,000**	60,000,000	60,000,000	**—**	—	30-day, non-interest bearing	Unsecured, no impairment
MEZC	**34,043,450**	48,896,327	39,307,449	**—**	—	30-day, non-interest bearing	Unsecured, no impairment
BEZC	**11,182,849**	25,371,166	25,738,900	**—**	—	30-day, non-interest bearing	Unsecured, no impairment
AEV Aviation	**1,279,785**	515,117	—	**1,279,786**	515,117	30-day, non-interest bearing	Unsecured, no impairment
CLPC	**—**	6,197,758	70,843,998	**—**	—	30-day, non-interest bearing	Unsecured, no impairment
H.Sabangan	**—**	—	196,915,636	**—**	—	30-day, non-interest bearing	Unsecured, no impairment
AI	**—**	—	196,278,385	**—**	—	30-day, non-interest bearing	Unsecured, no impairment
CPPC	**—**	—	180,000,000	**454,656**	180,000,000	1-year, non-interest bearing	Unsecured, no impairment

(Forward)

	Revenue			Receivable			
	2023	2022	2021	**2023**	2022	Terms	Conditions
H.Tudaya	**₱—**	₱—	₱53,731,491	**₱—**	₱—		
EAUC	**—**	—	50,000,000	**—**	—	90-day, non-interest bearing	Unsecured, no impairment
PEI	**—**	—	25,800,000	**—**	—	30-day, non-interest bearing	Unsecured, no impairment
H.Bukidnon	**—**	—	17,728,483	**—**	—	30-day, non-interest bearing	Unsecured, no impairment
Affiliates:							
STEAG	**—**	—	862,776,180	**—**	—	30-day, non-interest bearing	Unsecured, no impairment
	₱15,540,588,115	₱5,531,683,113	₱13,584,933,218	**₱194,734,442**	₱180,515,117		

Interest

	Revenue			Receivable			
	2023	2022	2021	**2023**	2022	Terms	Conditions
Subsidiaries:							
Hijos	**₱106,398**	₱31,389	₱—	**₱—**	₱17,737	30-day, non-interest	Unsecured, no impairment
APX2	**100,750**	—	—	**100,750**	—	30-day, non-interest	Unsecured, no impairment
DLPC	**—**	32,859,908	21,280,662	**—**	—	3 years, interest bearing	Unsecured, no impairment
CLPC	**—**	7,211,938	1,931,302	**—**	—	30-day, non-interest	Unsecured, no impairment
	₱207,148	₱40,103,235	₱23,211,964	**₱100,750**	₱17,737		

Transportation and Travel

	Expense			Payable			
	2023	2022	2021	**2023**	2022	Terms	Conditions
Affiliate:							
AAI	**₱33,304,039**	₱29,901,909	₱22,268,283	**₱—**	₱—	30-day, non-interest bearing	Unsecured

Rent

	Expense			Payable		Terms	Conditions
	2023	2022	2021	**2023**	2022		
Parent							
AEV	**₱63,677**	₱265,351	₱—	**₱—**	₱—	30-day, non-interest bearing	Unsecured
Affiliate							
CPDC	**1,076,943**	1,493,592	1,028,941	**—**	—	30-day, non-interest bearing	Unsecured
	₱1,140,620	₱1,758,943	₱1,028,941	**₱—**	₱—		

Professional, Legal and Service Fees

	Expense			Payable			
	2023	2022	2021	**2023**	2022	Terms	Conditions
Parents							
AEV	**₱4,413,854**	₱16,614,665	₱105,091,860	**₱—**	₱—	30-day, non-interest bearing	Unsecured
ACO	**6,300,000**	6,000,000	4,500,000	**—**	—	30-day, non-interest bearing	Unsecured
Subsidiary							
HI	**44,678,790**	52,580,536	30,630,903	**—**	27,431,877	30-day, non-interest bearing	Unsecured
	₱55,392,644	₱75,195,201	₱140,222,763	**₱—**	₱27,431,877		

Contracted Services

	Expense			Payable			
	2023	2022	2021	**2023**	2022	Terms	Conditions
Parent							
AEV	**₱66,939,784**	₱101,256,211	₱—	**₱—**	₱—	30-day, non-interest bearing	Unsecured
Subsidiary							
TMI	**232,710**	608,859	872,437	**984,943**	984,943	30-day, non-interest bearing	Unsecured
Affiliate							
Aboitiz Data Innovation Pte. Ltd.	**—**	81,488,161	—	**3,759,304**	3,759,304	30-day, non-interest bearing	Unsecured
	₱67,172,494	₱183,353,231	₱872,437	**₱4,744,247**	₱4,744,247		

Other Income

	Revenue			Receivable			
	2023	2022	2021	**2023**	2022	Terms	Conditions
Subsidiary							
GNPD	**₱75,932,763**	₱33,015,514	₱—	**₱3,593,270**	₱36,321,339	30-day, non-interest bearing	Unsecured
PVS	**8,083,773**	—	—	**140,096,700**	—	30-day, non-interest bearing	Unsecured
CEDI	**44,175**	—	—	**780,417**	—	30-day, non-interest bearing	Unsecured
Hijos	**3,742**	—	—	**—**	—	30-day, non-interest bearing	Unsecured
TLI	**—**	139,702	—	**—**	—	30-day, non-interest bearing	Unsecured
CLPC	**—**	88,620	—	**—**	—	30-day, non-interest bearing	Unsecured
LEZC	**—**	24,776	—	**—**	—	30-day, non-interest bearing	Unsecured
SEZC	**—**	18,177	—	**—**	—	30-day, non-interest bearing	Unsecured
HI	**—**	11,246	—	**—**	—	30-day, non-interest bearing	Unsecured
VECO	**—**	9,606	—	**—**	—	30-day, non-interest bearing	Unsecured
CPPC	**—**	6,815	—	**—**	—	30-day, non-interest bearing	Unsecured
EAUC	**—**	6,815	—	**—**	—	30-day, non-interest bearing	Unsecured

(Forward)

	Revenue			Receivable			
	2023	2022	2021	**2023**	2022	Terms	Conditions
TPVI	**₱—**	₱6,815	₱—	**₱—**	₱—	30-day, non-interest bearing	Unsecured
ARI	**—**	5,376	—	**—**	5,376	30-day, non-interest bearing	Unsecured
H. Sibulan	**—**	4,000	—	**—**	2,306		Unsecured
Affiliates							
PEC	**1,264,880**	3,461,489	—	**1,400**	1,400	30-day, non-interest bearing	Unsecured
	₱85,329,333	₱36,798,951	₱—	**₱144,471,787**	₱36,330,421		

Derivatives

	Gain			Asset			
	2023	2022	2021	**2023**	2022	Terms	Conditions
Subsidiary							
ARI (Calatrava and Olongapo Hedge)	**₱481,595,229**	₱447,264,284	₱—	**₱—**	₱—	2 -years, non-interest bearing	Unsecured

Reimbursement of project cost

	Income			Receivable			
	2023	2022	2021	**2023**	2022	Terms	Conditions
Subsidiary							
AP Int	**₱—**	₱250,660,662	₱—	**₱—**	₱—	30-day, non-interest bearing	Unsecured

The above transactions are expected to be settled in cash.

The Company's Fund is in the form of a trust being maintained and managed by AEV under the supervision of the BOT of the plan. In 2023 and 2022, other than contributions to the Fund, no transactions occurred between the Company or any of its subsidiaries and the Fund.

Total compensation and benefits of key management personnel of the Company are as follows:

	2023	2022	2021
Short-term benefits (see Note 14)	**₱172,172,861**	₱162,290,482	₱154,754,328
Post-employment benefits (see Note 14)	**5,332,579**	3,952,297	6,166,450
	₱177,505,440	₱166,242,779	₱160,920,778

18. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash and cash equivalents and long-term debts. The main purpose of these financial instruments is to raise financing for the Company's operations. The Company has various other financial instruments such as trade and other receivables and trade and other payables which arise directly from its operations.

The Company also enters into derivative transactions, particularly foreign currency forwards, to economically hedge its foreign currency risk from foreign currency denominated liabilities (see Note 19).

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 Company.

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 Company'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 Company's risks in line with the policies and limits.

The main risks arising from the Company's financial instruments are credit risk involving possible exposure to counter party default on its cash and cash equivalents, and trade and other receivables; liquidity risk in terms of the proper matching of the type of financing required for specific investments; and foreign exchange risk in terms of foreign exchange fluctuations that may significantly affect its foreign currency denominated placements.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company's credit risk on cash in banks and cash equivalents and trade and other receivables pertains to possible default by the counterparty, with a maximum exposure equal to the carrying amount of these assets. With respect to cash in banks and cash equivalents, the risk is mitigated by the short-term and/or liquid nature of its short-term deposits mainly in bank deposits and placements, which are placed with financial institutions of high credit standing. With respect to trade and other receivables, credit risk is controlled by the application of credit approval, limit and monitoring procedures. It is the Company's policy that all debtors who wish to trade on credit terms are subject to credit procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The Company has no significant concentration risk to a counterparty or group of counterparties.

The aging analyses of financial assets as of December 31 are as follows (amounts in thousands):

2023

	Total	Current	30 days	30 - 60 days	More than 60 days
Cash and cash equivalents*	**₱2,191,015**	**₱2,191,015**	**₱—**	**₱—**	**₱—**
Trade and other receivables	**495,918**	**477,604**	**14,846**	**—**	**3,468**
Total	**₱2,686,933**	**₱2,668,619**	**₱14,846**	**₱—**	**₱3,468**

Excluding cash on hand

2022

	Total	Current	30 days	30 - 60 days	More than 60 days
Cash and cash equivalents*	₱3,734,930	₱3,734,930	₱—	₱—	₱—
Trade and other receivables	₱313,233	239,735	61,944,854	4,445,548	7,107,379
Total	₱4,048,163	₱3,974,665	₱61,944,854	₱4,445,548	₱7,107,379

**Excluding cash on hand*

Liquidity risk

Liquidity risk is the potential of not meeting obligations as they come due because of an inability to liquidate assets or obtain adequate funding. The Company maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements are maintained to meet maturing obligations and pay dividend declarations.

In managing its short-term fund requirements, the Company's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term borrowings. With regard to its long-term financing requirements, the Company's policy is that not more than 25% of long-term borrowings should mature in any 12-month period.

The financial assets that will be principally used to settle the financial liabilities presented in the following table are from cash and cash equivalents amounting to ₱2.19 billion and ₱3.73 billion as of December 31, 2023 and 2022, respectively, and trade and other receivables amounting to ₱495.9 million and ₱313.2 million as of December 31, 2023 and 2022, respectively. Cash and cash equivalents can be withdrawn anytime while trade and other receivables are expected to be collected/realized within one year.

The following tables summarize the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as of December 31 (amounts in thousands):

2023

		Contractual undiscounted payments				
	Total Carrying Value	**Total**	**On Demand**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Financial liabilities:						
Trade and other payables*	**₱856,260**	**₱856,260**	**₱—**	**₱856,260**	**₱—**	**₱—**
Long-term debts	**53,739,158**	**63,292,370**	**—**	**2,475,128**	**53,772,044**	**7,045,198**
Lease liabilities	**51,481**	**55,052**	**—**	**24,703**	**30,349**	**—**
Total	**₱54,646,899**	**₱64,203,682**	**₱—**	**₱3,356,091**	**₱53,802,393**	**₱7,045,198**

**Excluding output VAT, withholding tax and other statutory liabilities*

2022

		Contractual undiscounted payments				
	Total Carrying Value	Total	On Demand	Less than 1 year	1 to 5 years	More than 5 years
Financial liabilities:						
Trade and other payables*	₱758,539	₱758,539	₱—	₱758,539	₱—	₱—
Long-term debts	53,693,115	67,017,787	—	2,703,904	40,295,016	24,018,867
Lease liabilities	4,760	4,760	—	4,760	—	—
Total	₱54,456,414	₱67,781,086	₱—	₱3,467,203	₱40,295,016	₱24,018,867

**Excluding output VAT, withholding tax and other statutory liabilities*

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 Company'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.

Foreign exchange risk

The foreign exchange risk of the Company 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.

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

	2023		2022	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Financial asset:				
Cash and cash equivalents	**$1,247,734**	**₱69,087,057**	$42,380,375	₱2,362,917,808

The exchange rate for December 31, 2023 and 2022 is ₱55.370:US$1 and ₱55.755:US$1, respectively. As a result of the translation of these foreign currency denominated liability, the Company reported net unrealized foreign exchange loss of ₱17.2 million and ₱69.0 million in 2023 and 2022, respectively.

The following tables demonstrate the sensitivity to a reasonable possible change in the US dollar exchange rates, with all other variables held constant, of the Company's income before income tax as of December 31, 2023 and 2022 (amounts in thousands).

	Increase (decrease) in US dollar	Effect on income before tax
2023		
US dollar-denominated accounts	**5%**	**₱3,454**
US dollar-denominated accounts	**-5%**	**(3,454)**
2022		
US dollar-denominated accounts	5%	(₱118,146)
US dollar-denominated accounts	-5%	118,146

There is no other impact on the Company's equity other than those already affecting the parent company statements of income.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flow of financial instrument will fluctuate because of the changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to its long-term debt with a floating interest rate and to its derivative asset.

The Company's policy is to manage its interest cost using effective hedging derivatives subject to BOD approval.

As of December 31, 2023, the Company has no long term debt with floating interest rate.

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

	2023	2022	2021
Short term and long term debts (see Note 12)	**₱2,647,103,266**	₱3,167,986,832	₱2,793,782,731
Lease liabilities (see Note 20)	**2,059,805**	1,589,481	3,311,592
Loss on loan extinguishment	**—**	44,959,786	447,501,753
Other long term obligations	**116,084,385**	193,691,649	226,776,452
	₱2,765,247,456	₱3,408,227,748	₱3,471,372,528

Capital management

The primary objective of the Company'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 Company considers equity presented in the Balance Sheet as its capital.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. Its policy is to keep the gearing ratio at 70% or below. The Company determines net debt as the sum of interest-bearing short-term and long-term loans less cash and short-term deposits.

	2023	2022
Long-term debts (Note 12)	**₱53,739,157,504**	₱53,693,114,571
Cash and cash equivalents (Note 4)	**(2,191,015,624)**	(3,734,929,981)
Net debt (a)	**51,548,141,880**	49,958,184,590
Equity	**58,017,986,745**	65,414,937,326
Equity and net debt (b)	**₱109,566,128,625**	₱115,373,121,916
Gearing ratio (a/b)	**47.05%**	43.30%

Part of the Company's capital management is to ensure that it meets financial covenants attached to long-term borrowings. Breaches in meeting the financial covenants would permit the banks to immediately call loans and borrowings. The Company is in compliance with the financial covenants attached to its long-term debts as of December 31, 2023 and 2022 (see Note 12).

No changes were made in the objectives, policies or processes during the years ended December 31, 2023, 2022 and 2021.

19. **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 Company's financial instruments whose fair values are different from their carrying amounts (amounts in thousands).

	2023		2022	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial liabilities:				
Long-term debts	**₱53,739,158**	**₱50,043,214**	₱53,693,115	₱48,156,621
Lease liabilities	**51,481**	**47,338**	4,760	4,658
	₱53,790,639	**₱50,090,552**	₱53,697,875	₱48,161,279

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

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

Long-term debts
The fair value of long-term debt is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Discount rates used range from 7.39% to 7.44% in 2023 and 7.61% to 8.08% in 2022.

Lease liabilities
The fair values are computed using Level 3 of the fair value hierarchy and are based on the discounted value of expected future cash flows using the applicable credit-adjusted risk-free rates of 7.41% and 5.72% to 6.45% in 2023 and 2022, respectively.

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 (Level 2), taking into account its remaining term to maturity. The fair value of the IRS and interest rate cap are determined by generally accepted valuation techniques with reference to observable market data such as interest rates.

The Company entered into an IRS 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.

Non-deliverable Forward
In 2022, the Company entered into non-deliverable forward (NDF) contracts with counterparty banks to manage foreign currency risks associated with ARI's US Dollar commitments for the completion of its renewable projects. These contracts were mirrored in a separate NDF with ARI, with the intention of ultimately hedging ARI's exposure.

The NDF contracts resulted in both derivative assets and derivative liabilities of the same amount, with an offsetting effect on profit and loss. The notional amount of these contracts was $218.2 million (₱13.34 billion).

To account for the fair value of the NDF contracts, the Company designated them as fair value hedges.

The outstanding notional amount and fair value of the NDF for each derivative asset and liability amounted to ₱4.9 billion and ₱481.6 million and ₱6.08 billion and ₱447.3 million as of December 31, 2023 and 2022, respectively.

Hedge Effectiveness Results
Since the critical terms of the hedged loan and the IRS match, the hedge was assessed to be highly effective. The effective portion of the changes in the fair value of the swap amounting to ₱75.7 million gain in 2021 was deferred in equity under the "Cash flow hedge reserve" account.

The following is the maturity analysis of the notional amount and the corresponding average fixed interest rate (amounts in thousands):

As of December 31, 2023

	Maturity					
	Less than 3 months	**3 to 6 months**	**6 to 12 months**	**1 to 2 years**	**More than 2 years**	**Total**
NDF - Derivative liability						
Notional amount	**₱—**	**₱—**	**₱4,903,795,100**	**₱—**	**₱—**	**₱4,903,795,100**
Average forward rate	**—**	**—**	**61.26 - 61.67**	**—**	**—**	
NDF - Derivative asset						
Notional amount	**—**	**—**	**4,903,795,100**	**—**	**—**	**4,903,795,100**
Average forward rate	**—**	**—**	**61.26 - 61.67**	**—**	**—**	

As of December 31, 2022

	Maturity					
	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	More than 2 years	Total
NDF - Derivative liability						
Notional amount	₱ —	₱—	₱1,638,081,900	₱4,443,673,500	₱—	₱6,081,755,400
Average forward rate	—	—	60.73 - 60.95	61.26 - 61.67	—	
NDF - Derivative asset						
Notional amount	—	—	1,638,081,900	4,443,673,500	—	6,081,755,400
Average forward rate	—	—	60.73 - 60.95	61.26 - 61.67	—	

The impact of the hedged item and hedging instrument in the parent company balance sheet and in the parent company statement of income and parent company statement of comprehensive income is as follows:

As of December 31, 2023

	Carrying amount	Change in fair value	Total hedging loss recognized in other income (charges)
NDF - Derivative asset	**₱481,595,229**	**₱481,595,229**	**₱481,595,229**
NDF - Derivative liability	**(481,595,229)**	**(481,595,229)**	**(481,595,229)**
	₱—	**₱—**	**₱—**

As of December 31, 2022

	Carrying amount	Change in fair value	Total hedging loss recognized in other income (charges)
NDF - Derivative asset	₱447,264,284	₱447,264,284	₱447,264,284
NDF - Derivative liability	(447,264,284)	(447,264,284)	(447,264,284)
	₱—	₱—	₱—

The movements in fair value changes of derivative instruments for the year ended December 31, 2022 are as follows:

	2022
At beginning of year	(₱75,717,785)
Net changes in fair value of derivatives designated as accounting hedges	75,717,785
At end of year	₱—

The changes in the fair value of derivatives designated as cash flow hedges were deferred in equity under "Cash flow hedge reserve." The changes in the fair value of derivatives designated as fair value hedge is recognized in the statement of income.

Fair Value Hierarchy

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

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

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

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

For the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements were made.

20. **Lease Agreements**

a. Operating Lease Agreement with Manta Equities, Inc. (MEI)

The Company entered into an operating lease agreement with MEI for its use of administrative office space and parking space for a period of ten (10) years from April 1, 2013 to May 31, 2023 and nine (9) years and three (3) months from and March 1, 2014 to May 31, 2023, respectively. Both lease contracts have an escalation rate of 5.0%.

The Company entered additional operating lease agreement with MEI in 2020 for use of administrative office space and parking space for a period of three (3) years and five (5) months from January 1, 2020 to May 31, 2023. The lease contract has an escalation rate of 5.0%

In 2023, the Company renewed the lease with MEI for the use of administrative office and parking space for a period of three (3) years from June 1, 2023 to May 31, 2026. The lease contract has an escalation rate of 5.0%.

b. Operating Lease Agreement with SM Prime Holdings, Inc. (SMPH)

The Company entered into an operating lease agreement with SMPH for its use of administrative and sales office space for a period of three (3) years from August 1, 2019 to July 31, 2022. The lease contract has a an escalation of 5.0%

The Company also has certain leases with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions of these leases.

Set out below, are the carrying amounts of the Company's lease liabilities and the movements during the years ended December 31, 2023 and 2022:

	2023	2022
Balance at beginning of year	**₱4,760,368**	₱29,358,704
Additions	**70,325,312**	628,735
Interest expense	**2,059,805**	1,589,481
Payments	**(25,664,801)**	(26,816,552)
Balance at end of year	**₱51,480,684**	₱4,760,368

The Company also has certain leases of conference rooms with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemption on these arrangements.

Set out below, are the amounts recognized in the parent company statements of income for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
Amortization expense of right-of-use assets	**₱18,396,820**	₱16,622,071	₱16,569,335
Interest expense on lease liabilities	**2,059,805**	1,589,481	3,311,592
Rent expense - short-term leases	**3,704,750**	1,442,303	1,379,360
	₱24,161,375	₱19,653,855	₱21,260,287

21. Note to Statements of Cash Flows

The following are the cash flow movements of the Company's financing liabilities:

			Non-cash Changes					
	January 1, 2023	Net cash flows	Dividend declaration	Amortized deferred financing costs	Foreign exchange movement	Interest expense	Others	December 31, 2023
Lease liability	**₱4,760,368**	**(₱25,664,801)**	**₱—**	**₱—**	**₱—**	**₱2,059,805**	**₱70,325,312**	**₱51,480,684**
Non-current interest-bearing loans and borrowings	**53,693,114,571**	**(50,000,000)**	**—**	**96,042,933**		**—**	**—**	**53,739,157,504**
Interest on loans and borrowings	**357,721,252**	**(2,720,208,360)**	**—**	**—**	**—**	**2,647,103,266**	**20,041,451**	**304,657,609**
Dividend payable	**1,002,648**	**(13,760,113,135)**	**13,760,590,054**	**—**	**—**	**—**	**—**	**1,479,567**
Total liabilities from financing activities	**₱54,056,598,839**	**(₱16,555,986,296)**	**₱13,760,590,054**	**₱96,042,933**	**₱—**	**₱2,649,163,071**	**₱90,366,763**	**₱54,096,775,364**

			Non-cash Changes					
	January 1, 2022	Net cash flows	Dividend declaration	Amortized deferred financing costs	Foreign exchange movement	Interest expense	Others	December 31, 2022
Lease liability	₱29,358,704	(₱26,816,552)	₱—	₱—	₱—	₱1,589,481	₱628,735	₱4,760,368
Non-current interest-bearing loans and borrowings	63,189,157,455	(9,745,650,189)	—	188,777,305	60,830,000	—	—	53,693,114,571
Interest on loans and borrowings	490,480,539	(3,350,620,250)	—	—	—	3,167,986,832	49,874,131	357,721,252
Dividend payable	632,845	(10,669,606,442)	10,669,976,245	—	—	—	—	1,002,648
Total liabilities from financing activities	₱63,709,629,543	(₱23,792,693,433)	₱10,669,976,245	₱188,777,305	₱60,830,000	₱3,169,576,313	₱50,502,866	₱54,056,598,839

22. Other Income

In December 2022, the Company received ₱250.6 million from AP Int as reimbursement for expenses incurred for the research and development of international projects (see Note 17).

In August 2021, the Company received ₱324.9 million from a fund held in escrow as compensation for warranties and contingencies from its previous investment transaction.

23. Supplementary Information Required Under Revenue Regulations (RR) 15-2010

The Company also reported and/or paid the following types of taxes for the year:

VAT

The Company's sales are subject to output value added tax (VAT) while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12.0%.

i. Net Receipts and Output VAT declared in the Company's VAT returns in 2023

	Net Sales/ Receipts	Output VAT
Taxable Sales:		
Sales of services	₱1,662,652,638	₱199,518,317

The Company's sales that are subject to VAT are reported under the following accounts:

Service Income - Management fees
Service Income - Professional fees
Service Income - Technical fees
Miscellaneous Income - Operating
Miscellaneous Income - Non-operating

The Company's sales of services are based on actual collections received, hence, may not be the same as amounts accrued in the parent company statement of income.

ii. Input VAT for 2023

Balance at January 1	₱16,593,188
Current year's domestic purchases/payments for:	
Goods other than for resale or manufacture	4,698,198
Capital goods subject to amortization	20,178,165
Capital goods not subject to amortization	—
Services lodged under the other accounts	140,995,090
	182,464,641
Claims for tax credit/refund and other adjustments	(182,464,641)
Balance at December 31	₱—

Other taxes and licenses

Taxes and licenses, local and national, include real estate taxes, licenses and permit fees for 2023:

License and permit fees	₱12,491,162
Fringe benefit taxes	8,852,415
Documentary stamp taxes (DST)	307,314
Others	29,298
	₱21,680,189

Withholding taxes

Final withholding taxes	₱1,101,932,289
Withholding taxes on compensation and benefits	440,999,075
Expanded withholding taxes	62,985,023
Withholding VAT	2,719,829
	₱1,608,636,216

Tax Assessment and Cases

The Company has no pending tax cases outside of the administration of the BIR as of December 31, 2023.

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

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Company Name: ABOITIZ POWER CORP.
Industry Classification: E40100
Company Type: Stock Corporation

Document Information

Document ID: OST10404202482175567
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2023
Submission Type: Consolidated
Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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S	U	B	S	I	D	I	A	R	I	E	S																		

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

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Form Type

A	A	C	F	S

Department requiring the report

C	F	D	

Secondary License Type, If Applicable

-	N	A	-

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.aboitizpower.com	(02) 8886-2800	None

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
578	April 26	December/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Racquel Bustamante	racquel.bustamante@aboitiz.com	(02) 8886-2800	Not Available

CONTACT PERSON's ADDRESS

32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines 1634

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

ABOITIZ POWER CORPORATION

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Aboitiz Power Corporation** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2023, 2022 and 2021** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

SABIN M. ABOITIZ
Chairman of the Board

EMMANUEL V. RUBIO
President & Chief Executive Officer

JUAN ALEJANDRO A. ABOITIZ
Senior Vice President /Chief Financial Officer/Corporate Information Officer

Signed this
5th day of March 2024

Republic of the Philippines)
Taguig City) S.S.

Before me, a notary public in and for the city named above, personally appeared:

Name	Passport	Date/Place Issued
SABIN M. ABOITIZ	P7230904B	July 19, 2021; DFA Manila
EMMANUEL V. RUBIO	P3162364B	September 13, 2019; DFA Manila
JUAN ALEJANDRO A. ABOITIZ	P6235359B	February 5, 2021; DFA Manila

who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this MAR 13 2024.

Doc. No. 290;
Page No. 59;
Book No. VI;
Series of 2024

ATTY. CZAR AUGUSTUS C. COLINA
Notary Public for Taguig City
Notarial Commission No. 76 (2023-2024)
Until 31 December 2024
NAC Tower, 32nd Street, Bonifacio Global City, Taguig City
Roll No. 70362, Admitted to the Bar 02 June 2017
PTR No. A-6155015, 09 January 2024, Taguig City
IBP No. 414728, 10 January 2024, Makati City
MCLE Compliance No. VII-0011495

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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Philippines

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

Opinion

We have audited the consolidated financial statements of Aboitiz Power Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment Testing of Goodwill

Under PFRSs, the Group is required to annually test the amount of goodwill for impairment. As of December 31, 2023, the goodwill attributable to the cash-generating unit (CGU) of GNPower Mariveles Energy Center Ltd. Co. amounted to ₱43.74 billion or 9% of total consolidated assets, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to estimation uncertainty, specifically discount and growth rates, revenue assumptions, and material price inflation.

The Group's disclosures about goodwill are included in Note 13 to the consolidated financial statements.

Audit Response
We involved our internal specialist in assessing the methodologies and assumptions used. We compared the key assumptions used, such as growth rate and revenue assumptions against the historical performance of the CGU, industry outlook and other relevant external data. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Revenue Recognition of Distribution Utilities

The distribution utilities' revenue from the sale of electricity amounting to ₱53.36 billion for the year ended December 31, 2023 accounts for 26% of the Group's consolidated revenues and is material to the Group. This matter is significant to the audit because the revenue recognized depends on the electric consumption captured, the rates applied across different customers, and the systems involved in the billing process. Electric consumption captured is based on the meter readings taken on various dates for the different types of customers (i.e., industrial, commercial, and residential customers) within the franchise areas of operations of the distribution utilities.

The Group's disclosures related to this matter are provided in Notes 3 and 21 to the consolidated financial statements.

Audit Response
We obtained an understanding and evaluated the design and tested the controls over the billing and revenue process which includes the capture and accumulation of meter data in the billing system and calculation of billed amounts, and uploading of billed amounts from the billing system to the financial

reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in billing statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jhoanna Feliza C. Go.

SYCIP GORRES VELAYO & CO.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079942, January 5, 2024, Makati City

March 5, 2024

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

	December 31, 2023	December 31, 2022 (As Restated - Note 3)	January 1, 2022 (As Restated - Note 3)
ASSETS			
Current Assets			
Cash and cash equivalents (Note 5)	**₱54,538,784**	₱64,763,642	₱57,130,243
Trade and other receivables (Note 6)	**34,247,542**	35,342,951	26,820,071
Inventories (Note 7)	**13,675,531**	16,123,700	9,574,613
Derivative assets (Note 34)	**355,308**	2,666,226	1,383,903
Other current assets (Note 8)	**12,986,262**	14,079,868	9,511,109
Total Current Assets	**115,803,427**	132,976,387	104,419,939
Noncurrent Assets			
Investments and advances (Note 10)	**91,640,709**	77,928,459	64,952,728
Property, plant and equipment (Notes 12 and 35)	**209,726,892**	206,857,588	203,239,825
Intangible assets (Note 13)	**49,757,097**	49,771,385	46,015,495
Derivative assets - net of current portion (Note 34)	**–**	245,801	75,718
Net pension assets (Note 27)	**40,459**	83,438	87,146
Deferred income tax assets (Note 29)	**1,337,626**	1,125,235	1,198,107
Other noncurrent assets (Note 14)	**18,717,096**	8,387,477	7,183,001
Total Noncurrent Assets	**371,219,879**	344,399,383	322,752,020
TOTAL ASSETS	**₱487,023,306**	₱477,375,770	₱427,171,959
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term loans (Note 16)	**₱19,959,100**	₱21,402,715	₱18,625,546
Current portions of:			
Long-term debts (Note 17)	**10,730,454**	10,279,212	18,419,227
Lease liabilities (Note 35)	**81,964**	9,288,292	8,106,781
Long-term obligation on power distribution system	**40,000**	40,000	40,000
Derivative liabilities (Note 34)	**481,595**	116,672	219,030
Trade and other payables (Note 15)	**32,868,673**	32,948,328	22,744,322
Income tax payable	**472,703**	492,656	264,647
Total Current Liabilities	**64,634,489**	74,567,875	68,419,553

(Forward)

	December 31, 2023	December 31, 2022 (As Restated - Note 3)	January 1, 2022 (As Restated - Note 3)
Noncurrent Liabilities			
Noncurrent portions of:			
Long-term debts (Note 17)	**₱203,540,676**	₱189,172,706	₱163,618,747
Lease liabilities (Note 35)	**2,832,881**	18,253,664	25,667,098
Long-term obligation on power distribution system	**82,730**	105,390	125,532
Derivative liabilities - net of current portion (Note 34)	**–**	330,592	174,664
Customers' deposits (Note 18)	**8,861,811**	8,144,054	7,200,341
Decommissioning liability (Note 19)	**7,363,729**	5,654,234	5,686,224
Deferred income tax liabilities (Note 29)	**4,829,487**	2,415,245	847,229
Net pension liabilities (Note 27)	**903,138**	599,491	302,812
Other noncurrent liabilities (Note 40j)	**–**	–	54,505
Total Noncurrent Liabilities	**228,414,452**	224,675,376	203,677,152
Total Liabilities	**293,048,941**	299,243,251	272,096,705
Equity Attributable to Equity Holders of the Parent			
Paid-in capital (Note 20a)	**19,947,498**	19,947,498	19,947,498
Share in other comprehensive income of associates and joint ventures (Note 10)	**651,102**	1,220,171	185,183
Cumulative translation adjustments (Note 34)	**5,764,141**	5,462,557	1,917,151
Cash flow hedge reserve (Note 34)	**(269,282)**	2,646,733	917,353
Actuarial losses on defined benefit plans (Note 27)	**(1,283,856)**	(1,095,697)	(1,072,629)
Equity reserve	**(7,175,742)**	(7,175,742)	(7,175,742)
Treasury stock - at cost (Note 20)	**(4,891,831)**	**–**	**–**
Retained earnings (Note 20b)			
Appropriated	**11,900,000**	20,060,000	20,060,000
Unappropriated (Notes 10 and 20c)	**155,496,036**	127,994,906	112,666,214
	180,138,066	169,060,426	147,445,028
Non-controlling Interests	**13,836,299**	9,072,093	7,630,226
Total Equity (Note 20)	**193,974,365**	178,132,519	155,075,254
TOTAL LIABILITIES AND EQUITY	**₱487,023,306**	₱477,375,770	₱427,171,959

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share Amounts)

	Years Ended December 31		
	2023	2022 (As Restated - Note 3)	2021 (As Restated - Note 3)
OPERATING REVENUES			
Sale of power (Notes 21 and 32):			
Generation	**₱106,795,878**	₱101,500,632	₱70,008,135
Distribution	**53,362,657**	57,235,327	44,375,529
Retail electricity supply	**46,123,403**	35,179,570	19,874,964
Interest income on concession contract asset (Note 14)	**716,218**	–	–
Technical, management and other fees (Note 32)	**101,741**	78,059	100,593
OPERATING REVENUES	**207,099,897**	193,993,588	134,359,221
OPERATING EXPENSES			
Cost of purchased power (Notes 22 and 32)	**71,460,870**	69,379,333	41,496,499
Cost of generated power (Note 23)	**63,972,900**	60,619,129	33,499,708
Depreciation and amortization (Notes 12, 13 and 35)	**13,109,562**	11,863,670	11,202,273
General and administrative (Note 24)	**13,109,311**	10,194,903	9,540,775
Operations and maintenance (Note 25)	**13,662,175**	12,133,579	10,410,170
	175,314,818	164,190,614	106,149,425
FINANCIAL INCOME (EXPENSES)			
Interest income (Notes 5 and 32)	**1,667,278**	678,696	343,233
Interest expense and other financing costs (Notes 16, 17, 33 and 35)	**(14,161,646)**	(13,420,348)	(13,590,365)
	(12,494,368)	(12,741,652)	(13,247,132)
OTHER INCOME			
Share in net earnings of associates and joint ventures (Note 10)	**19,817,774**	15,134,970	9,479,696
Other expenses - net (Note 28)	**4,633,814**	515,330	213,565
	24,451,588	15,650,300	9,693,261
INCOME BEFORE INCOME TAX	**43,742,299**	32,711,622	24,655,925
PROVISION FOR INCOME TAX (Note 29)	**7,276,865**	4,701,005	3,862,403
NET INCOME	**₱36,465,434**	₱28,010,617	₱20,793,522

(Forward)

	Years Ended December 31		
	2023	2022 (As Restated - Note 3)	2021 (As Restated - Note 3)
ATTRIBUTABLE TO:			
Equity holders of the parent	**₱33,101,720**	₱25,998,668	₱19,085,669
Non-controlling interests	**3,363,714**	2,011,949	1,707,853
	₱36,465,434	₱28,010,617	₱20,793,522
EARNINGS PER COMMON SHARE (Note 30)			
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	**₱4.52**	₱3.53	₱2.59

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2023	2022 (As Restated - Note 3)	2021 (As Restated - Note 3)
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	**₱33,101,720**	₱25,998,668	₱19,085,669
Non-controlling interests	**3,363,714**	2,011,949	1,707,853
	36,465,434	28,010,617	20,793,522
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:			
Movement in cumulative translation adjustments	**369,718**	3,532,388	2,990,011
Movement in cash flow hedges (Note 33)	**(2,949,939)**	1,884,965	2,355,803
Share in movement in cumulative translation adjustment of associates and joint ventures	**(534,264)**	986,012	753,960
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	**(3,114,485)**	6,403,365	6,099,774
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:			
Share in actuarial gain (loss) on defined benefit plans of associates and joint ventures, net of tax	**(34,805)**	48,976	7,915
Actuarial gain (loss) on defined benefit plans, net of tax (Note 27)	**(232,578)**	4,871	168,827
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	**(267,383)**	53,847	176,742
Total other comprehensive income (loss) for the year, net of tax	**(3,381,868)**	6,457,212	6,276,516
TOTAL COMPREHENSIVE INCOME	**₱33,083,566**	₱34,467,829	₱27,070,038
ATTRIBUTABLE TO:			
Equity holders of the parent	**₱29,730,061**	₱32,285,374	₱25,295,804
Non-controlling interests	**3,353,505**	2,182,455	1,774,234
	₱33,083,566	₱34,467,829	₱27,070,038

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

(Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to Equity Holders of the Parent											
	Paid-in Capital (Note 20a)	Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures (Note 10)	Cumulative Translation Adjustments (Note 34)	Cash Flow Hedge Reserve	Actuarial Losses on Defined Benefit Plans (Note 27)	Equity Reserve	Treasury stock (Note 20)	Retained Earnings (Note 20b) Appropriated	Retained Earnings (Note 20b) Unappropriated	Total Attributable to Equity Holders of the Parent	Non-controlling Interests	Total
Balances at January 1, 2023, as previously stated	₱19,947,498	₱1,220,171	₱5,462,557	₱2,646,733	(₱1,095,697)	(₱7,175,742)	₱–	₱20,060,000	₱130,037,425	₱171,102,945	₱9,071,823	₱180,174,768
Effect of PAS 12 (Note 3)	–	–	–	–	–	–	–	–	(2,042,519)	(2,042,519)	270	(2,042,249)
Balances at January 1, 2023, as restated	19,947,498	1,220,171	5,462,557	2,646,733	(1,095,697)	(7,175,742)	—	20,060,000	127,994,906	169,060,426	9,072,093	178,132,519
Net income for the year	–	–	–	–	–	–	–	–	33,101,720	33,101,720	3,363,714	36,465,434
Other comprehensive income (loss)												
Share in other comprehensive loss of associates and joint ventures	–	(569,069)	–	–	–	–	–	–	–	(569,069)	–	(569,069)
Movement in cumulative translation adjustments	–		301,584	–	–	–	–	–	–	301,584	68,134	369,718
Movement in cash flow hedges	–	–	–	(2,916,015)	–	–	–	–	–	(2,916,015)	(33,924)	(2,949,939)
Actuarial losses on defined benefit plans, net of tax	–	–	–	–	(188,159)		–	–	–	(188,159)	(44,419)	(232,578)
Total comprehensive income (loss) for the year	–	(569,069)	301,584	(2,916,015)	(188,159)	–	–	–	33,101,720	29,730,061	3,353,505	33,083,566
Reversal of appropriation	–	–	–	–	–	–	–	(8,160,000)	8,160,000	–	–	–
Cash dividends - ₱1.87 per share (Note 20b)	–	–	–	–	–	–	–	–	(13,760,590)	(13,760,590)	–	(13,760,590)
Acquisition of treasury stock (Note 20)	–	–	–	–	–	–	(4,891,831)	–	–	(4,891,831)	–	(4,891,831)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(1,567,246)	(1,567,246)
Change in non-controlling interests (Note 9)	–	–	–	–	–	–	–	–	–	–	2,977,947	2,977,947
Balances at December 31, 2023	₱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

	Attributable to Equity Holders of the Parent										
	Paid-in Capital (Note 20a)	Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures (Note 10)	Cumulative Translation Adjustments (Note 34)	Cash Flow Hedge Reserve	Actuarial Gains (Losses) on Defined Benefit Plans (Note 27)	Equity Reserve	Retained Earnings (Note 20b)t Appropriated	Retained Earnings (Note 20b)t Unappropriated	Total Attributable to Equity Holders of the Paren	Non-controlling Interests l	Total
Balances at January 1, 2022, as previously stated	₱19,947,498	₱185,183	₱1,917,151	₱917,353	(₱1,072,629)	(₱7,175,742)	₱20,060,000	₱113,172,268	₱147,951,082	₱7,629,621	₱155,580,703
Effect of PAS 12 (Note 3)	–	–	–	–	–	–	–	(506,054)	(506,054)	605	(505,449)
Balances at January 1, 2022, as restated	19,947,498	185,183	1,917,151	917,353	(1,072,629)	(7,175,742)	20,060,000	112,666,214	147,445,028	7,630,226	155,075,254
Net income for the year, as restated	–	–	–	–	–	–	–	25,998,668	25,998,668	2,011,949	28,010,617
Other comprehensive income (loss)											
Share in other comprehensive loss of associates and joint ventures	–	1,034,988	–	–	–	–	–	–	1,034,988	–	1,034,988
Movement in cumulative translation adjustments	–	–	3,545,406	–	–	–	–	–	3,545,406	(13,018)	3,532,388
Movement in cash flow hedges	–	–	–	1,729,380	—	–	–	–	1,729,380	155,585	1,884,965
Actuarial gains (losses) on defined benefit plans, net of tax	–	–	–	–	(23,068)	–	–	–	(23,068)	27,939	4,871
Total comprehensive income (loss) for the year, as restated	–	1,034,988	3,545,406	1,729,380	(23,068)	–	–	25,998,668	32,285,374	2,182,455	34,467,829
Cash dividends - ₱1.45 per share (Note 20b)	–	–	–	–	–	–	–	(10,669,976)	(10,669,976)	–	(10,669,976)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(1,380,664)	(1,380,664)
Change in non-controlling interests	–	–	–	–	–	–	–	–	–	640,076	640,076
Balances at December 31, 2022, as restated	₱19,947,498	₱1,220,171	₱5,462,557	₱2,646,733	(₱1,095,697)	(₱7,175,742)	₱20,060,000	₱127,994,906	₱169,060,426	₱9,072,093	₱178,132,519

	Attributable to Equity Holders of the Parent										
	Paid-in Capital (Note 20a)	Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures (Note 10)	Cumulative Translation Adjustments	Cash Flow Hedge Reserve	Actuarial Gains (Losses) on Defined Benefit Plans (Note 27)	Equity Reserve	Retained Earnings (Note 20b) Appropriated	Retained Earnings (Note 20b) Unappropriated	Total Attributable to Equity Holders of the Parent	Non-controlling Interests	Total
Balances at January 1, 2021, as previously stated	₱19,947,498	(₱576,692)	(₱1,067,593)	(₱1,379,180)	(₱1,239,612)	(₱7,175,742)	₱33,660,000	₱84,989,900	₱127,158,579	₱7,426,494	₱134,585,073
Effect of PAS 12 (Note 28)	–	–	–	–	–	–	–	1,245,459	1,245,459	785	1,246,244
Balances at January 1, 2021, as restated	19,947,498	(576,692)	(1,067,593)	(1,379,180)	(1,239,612)	(7,175,742)	33,660,000	86,235,359	128,404,038	7,427,279	135,831,317
Net income for the year, as restated	–	–	–	–	–	–	–	19,085,669	19,085,669	1,707,853	20,793,522
Other comprehensive income											
Share in other comprehensive loss of associates and joint ventures	–	761,875	–	–	–	–	–	–	761,875	–	761,875
Movement in cumulative translation adjustments	–	–	2,984,744	–	–	–	–	–	2,984,744	5,267	2,990,011
Movement in cash flow hedges	–	–	—	2,296,533	–	–	–	–	2,296,533	59,270	2,355,803
Actuarial gains on defined benefit plans, net of tax	–	–	—	—	166,983	–	–	–	166,983	1,844	168,827
Total comprehensive income for the year, as restated	–	761,875	2,984,744	2,296,533	166,983	–	–	19,085,669	25,295,804	1,774,234	27,070,038
Reversal of appropriation	–	–	–	–	–	–	(13,600,000)	13,600,000	–	–	–
Cash dividends - ₱1.18 per share (Note 20b)	–	–	–	–	–	–	–	(6,254,814)	(6,254,814)	–	(6,254,814)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(1,586,998)	(1,586,998)
Change in non-controlling interests	–	–	–	–	–	–	–	–	–	15,711	15,711
Balances at December 31, 2021, as restated	₱19,947,498	₱185,183	₱1,917,151	₱917,353	(₱1,072,629)	(₱7,175,742)	₱20,060,000	₱112,666,214	₱147,445,028	₱7,630,226	₱155,075,254

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱43,742,299**	₱32,711,622	₱24,655,925
Adjustments for:			
Share in net earnings of associates and joint ventures (Note 10)	**(19,817,774)**	(15,134,970)	(9,479,696)
Interest expense and other financing costs (Note 33)	**14,161,646**	13,420,348	13,590,365
Depreciation and amortization (Notes 12 and 13)	**13,109,562**	11,863,670	11,202,273
Gains from bargain purchase and remeasurement of previously held interest (Note 9)	**(1,745,655)**	–	–
Interest income (Notes 5 and 32)	**(1,667,278)**	(678,696)	(343,233)
Impairment loss on property, plant and equipment (Notes 12, 13, 14 and 28)	**220,000**	729,255	340,597
Write-off of project development costs (Notes 13 and 28)	**204,546**	238,021	298,031
Net unrealized foreign exchange loss	**190,424**	1,227,513	1,816,579
Unrealized fair valuation gain on derivatives and financial assets at FVTPL (Note 34)	**(100,968)**	(57,109)	(18,333)
Unrealized fair valuation gain on investment property (Note 28)	**(52,401)**	(78,600)	–
Loss (gain) on disposal of property, plant and equipment (Note 28)	**(12,634)**	34,843	214,032
Operating income before working capital changes	**48,231,767**	44,275,897	42,276,540
Decrease (increase) in:			
Trade and other receivables	**(2,037,646)**	(8,115,523)	(4,134,879)
Inventories	**4,703,018**	(6,549,087)	(3,266,413)
Concession asset	**497,397**	–	–
Other current assets	**5,076,309**	(5,058,887)	1,102,850
Increase (decrease) in:			
Trade and other payables	**(1,500,817)**	11,529,552	2,427,336
Long-term obligation on power distribution system	**(40,000)**	(40,000)	(40,000)
Customers' deposits	**717,757**	943,713	401,496
Net cash generated from operations	**55,647,785**	36,985,665	38,766,930
Income and final taxes paid	**(5,378,806)**	(2,772,328)	(2,439,894)
Net cash flows from operating activities	**50,268,979**	34,213,337	36,327,036
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received (Note 10)	**2,096,560**	3,585,997	8,355,017
Decrease (increase) in other noncurrent assets	**727,213**	(2,053,238)	1,630,833
Interest received	**1,635,332**	634,182	314,490

(Forward)

	Years Ended December 31		
	2023	2022	2021
Proceeds from redemption of shares (Note 10)	**₱6,940**	₱5,605	₱14,413
Proceeds from sale of property, plant and equipment	**282,454**	26,214	10,360
Net collection of advances (Note 10)	**(73,040)**	2,111	5,549
Acquisitions through business combinations, net of cash acquired (Note 9)	**(570,098)**	–	1,251
Additions to:			
Property, plant and equipment (Note 12)	**(17,998,358)**	(12,981,059)	(8,254,307)
Intangible assets (Note 13)	**(1,193,378)**	(662,028)	(105,049)
Additional investments (Note 10)	**–**	–	(954,386)
Net cash flows from (used in) investing activities	**(15,086,375)**	(11,442,216)	1,018,171
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from long-term debt (Note 17)	**24,006,639**	44,745,631	39,737,724
Net availments (payments of) short-term loans (Note 16)	**(1,443,615)**	2,777,169	5,352,163
Cash dividends paid (Note 20b)	**(13,760,113)**	(10,669,606)	(6,254,588)
Payments of:			
Long-term debt (Note 17)	**(11,561,288)**	(30,666,741)	(37,179,837)
Lease liabilities, including interest accretion (Note 35)	**(22,680,908)**	(9,600,853)	(9,401,915)
Interest	**(13,536,378)**	(10,305,062)	(9,770,209)
Additional contributions from non-controlling interests (Note 2)	**–**	624,250	–
Payment of dividends to non-controlling interests	**(1,567,246)**	(1,380,664)	(1,586,998)
Acquisition of treasury shares (Note 20)	**(4,891,831)**	–	–
Net cash flows used in financing activities	**(45,434,740)**	(14,475,876)	(19,103,660)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(10,252,136)**	8,295,245	18,241,547
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	**27,278**	(661,846)	189,151
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**64,763,642**	57,130,243	38,699,545
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱54,538,784**	₱64,763,642	₱57,130,243

See accompanying Notes to Consolidated Financial Statements.

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, retail electricity supply and power distribution in the Aboitiz Group. As of December 31, 2023, Aboitiz Equity Ventures, Inc. (AEV; also a publicly-listed entity incorporated in the Philippines) and JERA Asia Private Limited own the Company by 53.09% and 27.57%, respectively. The ultimate parent of the Company is Aboitiz & Company, Inc. (ACO).

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

The consolidated financial statements of the Group were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) of the Company on March 5, 2024.

2. Group Information

The consolidated financial statements comprise the financial statements of the Company, subsidiaries of the Company and a joint operation that is subject to joint control (collectively referred to as "the Group"; see Note 11). The following are the subsidiaries as of December 31 of each year:

	Nature of Business	Percentage of Ownership					
		2023		2022		2021	
		Direct	**Indirect**	Direct	Indirect	Direct	Indirect
Aboitiz Renewables, Inc. (ARI) and Subsidiaries:	Power generation	**100.00**	**–**	100.00	–	100.00	–
AP Renewables, Inc. (APRI)	Power generation	**–**	**100.00**	–	100.00	–	100.00
Aboitiz Power Distributed Energy, Inc.	Power generation	**–**	**100.00**	–	100.00	–	100.00
Aboitiz Power Distributed Renewables, Inc.	Power generation	**–**	**100.00**	–	100.00	–	100.00
Hedcor, Inc. (HI)	Power generation	**–**	**100.00**	–	100.00	–	100.00
Hedcor Sibulan, Inc. (HSI)	Power generation	**–**	**100.00**	–	100.00	–	100.00
Hedcor Tudaya, Inc. (HTI)	Power generation	**–**	**100.00**	–	100.00	–	100.00
Luzon Hydro Corporation (LHC)	Power generation	**–**	**100.00**	–	100.00	–	100.00
Sinag Solar Power Corporation (formerly AP Solar Tiwi, Inc.)*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Retensol, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	100.00
AP Renewable Energy Corporation*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Aseagas Corporation (Aseagas)*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Bakun Power Line Corporation*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Cleanergy, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Cordillera Hydro Corporation*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Hedcor Benguet, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Hedcor Bukidnon, Inc. (Hedcor Bukidnon)	Power generation	**–**	**100.00**	–	100.00	–	100.00
Hedcor Kabayan, Inc. *	Power generation	**–**	**100.00**	–	100.00	–	100.00
PV Sinag Power, Inc. (formerly Hedcor Ifugao, Inc.)*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Amihan Power, Inc. (formerly Hedcor Kalinga, Inc.)*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Aboitiz Solar Power, Inc. (formerly Hedcor Itogon Inc.)*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Hedcor Manolo Fortich, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Amihan Frontier Energy, Inc. (formerly Hedcor Mt. Province, Inc.)*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Hedcor Sabangan, Inc. (Hedcor Sabangan)	Power generation	**–**	**100.00**	–	100.00	–	100.00

(Forward)

	Nature of Business	Percentage of Ownership					
		2023		2022		2021	
		Direct	**Indirect**	Direct	Indirect	Direct	Indirect
Hedcor Tamugan, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	100.00
RE Resources, Inc. (formerly Mt. Apo Geopower, Inc.)*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Visayas Cleanergy, Inc. (formerly Negron Cuadrado Geopower, Inc. (NCGI))*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Tagoloan Hydro Corporation*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Luzon Hydro Company Limited*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Electricidad, Inc. (formerly La Filipina Electrika, Inc.)*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Wind Renewable Energy Corporation*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Maaraw Renewable Energy Corporation*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Maaraw Holdings San Carlos, Inc. (MHSCI, see Note 9)	Holding company	**–**	**100.00**	–	100.00	–	100.00
San Carlos Sun Power, Inc. (Sacasun, see Note 9)	Power generation	**–**	**100.00**	–	100.00	–	100.00
Luzon Alternative Energy Sources, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	–
Luzon Cleanergy Generation, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	–
Luzon Cleanergy, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	–
Maaraw Holdings Bais, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	–
Mindanao Cleanergy, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	–
North Luzon Green and Sustainable Energy, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	–
North Luzon Green Power, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	–
North Luzon Natural Energy, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	–
Northern Sun Power, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	–
Northern Sun Radiance, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	–
South Cleanergy, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	–
South Luzon Energy Solutions, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	–
South Luzon Power Development, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	–
South Luzon Sustainable Energy, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	–
Hydro Electric Development Corporation*	Power generation	**–**	**99.97**	–	99.97	–	99.97
Cornerstone Energy Development, Inc.(CEDI)*	Power generation	**–**	**60.00**	–	–	–	–
Cleanergy 1 Power, Inc*	Power generation	**–**	**100.00**	–	–	–	–
Cleanergy 2 Power, Inc.*	Power generation	**–**	**100.00**	–	–	–	–
Cleanergy 3 Power, Inc.*	Power generation	**–**	**100.00**	–	–	–	–
Cleanergy 4 Power, Inc.*	Power generation	**–**	**100.00**	–	–	–	–
Cleanergy 5 Power, Inc.*	Power generation	**–**	**100.00**	–	–	–	–
Cleanergy 6 Power, Inc.*	Power generation	**–**	**100.00**	–	–	–	–
Cleanergy 7 Power, Inc.*	Power generation	**–**	**100.00**	–	–	–	–
Cleanergy 1, Inc.*	Power generation	**–**	**100.00**	–	–	–	–
Cleanergy 2 Inc.*	Power generation	**–**	**100.00**	–	–	–	–
Therma Power, Inc. (TPI) and Subsidiaries:	Power generation	**100.00**	**–**	100.00	–	100.00	–
Mindanao Sustainable Solutions, Inc.*	Services	**–**	**100.00**	–	100.00	–	100.00
Therma Luzon, Inc. (TLI)	Power generation	**–**	**100.00**	–	100.00	–	100.00
Therma Marine, Inc. (Therma Marine)	Power generation	**–**	**100.00**	–	100.00	–	100.00
Therma Mobile, Inc. (Therma Mobile)	Power generation	**–**	**100.00**	–	100.00	–	100.00
Therma South, Inc. (TSI)	Power generation	**–**	**100.00**	–	100.00	–	100.00
Therma Power-Visayas, Inc. (TPVI)	Power generation	**–**	**100.00**	–	100.00	–	100.00
Therma Central Visayas, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Therma Subic, Inc.*	Power generation	**–**	**100.00**	–	100.00	–	100.00
Therma Mariveles Holdings, Inc.	Holding company	**–**	**100.00**	–	100.00	–	100.00
GNPower Mariveles Energy Center Ltd. Co. (formerly GNPower Mariveles Coal Plant) (GMEC)	Power generation	**–**	**78.33**	–	78.33	–	78.33
Therma Dinginin Holdings, Inc.	Holding company	**–**	**100.00**	–	100.00	–	100.00
Therma Visayas, Inc. (TVI)	Power generation	**–**	**80.00**	–	80.00	–	80.00
Abovant Holdings, Inc.	Holding company	**–**	**60.00**	–	60.00	–	60.00
AboitizPower International Pte. Ltd. (API)	Holding company	**100.00**	**–**	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	–	100.00	–
Adventenergy, Inc. (AI)	Retail electricity supplier	**100.00**	**–**	100.00	–	100.00	–
Balamban Enerzone Corporation (BEZ)	Power distribution	**100.00**	**–**	100.00	–	100.00	–
Lima Enerzone Corporation (LEZ)	Power distribution	**100.00**	**–**	100.00	–	100.00	–
Mactan Enerzone Corporation (MEZ)	Power distribution	**100.00**	**–**	100.00	–	100.00	–
Malvar Enerzone Corporation (MVEZ)	Power distribution	**100.00**	**–**	100.00	–	100.00	–
East Asia Utilities Corporation (EAUC)	Power generation	**50.00**	**50.00**	50.00	50.00	50.00	50.00
Cotabato Light and Power Company (CLP)	Power distribution	**99.94**	**–**	99.94	–	99.94	–
Cotabato Ice Plant, Inc.	Manufacturing	**–**	**100.00**	–	100.00	–	100.00
Davao Light & Power Company, Inc. (DLP)	Power distribution	**99.93**	**–**	99.93	–	99.93	–
STEAG State Power, Inc. (STEAG)	Power generation	**69.40**	**–**	–	–	–	–
AboitizPower International B.V. (APIBV)	Holding company	**–**	**–**	–	–	–	100.00
Subic Enerzone Corporation (SEZ)	Power distribution	**65.00**	**34.98**	65.00	34.98	65.00	34.98
Cebu Private Power Corporation (CPPC)	Power generation	**60.00**	**–**	60.00	–	60.00	–
Prism Energy, Inc. (PEI)	Retail electricity supplier	**60.00**	**–**	60.00	–	60.00	–
Visayan Electric Company (VECO)	Power distribution	**55.26**	**–**	55.26	–	55.26	–
Cell Power Energy Corporation (formerly Olongapo Energy Corporation)*	Power generation	**100.00**	**–**	100.00	–	–	–

** No commercial operations as of December 31, 2023.*

All of the foregoing subsidiaries are incorporated and registered with the Philippine SEC and operate in the Philippines except for the following:

Subsidiary	Country of incorporation
API	Singapore
Cleanergy Asia Power Holdings Pte Ltd.	Singapore
AP Lariang Pte Ltd.	Singapore
APIBV	Netherlands

Material partly-owned subsidiary
Information of subsidiaries that have material non-controlling interests is provided below:

	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	VECO	VECO	**TVI**	TVI	**GMEC**	GMEC	**STEAG**	STEAG
Summarized balance sheet information								
Current assets	**₱4,628,375**	₱5,179,004	**₱9,572,264**	₱10,406,844	**₱14,960,743**	₱17,337,209	**₱6,696,777**	₱–
Noncurrent assets	**14,464,816**	13,415,962	**29,720,944**	31,171,963	**34,784,672**	35,865,149	**8,793,569**	–
Current liabilities	**9,453,045**	8,347,008	**3,730,832**	4,572,522	**7,307,848**	13,428,273	**1,925,522**	–
Noncurrent liabilities	**3,489,668**	3,306,647	**20,294,154**	22,288,756	**29,231,118**	31,193,279	**2,936,329**	–
Non-controlling interests	**2,785,433**	2,551,929	**3,065,950**	2,967,120	**3,668,520**	2,033,092	**3,443,922**	–
Summarized comprehensive income information								
Profit for the year	**₱2,781,531**	₱2,132,981	**₱1,394,144**	₱1,972,652	**₱5,067,765**	₱1,848,683	**₱878,448**	₱–
Total comprehensive income	**2,781,531**	2,098,268	**1,386,083**	1,960,974	**4,910,496**	3,796,237	**839,280**	–
Summarized other financial information								
Profit attributable to non-controlling interests	**₱1,214,745**	₱924,560	**₱278,829**	₱394,530	**₱1,097,805**	₱626,387	**₱247,063**	₱–
Dividends paid to non-controlling interests	**981,501**	1,063,508	**–**	–	**–**	–	**–**	–
Summarized cash flow information								
Operating	**₱4,168,792**	₱3,568,658	**₱5,276,473**	₱3,030,495	**₱10,016,577**	₱6,347,588	**₱1,896,084**	₱–
Investing	**(1,600,726)**	(1,056,146)	**338,352**	380,881	**(1,206,163)**	117,023	**1,601,949**	—
Financing	**(2,360,752)**	(2,162,441)	**(4,378,726)**	(4,128,771)	**(7,773,741)**	(3,927,521)	**(480,028)**	–
Net increase (decrease) in cash and cash equivalents	**207,314**	350,071	**1,236,099**	(717,395)	**1,036,672**	2,537,090	**3,018,005**	–

For the year ended December 31, 2022, non-controlling interests includes contribution of other partners of GMEC amounting to ₱625.3 million.

3. Summary of Significant Accounting Policies

Basis of Preparation

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

The consolidated financial statements provide comparative information in respect of the previous periods.

Statement of Compliance

The consolidated financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and a joint operation that is subject to joint control, as of December 31 of each year. The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect is returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements if control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries and its joint operation are prepared for the same reporting year as the Company.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses, cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Transactions with Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from the equity attributable to equity holders of the parent. Transactions with non-controlling interests are accounted for as equity transactions. On acquisitions of non-controlling interests, the difference between the consideration and the book value of the share of the net assets acquired is reflected as being a transaction between owners and recognized directly in equity. Gain or loss on disposals of non-controlling interest is also recognized directly in equity.

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

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

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

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

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

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

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

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

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

The Group applied the requirements of this amendment and recognized deferred income tax assets and liabilities amounting to ₱7.62 billion and ₱8.13 billion, respectively, as of January 1, 2022 and ₱5.86 billion and ₱7.90 billion, respectively, as of December 31, 2022. Impact to retained earnings was a decrease amounting to ₱506.1 million and ₱2.04 billion as of January 1, 2022 and December 31, 2022, respectively. Impact to the consolidated statements of income for the years ended December 31, 2023, 2022 and 2021 was an increase in the provision for income tax amounting to ₱1.28 billion, ₱1.54 billion and ₱1.75 billion, respectively.

The adoption did not have any significant impact on the consolidated statements of cash flows.

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

  The Group is yet to apply the temporary exception because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

Summary of Significant Accounting Policies

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the

acquirer measures the non-controlling interest in the acquiree pertaining to instruments that represent present ownership interests and entitle the holders to a proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by PFRS. Acquisition-related costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized as "bargain purchase gain" in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of goodwill
Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized.

Common control business combination
Business combination of entities under common control is accounted for similar to pooling of interest method, which is scoped out of PFRS 3. Under the pooling of interest method, any excess of acquisition cost over the net asset value of the acquired entity is recorded in equity.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated balance sheet based on current/noncurrent classification. An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for a least twelve months after reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as noncurrent.
Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Group's valuation team (the Team) determines the policies and procedures for fair value measurement of its investment properties. External valuers (the Valuers) are involved in the periodic valuation of these assets. The respective subsidiary's Team decides the selection of the external valuers after discussion with and approval by its Chief Financial Officer (CFO). Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Team also determines, after discussions with the chosen Valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Team analyses the movements in the values of the investment properties which are required to be re-measured or re-assessed in accordance with the subsidiaries' accounting policies. The team, in coordination with the Valuers, also compares each of the changes in the fair value of each property with relevant external sources to determine whether the change is reasonable.

On the re-appraisal year, the Team and Valuers present the valuation results and the major assumptions used in the valuation to its CFO.

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of income reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the loss in the consolidated statement of income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Interest in Joint Operations

A joint arrangement is classified as a joint operation if the parties with joint control have rights to the assets and obligations for the liabilities of the arrangement. For interest in joint operations, the Group recognizes:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;
- share of the revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.

The accounting and measurement for each of these items is in accordance with the applicable PFRSs.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of its subsidiaries; Therma Mariveles Group, Therma Dinginin Group, AboitizPower International Pte. Ltd., AboitizPower International B.V., LHC, and STEAG State Power, Inc. (STEAG), is the United States (US) Dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Group (the Philippine peso) at the rate of exchange ruling at the balance sheet date and their statement of income and statement of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income as cumulative translation adjustment. Upon disposal of the subsidiary and associate, the deferred cumulative amount recognized in other comprehensive income relating to that particular entity is recognized in the consolidated statement of income.

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Inventories

Materials and supplies are valued at the lower of cost and net realizable value (NRV). Cost is determined on moving average method. NRV is the current replacement cost. An allowance for inventory obsolescence is provided for slow-moving, defective or damaged goods based on analyses and physical inspection.

Financial Instruments - Classification and Measurement

Classification of financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:

- financial assets measured at amortized cost
- financial assets measured at fair value through profit or loss
- financial assets measured at fair value through other comprehensive income, where cumulative gains or losses previously recognized are reclassified to profit or loss
- financial assets measured at fair value through other comprehensive income, where cumulative gains or losses previously recognized are not reclassified to profit or loss

Contractual cash flows characteristics

If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model

The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Financial assets at amortized cost
A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'Interest income' in the consolidated statement of income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (i) purchased or originated credit-impaired financial assets and (ii) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in 'Provision for credit and impairment losses' in the consolidated statement of income.

The Group's debt financial assets as of December 31, 2023 and 2022 consist of cash in banks, including restricted cash, cash equivalents, trade and other receivables, concession contract asset and the Power Sector Assets and Liabilities Management Corporation (PSALM) deferred adjustment - net of current portion included in "Other noncurrent assets" in the consolidated balance sheets. The Group assessed that the contractual cash flows of its debt financial assets are SPPI and are expected to be held to collect all contractual cash flows until their maturity. As a result, the Group concluded these debt financial assets to be measured at amortized cost.

Financial assets at FVTPL
Financial assets at FVTPL are measured at its fair value unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of income as incurred.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from disposal of financial investments.

The Group's investments in quoted equity securities and in unquoted equity shares are measured at FVTPL as of December 31, 2023 and 2022.

Classification of financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are subsequently measured at amortized cost, except for the following:

- financial liabilities measured at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

The Group's financial liabilities measured at amortized cost as of December 31, 2023 and 2022 include trade and other payables (excluding taxes and fees, output value-added tax (VAT) and unearned revenue), customers' deposits, short-term loans, lease liabilities, long-term obligation on power distribution system, long-term debts, and other noncurrent liabilities and (see Note 33).

Reclassifications of financial instruments
The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

The Group does not reclassify its financial assets when:

- A financial asset that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- A financial asset becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and
- There is a change in measurement on credit exposures measured at fair value through profit or loss.

Derivative financial instruments
Initial recognition and subsequent measurement
Derivative financial instruments, including embedded derivatives, are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated, and are subsequently remeasured at FVTPL, unless designated as effective hedge. Changes in fair value of derivative instruments not accounted as hedges are recognized immediately in the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

An embedded derivative within a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as either at amortized cost or at fair value depending on whether the cash flows of the hybrid contract are solely payments of principal and interest and the assessment of the business model within which the financial asset is held. On the other hand, an embedded derivative with a financial liability or a non-financial host is separated from the host and accounted for as a separate derivative if: its economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Separated embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modified the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group uses derivative financial instruments, such as foreign currency forward, interest rate swap (IRS) and commodity swap contracts to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively.

For the purpose of hedge accounting, the Group's hedges are classified as cash flow hedges. Hedges are classified as cash flow hedge when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

The Group's hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedge
The effective portion of the gain or loss on the hedging instrument is recognized in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses foreign currency forward contracts as hedges of its exposure to foreign currency risk in forecast transactions, IRS contracts to manage its floating interest rate exposure on its loans and commodity swap contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to these contracts are recognized in other operating income or expenses as realized gain or loss on derivative instruments.

The Group designated all of the foreign currency forward, IRS and commodity swap contracts as hedging instrument. The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the consolidated statement of income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive must be accounted for depending on the nature of the underlying transaction as described above.

Derecognition of Financial Assets and Liabilities
Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when, and only when:

- the rights to receive cash flows from the asset expires;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group retains the contractual rights to receive the cash flows of a financial asset but assumes a contractual obligation to pay those cash flows to one or more entities, the Group treats the transaction as a transfer of a financial asset if the Group:

- has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset;
- is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and
- has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In transactions where the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and it retains control over the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset. When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group's continuing involvement is the lower of (i) the amount of the asset and (ii) the maximum amount of the consideration received that the Group could be required to repay ('the guarantee amount'). When the Group's continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase. However, in the case of a written put option on an asset that is measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price. When the Group's continuing involvement takes the form of a cash- settled option or similar provision on the transferred asset, the extent of the Group's continuing involvement is measured in the same way as that which results from non-cash settled options.

Modification of contractual cash flows
When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the consolidated statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset. Accordingly the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset.

Financial liabilities
A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Impairment of Financial Assets

The Group recognizes ECL for the following financial assets that are not measured at FVTPL:

- debt instruments that are measured at amortized cost and FVOCI;
- loan commitments; and
- financial guarantee contracts.

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL

For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECL - not credit-impaired

For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL - credit-impaired

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade', or when the exposure is less than 30 days past due.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to 'Trade and other receivables'. The Group has established a provision matrix for customer segments that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial Guarantee Contracts and Loan Commitments
Financial guarantees are contracts issued by the Group that require it to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are initially recognized in the financial statements at fair value. Subsequently, these are measured at the higher of:

- the amount of the loss allowance determined in accordance with the ECL model and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of PFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans that can be settled net in cash or by delivering or issuing another financial instrument or that are issued at below-market interest rates.

For loan commitments and financial guarantee contracts, the loss allowance is recognized as a provision. However, for financial instruments that include both a loan and an undrawn commitment (i.e. loan commitment) component where the Group cannot separately identify the expected credit losses on the loan commitment component from those on the loan component, the expected credit losses on the loan commitment should be recognized together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the financial asset, the expected credit losses should be recognized as a provision.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements whereby the related assets and liabilities are presented gross in the consolidated balance sheet.

Property, Plant and Equipment

Except for land, property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. The initial cost of property, plant and equipment comprises its purchase price, including import duties, if any, and nonrefundable taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing parts of such property, plant and equipment when that cost is incurred if the recognition criteria are met. Cost also include decommissioning liability relating to the decommissioning of power plant equipment, if any. Repairs and maintenance costs are recognized in the consolidated statement of income as incurred.

Land is stated at cost less any accumulated impairment in value.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Category	Estimated Useful Life (in years)
Buildings, warehouses and improvements	10-50
Power plant equipment	2-50
Transmission, distribution and substation equipment:	
Power transformers	30
Poles and wires	20-40
Other components	12-30
Transportation equipment	5-10
Office furniture, fixtures and equipment	2-20
Electrical equipment	5-25
Meters and laboratory equipment	25
Steam field assets	20-25
Tools and others	2-20

Leasehold improvements are amortized over the shorter of the lease terms and the lives of the improvements ranging from 5 to 15 years.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Fully depreciated assets are retained in the accounts until these are no longer in use. When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation and amortization and any allowance for impairment losses are removed from the accounts, and any resulting gain or loss is credited or charged to current operations. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each financial year-end.

When each major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied.

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use) included as part of "Property, plant and equipment" account in the consolidated balance sheet. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Category	Number of years
Land	10-50
Building	2-50
Power plant	38
Equipment and others	2-20

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Service Concession Arrangements
Public-to-private service concession arrangements where: (a) the grantor controls or regulates what services the entities in the Group must provide with the infrastructure, to whom it must provide them, and at what price; and (b) the grantor controls-through ownership, beneficial entitlement or otherwise-any significant residual interest in the infrastructure at the end of the term of the arrangement, are accounted for under the provisions of Philippine Interpretation IFRIC 12, *Service Concession Arrangements*. Infrastructures used in a public-to-private service concession arrangement for its entire useful life (whole-of-life assets) are within the scope of this Interpretation if the conditions in (a) are met.

This interpretation applies to both: (a) infrastructure that the entities in the Group constructs or acquires from a third party for the purpose of the service arrangement; and (b) existing infrastructure to which the grantor gives the entity in the Group access for the purpose of the service arrangement.

Infrastructures within the scope of this Interpretation are not recognized as property, plant and equipment of the Group. Under the terms of contractual arrangements within the scope of this Interpretation, an entity acts as a service provider. An entity constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time.

An entity recognizes and measures revenue in accordance with PFRS 15, for the services it performs. If an entity performs more than one service (i.e. construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable shall be allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

When an entity provides construction or upgrades services, the consideration received or receivable by the entity is recognized at the stand-alone selling price of the related service. An entity accounts for revenue and costs relating to construction or upgrade services in accordance with PFRS 15. Revenue from construction contracts is recognized based on the percentage-of-completion method, measured by reference to the percentage of costs incurred to date to estimated total costs for each contract. The applicable entities account for revenue and costs relating to operation services in accordance with PFRS 15.

An entity recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. An entity recognizes an intangible asset to the extent that it receives a right (a license) to charge users of the public service.

When the applicable entities have contractual obligations it must fulfill as a condition of its license (a) to maintain the infrastructure to a specified level of serviceability or (b) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement, it recognizes and measures these contractual obligations in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the balance sheet date.

Borrowing cost attributable to the construction of the asset if the consideration received or receivable is an intangible asset, is capitalized during the construction phase. In all other cases, borrowing costs are expensed as incurred.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of the acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

Service concession right

The Group's intangible asset - service concession right pertains mainly to its right to charge users of the public service in connection with the service concession and related arrangements. This is recognized initially at the fair value which consists of the cost of construction services and the fair value of future fixed fee payments in exchange for the license or right. Following initial recognition, the intangible asset is carried at cost less accumulated amortization and any accumulated impairment losses.

The intangible asset - service concession right is amortized using the straight-line method over the estimated economic useful life which is the service concession period, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated economic useful life is ranging from 18 to 25 years. The amortization period and the amortization method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

Franchise
The Group's franchise pertains to VECO's franchise to distribute electricity within an area granted by the Philippine Legislature, acquired in the business combination in 2013. The franchise is initially recognized at its fair value at the date of acquisition. Following initial recognition, the franchise is carried at cost less accumulated amortization and any accumulated impairment losses. The Group's franchise is amortized using the straight-line method over the estimated economic useful life, and assessed for impairment whenever there is an indication that the franchise may be impaired. The estimated economic useful life of the franchise is 40 years. The amortization period and amortization method for franchise are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the franchise are accounted for by changing the amortization period or method, as appropriate, and treated as a change in accounting estimates. The amortization expense on franchise is recognized in the consolidated statement of income in the expense category consistent with its function.

Intangible assets - customer contracts
The Group's intangible assets - customer contracts pertain to contracts entered by subsidiaries relating to the provision of utility services to locators within an industrial zone.

These are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The intangible assets - customer contracts are amortized using the straight-line method over the remaining life of the contract, and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and method are reviewed at least at each financial year end.

The amortization expense is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

Project development costs
Project development costs include power plant projects in the development phase which meet the "identifiability" requirement under PAS 38, *Intangible Assets*, as they are separable and susceptible to individual sale and are carried at acquisition cost. These assets are transferred to "Property, plant and equipment" when construction of each power plant commences. During the period of development, the asset is tested for impairment annually.

Research and Development Expenditure

The Group's policy is to record research expenses in the consolidated statement of income in the period when they are incurred.

Development costs are recognized as an intangible asset on the consolidated balance sheet if the Group can identify them separately and show the technical viability of the asset, its intention and capacity to use or sell it, and how it will generate probable future economic benefits.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Investment Properties

Investment properties, which pertain to land, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in fair values of investment properties are included in the consolidated statement of income in the year in which they arise.

Impairment of Non-financial Assets

Property, plant and equipment, intangible assets, investment and advances and other current and noncurrent assets excluding restricted cash and PSALM deferred adjustment

The Group assesses at each balance sheet date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried

at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Decommissioning Liability

The decommissioning liability arose from the Group's obligation, under their contracts, to decommission, abandon and perform surface rehabilitation at the end of the useful lives of the steam field assets, or the end of the lease term, or upon abandonment of the plant. A corresponding asset is recognized as part of property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the consolidated statement of income under "Interest expense" account. The estimated future costs of decommissioning are reviewed annually and adjusted prospectively.

Changes in the estimated future costs or in the discount rate applied are added or deducted from the cost of property, plant and equipment. The amount deducted from the cost of property, plant and equipment, shall not exceed its carrying amount.

If the decrease in the liability exceeds the carrying amount of the property, plant and equipment, the excess shall be recognized immediately in the consolidated statement of income.

Capital Stock and Additional Paid-in Capital

Capital stock is measured at par value for all shares issued. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Capital stock includes common stock and preferred stock.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are debited to the "Paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against an equity reserve account.

Retained Earnings

The amount included in retained earnings includes accumulated earnings of the Company and reduced by dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved by the BOD. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the transition provisions of new and amended standards.

Revenue Recognition
The following specific recognition criteria must also be met before revenue is recognized:

Sale of power
For power generation and ancillary services where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity. The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer.

Revenue from power generation and ancillary services is recognized in the period actual capacity is delivered. Revenue is recognized over time since the customer simultaneously receives and consumes the benefits as the seller supplies power.

In contracts with fixed capacity payments which are determined at contract inception, the fixed capacity payments for the entire contract period is determined at day 1 and is recognized over time. Specifically, on contracts where capacity payments are fixed but escalates throughout the contract period without any reference to market indices, the fixed escalation is recognized on a straight-line basis over the contract period.

Some contracts with customers provide unspecified quantity of energy, includes provisional Energy Regulatory Commission (ERC) rates, and volume and prompt payment discounts that give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved.

Power distribution and retail supply also qualify as a series of distinct goods or services that are substantially the same and have the same pattern of transfer accounted for as one performance obligation. Revenue is recognized over time and based on amounts billed.

Technical, management and other fees
Technical, management and other fees are recognized when the related services are rendered.

Interest income
Interest is recognized as it accrues taking into account the effective interest method.

Other income
Revenue is recognized when non-utility operating income and surcharges are earned.

Costs and Expenses
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Pension Benefits
The Group has defined benefit pension plans which require contributions to be made to separately administered funds. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan

assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset

shall be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period shall not exceed the amount of borrowing costs incurred during that period.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the balance sheet date.

Current income tax relating to items recognized directly in equity is recognized in the consolidated statement of comprehensive income and not in the consolidated statement of income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the

extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the balance sheet date.

Income tax relating to items recognized directly in other comprehensive income is also recognized in other comprehensive income and not in the consolidated statement of income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

VAT

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated balance sheet. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated balance sheet up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

Input VAT, which is presented as part of “Other current assets” and/or “Other noncurrent assets” in the consolidated balance sheet, is recognized as an asset and will be used to offset the Group’s current output VAT liabilities and/or applied for claim for tax credit certificates. Input VAT is stated at its estimated NRV.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are

discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's financial position at balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed when material.

Earnings Per Common Share
Basic earnings per common share are computed by dividing consolidated net income for the year attributable to the equity holders of the Company by the weighted average number of common shares issued and outstanding during the year, after giving retroactive effect for any stock dividends declared and stock rights exercised during the year.

Diluted earnings per share amounts are calculated by dividing the consolidated net income for the year attributable to the equity holders of the parent by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued for outstanding common stock equivalents. The Group does not have dilutive potential common shares.

Operating Segments
For management purposes, the Group is organized into two major operating segments (power generation and power distribution) according to the nature of the services provided, with each segment representing a significant business segment. The Group's identified operating segments are consistent with the segments reported to the BOD which is the Group's Chief Operating Decision Maker (CODM). Financial information on the operating segment is presented in Note 31.

4. Significant Accounting Judgments, Estimates and Assumptions

The Group's consolidated financial statements prepared in accordance with PFRSs require management to make judgment, estimates and assumptions that affect amount reported in the financial statements and related notes. The judgment, estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Group's consolidated financial statements. Actual results could differ from such estimates. Judgments, estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under circumstances. The following items are those matters which the Group assess to have significant risk arising from judgements and estimation uncertainties:

Judgments

In the process of applying the Group's accounting policies, management has made judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining functional currency

Based on the economic substance of the underlying circumstances relevant to the companies in the Group, the functional currency of the companies in the Group has been determined to be the Philippine Peso except for certain investees whose functional currency is the US Dollar. The Philippine Peso is the currency of the primary economic environment in which companies in the Group operates and it is the currency that mainly influences the sale of power and services and the costs of power and of providing the services. The functional currency of the Group's investees is the Philippine Peso except for Therma Mariveles Group, Therma Dinginin Group, AboitizPower International Pte. Ltd., AboitizPower International B.V., LHC and STEAG whose functional currency is the US Dollar.

Service concession arrangements - Companies in the Group as Operators

Based on management's judgment, the provisions of Philippine Interpretation IFRIC 12 apply to SEZ's Distribution Management Service Agreement (DMSA) with Subic Bay Metropolitan Authority (SBMA); MEZ's Built-Operate-Transfer agreement with Mactan Cebu International Airport Authority (MCIAA) and LHC's Power Purchase Agreement (PPA) with the National Power Corporation (NPC). SEZ, MEZ and LHC's service concession agreements were accounted for under the intangible asset model.

Management has also determined that the provisions of Philippine Interpretation IFRIC 12 apply to STEAG's PPA with NPC. STEAG's service concession agreement was accounted for under the financial asset model.

Refer to the accounting policy on service concession arrangements for the discussion of intangible asset and financial asset models.

Determining fair value of customers' deposits

In applying PFRS 9 on transformer and lines and poles deposits, the Group has made a judgment that the timing and related amounts of future cash flows relating to such deposits cannot be reasonably and reliably estimated for purposes of establishing their fair values using alternative valuation techniques since the expected timing of customers' refund or claim for these deposits cannot be reasonably estimated. These customers' deposits, which are therefore stated at cost, amounted to ₱8.86 billion and ₱8.14 billion as of December 31, 2023 and 2022, respectively (see Note 18).

Determining whether Independent Power Producer (IPP) Administration Agreement Contains a Lease

In accounting for its IPP Administration Agreement with PSALM, the Group's management has made a judgment that the IPP Administration Agreement of TLI is an arrangement that contains a lease. The Group's management has made a judgment that TLI has substantially acquired all the risks and rewards incidental to ownership of the power plant principally by virtue of its right to control the capacity of power plant and its right to receive the transfer of the power plant at the end of the IPP Administration Agreement for no consideration. Accordingly, the Group accounted for the agreement as a lease and recognized a right-of-use asset included as part of power plant and lease liability at the present value of the agreed monthly payments to PSALM (see Note 35).

The power plant is depreciated over its estimated useful life, as there is reasonable certainty that the Group will obtain ownership by the end of the lease term. As of December 31, 2023 and 2022, the carrying value of the power plant amounted to ₱25.66 billion and ₱30.3 billion, respectively (see Notes 12 and 35). The carrying value of the lease liability related to this contract amounted to nil and ₱24.77 billion as of December 31, 2023 and 2022, respectively (see Note 35).

Nonconsolidation of Manila-Oslo Renewable Enterprise, Inc. (MORE) and its investees, AA Thermal, Inc. (AA Thermal) and GNPower Dinginin Ltd. Co. (GNPD)

The Group has 83.33% interest in MORE which has a 60% ownership interest in SN Aboitiz Power-Magat, Inc. (SNAP M), SN Aboitiz Power-Benguet, Inc. (SNAP B), SN Aboitiz Power-RES, Inc. (SNAP RES), and SN Aboitiz Power-Generation, Inc.

The Group has 60% economic interest in AA Thermal. Further, the Group has 70% economic interest in GNPD, direct 40% via TPI and indirect 30% via AA Thermal.

The Group does not consolidate MORE, AA Thermal and GNPD since it does not have the ability to direct the relevant activities which most significantly affect the returns of MORE and its investees, AA Thermal and GNPD. This is as a result of the agreements among the shareholders and partners which, among others, stipulate that the management and operation of MORE, AA Thermal and GNPD are vested in their respective BOD or "Management Committee" and the affirmative vote of the other shareholders or partners are required for the approval of certain company actions which include financial and operating undertakings (see Note 10).

Determining a joint operation
The Group has 50% interest in Pagbilao Energy Corporation (PEC). The Group assessed that the joint arrangement is a joint operation as 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.

Contractual cash flows assessment
For each financial asset, the Group assesses the contractual terms to identify whether the instrument is consistent with the concept of SPPI.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Evaluation of business model in managing financial instruments
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Identifying performance obligations
The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Group assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if i) each distinct good or services in the series are transferred over time and ii) the same method of progress will be used (i.e., units of delivery) to measure the entity's progress towards complete satisfaction of the performance obligation.

For power generation and ancillary services where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity.

The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer since the delivery of energy every month are distinct services which are all recognized over time and have the same measure of progress.

Power distribution and retail supply also qualify as a series of distinct goods or services which is accounted for as one performance obligation since the delivery of energy every month are distinct services which are recognized over time and have the same measure of progress.

Revenue recognition
The Group recognizes revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The Group determines, at contract inception, whether it will transfer control of a promised good or service over time. If the Group does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The Group's revenue from power generation, power distribution, ancillary services and retail supply are to be recognized over time, since customers simultaneously receives and consumes the benefits as the Group supplies power.

Identifying methods for measuring progress of revenue recognized over time
The Group determines the appropriate method of measuring progress which is either through the use of input or output methods. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation while output method recognizes revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date.

For power generation and ancillary services, the Group determined that the output method is the best method in measuring progress since actual electricity is supplied to customers. The Group recognizes revenue based on:

For power generation and ancillary services:

a. For the variable energy payment, actual kilowatt hours consumed which are billed on a monthly basis.
b. For fixed capacity payments, the Group allocates the transaction price on a straight-line basis over the contract term. The allocated fixed payments are also billed on a monthly basis.

For power distribution and retail supply, the Group uses the actual kilowatt hours consumed, which are also billed on a monthly basis.

Determining method to estimate variable consideration and assessing the constraint
The Group includes some or all the amounts of variable consideration estimated but only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group considers both the likelihood and magnitude of the revenue reversal in evaluating the extent of variable consideration the Group will subject to constraint. Factors such as i) highly susceptibility to factors outside the Group's influence, ii) timing of resolution of the uncertainty, and iii) having a large number and broad range of possible considerations amount are considered.

Some contracts with customers provide unspecified quantity of energy, provisional ERC rates, and volume and prompt payment discounts that give rise to variable consideration. In estimating the variable consideration, the Group applies the expected value method in estimating the variable consideration given the large number of customer contracts that have similar characteristics and the range of possible outcomes.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are to be fully constrained based on its historical experience (i.e., volume and prompt payment discounts), the range of possible outcomes (i.e., unspecified quantity of energy), and the unpredictability of other factors outside the Group's influence (i.e., provisional ERC rates).

Allocation of variable consideration
Variable consideration may be attributable to the entire contract or to a specific part of the contract. For power generation, power distribution, ancillary services and retail supply revenue streams which are considered as series of distinct goods or services that are substantially the same and have the same pattern of transfer, the Group allocates the variable amount that is no longer subject to constraint to the satisfied portion (i.e., month) which forms part of the single performance obligation, and forms part of the monthly billing of the Group.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimating allowance for impairment losses on investments and advances
Investments and advances are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or impairment recovery for any significant change in the expected historical or projected future operating results of the investees. There were no impairment indicators in 2023, 2022 and 2021 based on management's assessment. The carrying amounts of the investments and advances amounted to ₱91.64 billion and ₱77.93 billion as of December 31, 2023 and 2022, respectively (see Note 10).

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as of December 31, 2023 and 2022 amounted to ₱44.62 billion and ₱44.92 billion, respectively (see Note 13). No impairment of goodwill was recognized in 2023, 2022 and 2021.

Estimating useful lives of property, plant and equipment
The Group estimates the useful lives of property, plant and equipment based on the period over which assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of property, plant and equipment is based on collective assessment of internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in

estimates brought about by changes in the factors and circumstances mentioned above. As of December 31, 2023 and 2022, the net book values of property, plant and equipment, excluding land and construction in progress, amounted to ₱188.81 billion and ₱193.66 billion, respectively (see Note 12).

Estimating useful lives of intangible asset - franchise
The Group estimates the useful life of VECO distribution franchise based on the period over which the asset is estimated to be available for use over 40 years. As of December 31, 2023 and 2022, the carrying value of the franchise amounted to ₱2.26 billion and ₱2.34 billion, respectively (see Note 13).

Estimating useful lives of intangible asset - service concession rights
The Group estimates the useful lives of intangible asset arising from service concessions based on the period over which the asset is expected to be available for use which is 18 to 25 years. The Group has not included any renewal period on the basis of uncertainty, as of balance sheet date, of the probability of securing renewal contracts at the end of the original contract term. As of December 31, 2023 and 2022, the aggregate net book values of intangible asset - service concession rights amounted to ₱1.16 billion and ₱1.5 billion, respectively (see Note 13).

Assessing impairment of nonfinancial assets
The Group assesses whether there are any indicators of impairment for nonfinancial assets at each balance sheet date. These nonfinancial assets (property, plant and equipment, intangible assets (excluding goodwill), and other current and noncurrent assets) are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Determining the recoverable amount of non-financial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect its consolidated financial statements. Future events could cause the Group to conclude that the property, plant and equipment, intangible assets (excluding goodwill), and other current and noncurrent assets are impaired. Any resulting impairment loss could have a material adverse impact on the consolidated balance sheet and consolidated statement of income.

As of December 31, 2023 and 2022, the aggregate net book values of these assets amounted to ₱241.83 billion and ₱228.15 billion, respectively (see Notes 8, 12, 13 and 14). Impairment losses and write-off recognized on these non-financial assets in 2023, 2022 and 2021 amounted to ₱604.1 million, ₱1.01 billion and ₱711.5 million, respectively (see Notes 12, 13 and 24).

Measurement of expected credit losses
ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.
- *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

- *Financial guarantee contracts:* as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The Group leverages existing risk management indicators (e.g. internal credit risk classification and restructuring triggers), credit risk rating changes and reasonable and supportable information which allows the Group to identify whether the credit risk of financial assets has significantly increased.

Inputs, assumptions and estimation techniques
The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), defined as follows:

- *Probability of default*
  The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures. The 12-months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk.

- *Loss given default*
  Loss Given Default represents the Group's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of EAD.

- *Exposure at default*
  EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

The ECL is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to

be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by customer segment.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies including contracted debt sales and price.

The assumptions underlying the ECL calculation such as how the maturity profile of the PDs change are monitored and reviewed on a quarterly basis.

Simplified approach for trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for various customer segments that have similar loss patterns (i.e., by geography, customer segment and coverage by letters of credit).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the industrial segment, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Incorporation of forward-looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The macro-economic variables include the following key indicators for the Philippines: unemployment rates, inflation rates, gross domestic product growth and net personal income growth. Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

An increase in the Group's allowance for expected credit losses of trade and other receivables and concession contract asset will increase the Group's recorded expenses and decrease current assets. As of December 31, 2023 and 2022, allowance for expected credit losses amounted to ₱3.38 billion and ₱3.33 billion, respectively. Trade and other receivables, net of allowance for ECL, amounted to ₱34.25 billion and ₱35.34 billion as of December 31, 2023 and 2022, respectively (see Note 6). The concession contract asset amounted to ₱9.35 billion and nil as of December 31, 2023 and 2022, respectively.

Estimating allowance for inventory obsolescence
The Group estimates the allowance for inventory obsolescence based on the age of inventories. The amounts and timing of recorded expenses for any period would differ if different judgments or different estimates are made. An increase in allowance for inventory obsolescence would increase recorded expenses and decrease current assets. As of December 31, 2023 and 2022, allowance for inventory obsolescence amounted to ₱12.4 million and ₱27.3 million respectively. The carrying amount of the inventories amounted to ₱13.68 billion and ₱16.12 billion as of December 31, 2023 and 2022, respectively (see Note 7).

Estimating the incremental borrowing rate (IBR)
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. The carrying amount of the lease liabilities amounted to ₱2.91 billion and ₱27.54 billion as of December 31, 2023 and 2022, respectively (see Note 35).

Estimating decommissioning liability
Under the Geothermal Resource Service Contract (GRSC), the Group has a legal obligation to decommission, abandon and perform surface rehabilitation on its steam field asset at the end of its useful life. The Group also has a legal obligation under its land lease agreements to decommission the power plants at the end of their lease terms. The Group recognizes the present value of the obligation to decommission the plant, abandon and perform surface rehabilitation of the steam field asset and capitalizes the present value of these costs as part of the balance of the related property, plant and equipment, which are being depreciated and amortized on a straight-line basis over the useful life of the related asset.

These costs are accrued based on in-house estimates, which incorporates estimates of the amount of obligations and interest rates, if appropriate. Assumptions used to compute the provision are reviewed and updated annually. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with charges being recognized as accretion expense, included under "Interest expense" in the consolidated statement of income.

Changes in the decommissioning liability that result from a change in the current best estimate of cash flow required to settle the obligation or a change in the discount rate are added to (or deducted from) the amount recognized as the related asset and the periodic unwinding of the discount on the liability is recognized in the consolidated statement of income as it occurs.

While the Group has made its best estimate in establishing the decommissioning provision, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning activities, the ultimate provision requirements could either increase or decrease significantly from the Group's current estimates.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Decommissioning liability amounted to ₱7.36 billion and ₱5.65 billion as of December 31, 2023 and 2022, respectively, (see Note 19).

Recognition of deferred income tax assets
The Group reviews the carrying amounts of deferred income tax assets at each balance sheet date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient income will be available to allow all or part of the deferred income tax assets to be utilized. The Group recognize deferred taxes based on enacted or substantially enacted tax rates for renewable of 10% and for non-renewable of 25%. The Group has deferred income tax assets amounting to ₱3.38 billion and ₱4.08 billion as of December 31, 2023 and 2022, respectively.

Details of the Group's unused net operating loss carryover (NOLCO) and excess minimum corporate income tax (MCIT) are disclosed in Note 29.

Pension benefits
The cost of defined benefit pension plans, as well as the present value of the pension obligation, are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Further details about the assumptions used are provided in Note 27.

Net benefit expense amounted to ₱401.8 million in 2023, ₱512.9 million in 2022, and ₱277.3 million in 2021. The net pension assets as of December 31, 2023 and 2022 amounted to ₱40.5 million and ₱83.4 million, respectively. Net pension liabilities as of December 31, 2023 and 2022 amounted to ₱903.1 million and ₱599.5 million, respectively.

Fair value of financial instruments
Where the fair value of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be derived from active markets, their fair value is determined using valuation techniques which include the discounted cash flow model and other generally accepted market valuation model. The inputs for these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The fair values of the Group's financial instruments are presented under Note 34.

Legal contingencies
The estimate of probable costs for the resolution of possible claims has been developed in consultation with outside counsels handling the Group's defense in these matters and is based upon an analysis of potential results. No provision for probable losses arising from legal contingencies was recognized in the Group's consolidated financial statements for the years ended December 31, 2023, 2022 and 2021.

5. Cash and Cash Equivalents

	2023	2022
Cash on hand and in banks	**₱23,074,172**	₱26,275,516
Short-term deposits	**31,464,612**	38,488,126
	₱54,538,784	₱64,763,642

Cash in banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposits rates. Interest income earned from cash and cash equivalents amounted to ₱1.67 billion in 2023, ₱678.7 million in 2022, and ₱343.2 million in 2021.

6. Trade and Other Receivables

	2023	2022
Trade receivables - net (see Notes 32 and 33)	**₱26,641,290**	₱27,019,951
Others		
Non-trade receivable	**5,966,458**	7,067,580
Dividends receivable (see Note 10)	**880,000**	792,515
Advances to contractors	**616,738**	285,501
Interest receivable	**143,056**	122,899
PSALM deferred adjustment (see Note 40j)	**—**	54,505
	₱34,247,542	₱35,342,951

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

For terms and conditions relating to related party receivables, refer to Note 32.

Non-trade receivable relates mostly to claims from insurance against the property damage and business interruption insurance policies of TSI, HI and APRI, and advances to partners in GMEC.

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.

The rollforward analysis of allowance for expected credit losses as of December 31, 2023 and 2022, which pertains to trade receivables, is presented below:

	2023	2022
January 1	**₱3,329,397**	₱3,018,981
Step-acquisition to subsidiary	**327,151**	—
Provision (reversal) (see Note 24)	**(227,964)**	133,735
Write-off	**(133,245)**	(215,685)
Effect of changes in foreign exchange rate	**80,823**	392,366
December 31	**₱3,376,162**	₱3,329,397

7. Inventories

	2023	2022
Plant spare parts and supplies	**₱7,929,236**	₱6,590,396
Fuel	**4,589,745**	8,092,930
Transmission and distribution supplies	**1,132,205**	1,395,180
Other parts and supplies	**24,345**	45,194
	₱13,675,531	₱16,123,700

Inventories are carried at lower of cost and NRV as of December 31, 2023 and 2022.

The cost of inventories recognized as part of cost of generated power in the consolidated statements of income amounted to ₱56.00 billion in 2023, ₱52.19 billion in 2022, and ₱27.48 billion in 2021 (see Note 23). The cost of inventories recognized as part of operations and maintenance in the consolidated statements of income amounted to ₱548.9 million in 2023, ₱337.8 million in 2022, and ₱272.1 million in 2021 (see Note 25). The allowance for inventory obsolescence to arrive at NRV amounted to ₱12.4 million, ₱27.3 million and 27.5 million as of December 31, 2023, 2022 and 2021, respectively.

8. Other Current Assets

	2023	2022
Restricted cash (see Note 17)	**₱4,736,120**	₱6,023,425
Prepaid tax	**3,205,447**	3,929,664
Input VAT	**1,600,347**	2,774,959
Concession contract asset (see note 14)	**1,368,375**	—
Prepaid expenses	**1,131,153**	665,903
Advances to NGCP	**551,506**	551,506
Others	**393,314**	134,411
	₱12,986,262	₱14,079,868

Restricted cash represents proceeds from sale of power under the control of trustees of TVI and TSI's lenders as per loan agreement (see Note 17). 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 include prepayments for insurance.

9. Business Combination

STEAG State Power, Inc. (STEAG) is the first coal-fired power plant in Mindanao operating with a 232 MW capacity.

Prior to the acquisition, the Company holds 34% stake in STEAG. La Filipina Uy Gongco Corporation holds the other 15% while the majority of shares are owned by Steag GmbH (Germany), STEAG's parent company, at 51%.

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

In June 2023, all of the closing condition have been met allowing the Company to complete the acquisition of the 35.4% ownership interest in STEAG from STEAG GmbH. As a result of the acquisition, STEAG became a subsidiary of the Company owning at 69.4% interest.

The following are the fair values of the identifiable assets and liabilities assumed on acquisition date:

Assets:	
Cash and cash equivalents	₱1,562,017
Trade and other receivables	1,108,962
Inventories	2,254,849
Other current assets	409,700
Concession contract asset	9,937,575
Property and equipment	373,078
Pension asset	24,322
Other noncurrent assets	452,748
	16,123,251
Liabilities:	
Trade and other payables	1,477,444
Income tax payable	71,203

(Forward)

Assets:	
Deferred income tax liabilities, net	₱1,311,276
Lease liabilities	17,972
Long-term debt	2,687,509
	5,565,404
Total identifiable net assets at fair value	₱10,557,847

Total consideration	₱2,132,115
Fair value of previously-held interest in STEAG	3,589,668
Fair value of NCI	3,230,701
	8,952,484
Less: Total identifiable net assets at fair value	10,557,847
Bargain purchase gain	₱1,605,363

Cash flow on acquisition:	
Cash paid	₱2,132,115
Net cash acquired with the subsidiary	1,562,017
Net cash outflow	(₱570,098)

Remeasurement of the previously-held interest in STEAG as at the date of acquisition follows:

Carrying value of the previously held-interest	₱3,449,376
Fair value of previously-held interest	3,589,668
Gain on the remeasurement of previously-held interest	₱140,292

In 2023, STEAG contributed ₱4.54 billion to the consolidated revenue and ₱878.4 million to the net income of the Group. If the combination had taken place at the beginning of 2023, the Group's revenue would have been ₱211.38 billion and net income would have been ₱36.75 billion.

The gain on bargain purchase including gain on remeasurement is presented as part of "Other income" in the 2023 consolidated statement of income (see Note 28). The gain on this acquisition arose from changes to the fair value of the net identifiable assets during the period prior to the closing date.

Subsequent event
In February 2024, the Company entered into an agreement with STEAG GmbH to acquire the latter's remaining 15.6% interest in STEAG.

10. **Investments and Advances**

	2023	2022
Acquisition cost:		
Balance at beginning of the year	**₱61,404,940**	₱61,410,545
Step acquisition to subsidiary (see Note 9)	**(4,400,611)**	–
Redemptions during the year	**(6,940)**	(5,605)
Balance at end of year	**56,997,389**	61,404,940

(Forward)

	2023	2022
Accumulated equity in net earnings:		
Balance at beginning of the year	**₱15,862,661**	₱3,914,203
Share in net earnings	**19,817,774**	15,134,970
Step acquisition to subsidiary (see Note 9)	**982,102**	—
Dividends	**(2,184,046)**	(3,186,512)
Balance at end of year	**34,478,491**	15,862,661
Share in net unrealized valuation gain on FVOCI investment of an associate	**98,602**	98,602
Share in actuarial gains on defined benefit plans of associates and joint ventures	**30,835**	65,640
Share in cumulative translation adjustments of associates and joint ventures	**521,666**	1,055,930
	651,103	1,220,172
	92,126,983	78,487,773
Less allowance for impairment losses	**568,125**	568,125
Investments at equity	**91,558,858**	77,919,648
Advances	**81,851**	8,811
	₱91,640,709	₱77,928,459

As of December 31, 2023 and 2022, the undistributed earnings of the associates and joint ventures included in the Group's retained earnings amounting to ₱34.48 billion and ₱15.86 billion, respectively, are not available for distribution to the stockholders unless declared by the investees (see Note 20).

2023

In 2023, AEV Aviation, Inc. (AAI) redeemed 6,940 Redeemable Preferred Shares (RPS) held by the Company for ₱6.9 million.

2022

In 2022, AEV Aviation, Inc. (AAI) redeemed 5,605 Redeemable Preferred Shares (RPS) held by the Company for ₱5.6 million.

The Group's associates and joint ventures and the corresponding equity ownership are as follows:

		Percentage of Ownership		
	Nature of Business	**2023**	2022	2021
MORE[1]	Holding company	**83.33**	83.33	83.33
GNPD[(1,2,3)]	Power generation	**70.00**	70.00	70.00
AA Thermal[(1,2)]	Holding company	**60.00**	60.00	60.00
Hijos	Holding company	**46.73**	46.73	46.73
Mazzaraty Energy Corporation (MEC)	Retail electricity supplier	**44.87**	44.87	44.87
San Fernando Electric Light & Power Co., Inc. (SFELAPCO)	Power distribution	**43.78**	43.78	43.78
Pampanga Energy Ventures, Inc. (PEVI)	Holding company	**42.84**	42.84	42.84
STEAG	Power generation	**–**	34.00	34.00
AAI	Service	**26.69**	26.69	26.69
Cebu Energy Development Corporation (CEDC)	Power generation	**26.40**	26.40	26.40

(Forward)

	Nature of Business	Percentage of Ownership		
		2023	2022	2021
Redondo Peninsula Energy, Inc. (RPEI)*	Power generation	**25.00**	25.00	25.00
Southern Philippines Power Corporation (SPPC)	Power generation	**20.00**	20.00	20.00
Western Mindanao Power Corporation (WMPC)	Power generation	**20.00**	20.00	20.00
Sinag Naraw Power, Inc. (SNPI)*	Power generation	**44.00**	—	—
4 Barracuda Energy Corporation (4BEC)*	Power generation	**50.00**	—	—
Lihangin Wind Energy Corporation (LWEC)*	Power generation	**20.00**	—	—

[1] Joint ventures.
[2] Economic interest.
[3] Includes 30% economic interest through AA Thermal.
** No commercial operations as of December 31 ,2023.*

The principal place of business and country of incorporation of the Group's associates and joint ventures are in the Philippines.

All ownership percentages presented in the table above are direct ownership of the Group except for GNPD and SFELAPCO. As of December 31, 2023, AA Thermal has an indirect economic interest in GNPD of 50% while the Group's economic interest in GNPD is 40% resulting to the Group's effective economic interest in GNPD of 70%. PEVI has direct ownership in SFELAPCO of 54.83% while the Group's direct ownership in SFELAPCO is 20.29% resulting to the Group's effective ownership in SFELAPCO of 43.78%.

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

	2023	2022
AA Thermal[1]	**₱38,110,153**	₱30,986,871
GNPD[2]	**38,311,119**	29,109,463
MORE	**10,092,085**	9,292,756
CEDC	**3,040,004**	3,075,932
PEVI	**686,347**	624,304
SFELAPCO	**539,543**	485,966
Hijos	**301,742**	283,009
WMPC	**156,895**	174,927
RPEI	**90,433**	93,418
SPPC	**81,996**	42,341
STEAG	**–**	3,592,972
Others	**148,541**	157,689
	₱91,558,858	₱77,919,648

[1] Includes indirect interest from GNPD.
[2] Direct interest only.

Following is the summarized financial information of significant associates and joint ventures:

	2023	2022	2021
MORE:			
Total current assets	**₱48,213**	₱63,207	₱655,296
Total noncurrent assets	**12,130,146**	11,122,609	9,672,667

(Forward)

	2023	2022	2021
Total current liabilities	**(₱35,112)**	(₱18,506)	(₱510,947)
Total noncurrent liabilities	**(39,100)**	(19,890)	(34,918)
Equity	**₱12,104,147**	₱11,147,420	₱9,782,098
Gross revenue	**₱301,889**	₱256,847	₱222,460
Operating profit	**2,027,514**	3,934,504	3,800,149
Net income	**2,017,867**	3,925,799	3,788,908
Other comprehensive income (loss)	**(11,142)**	36,024	16,501
Group's share in net income	**₱1,678,268**	₱3,271,499	₱3,157,424
Additional information:			
Cash and cash equivalents	**₱28,611**	₱46,149	₱55,669
Current financial liabilities	**35,112**	18,506	10,385
Noncurrent financial liabilities	**39,100**	–	8,209
Depreciation and amortization	**15,091**	15,765	18,628
Interest income	**605**	806	188
Interest expense	**(3,845)**	(904)	(1,501)
Income tax expense	**8,311**	7,619	10,149
WMPC:			
Total current assets	**₱849,438**	₱910,761	₱933,419
Total noncurrent assets	**206,963**	242,632	245,101
Total current liabilities	**(175,751)**	(162,654)	(210,852)
Total noncurrent liabilities	**(100,800)**	(110,028)	(67,288)
Equity	**₱779,850**	₱880,711	₱900,380
Gross revenue	**₱1,498,713**	₱1,793,183	₱1,596,258
Operating profit	**469,616**	615,791	630,603
Net income	**202,133**	277,729	351,931
Other comprehensive loss	**–**	–	–
Group's share in net income	**₱41,968**	₱55,288	₱71,395
SPPC:			
Total current assets	**₱458,880**	₱144,092	₱142,071
Total noncurrent assets	**127,670**	165,862	189,810
Total current liabilities	**(122,918)**	(44,172)	(37,565)
Total noncurrent liabilities	**(54,212)**	(53,687)	(53,015)
Equity	**₱409,420**	₱212,095	₱241,301
Gross revenue	**₱–**	₱–	₱–
Operating loss	**(4,940)**	(7,190)	(9,490)
Net income (loss)	**206,701**	(35,009)	(43,115)
Other comprehensive loss	**–**	–	–
Group's share in net income (loss)	**₱39,656**	(₱6,028)	(₱4,878)
SFELAPCO*:			
Total current assets	**₱1,451,888**	₱1,293,870	₱1,071,258
Total noncurrent assets	**3,285,675**	3,050,709	2,918,480
Total current liabilities	**(920,385)**	(822,482)	(699,925)
Total noncurrent liabilities	**(839,992)**	(738,362)	(772,733)
Equity	**₱2,977,186**	₱2,783,735	₱2,517,080
Gross revenue	**₱6,415,512**	₱5,142,904	₱4,674,313
Operating profit	**678,618**	658,375	582,477
Net income	**591,967**	560,139	484,543
Other comprehensive income	**(50,746)**	78,900	68,923
Group's share in net income	**₱263,941**	₱270,374	₱234,137
STEAG:			
Total current assets	**₱–**	₱5,633,304	₱3,510,163
Total noncurrent assets	**–**	9,390,560	9,155,136
Total current liabilities	**–**	(2,051,769)	(1,687,950)
Total noncurrent liabilities	**–**	(3,537,718)	(3,732,167)
Equity	**₱–**	₱9,434,377	₱7,245,182
Gross revenue	**₱–**	₱9,421,740	₱3,780,615
Operating profit	**–**	2,020,191	1,242,155
Net income	**–**	1,489,499	1,028,755
Other comprehensive income	**–**	41,931	73,301
Group's share in net income	**₱–**	₱381,856	₱218,730

(Forward)

	2023	2022	2021
CEDC:			
Total current assets	**₱5,358,050**	₱5,498,731	₱4,546,675
Total noncurrent assets	**9,534,978**	10,286,602	11,074,007
Total current liabilities	**(3,911,273)**	(3,900,081)	(3,205,091)
Total noncurrent liabilities	**(4,103,893)**	(4,958,095)	(5,823,525)
Equity	**₱6,877,862**	₱6,927,157	₱6,592,066
Gross revenue	**₱12,165,195**	₱14,258,846	₱8,984,184
Operating profit	**4,375,718**	4,199,039	4,111,795
Net income	**2,366,269**	2,125,080	1,921,029
Other comprehensive income (loss)	**62,732**	60,743	(36,552)
Group's share in net income	**₱1,064,071**	₱909,994	₱839,766
AA Thermal:			
Total current assets	**₱10,467**	₱10,447	₱9,859
Total noncurrent assets	**16,775,941**	16,775,941	16,775,941
Total current liabilities	**(853)**	(144)	(89)
Total noncurrent liabilities	**(195)**	(218)	(152)
Equity	**₱16,785,360**	₱16,786,026	₱16,785,559
Gross revenue	**₱–**	**₱–**	**₱–**
Operating loss	**–**	–	–
Net income (loss)	**(660)**	468	(2,920)
Other comprehensive loss	**–**	–	–
Group's share in net loss	**₱–**	**₱–**	**₱–**
GNPD:			
Total current assets	**₱37,860,527**	₱29,574,563	₱14,738,599
Total noncurrent assets	**102,063,473**	95,476,181	81,161,930
Total current liabilities	**(20,008,286)**	(13,056,358)	(5,173,546)
Total noncurrent liabilities	**(53,417,232)**	(68,893,301)	(64,794,734)
Equity	**₱66,498,482**	₱43,101,085	₱25,932,249
Gross revenue	**₱58,164,067**	₱4,402,996	₱18,531,437
Operating profit	**24,923,576**	14,788,321	2,067,594
Net income	**23,776,067**	14,898,575	7,495,055
Other comprehensive loss	**(6,954)**	–	–
Group's share in net income	**₱9,497,339**	₱5,959,430	₱2,922,760
Additional information:			
Cash and cash equivalents	**₱27,311,823**	₱15,250,602	₱6,037,783
Current financial liabilities	**20,016,908**	11,354,278	1,295,090
Noncurrent financial liabilities	**51,862,000**	65,075,513	2,133,426
Depreciation and amortization	**112,107**	124,902	113,358
Interest income	**25,789**	27,177	26,868
Interest expense	**(198,984)**	(246,524)	(87,560)
Income tax expense	**16,391**	1,470,480	1,448,237
Others**:			
Total current assets	**₱487,257**	₱387,536	₱407,576
Total noncurrent assets	**1,856,512**	2,525,500	2,585,044
Total current liabilities	**(77,912)**	(22,242)	(27,113)
Total noncurrent liabilities	**(218,137)**	(198,387)	(143,983)
Gross revenue	**₱139,994**	₱118,978	₱131,073
Net income (loss)	**(210,951)**	35,802	8,138

**Amounts are based on appraised values which are adjusted to historical amounts upon equity take-up of the Group. Using cost method in accounting for property, plant and equipment, net income amounted to ₱601.9 million, ₱610.8 million and ₱517.8 million in 2023, 2022, and 2021, respectively, for SFELAPCO.*

***The financial information of insignificant associates and joint ventures is indicated under "Others".*

11. **Joint Operation**

		Percentage of Ownership		
Name of Joint Operation	Nature of Business	**2023**	2022	2021
PEC	Power generation	**50.00**	50.00	50.00

**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 consolidated financial statements on a line-by-line basis.

12. Property, Plant and Equipment

December 31, 2023

	Land	Buildings, warehouses and improvements	Power plant equipment and steam field assets (see Note 19)	Transmission, distribution and substation equipment	Transportation equipment	Office furniture fixtures and equipment	Leasehold improvements	Electrical equipment	Meters and laboratory equipment	Tools and others	Construction in progress	ROU assets (see Note 35)	Total
Cost:													
Balances at beginning of year	₱1,920,614	₱57,180,191	₱132,660,266	₱27,750,107	₱1,710,577	₱1,307,704	₱3,054,331	₱10,335,653	₱3,708,366	₱1,604,331	₱13,925,385	₱38,795,281	₱293,952,806
Additions	239,967	117,583	1,238,910	1,130,654	279,086	100,799	64,771	145,274	288,333	77,309	14,315,672	198,384	18,196,742
Step-acquisition to subsidiary (see Note 9)	–	590,947	728,819	–	–	312,942	137,285	–	–	–	40,146	–	1,810,139
Disposals	–	(71,411)	(874,922)	(1,544)	(116,040)	(43,692)	(823)	(16,567)	–	(98,913)	(36,635)	–	(1,260,547)
Reclassifications and others	277,615	671,302	4,201,495	2,086,764	69,113	130,129	11,745	230,014	219,927	56,455	(7,116,404)	(3,569,095)	(2,730,940)
Balances at end of year	2,438,196	58,488,612	137,954,568	30,965,981	1,942,736	1,807,882	3,267,309	10,694,374	4,216,626	1,639,182	21,128,164	35,424,570	309,968,200
Accumulated Depreciation and Amortization:													
Balances at beginning of year	–	12,400,286	48,062,118	7,965,193	1,152,659	951,971	1,110,140	4,713,718	840,118	438,686	–	5,142,354	82,777,243
Depreciation and amortization	–	2,740,917	6,272,191	903,282	146,357	162,654	140,743	514,697	167,162	92,505	–	1,273,198	12,413,706
Step-acquisition to subsidiary (see Note 9)	–	432,753	643,192	–	–	263,095	98,021	–	–	–	–	–	1,437,061
Disposals	–	(58,940)	(678,972)	(847)	(112,704)	(37,328)	(406)	(14,490)	–	(87,040)	–	–	(990,727)
Reclassifications and others	–	(9,129)	10,484	51,633	(7,143)	15,984	6,576	11,705	(424)	(13,636)	–	–	66,050
Balances at end of year	–	15,505,887	54,309,013	8,919,261	1,179,169	1,356,376	1,355,074	5,225,630	1,006,856	430,515	–	6,415,552	95,703,333
Accumulated Impairment:													
Balances at beginning of year	–	9,955	1,472,757	93,117	2,088	792	251	–	93,986	–	2,645,029	–	4,317,975
Impairment (see Note 28)	–	–	220,000	–	–	–	–	–	–	–	–	–	220,000
Balances at end of year	–	9,955	1,692,757	93,117	2,088	792	251	–	93,986	–	2,645,029	–	4,537,975
Net book values	₱2,438,196	₱42,972,770	₱81,952,798	₱21,953,603	₱761,479	₱450,714	₱1,911,984	₱5,468,744	₱3,115,784	₱1,208,667	₱18,483,135	₱29,009,018	₱209,726,892

December 31, 2022

	Land	Buildings, warehouses and improvements	Power plant equipment and steam field assets (see Note 19)	Transmission, distribution and substation equipment	Transportation equipment	Office furniture, fixtures and equipment	Leasehold improvements	Electrical equipment	Meters and laboratory equipment	Tools and others	Construction in progress	ROU assets (see Note 35)	Total
Cost:													
Balances at beginning of year	₱1,807,495	₱51,935,601	₱127,423,926	₱25,319,519	₱1,634,855	₱1,038,896	₱3,029,884	₱10,661,921	₱2,899,385	₱4,863,477	₱8,661,336	₱38,392,228	₱277,668,523
Additions	74,010	129,977	2,238,854	628,742	190,997	215,993	2,070	204,269	156,979	116,894	9,022,274	321,283	13,302,342
Disposals	–	(14,970)	(68,946)	(3,441)	(25,136)	(11,565)	–	(10,440)	(400)	(34,989)	(6,933)	–	(176,820)
Reclassifications and others	39,109	5,129,583	3,066,432	1,805,287	(90,139)	64,380	22,377	(520,097)	652,402	(3,341,051)	(3,751,292)	81,770	3,158,761
Balances at end of year	1,920,614	57,180,191	132,660,266	27,750,107	1,710,577	1,307,704	3,054,331	10,335,653	3,708,366	1,604,331	13,925,385	38,795,281	293,952,806
Accumulated Depreciation and Amortization:													
Balances at beginning of year	–	11,352,577	39,530,759	7,133,823	1,144,360	808,689	977,769	4,614,412	404,384	1,015,262	–	3,857,943	70,839,978
Depreciation and amortization	–	2,417,345	5,685,361	857,741	108,518	127,388	140,032	504,433	146,898	57,299	–	1,284,410	11,329,425
Disposals	–	(3,593)	(63,477)	(1,054)	(13,197)	(16,151)	–	(14,351)	–	(3,939)	–	–	(115,762)
Reclassifications and others	–	(1,366,043)	2,909,475	(25,317)	(87,022)	32,045	(7,661)	(390,776)	288,836	(629,936)	–	1	723,602
Balances at end of year	–	12,400,286	48,062,118	7,965,193	1,152,659	951,971	1,110,140	4,713,718	840,118	438,686	–	5,142,354	82,777,243
Accumulated Impairment:													
Balances at beginning of year	–	9,955	787,496	77,541	2,088	792	251	–	65,568	–	2,645,029	–	3,588,720
Impairment (see Note 28)	–	–	685,261	15,576	–	–	–	–	28,418	–	–	–	729,255
Balances at end of year	–	9,955	1,472,757	93,117	2,088	792	251	–	93,986	–	2,645,029	–	4,317,975
Net book values	₱1,920,614	₱44,769,950	₱83,125,391	₱19,691,797	₱555,830	₱354,941	₱1,943,940	₱5,621,935	₱2,774,262	₱1,165,645	₱11,280,356	₱33,652,927	₱206,857,588

In 2023 and 2022, the Group has determined that an impairment test has to be performed on certain segments of its property, plant and equipment amounting to ₱4.90 billion and ₱5.51 billion, respectively. In performing an impairment test calculation, the Group determined the recoverable amount of the relevant property, plant and equipment through value in use (VIU). VIU is derived based on financial budgets prepared by senior management covering the project's entire life. Pre-tax discount rate of 9.45% to 11.51% in 2023 and 9.68% to 11.51% in 2022 was used.

The calculation of value in use of these property, plant and equipment are most sensitive to the following assumptions:

- Discount rate - Discount rate reflects the management's estimate of risks applicable to these projects. The benchmark used by the management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates, consideration has been given to various market information, including, but not limited to, government bond yield, bank lending rates and market risk premium.

- Material price inflation - Estimates are obtained from published indices from which the materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is publicly available, otherwise past actual material price movements are used as an indicator of future price movement.

- Growth rate - The long-term rate used to extrapolate future cash flows excludes expansions and potential improvements in the future. Management also recognized the possibility of new entrants, which may have significant impact on existing growth rate assumptions. Management however, believes that new entrants will not have a significant adverse impact on the forecasts included in the financial budget.

Management have reflected future economic uncertainty in the risk-adjusted cash flows, giving a more accurate representation of the risks specific to the projects.

In addition, the Group also performed an assessment whether there are specific equipment that should have been impaired.

These assessments resulted to the recognition of impairment losses in 2023 and 2022 amounting to ₱220.0 million and ₱729.3 million, respectively.

In 2023 and 2022, power plant equipment and steam field assets increased by ₱1.29 billion and decreased by ₱331.4 million, respectively, due to the change in accounting estimate on decommissioning liability (see Note 19).

In 2023 and 2022, additions to "Construction in progress" include capitalized borrowing costs, net of interest income earned from short-term deposits amount to ₱513.4 million and ₱269.8 million, respectively (see Note 17). The rate used to determine the amount of borrowing costs eligible for capitalization ranged from 4.54% to 8.02% which are the effective interest rate of the specific borrowings in 2023.

Property, plant and equipment with carrying amounts of ₱48.12 billion and ₱64.39 billion as of December 31, 2023 and 2022, respectively, are used to secure the Group's long-term debts (see Note 17).

Fully depreciated property and equipment with gross carrying amount of ₱8.23 billion and ₱2.73 billion as of December 31, 2023 and 2022, respectively, are still in use.

13. Intangible Assets

The table below shows the rollforward of intangible assets:

December 31, 2023

	Goodwill	Franchise	Service concession rights	Project development costs	Software and licenses	Customer contracts	Total
Cost:							
Balances at beginning of year	**₱44,920,394**	**₱3,078,433**	**₱5,661,564**	**₱806,790**	**₱605,000**	**₱60,068**	**₱55,132,249**
Additions during the year	**–**	**–**	**67,491**	**574,606**	**551,281**	**–**	**1,193,378**
Write-off (see Note 28)	**–**	**–**	**–**	**(204,546)**	**–**	**–**	**(204,546)**
Exchange differences	**(304,113)**	**–**	**(3,151)**	**–**	**–**	**–**	**(307,264)**
Balances at end of year	**44,616,281**	**3,078,433**	**5,725,904**	**1,176,850**	**1,156,281**	**60,068**	**55,813,817**
Accumulated amortization:							
Balances at beginning of year	**–**	**737,543**	**4,160,737**	**–**	**402,516**	**60,068**	**5,360,864**
Amortization	**–**	**76,961**	**403,883**	**–**	**215,012**	**–**	**695,856**
Balances at end of year	**–**	**814,504**	**4,564,620**	**–**	**617,528**	**60,068**	**6,056,720**
Net book values	**₱44,616,281**	**₱2,263,929**	**₱1,161,284**	**₱1,176,850**	**₱538,753**	**₱–**	**₱49,757,097**

December 31, 2022

	Goodwill	Franchise	Service concession rights	Project development costs	Software and licenses	Customer contracts	Total
Cost:							
Balances at beginning of year	₱41,163,608	₱3,078,431	₱5,519,218	₱448,995	₱571,797	₱60,068	₱50,842,117
Additions during the year	–	2	33,007	595,816	33,203	–	662,028
Write-off (see Note 28)	–	–	–	(238,021)	–	–	(238,021)
Exchange differences	3,756,786	–	109,339	–	–	–	3,866,125
Balances at end of year	44,920,394	3,078,433	5,661,564	806,790	605,000	60,068	55,132,249
Accumulated amortization:							
Balances at beginning of year	–	660,581	3,764,826	–	341,146	60,068	4,826,621
Amortization	–	76,962	395,911	–	61,370	–	534,243
Balances at end of year	–	737,543	4,160,737	–	402,516	60,068	5,360,864
Net book values	₱44,920,394	₱2,340,890	₱1,500,827	₱806,790	₱202,484	₱–	₱49,771,385

Impairment Testing of Goodwill
Goodwill acquired through business combinations have been attributed to individual CGUs.

The carrying amount of goodwill follows:

	2023	2022
GMEC	**₱43,736,996**	₱44,041,109
LEZ	**467,586**	467,586
HI	**220,228**	220,228
BEZ	**191,471**	191,471
	₱44,616,281	₱44,920,394

The recoverable amounts of the investments have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period.

Key assumptions used in value-in-use calculation for December 31, 2023 and 2022
The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Discount rates and growth rates
The discount rates applied to cash flow projections are from 9.45% to 11.51% in 2023 and 9.68% to 11.51% in 2022, and cash flows beyond the five-year period are extrapolated using a 2% growth rate.

Revenue assumptions
Revenue assumptions are based on the expected electricity to be sold. Revenue growth used for the next five (5) years are as follows:

	2023				2022			
	LEZ	**BEZ**	**GMEC**	**HI**	LEZ	BEZ	GMEC	HI
Year 1	**-5%**	**-17%**	**-15%**	**-5%**	3%	9%	14%	9%
Year 2	**2%**	**9%**	**2%**	**9%**	-4%	-2%	-7%	8%
Year 3	**3%**	**2%**	**-2%**	**-2%**	-2%	9%	-11%	7%
Year 4	**4%**	**10%**	**12%**	**-3%**	3%	1%	-13%	-14%
Year 5	**10%**	**1%**	**-3%**	**1%**	5%	2%	-4%	-8%

Materials price inflation
In 2023, the assumption used to determine the value assigned to the materials price inflation is 2.39% in 2024, and settles at 2.61% for the next 4 years until 2028. The starting point of 2023 is consistent with external information sources.

In 2022, the assumption used to determine the value assigned to the materials price inflation is 3.45% in 2023, 3.30% in 2024 and settles at 3.45% for the next 3 years until 2027.

Foreign exchange rates
In 2023, the assumption used to determine foreign exchange rate is a weakening Philippine peso which starts at a rate of ₱54.87 to a dollar in 2024, then depreciates annually at an average of 0.5% until 2028. In 2022, the assumption used to determine foreign exchange rate is a fluctuating Philippine peso which starts at a rate of ₱54.80 to a dollar in 2023, appreciates annually at an average of 1.5% until 2025, then depreciates annually at an average of 1.5% until 2027.

Based on the impairment testing, no impairment of goodwill was recognized in 2023 and 2022.

With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

Service Concession Rights
Service concession arrangements entered into by the Group are as follows:

a. On November 24, 1996, LHC entered into a PPA with NPC, its sole customer, for the construction and operation of a 70-megawatt hydroelectric power generating facility (the Power Station) in Bakun River in Benguet and Ilocos Sur Provinces on a build-operate-transfer scheme. Under the PPA, LHC shall deliver to NPC all electricity generated over a cooperation period of 25 years until February 5, 2026.

   On the Transfer Date, as defined in the PPA, LHC shall transfer to NPC, free from any lien or encumbrance, all its rights, title and interest in and to the Power Station and all such data as operating manuals, operation summaries/transfer notes, design drawings and other information as may reasonably be required by NPC to enable it to operate the Power Station.

   Since NPC controls the ownership of any significant residual interest of the Power Station at the end of the PPA, the PPA is accounted for under the intangible asset model as LHC has the right to charge users for the public service under the service concession arrangement.

   The Power Station is treated as intangible asset and is amortized over a period of 25 years, which is the service concession period, in accordance with Philippine Interpretation IFRIC 12. The intangible asset with a carrying value of ₱593.1 million and ₱898.6 million as of December 31, 2023 and 2022, respectively, was used as collateral to secure LHC's long-term debt (see Note 17).

b. On May 15, 2003, the SBMA, AEV and DLP entered into a DMSA for the privatization of the SBMA Power Distribution System (PDS) on a rehabilitate-operate-and-transfer arrangement; and to develop, construct, lease, lease out, operate and maintain property, structures and machineries in the Subic Bay Freeport Zone (SBFZ).

   Under the terms of the DMSA, SEZ was created to undertake the rehabilitation, operation and maintenance of the PDS (the Project), including the provision of electric power service to the customers within the Subic Bay Freeport Secured Areas of the SBFZ as well as the collection of the

relevant fees from them for its services and the payment by SBMA of the service fees throughout the service period pursuant to the terms of the DMSA. The DMSA shall be effective for 25-year period commencing on the turnover date.

For and in consideration of the services and expenditures of SEZ for it to undertake the rehabilitation, operation, management and maintenance of the Project, it shall be paid by the SBMA the service fees in such amount equivalent to all the earnings of the Project, provided, however, that SEZ shall remit the amount of ₱40.0 million to the SBMA at the start of every 12-month period throughout the service period regardless of the total amount of all earnings of the Project. The said remittances may be reduced by the outstanding power receivables from SBMA, including streetlights power consumption and maintenance, for the immediate preceding year.

Since SBMA controls ownership of the equipment at the end of the agreement, the PDS are treated as intangible assets and are amortized over a period of 25 years up to year 2028, in accordance with Philippine Interpretation IFRIC 12.

The carrying value of the intangible asset arising from the service concession arrangement amounted to ₱504.4 million and ₱536.3 million as of December 31, 2023 and 2022, respectively.

c. The transmission and distribution equipment of MEZ are located within Mactan Export Processing Zone (MEPZ) II. Since MCIAA controls ownership of the equipment at the end of the agreement, the equipment are treated as intangible assets and are amortized over a period of 21 years up to year 2028, in accordance with Philippine Interpretation IFRIC 12.

The carrying amount of the intangible asset arising from the service concession arrangement amounted to ₱63.8 million and ₱65.9 million as of December 31, 2023 and 2022, respectively.

14. **Other Noncurrent Assets**

	2023	2022
Input VAT and tax credit receivable, net of impairment loss of ₱180.7 million and ₱42.2 million in 2023 and 2022, respectively (see Note 24)	**₱4,288,360**	₱2,506,833
Concession contract asset, net of current portion	**7,977,067**	—
Prepaid taxes	**3,395,899**	2,461,955
Refundable deposits	**872,371**	627,913
Advances to contractors and projects	**639,171**	1,429,113
Advances to NGCP - net of current portion	**565,732**	560,894
Investment properties	**368,702**	316,301
Prepaid expenses	**167,717**	195,670
Others	**442,077**	288,798
	₱18,717,096	₱8,387,477

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 (see Note 9).

Concession contract asset due not later than one year is presented as current asset in the consolidated balance sheets (see Note 8).

For the year ended December 31, 2023, total finance income recognized as part of revenue in the consolidated statement of comprehensive income amounted to ₱716.2 million.

15. Trade and Other Payables

	2023	2022
Trade payables (see Note 33)	**₱19,023,369**	₱21,303,923
Accrued expenses:		
Interest	**2,574,531**	2,261,797
Taxes and fees	**1,575,967**	1,574,393
Insurance	**43,743**	59,119
Claims conversion costs	**155,769**	58,859
Output VAT	**3,457,962**	3,261,895
Nontrade	**3,118,256**	2,170,066
Amounts due to contractors and other third parties	**1,582,506**	1,102,755
Dividends payable	**168,770**	268,433
Unearned revenues	**219,943**	80,711
PSALM deferred adjustment (see Note 40j)	**–**	54,505
Customers' deposit (see Note 18)	**41,203**	39,052
Others	**906,654**	712,820
	₱32,868,673	₱32,948,328

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

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

Amounts due to contractors and other third parties include liabilities arising from the power plant construction (see Note 12).

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

16. **Short-term Loans**

	Interest Rate	**2023**	2022
Peso loans - financial institutions - unsecured	4.92% - 6.87% in 2023 1.90% - 4.92% in 2022	**₱18,298,000**	₱16,637,000
Dollar loans - financial institutions - unsecured (see Note 17)	6.70% - 7.00% in 2023 2.07% - 3.75% in 2022	**1,661,100**	4,765,715
		₱19,959,100	₱21,402,715

The Peso loans are unsecured short-term notes payable obtained from local banks. 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.

Interest expense on short-term loans amounted to ₱1.16 billion in 2023, ₱662.8 million in 2022, and ₱741.8 million in 2021 (see Note 33).

17. **Long-term Debts**

	2023 Interest Rate	2022 Interest Rate	**2023**	2022
Company:				
Bonds due 2025	3.94%	3.94%	**₱550,000**	₱550,000
Bonds due 2025	4.00%	4.00%	**4,800,000**	4,800,000
Bonds due 2026	5.28%	5.28%	**7,250,000**	7,250,000
Bonds due 2026	3.82%	3.82%	**8,000,000**	8,000,000
Bonds due 2027	5.34%	5.34%	**3,000,000**	3,000,000
Bonds due 2027	5.31%	5.31%	**3,000,000**	3,000,000
Bonds due 2028	8.51%	8.51%	**2,500,000**	2,500,000
Bonds due 2028	5.03%	5.03%	**7,200,000**	7,200,000
Bonds due 2029	5.74%	5.74%	**7,000,000**	7,000,000
Financial institutions- unsecured	4.00% - 4.33%	4.00% - 4.33%	**10,800,000**	10,850,000
Subsidiaries:				
GMEC				
Financial institutions - unsecured	LIBOR + 1.7% - 4.85%	LIBOR + 1.7% - 4.85%	**29,728,547**	32,630,156
TMI				
Financial institutions - secured	4.54% - 7.68%	4.54% - 5.86%	**2,437,500**	2,600,000
HSAB				
Financial institutions - secured	4.92%	4.92%	**995,174**	1,103,234
TVI				
Financial institutions - secured	5.56% to 9.00%	5.56% to 9.00%	**22,439,131**	24,479,052
AESI				
Financial institutions - unsecured	4.87%	4.87%	**582,000**	588,000
TSI				
Financial institutions - secured	4.27%	4.27%	**16,884,883**	18,117,893
APRI				
Financial institutions - secured	4.91% - 6.67%	4.91% - 6.67%	**10,304,000**	11,152,000
Hedcor Bukidnon				
Financial institutions - secured	4.29% - 5.59%	4.29% - 5.59%	**7,498,401**	8,114,434
TPVI				
Financial institutions - secured	–%	3.32% - 5.06%	**–**	1,500,000
Hedcor Sibulan				
Fixed rate corporate notes - unsecured	5.21% - 5.42%	5.03% - 5.42%	**2,550,000**	3,004,398
HI				
Financial institution - secured	5.00%	7.41% - 7.87%	**1,236,056**	1,370,000

(Forward)

	2023 Interest Rate	2022 Interest Rate	**2023**	2022
PVSINAG				
Financial institution - secured	7.06% - 8.02%	8.02%	**₱8,850,000**	₱3,600,000
ARI				
Financial institution - unsecured	6.91%	6.91%	**12,000,000**	12,000,000
VECO				
Financial institution - unsecured	–%	4.73% - 4.92%	**–**	190,881
HTI				
Financial institutions - secured	4.92%	4.92%	**635,022**	693,511
STEAG				
Financial institutions - secured	LIBOR + 1.50% - 5.00%	–%	**2,404,165**	—
DLP				
Financial institution - unsecured	–%	4.73% - 4.92%	**–**	143,250
AI				
AEV - unsecured	3.50%	3.50%	**300,000**	300,000
TLI				
Financial institution - unsecured	7.40%	7.39%	**34,000,000**	15,000,000
CLP				
Financial institution - unsecured	–%	4.92%	**–**	28,650
Joint operation (see Note 10)				
Financial institutions - secured	5.77% - 6.27%	5.77% - 6.27%	**8,698,783**	9,951,718
			215,643,662	200,717,177
Less deferred financing costs			**1,372,532**	1,265,259
			214,271,130	199,451,918
Less current portion - net of deferred financing costs			**10,730,454**	10,279,212
			₱203,540,676	₱189,172,706

** London Interbank Offered Rate (LIBOR)*

Interest expense and other financing costs on long-term debt amounted to ₱11.26 billion in 2023, ₱10.03 billion in 2022, and ₱9.84 billion in 2021 (see Note 33).

Company

In September 2014, the Company issued a total of ₱10.0 billion bonds, broken down into a ₱6.60 billion 7-year bond due 2021 at an annual fixed rate equivalent to 5.21% and a ₱3.40 billion 12-year bond due 2026 at an annual fixed rate equivalent to 6.10%. The bonds have been rated PRS Aaa by PhilRatings.

The principal amount of these bonds shall be payable on a lump sum basis on the respective maturity date at its face value. These bonds may be redeemed in advance by the Company based on stipulated early redemption option dates and on agreed early redemption price.

In July 2017, the Company issued a ₱3.00 billion 10-year bond due 2027 at an annual fixed rate equivalent to 5.34%. The bonds have been rated PRS Aaa by PhilRatings.

In October 2018, the Company issued a total of ₱10.20 billion bonds, broken down into a ₱7.70 billion 5.25-year bond due 2024 at an annual fixed rate equivalent to 7.51% and a ₱2.50 billion 10-year bond due 2028 at an annual fixed rate equivalent to 8.51%. The bonds have been rated PRS Aaa by PhilRatings.

In October 2019, the Company issued ₱7.25 billion 7-year bond due 2026 at a fixed rate of 5.28%. The bonds have been rated PRS Aaa by PhilRatings.

In July 2020, the Company issued the fourth and last tranche of its ₱30.00 billion debt securities program, equivalent to ₱9.55 billion in July (the "Series E and F Bonds"). The Fixed Rate "Series E and F Bonds" has an interest rate of 3.13% and 3.94% per annum maturing in 2022 and 2025, respectively. The bonds have been rated PRS Aaa by PhilRatings.

In March 2021, the Company issued the first tranche of its ₱30.00 billion debt securities program equivalent to ₱8.00 billion (the "Series A Bonds") with an annual fixed rate of 3.82% due in 2026.

In July 2021, the Company availed ₱6.00 billion 7-year fixed-rate notes due 2026 at an annual fixed rate equivalent to 4%.

In September 2021, the Company settled its 2014 Series 'B' Bonds by prepaying ₱3.40 billion twelve-year bond maturing in 2026 and paying as scheduled its ₱6.60 billion seven-year bond.

In December 2021, the Company issued a total of ₱12.00 billion bonds, broken down into a ₱4.80 billion 4-year bond due 2025 at a fixed rate equivalent to 4% p.a. and a ₱7.20 billion 7-year bond due 2028 at a fixed rate equivalent to 5.03% p.a. The bonds have been rated PRS Aaa by PhilRatings.

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

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

In October 2022, the Company prepaid the 5.25-year bond amounting to ₱7.70 billion.

In April 2019, the Company executed and availed a US$300.0 million syndicated bridge loan facility loan agreement with DBS Bank Ltd., Mizuho Bank, Ltd., MUFG Bank, Ltd., and Standard Chartered Bank as lead arrangers and bookrunners to finance the AA Thermal, Inc. acquisition. The loan bears a floating interest based on credit spread over applicable LIBOR plus 1.2% margin. The loan will mature on the 5th anniversary of the first utilization date.

In April and July 2021, the Company prepaid a total of $245.0 million of the $300.0 million syndicated bridge loan facility availed in 2019 to finance the AA Thermal, Inc. acquisition. This loan is due in 2024.

In April 2022, the Company fully paid the remaining balance amounting to $55.0 million out of the $300.0 million loan.

Loss on extinguishment of the above loans amounted to ₱45.0 million and ₱447.5 million included as part of the "Interest expense and other financing costs" account in the consolidated statements of income in 2022 and 2021, respectively (see Note 32).

In November 2019, the Company obtain a ₱5.00 billion 7-year long term loan from the BDO Unibank, Inc. at a fixed rate of 5.28% p.a.

In 2020, the Company amend the "Mode of Payment" for the Principal from bullet payment to partial payments equal to 1 percent (%) of total principal amount payable annually starting November 2020 and the remaining 94 percent (%) upon maturity.

On July 13, 2021, the Company reached a rate reduction agreement to amend the interest rates of the loan from fixed rate loan of 5.28% to the sum of a benchmark rate and a spread of 0.90%, divided by an applicable factor and 4.125% per annum, whichever is higher.

GMEC

On August 29, 2017, GMEC entered into a Notes Facility Agreement (NFA) with local banks with BDO Capital and Investment Corporation as Lead Arranger, with the maximum principal amount of $800.0 million, the proceeds of which will be used to refinance GMEC's existing loan obligation and for other general corporate purposes.

On September 29, 2017, $600.0 million was drawn from the NFA, out of which $462.4 million was used to prepay the outstanding loans. In February 2018, the remaining principal amount of $200.0 million was drawn from the NFA.

GMEC also has an existing facility agreement with certain banks to finance the GMEC's working capital requirements presented as part of short-term loans in the balance sheets (see Note 15).

Loans payable consist of the following dollar denominated loans:

	2023	2022	Interest Rate Per Annum	Payment Schedule
NFA				
Fixed Rate Loan	**$334,559**	$364,194	(i) Fixed rates of 2.5514% and 3.4049% plus 1.45% margin for the first seven-year period and (ii) Fixed Rate Loan Benchmark plus 1.45% margin for the subsequent five-year period	24 semi-annual payments starting from the first Interest Payment Date
LIBOR Loan	**201,733**	220,897	Six-month LIBOR plus 1.70% margin	24 semi-annual payments starting from the first Interest Payment Date
Working Capital				
BDO	**30,000**	30,000	LIBOR plus 4.21% applicable margin	Payable within six months
Security Bank	**—**	17,000	LIBOR plus 4.50% applicable margin	Payable within six months
PBCOM	**—**	8,476	Fixed Rate 7.00%	Payable within one year
Chinabank	**—**	30,000	LIBOR plus 4.00% and 3.75% applicable margin	Payable within six months
	30,000	85,476		
Total borrowings	**566,292**	670,567		
Less current portion	**78,489**	142,926		
Loans payable - net of current portion	**$487,803**	$527,641		

TMI

On February 23, 2021, TMI entered into a Loan Agreement with China Banking Corporation (CBC) for an aggregate principal amount of ₱2.60 billion. The loan proceeds will be utilized, among others, to finance capital expenditures for the development and integration of a Battery Energy Storage System,

working capital requirements, and for other financing and corporate purposes of TMI. Total amount drawn in 2021 amounted to ₱1.79 billion. In 2022, TMI made additional drawdown totaling ₱810.0 million.

Interest is payable semiannually and is fixed at the rate shown below for the first five years, with an adjustment for inflation on the five-year period thereafter. The principal amount is payable starting September 1, 2023 in 16 equal semi-annual installments. The total interest expense capitalized to construction in progress in 2023 and 2022 amounted to ₱157.6 million and ₱133.0 million, respectively.

Loan Amount	Rate for the 1st 5 Years
₱780 million	4.54%
₱1,010 million	5.86%
₱210 million	6.26%
₱600 million	7.68%

HSAB

On December 16, 2021, HSAB entered into an Omnibus Notes Facility and Security Agreement (Agreement) with Bank of the Philippine Islands (Lender) for a loan facility in the principal amount of ₱1.15 billion for capital expenditures and other general purposes.

Based on the loan agreement, borrowing shall be for a term of ten (10) years reckoned from initial borrowing date. HSAB shall pay the first principal amount in six months from the initial borrowing date and shall continue on every six months interval. HSAB may not re-borrow any part of the loan that has already been paid.

This loan is subject to an annual interest fixed at 4.92% for the first 5 years. For the remaining five years, interest rate will be repriced. HSAB shall pay interest on the unpaid principal amount of the loan on each interest payment date. The interest rate shall be set on an interest rate setting date, and on the interest rate resetting date, as applicable.

TVI

On June 18, 2015, TVI entered into an omnibus agreement with local banks for a project loan facility with an aggregate principal amount of ₱31.97 billion. As of December 31, 2023 and 2022, ₱31.52 billion has been drawn from the loan facility.

The loan is available in two tranches, as follows:

- Tranche A, in the amount of ₱25.60 billion, with interest rate fixed for the first eight years and will be repriced and fixed for another seven years.
- Tranche B, in the amount of ₱5.90 billion, with a fixed interest rate for fifteen years.

70% of the principal amount of the loan is payable in 20 equal semi-annual installments, with the remaining 30% payable in full on the final maturity date. TVI may prepay the loan in part or in full beginning on the end of the fourth year from the initial advance or on the project completion date, whichever is earlier. Any prepayment shall be subject to a certain percentage of prepayment penalty on the principal to be prepaid.

The loan is secured by a mortgage of all its assets with carrying amount of ₱42.47 billion as of December 31, 2023, and a pledge of TVI's shares of stock held by its shareholders.

AESI

On April 16, 2020, AESI entered into a loan agreement with BPI with a principal amount of ₱600.0 million, which was fully drawn in 2020. The term of the loan is 10 years and interest is fixed at 4.87% for 5 years subject to reset 2 days prior to the 5th anniversary. The loan is payable in equal, semi-annual amortizations of at least one percent (1.00%) of the loan amount per annum, with balloon payment at maturity date.

TSI

On October 14, 2013, TSI entered into an omnibus agreement with local banks for a project loan facility with an aggregate principal amount of ₱24.00 billion, which was fully drawn in 2014.

On October 28, 2015, TSI entered into an additional loan agreement with principal amount of ₱1.68 billion, which was fully drawn in 2016.

The loan is secured by a mortgage of all its assets with carrying amount of ₱28.60 billion as of December 31, 2023, and a pledge of TSI's shares of stock held by the shareholders and TPI.

Interest rate ranging from 4.50% - 5.15% is fixed for the first seven years and will be repriced and fixed for another five years. In 2018, upon release of AP guarantee, interest was increased by 0.5%.

Fifty percent of the principal amount of the loan is payable at semi-annual installments within 12 years with a two-year grace period, with the remaining 50% payable in full on the final maturity date.

TSI may prepay the loan in part or in full beginning on the end of the third year from the initial advance or on the project completion date, whichever is earlier. Any prepayment shall be subject to a prepayment penalty of 2% on the amount prepaid.

In 2021, TSI prepaid a portion of its loan amounting to ₱2.26 billion which resulted to a prepayment penalty of ₱48.4 million, including gross receipts tax.

In 2021, TSI also entered into amendments of its existing loan agreements with local banks to obtain additional financing intended to finance the prepayment of its loan, to pay costs, expenses and fees in relation to the loan prepayment and amendments and to re-leverage and optimize the capital structure of TSI. Moreover, the parties have agreed to amend certain financial terms of the existing loan agreements, including but not limited to the interest rate and final maturity date, and shall take effect after the prepayment.

The amendments resulted to the following:

a. TSI has drawn additional loan principal in the amount of ₱2.50 billion;
b. Interest rate for the initial 5-year period from the effective date of amendment until the 5th anniversary of the effective date will be the 3-day average of the 5-year BVAL rate plus a spread of 130 basis points (the original spread), divided by the applicable premium factor, subject to a floor rate of 4.25% per annum. For the subsequent 7-year period commencing on the date following the 5th anniversary of the effective date, interest rate will be the 3-day average of the

7-year BVAL rate plus a spread equivalent to the original spread, divided by the applicable premium factor, subject to a floor rate equivalent to the initial 5-year rate divided by the applicable premium factor; and,

c. 58.5% of the outstanding principal amount is payable in 18 equal semi-annual installments, 16.5% of the remaining principal amount is payable in another 5 equal semi-annual installments, with the remaining 25% payable in the final maturity date of the loan in 2033.

These amendments were considered as extinguishment of the old loan, accordingly, TSI recognized a loss amounting to ₱90.5 million for the year ended December 31, 2021.

APRI

On February 29, 2016, APRI entered into an omnibus agreement with BPI, Asian Development Bank (ADB) and Credit Guarantee and Investment Facility (CGIF). This has been certified to have met the requirements of the Climate Bond Standard. The loan proceeds were used for return of equity to shareholders and to fund necessary operating and capital expenditures.

The loan is available in two tranches, as follows:

a. The Notes Facility Agreement, in the amount of ₱10.70 billion, with interest rate already fixed for ten years. 41.6% of the principal amount is payable in ten equal semi-annual installments and the balance payable in another ten semi-annual installments
b. The ADB Facility Agreement, in the amount of ₱1.80 billion, with interest rate fixed for five years and principal repayments made in ten equal semi-annual installments.

On December 23, 2021, APRI entered into a ₱12.00 billion loan facility agreement with Bank of the Philippine Islands (BPI) to refinance its existing term loan under the Omnibus Agreement; finance the design, development, construction, and operation of the 16 MW Binary Cycle Geothermal Plant to be developed in Tiwi, Albay (Project); and other general corporate purposes.

The loan is available in three tranches, as follows:

a. A portion of the Facility in the amount equivalent to the total amount outstanding under the Omnibus Agreement, duly supported by a Statement of Account to be provided by the Intercreditor Agent, and to be used to finance the its payment of all outstanding obligations under the Omnibus Agreement.
b. A portion of the Facility to be used by APRI for other general corporate purposes, in the amount equivalent to the resulting difference after deducting Tranche A and Tranche C from the maximum amount of the Facility.
c. A portion of the Facility to be used by APRI to finance the Project up to the total amount of ₱1.40 billion. APRI has started the construction of 16 MW Binary Cycle Geothermal Plant and the construction is expected to be completed in December 2023.

Tranche A and B were already drawn from the initial borrowing date with the interest rate already fixed for 5 years. Maturity of all tranches shall be up to ten (10) years from initial drawdown date. 40% of the principal amount is payable in ten equal semi-annual installments, 20% is payable in succeeding four equal semi-annual installments, 30% is payable in succeeding five equal semi-annual installments, and the 10% balance is payable in the last installment.

The loan is secured by mortgage of its assets with carrying amount of ₱28.99 billion as of December 31, 2023, and pledge of APRI's shares of stock held by shareholders and assignment of Project Agreements and Project Accounts.

This loan refinancing is considered as an extinguishment of the old loan, accordingly, APRI ecognized a loss amounting to ₱62.1 million for the year ended December 31, 2021.

Hedcor Bukidnon

On April 3, 2020, Hedcor Bukidnon entered into a loan agreement with BPI, up to the maximum principal amount of ₱225.0 million which was fully drawn in 2020, for the construction of the Transformer Facility and other general corporate purposes.

The term of the loan is 8 years and the loan shall be paid as follows: (i) payment of an aggregate amount equivalent to 70% of the total principal amount of the loans, by equal semi-annual amortizations beginning on the seventh interest payment date up to and including the maturity date; and (ii) payment of the amount equivalent to 30% of the total principal amount of the loans, on the maturity date.

On September 29, 2020, Hedcor Bukidnon entered into an omnibus agreement for a loan facility in the principal amount of ₱9.09 billion which was fully drawn in 2020 to refinance the project loan availed in 2015.

The term of the loan is 10 years and the loan shall be paid as follows: (i) payment of an aggregate amount equivalent to 70% of the total original amount of the Loan, by equal semi-annual amortizations beginning on the first interest payment date up to and including the Maturity Date; and (ii) payment of the amount equivalent to 30% of the total original amount of the loan, on the maturity date.

TPVI

On December 23, 2019, TPVI entered into a Loan Agreement with the Philippine National Bank (PNB) for an aggregate amount of ₱1.50 billion available in two drawdowns. The loan proceeds will be utilized, among others, in funding necessary operating and capital expenditures. Drawdowns were made on December 26, 2019 and April 27, 2020 for ₱1.30 billion and ₱200.0 million respectively. The loan is payable for 15 years, with a grace period of 3 years. The mode of repayment is sculpted with balloon payment of 70%. TPVI will pay PNB an interest of 5.0593% and 3.3235% for the first 8 years, with the rate being expected to go up to 5.25% for the rest of the term due to: (1) continued inflation, and; (2) liquidity tightness due to funds held and additional borrowings by the Bureau of Treasury. The interest is payable semi-annually, every 30th of June and 31st of December.

On December 27, 2023, the remaining principal of ₱1.50 billion was pre-terminated by TPVI. Accrued interest, catch-up adjustments for gross receipts tax on interest, and prepayment penalties amounting to ₱95.7 million were paid in connection with the pretermination.

Hedcor Sibulan

On November 17, 2016, Hedcor Sibulan entered into a NFA with various institutions with Metrobank - Trust Banking Group as the Notes Facility Agent, for a loan facility with an aggregate principal amount of up to ₱4.10 billion to return equity to shareholders, and for other general corporate purposes.

The unsecured notes were issued in ten tranches with interest payable semi-annually at annual fixed rates ranging from 4.05% - 5.42% with principal maturity as follows:

Tranche	Maturity Date	Principal Amount
1	Fifteen months from issue date	₱96.8 million
2	Two (2) years from issue date	₱96.8 million
3	Three (3) years from issue date	₱84.0 million
4	Four (4) years from issue date	₱84.0 million
5	Five (5) years from issue date	₱284.0 million
6 (Series A&B)	Six (6) years from issue date	₱388.4 million
7 (Series A&B)	Seven (7) years from issue date	₱445.8 million
8	Eight (8) years from issue date	₱451.4 million
9	Nine (9) years from issue date	₱508.1 million
10 (Series A&B)	Ten (10) years from issue date	₱1,660.7 million

Prior to maturity date, Hedcor Sibulan may redeem in whole or in part the relevant outstanding notes on any interest payment date plus a one percent prepayment penalty.

HI

On August 6, 2013, HI availed of a ten-year ₱900.0 million loan from a local bank. This loan is subject to a semi-annual principal payment with annual interest fixed at 5.25% for the first 5 years. For the remaining five years, interest rate will be repriced and fixed on the fifth anniversary from the drawdown date. The debt is secured by a pledge of HI's shares of stock held by ARI.

On December 14, 2018, HI entered into a Notes Facility Agreement with a local bank to borrow ₱1.39 billion, which will mature on August 31, 2033, to finance the rehabilitation and/or expansion of the Bineng hydropower plant, refinance its short-term loans and for other general corporate purposes. This loan is subject to a semi-annual principal payment with annual interest fixed at 7.87% for the first 5 years. For the next five years, interest rate will be repriced and fixed one banking day prior to August 31, 2023. For the remaining five years, interest rate will be repriced and fixed one banking day prior to August 31, 2028. The debt is secured by a continuing suretyship from ARI.

PV Sinag

On November 11, 2022, PV Sinag entered into an Omnibus Notes Facility and Security Agreement (Agreement) with Bank of the Philippine Islands (Lender) for a loan facility in the principal amount of ₱3.60 billion for capital expenditures of project.

Based on the loan agreement, the borrowing shall be for a term of ten (15) years, reckoned from initial borrowing date. PV Sinag shall pay the first principal amount at the end of twelve (12) months after the First Issue Date, seventy percent (70%) of the principal amount outstanding shall be repaid in semi-annual installments, and the balance of thirty percent (30%) of the principal amount outstanding shall be paid on Maturity Date.

All payments of interest (including default interest) shall be computed on the basis of number of actual days elapsed in three hundred sixty (360) day year basis.

On March 15, 2023, PV Sinag made and executed an amended and restated Omnibus Notes Facility and Security Agreement with Bank of the Philippine Islands (Note Holder).

The Note Holder hereby grants PV Sinag an aggregate amount up to ₱9.70 billion broken down as follows:

a. up to ₱6.10 billion worth of Series B notes issued on March 15, 2023 to fund the Laoag Solar Project; and
b. up to ₱3.60 billion worth of Series A notes issued on November 11, 2022 to fund the Cayanga-Bugallon Solar Project

ARI

On December 23, 2022, ARI entered into a Notes Facility Agreement with Land bank of the Philippines as the issuer, with a principal amount of up to ₱20.00 billion worth of fixed-rate corporate notes, of which ₱12.00 billion was drawn on December 28, 2022, at an annual interest rate of 6.91%, to be repriced on the 5th anniversary of the first issue date.

Based on the facility agreement, interest is payable every six months. The principal's maturity date is 10 years after the issue date, inclusive of 12-month grace period. Ten percent (10%) of the principal amount shall be paid in equal semi-annual installments commencing after the expiration of the grace period until maturity date. Thereafter, the remaining ninety percent (90%) of the principal amount shall be paid on maturity date.

VECO

On December 20, 2013, VECO availed of a ₱2.00 billion loan from the NFA it signed on December 17, 2013 with Land Bank of the Philippines (LBP). The unsecured notes were issued in ten tranches of ₱200.0 million with interest payable semi-annually at annual fixed rates ranging from 3.50% - 4.92% and principal amortized as follows:

Tranche	Maturity Date	Principal Repayment Amount
A, B	December 20, 2014 and 2015	₱200M balloon payment on maturity date
C	December 20, 2016	₱1M each on first 2 years; 198M on maturity date
D	December 20, 2017	₱1M each on first 3 years; 197M on maturity date
E	December 20, 2018	₱1M each on first 4 years; 196M on maturity date
F	December 20, 2019	₱1M each on first 5 years; 195M on maturity date
G	December 20, 2020	₱1M each on first 6 years; 194M on maturity date
H	December 20, 2021	₱1M each on first 7 years; 193M on maturity date
I	December 20, 2022	₱1M each on first 8 years; 192M on maturity date
J	December 20, 2023	₱1M each on first 9 years; 191M on maturity date

Prior to maturity date, VECO may redeem in whole or in part the relevant outstanding notes on any interest payment date without premium or penalty. If it redeems the notes on a date other than an interest payment date, then a certain percentage of prepayment penalty on the principal amount to be prepaid shall be imposed.

The loan was fully paid by VECO last December 20, 2023.

HTI

On December 16, 2021, HTI entered into an Omnibus Notes Facility and Security Agreement (Agreement) with Bank of the Philippine Islands (Lender) for a loan facility in the principal amount of ₱752.0 million for capital expenditures and other general purposes.

Based on the loan agreement, borrowing shall be for a term of ten (10) years reckoned from initial borrowing date. HTI shall pay the first principal amount in six months from the initial borrowing date and shall continue on every six months interval. HTI may not re-borrow any part of the loan that has already been paid.

This loan is subject to an annual interest fixed at 4.92% for the first 5 years. For the remaining five years, interest rate will be repriced. HTI shall pay interest on the unpaid principal amount of the loan on each interest payment date. The interest rate shall be set on an interest rate setting date, and on the interest rate resetting date, as applicable.

DLP

On December 20, 2013, DLP availed of a ₱1.50 billion loan from the NFA it signed on December 17, 2013 with LBP. The unsecured notes were issued in ten tranches of ₱150.0 million with interest payable semi-annually at annual fixed rates ranging from 3.50% to 4.92% and principal amortized as follows:

Tranche	Maturity Date	Principal Repayment Amount
A, B	December 20, 2014 and 2015	₱150M balloon payment on maturity date
C	December 20, 2016	₱0.75M each on first 2 years; 148.5M on maturity
D	December 20, 2017	₱0.75M each on first 3 years; 147.8M on maturity
E	December 20, 2018	₱0.75M each on first 4 years; 147M on maturity date
F	December 20, 2019	₱0.75M each on first 5 years; 146.2M on maturity
G	December 20, 2020	₱0.75M each on first 6 years; 145.5M on maturity
H	December 20, 2021	₱0.75M each on first 7 years; 144.8M on maturity
I	December 20, 2022	₱0.75M each on first 8 years; 144M on maturity date
J	December 20, 2023	₱0.75M each on first 9 years; 143.2M on maturity

Prior to maturity date, DLP may redeem in whole or in part the relevant outstanding notes on any interest payment date without premium or penalty. If it redeems the notes on a date other than an interest payment date, then a certain percentage of prepayment penalty on the principal amount to be prepaid shall be imposed.

The loan was fully paid by DLP last December 20, 2023.

AI

In April 2017, AI entered into a loan agreement with AEV for the principal sum of ₱300.0 million with maturity in April 2022. The loan shall be interest bearing payable on a per annum basis. The interest rate is at 3.5% per annum. On December 27, 2021, AI gave its notice of extension to extend the final maturity to April 2027 pursuant to the same terms and conditions under the note.

TLI

On October 21, 2022, TLI entered into a term loan agreement with a local bank intended for the settlement of monthly payments to PSALM in the amount of ₱15.0 billion. Interest rate is 7.39% floating rate every five years. 2% of the principal is payable on the third year in equal semi-annual installments, 8.5% is payable on the fourth year, 4.95% is payable in 11 equal semi-annual installments and the 40% is payable on the final maturity date of the loan.

New loan availment was availed by TLI on November 8, 2023 for a total amount of ₱11.4 billion. Interest rate is 7.4% floating rate every five years.

CLP

On December 20, 2013, CLP availed of a ₱300.0 million loan from the NFA it signed on December 17, 2013 with LBP. The unsecured notes were issued in ten tranches of ₱30.0 million with interest payable semi-annually at annual fixed rates ranging from 3.50% - 4.92% and principal amortized as follows:

Tranche	Maturity Date	Principal Repayment Amount
A, B	December 20, 2014 and 2015	₱150M balloon payment on maturity date
C	December 20, 2016	₱0.75M each on first 2 years; 148.5M on maturity
D	December 20, 2017	₱0.75M each on first 3 years; 147.8M on maturity
E	December 20, 2018	₱0.75M each on first 4 years; 147M on maturity date
F	December 20, 2019	₱0.75M each on first 5 years; 146.2M on maturity
G	December 20, 2020	₱0.75M each on first 6 years; 145.5M on maturity
H	December 20, 2021	₱0.75M each on first 7 years; 144.8M on maturity
I	December 20, 2022	₱0.75M each on first 8 years; 144M on maturity date
J	December 20, 2023	₱0.75M each on first 9 years; 143.2M on maturity

Prior to maturity date, CLP may redeem in whole or in part the relevant outstanding notes on any interest payment date without premium or penalty. If it redeems the notes on a date other than an interest payment date, then a certain percentage of prepayment penalty on the principal amount to be prepaid shall be imposed.

The loan was fully paid by CLP last December 20, 2023.

STEAG

On December 8, 2014, STEAG and BDO together with BDO Unibank Inc. Trust and Investments Group as Onshore Trustee, DB Trustees (Hong Kong) Limited as Offshore Trustee and STEAG GmbH, Aboitiz Power Corporation and La Filipina Uygongco Corporation as Sponsors agreed to further amend and restate the Original Omnibus Agreement to incorporate the Second BDO Facility Agreement. The Original Omnibus Agreement as amended on September 2, 2010 and December 8, 2014 is hereinafter referred to as the "Omnibus Agreement". The Second BDO Facility Agreement covers a 10-year $40,200,000 term loan for general corporate expenses. The interest rate of the loan under the BDO Second Facility Agreement is fixed at 5% per annum and repayment for the principal is in accordance with a specified schedule with January 31, 2015 specified as first repayment date.

Long-term debt of Joint Operation (see Note 11)

This pertains to TPI's share of the outstanding project debt of its joint operation.

In May 2014, PEC entered into an omnibus agreement with various local banks for a loan facility in the aggregate principal amount of up to ₱33.31 billion with maturity period of 15 years.

The loan facility is subject to a semi-annual interest payment with annual fixed interest ranging from 5.50% - 8.31%. The loans may be voluntarily prepaid in full or in part commencing on and from the third year of the date of initial drawdown with a prepayment penalty.

The loans are secured by a mortgage of substantially all its assets with carrying amount of ₱36.68 billion as of December 31, 2023, and a pledge of the shares of stock held by the joint operators.

Loan covenants

The loan agreements on long-term debt of the Group provide for certain restrictions with respect to, among others, mergers or consolidations or other material changes in their ownership, corporate set-up or management, investment and guaranties, incurrence of additional debt, disposition of mortgage of assets, payment of dividends, and maintenance of financial ratios at certain levels.

These restrictions and requirements were complied with by the Group as of December 31, 2023 and 2022.

18. **Customers' Deposits**

	2023	2022
Bill and load	**₱5,900,708**	₱5,335,318
Lines and poles	**1,618,794**	1,406,384
Transformers	**1,342,309**	1,402,352
	₱8,861,811	₱8,144,054

Transformers and lines and poles deposits are obtained from certain customers principally as cash bond for their proper maintenance and care of the said facilities while under their exclusive use and responsibility.

Effective April 1, 2010, the Amended Distribution Services and Open Access Rules (Amended DSOAR), increased the refund rate from 25% to 75% of the gross distribution revenue generated from the extension lines and facilities until such amounts are fully refunded.

Bill deposit serves to guarantee payment of bills by a customer which is estimated to equal one month's consumption or bill of the customer.

Both the Magna Carta and Distribution Services and Open Access Rules (DSOAR) also provide that residential and non-residential customers, respectively, must pay a bill deposit to guarantee payment of bills equivalent to their estimated monthly billing. The amount of deposit shall be adjusted after one year to approximate the actual average monthly bills. A customer who has paid his electric bills on or before due date for three consecutive years, may apply for the full refund of the bill deposit, together with the accrued interests, prior to the termination of the service; otherwise, bill deposits and accrued interests shall be refunded within one month from termination of service, provided all bills have been paid.

In cases where the customer has previously received the refund of his bill deposit pursuant to Article 7 of the Magna Carta, and later defaults in the payment of his monthly bills, the customer shall be required to post another bill deposit with the distribution utility and lose his right to avail of the right to refund his bill deposit in the future until termination of service. Failure to pay the required bill deposit shall be a ground for disconnection of electric service.

Interest expense on customers' deposits amounted to ₱2.5 million in 2023, ₱1.2 million in 2022, ₱4.0 million in 2021 (see Note 33).

The Group classified customers' deposit under noncurrent liabilities due to the expected long-term nature of these deposits. The portion of customers' deposit to be refunded within 12 months amounted to ₱41.2 million and ₱39.1 million as of December 31, 2023 and 2022, respectively, and are presented as part of "Trade and other payables" (see Note 15).

19. Decommissioning Liability

Decommissioning liability includes the estimated costs to decommission, abandon and perform surface rehabilitation on the steam field assets at the end of their useful lives, and the best estimate of the expenditure required to settle the obligation to decommission power plant at the end of its lease term (see Note 12).

	2023	2022
Balance at beginning of year	**₱5,654,234**	₱5,686,224
Change in accounting estimate (see Note 12)	**1,287,688**	(331,353)
Accretion of decommissioning liability (see Note 33)	**421,807**	299,363
Balance at end of year	**₱7,363,729**	₱5,654,234

The actual dismantling and removal cost could vary substantially from the above estimate because of new regulatory requirements, changes in technology, increased cost of labor, materials, and equipment or actual time required to complete all dismantling and removal activities. Adjustment, if any, to the estimated amount will be recognized prospectively as they become known and reliably estimable.

20. Equity

a. Paid-in Capital (number of shares not rounded)

	2023	2022
Capital Stock		
Authorized - ₱1 par value		
Common shares - 16,000,000,000 shares		
Preferred shares - 1,000,000,000 shares		
Issued		
Common shares - 7,358,604,307 shares	**₱7,358,604**	₱7,358,604
Additional Paid-in Capital	**12,588,894**	12,588,894
	₱19,947,498	₱19,947,498

On May 25, 2007, the Company listed with the PSE its 7,187,664,000 common shares with a par value of ₱1.00 to cover the initial public offering (IPO) of 1,787,664,000 common shares at an issue price of ₱5.80 per share. On March 17, 2008, the Company listed an additional 170,940,307 common shares, which it issued pursuant to a share swap agreement at the IPO price of ₱5.80 per share. The total proceeds from the issuance of new shares amounted to ₱10.37 billion. The Company incurred transaction costs incidental to the initial public offering amounting to ₱412.4 million, which is charged against "Additional paid-in capital" in the consolidated balance sheet.

In 2023, The Company purchased a total of 152,750,000 shares of its own common shares for ₱4.89 billion. The acquisition is pursuant to the authority approved by the Company's Board of Directors on August 29, 2023.

As of December 31, 2023, 2022 and 2021, the Company has 578, 590 and 594 shareholders, respectively.

Preferred shares are non-voting, non-participating, non-convertible, redeemable, cumulative, and may be issued from time to time by the BOD in one or more series. The BOD is authorized to issue from time to time before issuance thereof, the number of shares in each series, and all the designations, relative rights, preferences, privileges and limitations of the shares of each series. Preferred shares redeemed by the Company may be reissued. Holders thereof are entitled to receive dividends payable out of the unrestricted retained earnings of the Company at a rate based on the offer price that is either fixed or floating from the date of the issuance to final redemption. In either case, the rate of dividend, whether fixed or floating, shall be referenced, or be a discount or premium, to market-determined benchmark as the BOD may determine at the time of issuance with due notice to the SEC.

In the event of any liquidation or dissolution or winding up of the Company, the holders of the preferred shares shall be entitled to be paid in full the offer price of their shares before any payment in liquidation is made upon the common shares.

There are no preferred shares issued and outstanding as of December 31, 2023 and 2022.

b. Retained Earnings

As of December 31, 2020, the Company has appropriated retained earnings amounting to ₱33.66 billion. This appropriation pertains to the project development and construction of power plants that was approved on March 7, 2019, November 24, 2016 and November 27, 2014, amounting ₱11.90 billion, ₱13.16 billion and ₱8.60 billion, respectively.

On March 5, 2021, the BOD approved the reversal of a total of ₱13.60 billion retained earnings appropriation for the following:

- set up in 2014 for the ₱2.6 blilion equity requirements of the 68 MW Manolo Fortich Hydropower and for the ₱6.0 billion of the 400 MW Pagbilao Coal Power Plant; and
- set up in 2016 for the ₱5.0 billion equity requirements of RP Energy.

On November 22, 2023, the BOD also approved the reversal of ₱8.20 billion retained earnings appropriation set up in 2019 for the equity requirement of the 300MW Cebu Coal plant.

As of December 31, 2023 and 2022 total appropriated retained earnings amounted to ₱11.90 billion and ₱20.10 billion, respectively.

On March 5, 2021, the BOD approved the declaration of regular cash dividends of ₱0.85 per share (₱6.25 billion) to all stockholders of record as of March 19, 2021. The cash dividends were paid on March 31, 2021.

On March 4, 2022, the BOD approved the declaration of regular cash dividends of ₱1.45 per share (₱10.67 billion) to all stockholders of record as of March 18, 2022. The cash dividends were paid on March 30, 2022.

On March 3, 2023, the BOD approved the declaration of regular cash dividends of ₱1.87 per share (₱13.76 billion) to all stockholders of record as of March 17, 2023. The cash dividends were paid on March 30, 2023.

To comply with the requirements of Section 43 of the Corporation Code, on March 5, 2024, the BOD approved the declaration of regular cash dividends of ₱2.30 per share (₱16.55 billion) to all stockholders of record as of March 19, 2024. The cash dividends are payable on March 26, 2024.

c. The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint arrangement amounting to ₱167.4 billion and ₱103.97 billion as of December 31, 2023 and 2022, respectively. Such amounts are not available for distribution until such time that the Company receives the dividends from the respective subsidiaries, associates and joint arrangement (see Note 10).

21. **Sale of Power**

Sale from Distribution of Power

1. The Uniform Rate Filing Requirements on the rate unbundling released by the Energy Regulatory Commission (ERC) on October 30, 2001, specified that the billing for sale and distribution of power and electricity will have the following components: Generation Charge, Transmission Charge, System Loss Charge, Distribution Charge, Supply Charge, Metering Charge, the Currency Exchange Rate Adjustment and Interclass and Lifeline Subsidies. National and local franchise taxes, the Power Act Reduction (for residential customers) and the Universal Charge are also separately indicated in the customer's billing statements.

2. Pursuant to Section 43(f) of Republic Act (R.A.) No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), and Rule 15, section 5(a) of its Implementing Rules and Regulations (IRR), the ERC promulgated the Distribution Wheeling Rates Guidelines on December 10, 2004. These were subsequently updated and released on July 26, 2006 as the Rules for Setting Distribution Wheeling Rates (RDWR) for Privately Owned Utilities entering Performance Based Regulation (PBR).

Details of the PBR regulatory period and the date of implementation of the approved rates are as follows:

	CLP	DLP	VECO	SEZ
Current regulatory period	April 1, 2023 to March 31, 2027	July 1, 2024 to June 30, 2028	July 1, 2024 to June 30, 2028	October 1, 2025 to September 30, 2029
Date of implementation of approved distribution supply and metering charges	May 1, 2009	August 1, 2010	August 1, 2010	November 26, 2011

The reset process for the Third Regulatory Period to adjust the previously approved distribution supply and metering charges were deferred due to the changes on PBR rules.

The Energy Regulatory Commission has issued ERC Resolution No. 10, Series of 2021 Modifying the Rules for Setting the Distribution Wheeling Rates (RDWR) for Privately-Owned Distribution Utilities Entering Performance-Based Regulation (PBR) and ERC Resolution No. 11, Series of 2021 Adopting the Regulatory Asset Base (RAB) Roll-Forward Handbook for Privately-Owned Electricity Distribution Utilities.

Based on the RDWR, the regulatory periods shall be as follows:

(i) CLP: April 1, 2023 to March 31, 2027
(ii) DLP and VECO: July 1, 2024 to June 30, 2028
(iii) SEZ: October 1, 2025 to September 30, 2029

The reset process for the Fourth Regulatory Period has not started for all private DUs as the above-mentioned ERC rules have not been published, which is a condition for their effectivity.

Total sale from distribution of power amounted to ₱53.36 billion, ₱57.24 billion and ₱44.38 billion in 2023, 2022 and 2021, respectively.

Sale from Generation of Power and Retail Electricity

a. Energy Trading through the Philippine Wholesale Electricity Spot Market (WESM)

Certain subsidiaries are trading participants and direct members under the generator sector of the WESM. These companies are allowed to access the WESM Market Management System through its Market Participant Interface (MPI). The MPI is the facility that allows the trading participants to submit and cancel bids and offers, and to view market results and reports. Under its price determination methodology as approved by the ERC, locational marginal price method is used in computing prices for energy bought and sold in the market on a per node, per hour basis. In the case of bilateral power supply contracts, however, the involved trading participants settle directly with their contracting parties.

Total sale of power to WESM amounted to ₱32.96 billion, ₱27.72 billion, and ₱14.72 billion in 2023, 2022 and 2021, respectively.

b. Power Supply Agreements

i. *Power Supply Contracts assumed under Asset Purchase Agreement (APA) and IPP Administration Agreement*

Revenue recognition for customers under the power supply contracts assumed under the APA and IPP Administration Agreements are billed based on the contract price which is calculated based on the pricing structure approved by the ERC. Rates are calculated based on the time-of-use pricing schedule with corresponding adjustments using the GRAM and the ICERA.

ii. *Power Purchase/Supply Agreement and Energy Supply Agreement (PPA/PSA and ESA)*

Certain subsidiaries have negotiated contracts with NPC, Private Distribution Utilities, Electric Cooperatives and Commercial and Industrial Consumers referred to as PPA/PSA or ESA. These contracts provide a tariff that allows these companies to charge for capacity fees, fixed operating fees and energy fees.

iii. *Feed-in-Tariff (FIT)*

Certain subsidiaries were issued a FIT Certificate of Compliance from the ERC which entitles them to avail the FIT rate. These subsidiaries also signed agreements with the National Transmission Corporation (NTC), the FIT administrator. These agreements enumerate the rights and obligations under the FIT rules and FIT-All guidelines, in respect to the full payment of the actual energy generation of the generator, at a price equivalent to the applicable FIT rate, for the entire duration of its FIT eligibility period.

Total sale of power under power supply agreements amounted to ₱69.63 billion in 2023, ₱70.27 billion in 2022 and ₱52.58 billion in 2021.

c. Ancillary Services Procurement Agreement (ASPA)

Certain subsidiaries have ASPA with the National Grid Corporation of the Philippines. Ancillary services are support services such as frequency regulating, contingency and dispatchable reserves, reactive power support, and black start capability which are necessary to support the transmission capacity and energy that are essential in maintaining power quality and security of the grid. Total sale of power under ASPA amounted to ₱4.20 billion in 2023, ₱3.51 billion in 2022 and ₱2.71 billion in 2021.

d. Retail Electricity Supply Agreements (see Note 40i)

Certain subsidiaries have negotiated contracts with contestable customers. These contracts provide supply and delivery of electricity where capacity fees, fixed operating fees and energy fees are at fixed price/kwh or time of use.

Total sale of power under retail electricity supply agreements amounted to ₱46.12 billion, ₱35.18 billion and ₱19.87 billion in 2023, 2022 and 2021, respectively.

22. Purchased Power

Distribution

The Group's distribution utilities entered into contracts with NPC/PSALM and generation companies for the purchase of electricity, and into Transmission Service Agreements with NGCP for the transmission of electricity.

To avail of opportunities in the competitive electricity market, some of the Group's distribution utilities registered as direct participants of the WESM.

Total power purchases amounted to ₱26.45 billion, ₱29.58 billion and ₱19.81 billion in 2023, 2022, 2021, respectively.

Generation

Purchased power takes place during periods when power generated from power plants are not sufficient to meet customers' required power as stated in the power supply contracts. Insufficient supply of generated energy results from the shutdowns due to scheduled maintenance or an emergency situation. The Group purchases power from WESM to ensure uninterrupted supply of power and meet the requirements in the power supply contracts.

The Group entered into Replacement Power Contracts with certain related parties (see Note 32). Under these contracts, the Group supplies power to counterparties when additional power is needed. Correspondingly, when faced with energy shortfalls, the Group purchases power from counterparties.

Total purchased power amounted to ₱15.43 billion, ₱23.92 billion and ₱16.32 billion in 2023, 2022 and 2021, respectively.

Retail Electricity Supply

The Group also purchases from WESM in order to supply its contestable customers.

Total purchased power amounted to ₱29.58 billion, ₱15.88 billion and ₱5.37 billion in 2023, 2022 and 2021, respectively.

23. Cost of Generated Power

	2023	2022	2021
Fuel costs (see Note 7)	**₱56,001,318**	₱52,189,877	₱27,484,810
Steam supply costs (see Note 36)	**6,891,818**	7,514,100	4,950,813
Energy fees	**832,137**	664,405	746,182
Wheeling expenses	**182,310**	185,299	148,436
Ancillary charges	**65,317**	65,448	169,467
	₱63,972,900	₱60,619,129	₱33,499,708

24. General and Administrative

	2023	2022	2021
Personnel costs (see Note 26)	**₱5,018,077**	₱3,917,407	₱3,014,555
Outside services (see Note 32)	**1,742,578**	1,235,134	1,267,666
Taxes and licenses	**1,645,867**	1,234,587	1,576,077
Professional fees (see Note 32)	**1,450,995**	1,021,534	730,973
Information technology and communication	**612,889**	322,564	233,912
Transportation and travel (see Note 32)	**575,842**	382,369	206,416
Insurance	**426,869**	363,324	296,221
Corporate social responsibility (CSR) (see Note 40)	**319,331**	273,899	190,305
Repairs and maintenance	**274,797**	368,709	323,320
Provision for impairment of VAT claims	**179,562**	42,247	78,604
Rent (see Notes 32 and 35)	**146,511**	84,932	54,027
Entertainment, amusement and recreation	**103,334**	73,389	51,026
Training	**70,606**	39,270	29,204
Advertisements	**65,709**	209,706	36,147
Market service and administrative fees	**18,902**	10,061	8,741
Freight, handling, gasoline and oil	**3,363**	3,820	5,876
Provision for (reversal of) expected credit losses of trade receivables (see Note 6)	**(227,964)**	133,735	1,089,566
Others	**682,043**	478,216	348,139
	₱13,109,311	₱10,194,903	₱9,540,775

"Others" include host community-related expenses, provision for probable losses, claims conversion costs and utilities expenses.

25. Operations and Maintenance

	2023	2022	2021
Repairs and maintenance	**₱3,370,485**	₱3,542,960	₱2,842,287
Insurance	**2,906,036**	2,545,162	1,862,403
Personnel costs (see Note 26)	**2,404,249**	1,955,070	1,788,373
Outside services	**2,241,004**	1,891,540	1,801,650
Taxes and licenses	**2,084,788**	1,764,000	1,700,188
Materials and supplies (see Note 7)	**541,679**	334,435	270,543
Transportation and travel	**103,965**	81,131	113,716
Fuel and lube oil (see Note 7)	**7,218**	3,405	1,586
Rent (see Note 35)	**2,751**	15,876	29,424
	₱13,662,175	₱12,133,579	₱10,410,170

26. **Personnel Costs**

	2023	2022	2021
Salaries and wages	**₱5,982,595**	₱4,551,472	₱4,027,014
Employee benefits (see Note 27)	**1,439,731**	1,321,005	775,914
	₱7,422,326	₱5,872,477	₱4,802,928

27. **Pension Benefit Plans**

Under the existing regulatory framework, RA 7641, otherwise known as *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity. It further states that the employees' retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The Company and its subsidiaries have funded, non-contributory, defined retirement benefit plans ("Plan") covering all regular and full-time employees and requiring contributions to be made to separately administered funds. The retirement benefit fund ("Fund") of each subsidiary is in the form of a trust being maintained and managed by AEV, under the supervision of the Board of Trustees (BOT) of the Plan. The BOT, whose members are also corporate officers, is responsible for the investment of the Fund assets. Taking into account the Plan's objectives, benefit obligations and risk capacity, the BOT periodically defines the investment strategy in the form of a long-term target structure.

The following tables summarize the components of net benefit expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets for the respective plans.

Net benefit expense (recognized as part of personnel costs under operations and maintenance and general and administrative expenses):

	2023	2022	2021
Current service cost	**₱368,118**	₱490,815	₱244,801
Net interest cost	**33,725**	10,791	10,345
Past service cost	**–**	11,325	22,138
	₱401,843	₱512,931	₱277,284

Remeasurement effects to be recognized in other comprehensive income:

	2023	2022	2021
Actuarial gains (losses) due to:			
Changes in financial assumptions	**(₱287,433)**	₱354,280	₱295,714
Changes in demographic assumptions	**(1,527)**	8,582	(40,067)
Return on assets excluding amount included in net interest cost	**(82,173)**	(78,561)	98,407
Experience adjustments	**91,221**	(237,509)	(79,692)
	(₱279,912)	₱46,792	₱274,362

Net pension assets

	2023	2022
Fair value of plan assets	**₱415,625**	₱879,457
Present value of the defined benefit obligation	**(375,166)**	(796,019)
	₱40,459	₱83,438

Net pension liabilities

	2023	2022
Present value of the defined benefit obligation	**₱3,310,370**	₱1,860,647
Fair value of plan assets	**(2,407,232)**	(1,261,156)
	₱903,138	₱599,491

Changes in the present value of the defined benefit obligation are as follows:

	2023	2022
At January 1	**₱2,656,666**	₱2,547,129
Net benefit expense:		
Current service cost	**368,118**	490,815
Interest cost	**196,876**	129,343
Past service cost	**–**	11,325
	564,994	631,483
Benefits paid from retirement fund	**(88,313)**	(403,854)
Benefits paid from operating funds	**(8,501)**	(3,882)
Foreign exchange translation differences	**(18,989)**	10,449
Fund transfer from affiliates	**(16,115)**	694
Remeasurements in other comprehensive income:		
Actuarial losses (gains) due to:		
Experience adjustments	**(91,221)**	237,509
Changes in demographic assumptions	**1,527**	(8,582)
Changes in financial assumptions	**287,433**	(354,280)
	197,739	(125,353)
Increase from step-acquisition (Note 9)	**398,055**	–
At December 31	**₱3,685,536**	₱2,656,666

Changes in the fair value of plan assets are as follows:

	2023	2022
At January 1	**₱2,140,613**	₱2,331,463
Contribution by employer	**283,354**	172,282
Interest income included in net interest cost	**163,151**	118,552
Fund transfer from affiliates	**(16,115)**	694
Foreign exchange translation differences	**(37)**	37
Return on assets excluding amount included in net interest cost	**(82,173)**	(78,561)
Benefits paid	**(88,313)**	(403,854)
Increase from step-acquisition (Note 9)	**422,377**	–
At December 31	**₱2,822,857**	₱2,140,613

Changes in net pension liability recognized in the consolidated balance sheets are as follows:

	2023	2022
At January 1	**₱516,053**	₱215,666
Retirement expense during the year	**401,843**	512,931
Benefits paid from operating funds	**(8,501)**	(3,882)
Contribution to retirement fund	**(283,354)**	(172,282)
Actuarial loss (gain) recognized during the year	**279,912**	(46,792)
Foreign exchange translation differences	**(18,952)**	10,412
Increase from step-acquisition (Note 9)	**(24,322)**	–
At December 31	**₱862,679**	₱516,053

The fair value of plan assets by each class as at the end of the reporting period are as follows:

	2023	2022
Financial assets at FVOCI	**₱676,039**	₱878,211
Financial assets at amortized cost	**1,393,335**	817,882
Equity instruments:		
Financial Institution	**491,953**	57,360
Power	**130,341**	114,276
Holding	**58,865**	134,987
Others	**72,324**	137,897
Fair value of plan assets	**₱2,822,857**	₱2,140,613

All equity instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

The plan assets are diverse and do not have any concentration risk.

The BOT reviews the performance of the plans on a regular basis. It assesses whether the retirement plans will achieve investment returns which, together with contributions, will be sufficient to pay retirement benefits as they fall due. The Group also reviews the solvency position of the different member companies on an annual basis and estimates, through the actuary, the expected contribution to the Retirement plan in the subsequent year.

The Company's retirement benefit fund for its employees has investments in the equity of the Company. The carrying value of these investments as of December 31, 2023 and 2022 amounted to ₱138.0 million and ₱124.3 million, respectively. The losses of Fund arising from such investments in 2023 and 2022 amounted to ₱4.0 million and ₱9.8 million, respectively.

The principal assumptions used as of December 31, 2023, 2022 and 2021 in determining pension benefit obligations for the Group's plans are shown below:

	2023	2022	2021
Discount rates	**5.83%-7.93%**	3.51%-6.07%	2.75%-4.87%
Salary increase rates	**7.00%**	6.00%	6.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation, assuming if all other assumptions were held constant:

		2023	2022
	Increase (decrease) in basis points	Effect on defined benefit obligation	
Discount rates	100	**(₱168,764)**	(₱107,987)
	(100)	**193,195**	123,497
Future salary increases	100	**₱201,177**	₱131,779
	(100)	**(178,891)**	(117,198)

The Group's defined benefit pension plans are funded by the Company and its subsidiaries.

The Group expects to contribute ₱649.5 million to the defined benefit plans in 2024. The average durations of the defined benefit obligation as of December 31, 2023 and 2022 are 8.79 to 18.30 years and 7.16 to 18.24 years, respectively.

28. Other Income

	2023	2022	2021
Bargain purchase gain and remeasurement of previously held interest - net (see Note 9)	**₱1,745,655**	₱–	₱–
Surcharges	**632,134**	633,962	561,367
Rental income	**224,014**	200,018	131,492
Provision for impairment losses on property, plant and equipment (see Note 12)	**(220,000)**	(729,255)	(340,597)
Write off of project development costs (see Note 13)	**(204,546)**	(238,021)	(298,031)
Net foreign exchange gain (loss)	**132,865**	(1,139,785)	(1,062,547)
Non-utility operating income	**99,236**	146,723	138,922
Unrealized fair valuation gain on investment property	**52,401**	78,600	–
Gain (loss) on disposal of property, plant and equipment	**12,634**	(34,843)	(214,032)
Others - net	**2,159,421**	1,597,931	1,296,991
	₱4,633,814	₱515,330	₱213,565

Included in "Net foreign exchange gain (loss)" are the net gains and losses relating to currency forward transactions (see Note 34).

Provision for impairment losses on property, plant and equipment mainly pertains to the impairment test calculation of TPVI's property, plant and equipment which resulted to the recognition of impairment loss amounting to ₱220.0 million and ₱685.0 million in 2023 and 2022 respectively (see Note 12), and impairment loss of VECO's damaged assets due to typhoon Odette amounting to ₱143.1 million in 2021.

"Others" include derivative gains arising from TLI's commodity hedge amounting to ₱194.0 million in 2023, ₱1.70 billion in 2022 and ₱240.0 million in 2021, derivative gain arising from ARI's cash flow hedge amounting to ₱121.0 million in 2023, and insurance claims amounting to ₱1.40 billion in 2023 and ₱384.0 million in 2021. In August 2021, the Company received ₱324.9 million from a fund held in escrow as compensation for warranties and contingencies from its previous investment transaction. "Others" also include non-recurring items like sale of scrap and sludge oil, and reversal of provisions.

29. Income Tax

The provision for income tax account consists of:

	2023	2022 (As Restated)	2021 (As Restated)
Current:			
Corporate income tax	**₱5,346,695**	₱3,419,050	₱2,637,181
Final tax	**290,548**	111,785	53,706
	5,637,243	3,530,835	2,690,887
Deferred	**1,639,622**	1,170,170	1,171,516
	₱7,276,865	₱4,701,005	₱3,862,403

Reconciliation between the statutory income tax rate and the Group's effective income tax rates follows:

	2023	2022 (As Restated)	2021 (As Restated)
Statutory income tax rate	**25.00%**	25.00%	25.00%
Tax effects of:			
Nontaxable share in net earnings of associates and joint ventures	**(11.33%)**	(11.57%)	(9.61%)
Deductible lease payments	**(3.86%)**	(7.57%)	(9.50%)
Income under income tax holiday (ITH)	**(1.53%)**	(3.34%)	(3.30%)
Movements in unrecognized deferred income tax assets	**6.88%**	9.89%	10.36%
Nondeductible interest expense	**0.68%**	1.70%	2.88%
Nondeductible depreciation expense	**0.64%**	0.87%	1.15%
Interest income subjected to final tax at lower rates - net	**(0.90%)**	(0.37%)	(0.28%)
Others	**1.05%**	(0.24%)	(1.03%)
	16.63%	14.37%	15.67%

Deferred income taxes of the companies in the Group that are in deferred income tax assets and liabilities position consist of the following at December 31:

	2023	2022 (As Restated)
Net deferred income tax assets:		
Allowances for impairment and probable losses	**₱246,517**	₱462,138
Net income from commissioning	**1,103,664**	1,147,782
Difference between the carrying amount of nonmonetary assets and related tax base	**(1,578,558)**	(1,770,757)
Unrealized foreign exchange loss	**691,888**	1,185,850
Net operating loss carryover (NOLCO)	**313,886**	478,977
Pension liability (asset):		
Unamortized contributions for past service	**31,884**	37,652
Recognized in other comprehensive income	**26,874**	(12,137)
Recognized in statements of income	**83,763**	48,959
Interest rate swap on hedge accounting	**88,827**	(740,140)
Unamortized customs duties and taxes capitalized	**(31,816)**	(31,840)
Net provision for rehabilitation and restoration costs	**290,546**	479,041
Lease liability (right-of use assets)	**23,041**	(218,111)
Others	**47,110**	57,821
Net deferred income tax assets	**₱1,337,626**	₱1,125,235

	2023	2022 (As Restated)
Net deferred income tax liabilities:		
Unamortized franchise	**₱565,982**	₱585,223
Fair value adjustments of property, plant and equipment	**94,741**	100,523
Unrealized foreign exchange gains	**718**	2,163
Unamortized customs duties and taxes capitalized	**3,659**	3,884
Pension asset (liability):		
Recognized in other comprehensive income	**(83,672)**	(64,660)
Recognized in statements of income	**19,107**	58,907
Unamortized past service cost	**(12,067)**	(26,743)
Allowances for impairment and probable losses	**(334,922)**	(87,927)
Difference in treatment of PPA under financial and tax reporting	**1,327,887**	**–**
Lease liability (right-of use assets)	**3,148,274**	1,824,138
Others	**99,780**	19,737
Net deferred income tax liabilities	**₱4,829,487**	₱2,415,245

In computing for deferred income tax assets and liabilities, the rates used were 25% and 10% as of December 31, 2023 and 2022, which are the rates expected to apply to taxable income in the years in which the deferred income tax assets and liabilities are expected to be recovered or settled and considering the tax rate for renewable energy (RE) developers as allowed by the Renewable Energy Act of 2008 (see Note 40i).

No deferred income tax assets were recognized on the Group's NOLCO and MCIT amounting to ₱27.15 billion and ₱619.3 million, respectively, as of December 31, 2023 and ₱20.23 billion and ₱262.3 million, respectively, as of December 31, 2022, since management expects that it will not generate sufficient taxable income in the future that will be available to allow all of the deferred income tax assets to be utilized.

Provision for or benefit from deferred income tax on cash flow hedges recognized in other comprehensive income amounted to income of ₱829.0 million in 2023 and expense of ₱506.0 million and ₱257.1 million in 2022 and 2021, respectively.

There are no income tax consequences to the Group attaching to the payment of dividends to its shareholders.

30. Earnings Per Common Share

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

	2023	2022 (As Restated)	2021 (As Restated)
a. Net income attributable to equity holders of the parent	**₱33,101,720**	₱25,998,668	₱19,085,669
b. Weighted average number of common shares issued and outstanding	**7,318,142,937**	7,358,604,307	7,358,604,307
Basic and diluted earnings per common share (a/b)	**₱4.52**	₱3.53	₱2.59

There are no dilutive potential common shares for the years ended December 31, 2023, 2022 and 2021.

31. 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 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 (see Note 40i) 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:

2023

	Power Generation	**Power Distribution**	**Parent and Others**	**Total**
Revenue from power supply contracts	**₱69,630,934**	**₱–**	**₱–**	**₱69,630,934**
Revenue from distribution services	**–**	**53,362,657**	**–**	**53,362,657**
Revenue from retail electricity sales	**–**	**–**	**46,123,403**	**46,123,403**
Revenue from non-power supply contracts	**37,164,944**	**–**	**–**	**37,164,944**
Revenue from technical and management services	**–**	**–**	**101,741**	**101,741**
Revenue from interest income on concession contract asset	**716,218**	**–**	**–**	**716,218**
	₱107,512,096	**₱53,362,657**	**₱46,225,144**	**₱207,099,897**

2022

	Power Generation	Power Distribution	Parent and Others	Total
Revenue from power supply contracts	₱70,268,058	₱–	₱–	₱70,268,058
Revenue from distribution services	–	57,235,327	–	57,235,327
Revenue from retail electricity sales	–	–	35,179,570	35,179,570
Revenue from non-power supply contracts	31,232,574	–	–	31,232,574
Revenue from technical and management services	–	–	78,059	78,059
	₱101,500,632	₱57,235,327	₱35,257,629	₱193,993,588

2021

	Power Generation	Power Distribution	Parent and Others	Total
Revenue from power supply contracts	₱52,577,596	₱–	₱–	₱52,577,596
Revenue from distribution services	–	44,375,529	–	44,375,529
Revenue from retail electricity sales	–	–	19,874,964	19,874,964
Revenue from non-power supply contracts	17,430,539	–	–	17,430,539
Revenue from technical and management services	–	–	100,593	100,593
	₱70,008,135	₱44,375,529	₱19,975,557	₱134,359,221

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 consolidated statements of income. Interest expense and financing charges, depreciation and amortization expense and income taxes are managed on a per segment basis.

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

Capital expenditures consist of additions of property, plant and equipment and intangible asset - service concession rights. Adjustments as shown below include items not presented as part of segment assets and liabilities.

Revenue is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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

2023

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	**₱107,512,096**	**₱53,362,657**	**₱46,225,144**	**₱–**	**₱207,099,897**
Inter-segment	**29,863,841**	**1,493,010**	**2,237,039**	**(33,593,890)**	**–**
Total Revenue	**₱137,375,937**	**₱54,855,667**	**₱ 48,462,183**	**(₱33,593,890)**	**₱207,099,897**
Segment Results	**₱26,653,576**	**₱5,659,847**	**(₱528,344)**	**₱–**	**₱31,785,079**
Unallocated corporate income - net	**2,082,410**	**1,148,555**	**1,402,849**	**–**	**4,633,814**
INCOME FROM OPERATIONS	**28,735,986**	**6,808,402**	**874,505**	**–**	**36,418,893**
Interest expense and other financing costs	**(9,516,111)**	**(959,077)**	**(3,686,458)**	**–**	**(14,161,646)**
Interest income	**947,689**	**5,078**	**714,511**	**–**	**1,667,278**
Share in net earnings of associates and joint ventures	**19,536,583**	**263,119**	**35,656,243**	**(35,638,171)**	**19,817,774**
Provision for income tax	**(5,136,516)**	**(1,386,234)**	**(754,115)**	**–**	**(7,276,865)**
NET INCOME	**₱34,567,631**	**₱4,731,288**	**₱32,804,686**	**(₱35,638,171)**	**₱36,465,434**
OTHER INFORMATION					
Investments	**₱89,882,685**	**₱1,255,813**	**₱234,330,987**	**(₱233,910,627)**	**₱91,558,858**
Capital Expenditures	**₱13,488,658**	**₱4,957,626**	**₱745,452**	**₱–**	**₱19,191,736**
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**
Depreciation and Amortization	**₱11,383,810**	**₱1,485,610**	**₱95,124**	**₱145,018**	**₱13,109,562**

2022 (As Restated)

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱101,500,632	₱57,235,327	₱35,257,629	₱–	₱193,993,588
Inter-segment	35,979,166	1,716,144	1,659,555	(39,354,865)	–
Total Revenue	₱137,479,798	₱58,951,471	₱36,917,184	(₱39,354,865)	₱193,993,588
Segment Results	₱25,461,117	₱5,071,408	(₱729,551)	₱–	₱29,802,974
Unallocated corporate income - net	(702,072)	1,238,045	(20,643)	–	515,330
INCOME FROM OPERATIONS	24,759,045	6,309,453	(750,194)	–	30,318,304
Interest expense and other financing costs	(9,301,604)	(663,306)	(3,455,438)	–	(13,420,348)
Interest income	275,150	6,596	396,950	–	678,696
Share in net earnings of associates and joint ventures	14,773,385	290,130	31,861,514	(31,790,059)	15,134,970
Provision for income tax	(3,036,042)	(1,295,832)	(369,131)	–	(4,701,005)
NET INCOME	₱27,469,934	₱4,647,041	₱27,683,701	(₱31,790,059)	₱28,010,617
OTHER INFORMATION					
Investments	₱76,368,680	₱1,141,014	₱218,893,577	(₱218,483,623)	₱77,919,648
Capital Expenditures	₱8,874,211	₱4,049,009	₱719,867	₱–	₱13,643,087
Segment Assets	₱395,990,016	₱42,201,584	₱267,295,837	(₱228,111,667)	₱477,375,770
Segment Liabilities	₱195,970,882	₱32,735,235	₱84,947,800	(₱14,410,666)	₱299,243,251
Depreciation and Amortization	₱10,389,076	₱1,270,663	₱58,913	₱145,018	₱11,863,670

2021 (As Restated)

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱70,008,135	₱44,375,529	₱19,975,557	₱–	₱134,359,221
Inter-segment	27,329,151	1,252,529	932,611	(29,514,291)	–
Total Revenue	₱97,337,286	₱45,628,058	₱20,908,168	(₱29,514,291)	₱134,359,221
Segment Results	₱22,949,164	₱5,057,139	₱203,492	₱1	₱28,209,796
Unallocated corporate income - net	(519,603)	1,014,963	(281,795)	–	213,565
INCOME FROM OPERATIONS	22,429,561	6,072,102	(78,303)	–	28,423,361
Interest expense and other financing costs	(9,472,367)	(591,189)	(3,526,809)	–	(13,590,365)
Interest income	127,868	6,701	208,664	–	343,233
Share in net earnings of associates and joint ventures	9,236,653	242,882	25,210,136	(25,209,975)	9,479,696
Provision for income tax	(2,571,465)	(1,052,765)	(238,173)	–	(3,862,403)
NET INCOME	₱19,750,250	₱4,677,731	₱21,575,515	(₱25,209,974)	₱20,793,522
OTHER INFORMATION					
Investments	₱63,562,307	₱1,034,881	₱188,071,199	(₱187,726,581)	₱64,941,806
Capital Expenditures	₱5,053,204	₱3,228,363	₱77,789	₱–	₱8,359,356
Segment Assets	₱355,664,421	₱37,014,457	₱232,720,100	(₱198,227,019)	₱427,171,959
Segment Liabilities	₱178,071,468	₱28,664,273	₱78,721,417	(₱13,360,453)	₱272,096,705
Depreciation and Amortization	₱9,879,617	₱1,128,298	₱49,340	₱145,018	₱11,202,273

32. **Related Party Disclosures**

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

The Group enters into transactions with its parent, associates, joint ventures and other related parties, principally consisting of the following:

a. The Company provides services to certain associates and joint ventures such as technical and legal assistance for various projects and other services.

b. Energy fees are billed by the Group to related parties and the Group also purchased power and associates and joint ventures, arising from the following:

   - PPA/PSA or ESA (see Note 21)
   - Replacement power contracts (see Note 22)

c. Coal purchases of the Group from Abaqa International Pte. Ltd., a subsidiary of AEV.

d. AEV provides human resources, internal audit, legal, treasury and corporate finance services, among others, to the Group and shares with the member companies the business expertise of its highly qualified professionals. Transactions are priced based on agreed rates, and billed costs are always benchmarked to third party rates. Service level agreements are in place to ensure quality of service. This arrangement enables the Group to maximize efficiencies and realize cost synergies. These transactions result to professional and technical fees paid by the Group to AEV (see Note 24).

d. Aviation services are rendered by AAI, an associate, to the Group.

e. Lease of commercial office units by the Group from Cebu Praedia Development Corporation (CPDC) and Aboitizland, Inc. and subsidiaries. CPDC and Aboitizland, Inc. are subsidiaries of AEV.

f. Aboitiz Construction, Inc. (ACI), a wholly owned subsidiary of ACO, rendered its services to the Group for various construction projects.

g. LEZ entered into a Concession Agreement with Lima Land, Inc. (LLI) for which it is entitled to the exclusive right to distribute and supply electricity to LLI's locators.

h. Interest-bearing advances from AEV and subsidiaries availed by the Group. The annual interest rates are determined on arm's length basis.

i. TLI entered into a contract for difference with SNAP-Magat to pay with respect to the difference between the strike price and the reference price for a specified electricity quantity.

j. Cash deposits with Union Bank of the Philippines (UBP) earn interest at prevailing market rates (see Note 5). UBP is an associate of AEV.

k. The Company obtained Standby Letter of Credit (SBLC) and is acting as surety for the benefit of certain associates and joint ventures in connection with loans and credit accommodations. The Company provided SBLC for STEAG, CEDC, and SNAP B in the amount of nil in 2023, ₱100.2 million in 2022 and ₱103.5 million in 2021.

The above transactions are settled in cash. The consolidated balance sheets and consolidated statements of income include the following significant account balances resulting from the above transactions with related parties:

a. Revenue - Technical, management and other fees

	Revenue			Receivable			
	2023	2022	2021	**2023**	2022	Terms	Conditions
AEV and subsidiaries							
APO Agua Infrastractura, Inc.	**₱7,146**	₱15,190	₱14,948	**₱–**	₱–	30-day; interest-free	No impairment; unsecured
Associates and joint ventures							
GNPD	**44,910**	43,477	39,502	**3,593**	8,566	30-day; interest-free	No impairment; unsecured
SFELAPCO	**25,875**	6,000	19,000	**–**	–	30-day; interest-free	No impairment; unsecured
SNAP M	**7,500**	6,696	6,696	**–**	–	30-day; interest-free	No impairment; unsecured
SNAP B	**16,309**	6,696	6,696	**–**	–	30-day; interest-free	No impairment; unsecured
SNAP G	**–**	–	239	**–**	–	30-day; interest-free	No impairment; unsecured
	₱101,740	₱78,059	₱87,081	**₱3,593**	₱8,566		

b. Revenue - Sale of power

	Revenue			Receivable			
	2023	2022	2021	**2023**	2022	Terms	Conditions
AEV and subsidiaries							
Pilmico Foods Corporation	**₱124,383**	₱123,655	₱54,363	**₱16,019**	₱15,433	30-day; interest-free	No impairment; unsecured
Lima Land, Inc.	**44,118**	42,283	36,755	**7,568**	23,274	30-day; interest-free	No impairment; unsecured
Lima Water Corporation	**25,315**	30,372	19,425	**2**	–	30-day; interest-free	No impairment; unsecured
Aboitizland, Inc. and subsidiaries	**18,907**	21,244	20,263	**126**	–	30-day; interest-free	No impairment; unsecured
Cebu Industrial Park Developer's, Inc.	**2,434**	2,533	1,568	**137**	–	30-day; interest-free	No impairment; unsecured
Associates and joint ventures							
SFELAPCO	**237,293**	2,142,713	2,710,153	**61,635**	60,951	30-day; interest-free	No impairment; unsecured
GNPD	**167,879**	516,901	9,452,701	**–**	–	30-day; interest-free	No impairment; unsecured
MEC	**–**	11,738	13,867	**–**	4,803	30-day; interest-free	No impairment; unsecured
SNAP M	**732,471**	1,511,909	2,912	**376,383**	660,362	30-day; interest-free	No impairment; unsecured
SNAP RES	**46,471**	–	–	**3,565**	–	30-day; interest-free	No impairment; unsecured
SNAP B	**251,733**	–	–	**105,786**	–	30-day; interest-free	No impairment; unsecured
Other related parties							
Republic Cement & Building Materials, Inc. (an associate of AEV)	**2,322,855**	2,587,557	2,464,158	**277,162**	2,114,195	30-day; interest-free	No impairment; unsecured
Tsuneishi Heavy Industries Cebu, Inc. (a joint venture of ACO and Tsuneishi Group)	**193,177**	174,355	–	**16,094**	–	30-day; interest-free	No impairment; unsecured
Aboitiz Construction International, Inc.	**3,844**	1,767	1,319,651	**–**	–	30-day; interest-free	No impairment; unsecured
	₱4,170,880	₱7,167,027	₱16,095,816	**₱864,477**	₱2,879,018		

c. Cost of purchased power and coal

	Purchases			Payable			
	2023	2022	2021	**2023**	2022	Terms	Condition
AEV and subsidiaries							
Abaqa International Pte. Ltd.	**₱10,123,754**	₱6,584,814	₱–	**₱1,284,696**	₱267	30-day; interest-free	Unsecured
Associates and Joint Ventures							
CEDC	**6,521,068**	5,005,221	4,522,422	**488,137**	85,659	30-day; interest-free	Unsecured
SNAP M	**1,318,600**	2,815,696	73,350	**21,957**	8,004	30-day; interest-free	Unsecured
SFELAPCO	**113,305**	33,664	–	**12,785**	3,131	30-day; interest-free	Unsecured
SNAP B	**821,815**	1,478,492	–	**107,590**	–	30-day; interest-free	Unsecured
GNPD	**15,740,852**	–	–	**1,518,818**	–	30-day; interest-free	Unsecured
	₱34,639,394	₱15,917,887	₱4,595,772	**₱3,433,983**	₱97,061		

d. Expenses

		Purchases/Expenses			Payable			
	Nature	**2023**	2022	2021	**2023**	2022	Terms	Condition
Ultimate Parent								
ACO	Professional fees	**₱6,300**	₱6,000	₱4,500	**₱–**	₱–	30-day; interest-free	Unsecured
AEV and subsidiaries								
AEV	Professional and Technical fees	**241,803**	693,537	622,983	**–**	11,354	30-day; interest-free	Unsecured
Lima Land, Inc.	Concession fees	**94,155**	95,790	88,820	**–**	7,987	30-day; interest-free	Unsecured
Lima Land, Inc.	Rental	**19,050**	–	–	**–**	–	30-day; interest-free	Unsecured
AAI	Aviation Services	**37,835**	79,876	54,814	**–**	782	30-day; interest-free	Unsecured
SNAP M	CFD charges	**–**	31,786	37,728	**–**	–	30-day; interest-free	Unsecured
RCBM	Generation fees	**11,846**	60,151	38,070	**40,138**	–	30-day; interest-free	Unsecured
CPDC	Rental	**24,730**	23,179	27,201	**89**	–	30-day; interest-free	Unsecured
Aboitizland, Inc. and subsidiaries	Rental	**–**	319	351	**–**	–	30-day; interest-free	Unsecured
		₱435,719	₱990,638	₱874,467	**₱40,227**	₱20,123		

e. Capitalized construction and rehabilitation costs

	Purchases			Payable			
	2023	2022	2021	**2023**	2022	Terms	Condition
Other related parties							
ACI	**₱296,759**	₱313,249	₱340,286	**₱–**	₱–	30-day; interest-free	Unsecured

f. Temporary advances

	Interest Expense			Payable			
	2023	2022	2021	**2023**	2022	Terms	Condition
Parent							
AEVI	**₱–**	₱₱1,361	₱342	**₱–**	₱–	Promissory note; interest-bearing	Unsecured

g. Loans payable

	Interest Expense			Payable			
	2023	2022	2021	**2023**	2022	Terms	Conditions
Parent							
AEV	**₱19,546**	₱10,061	₱7,965	**₱300,000**	₱300,000	Loan agreement; interest-bearing	Unsecured

h. Cash deposits and placements with UBP

	Interest Income			Outstanding Balance			
	2023	2022	2021	**2023**	2022	Terms	Conditions
TPI and subsidiaries	**₱255,220**	₱35,786	₱10,407	**₱11,226,710**	₱10,019,727	90 days or less; interest-bearing	No impairment; unsecured
Company	**26,024**	6,787	11,553	**1,346,430**	772,870	90 days or less; interest-bearing	No impairment; unsecured
ARI and subsidiaries	**310,155**	27,116	9,985	**7,458,954**	3,774,659	90 days or less; interest-bearing	No impairment; unsecured
VECO	**1,208**	2,249	2,535	**320,348**	430,813	90 days or less; interest-bearing	No impairment; unsecured
DLP	**762**	3,095	2,994	**232,922**	509,593	90 days or less; interest-bearing	No impairment; unsecured
CPPC	**928**	1,107	1,737	**251,734**	110,163	90 days or less; interest-bearing	No impairment; unsecured
AESI	**3,789**	9,032	2,964	**624,887**	570,589	90 days or less; interest-bearing	No impairment; unsecured
AI	**4,106**	4,453	1,473	**1,081,001**	870,529	90 days or less; interest-bearing	No impairment; unsecured
SEZ	**253**	382	261	**119,415**	94,081	90 days or less; interest-bearing	No impairment; unsecured
EAUC	**843**	711	961	**236,839**	129,327	90 days or less; interest-bearing	No impairment; unsecured
CLP	**55**	177	158	**162,191**	38,484	90 days or less; interest-bearing	No impairment; unsecured
LEZ	**25**	61	56	**117,146**	14,094	90 days or less; interest-bearing	No impairment; unsecured
PEI	**88**	88	90	**49,263**	119,431	90 days or less; interest-bearing	No impairment; unsecured
MEZ	**110**	148	134	**27,140**	54,194	90 days or less; interest-bearing	No impairment; unsecured
BEZ	**96**	95	82	**33,807**	20,922	90 days or less; interest-bearing	No impairment; unsecured
MVEZ	**10**	43	44	**8,294**	20,939	90 days or less; interest-bearing	No impairment; unsecured
SACASUN	**–**	–	359	**–**	–	90 days or less; interest-bearing	No impairment; unsecured
APInt	**279**	–	–	**539,315**	566,910	90 days or less; interest-bearing	No impairment; unsecured
	₱603,951	₱91,330	₱45,793	**₱23,836,396**	₱18,117,325		

The Company's Fund is in the form of a trust being maintained and managed by AEV. In 2023 and 2022, other than contributions to the Fund, no transactions occurred between the Company or any of its direct subsidiaries and the Fund.

Compensation of BOD and key management personnel of the Group follows:

	2023	2022	2021
Short-term benefits	**₱236,237**	₱236,170	₱346,730
Post-employment benefits	**5,980**	4,000	14,608
	₱242,217	₱240,170	₱361,338

33. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of 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, commodity swap contracts to hedge the price volatility of forecast coal purchases and interest rate swap agreement to hedge the variability in the interest cash flow of its LIBOR 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.

Liquidity risk

Liquidity risk is the risk of not meeting obligations as they become due because of the inability to liquidate assets or obtain adequate funding. The Group maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements are maintained to meet maturing obligations and pay any dividend declarations.

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. 4.78% and 8.32% of the Group's debt will mature in less than one year as of December 31, 2023 and 2022 respectively. 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 amounting to ₱54.54 billion and ₱64.76 billion as of December 31, 2023 and 2022, respectively, and trade and other receivables amounting to ₱34.25 billion and ₱35.34 billion as of December 31, 2023 and 2022, respectively. Cash and cash equivalents can be withdrawn anytime while trade and other receivables are expected to be collected/realized within one year.

The following tables summarize the maturity profile of the Group's financial liabilities as of December 31, 2023 and 2022 based on contractual undiscounted payments:

December 31, 2023

	Total carrying value	Contractual undiscounted principal payments				
		Total	On demand	<1 year	1 to 5 years	> 5 years
Short-term loans	**₱19,959,100**	**₱20,049,907**	**₱–**	**₱20,049,907**	**₱–**	**₱–**
Trade and other payables	**27,833,264**	**27,833,264**	**3,705,291**	**24,127,973**	**–**	**–**
Long-term debts	**214,271,130**	**235,628,224**	**–**	**13,275,294**	**117,673,900**	**104,679,030**
Customers' deposits	**8,903,014**	**8,903,014**	**–**	**41,203**	**483,720**	**8,378,091**
Lease liabilities	**2,914,845**	**6,205,759**	**–**	**150,598**	**935,376**	**5,119,785**
Long-term obligation on PDS	**122,730**	**160,000**	**–**	**40,000**	**120,000**	**–**
Derivative liabilities	**481,595**	**481,595**	**–**	**481,595**	**–**	**–**
	₱274,485,678	**₱299,261,763**	**₱3,705,291**	**₱58,166,570**	**₱119,212,996**	**₱118,176,906**

December 31, 2022

	Total Carrying Value	Contractual undiscounted payments				
		Total	On demand	<1 year	1 to 5 years	> 5 years
Short-term loans	₱21,402,715	₱21,474,938	₱–	₱21,474,938	₱–	₱–
Trade and other payables	28,111,037	28,111,037	5,567,573	22,543,464	–	–
Long-term debts	199,451,918	220,632,417	–	13,879,739	93,155,362	113,597,316
Customers' deposits	8,183,106	8,183,106	–	39,052	491,769	7,652,285
Lease liabilities	27,541,956	34,860,140	–	11,374,338	17,719,728	5,766,074
Long-term obligation on PDS	145,390	200,000	–	40,000	160,000	–
Derivative liabilities	447,264	777,856	–	116,672	661,184	–
	₱285,283,386	₱314,239,494	₱5,567,573	₱69,468,203	₱112,188,043	₱127,015,675

Market risk

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

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. To manage this risk, the Group determines the mix of its debt portfolio as a function of the level of current interest rates, the required tenor of the loan, and the general use of the proceeds of its various fund raising activities. As of 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%. As of December 31, 2022, 8% of the Group's long-term debt had annual floating interest rates ranging from 1.97% to 7.68%, and 92% have annual fixed interest rates ranging from 4.27% to 9%.

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 December 31, 2023

	<1 year	**1-5 years**	**>5 years**	**Total**
Floating rate - long-term debt	**₱1,802,301**	**₱7,566,932**	**₱6,606,116**	**₱15,975,349**

As of December 31, 2022

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱1,088,172	₱5,777,095	₱9,536,945	₱16,402,212

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 (see Note 34).

The following table demonstrates the sensitivity to a reasonable 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
December 2023	**200**	**(₱319,507)**
	(100)	**159,753**
December 2022	200	(₱328,044)
	(100)	164,022

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

The interest expense and other finance charges recognized according to source are as follows:

	2023	2022	2021
Short-term loans and long-term debt (see Notes 16 and 17)	**₱12,409,419**	₱10,651,537	₱10,138,558
Lease liabilities (see Note 35)	**1,283,213**	2,391,695	2,750,328
Loss on loan extinguishment (see Note 17)	**8,586**	44,962	447,502
Customers' deposits (see Note 18)	**2,492**	1,207	4,180
Other long-term obligations (see Notes 19)	**457,936**	330,947	249,797
	₱14,161,646	₱13,420,348	₱13,590,365

Commodity Price Risk
Commodity price risk of the Group arises from transactions on the world commodity markets to secure the supply of fuel, particularly coal, which is necessary for the generation of electricity.

The Group's objective is to minimize the impact of commodity price fluctuations and this exposure is hedged in accordance with the Group's commodity price risk management strategy.

Based on a 36-month forecast of the required coal supply, the Group hedges the purchase price of coal using commodity swap contracts. The commodity swap contracts do not result in physical delivery of coal, but are designated as cash flow hedges to offset the effect of price changes in coal.

Foreign exchange risk
The foreign exchange risk of the Group pertains significantly to its foreign currency denominated 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 13.22% and 20.48% of total consolidated borrowings as of December 31, 2023 and 2022, respectively.

Presented below are the Group's foreign currency denominated financial assets and liabilities translated to Philippine Peso:

	December 31, 2023		December 31, 2022	
	US Dollar	**Philippine Peso equivalent[1]**	US Dollar	Philippine Peso equivalent[2]
Financial assets:				
Cash and cash equivalents	**$159,006**	**₱8,804,162**	$217,588	₱12,131,619
Trade and other receivables	**70,309**	**3,893,009**	2,467	137,548
Advances to associates	**258**	**14,285**	3	167
Total financial assets	**229,573**	**12,711,456**	220,058	12,269,334
Financial liabilities:				
Trade and other payables	**64,986**	**3,598,275**	30,076	1,676,887
Lease liabilities	**–**	**–**	241,244	13,450,559
Total financial liabilities	**64,986**	**3,598,275**	271,320	15,127,446
Total net financial assets (liabilities)	**$164,587**	**₱9,113,181**	($51,262)	(₱2,858,112)

[1]US$1 = ₱55.37
[2]US$1 = ₱55.76

The following table demonstrates the sensitivity to a reasonable possible change in the US dollar exchange rates, with all other variables held constant, of the Group's income before tax as of December 31:

	Increase (decrease) in US Dollar	Effect on income before tax
2023		
US Dollar denominated accounts	**US Dollar strengthens by 5%**	**₱455,659**
US Dollar denominated accounts	**US Dollar weakens by 5%**	**(455,659)**
2022		
US Dollar denominated accounts	US Dollar strengthens by 5%	(₱142,906)
US Dollar denominated accounts	US Dollar weakens by 5%	142,906

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.

The following table presents LHC's, GMEC's and STEAG's foreign currency denominated assets and liabilities:

	2023		2022	
	Philippine Peso	**US Dollar Equivalent[1]**	Philippine Peso	US Dollar Equivalent[2]
Financial assets:				
Cash and cash equivalents	**₱9,008,117**	**$162,689**	₱4,194,517	$75,231
Trade and other receivables	**7,078,677**	**127,843**	8,398,854	150,639
	16,086,794	**290,532**	12,593,371	225,870
Financial liabilities:				
Trade and other payables	**4,154,504**	**75,032**	5,761,218	103,331
Net foreign currency denominated assets	**₱11,932,290**	**$215,500**	₱6,832,153	$122,539

[1]US$1 = ₱55.37
[2]US$1 = ₱55.76

The following tables demonstrate the sensitivity to a reasonable possible change in the US dollar exchange rate in relation to Philippine peso, with all variables held constant, of the Group's income before tax as of December 31:

	Effect on income before tax	
	2023	2022
US dollar appreciates against Philippine peso by 5.0%	**($10,775)**	($6,127)
US dollar depreciates against Philippine peso by 5.0%	**10,775**	6,127

There is no other impact on the Group's equity other than those already affecting the 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 as of December 31, 2023 and 2022 is summarized in the following table:

	2023	2022
Power distribution:		
Industrial	**₱9,284,763**	₱10,089,301
Residential	**2,193,446**	3,394,574
Commercial	**1,147,583**	1,059,520
City street lighting	**–**	27,372
Power generation:		
Power supply contracts	**14,210,326**	13,033,268
Spot market	**3,181,336**	2,745,316
	₱30,017,454	₱30,349,351

The above receivables were provided with allowance for ECL amounting to ₱3.38 billion and ₱3.33 billion as of December 31, 2023 and 2022, respectively (see Note 6).

The following are the details of the Group's assessment of credit quality and the related ECLs as at December 31, 2023 and 2022:

	2023				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Lifetime ECL Simplified Approach**	**Total**
Gross carrying amount	**₱76,585,810**	**₱–**	**₱–**	**₱30,017,454**	**₱106,603,264**
Loss allowance	**–**	**–**	**–**	**3,376,162**	**3,376,162**
Carrying amount	**₱76,585,810**	**₱–**	**₱–**	**₱26,641,292**	**₱103,227,102**

	2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱79,950,645	₱–	₱–	₱30,349,351	₱110,299,996
Loss allowance	–	–	–	3,329,397	3,329,397
Carrying amount	₱79,950,645	₱–	₱–	₱27,019,954	₱106,970,599

Trade and other receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments and accounts under dispute and legal proceedings.

The Group evaluated its cash and cash equivalents and restricted cash as high quality financial assets since these are placed in financial institutions of high credit standing.

With respect to other receivables, investments in equity securities and derivative assets, the Group evaluates the counterparty's external credit rating in establishing credit quality.

Below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

December 31, 2023

	Expected credit loss					
	Current	< 30 days	31- 60 days	61 - 90 days	Over 90 days	Total
Expected credit loss rate	**1.41%**	**0.91%**	**6.86%**	**1.66%**	**87.72%**	
Estimated total gross carrying amount at default	**₱19,797,562**	**₱2,903,990**	**₱840,660**	**₱3,099,080**	**₱3,376,162**	**₱30,017,454**
Expected credit loss	**279,040**	**26,490**	**57,701**	**51,302**	**3,376,162**	**3,376,162**

December 31, 2022

	Expected credit loss					
	Current	< 30 days	31- 60 days	61 - 90 days	Over 90 days	Total
Expected credit loss rate	1.51%	1.38%	10.53%	3.54%	84.19%	
Estimated total gross carrying amount at default	₱21,070,323	₱2,375,923	₱708,503	₱2,865,204	₱3,329,397	₱30,349,350
Expected credit loss	317,431	32,876	74,583	101,397	2,803,110	3,329,397

The tables below show the Group's aging analysis of financial assets:

December 31, 2023

	Total	Current	Less than 30 days	31 days to 60 days	Over 60 days	Individually impaired
Cash and cash equivalents:						
Cash on hand and in banks	**₱23,074,172**	**₱23,074,172**	**₱–**	**₱–**	**₱–**	**₱–**
Short-term deposits	**31,464,612**	**31,464,612**	**–**	**–**	**–**	**–**
	54,538,784	**54,538,784**	**–**	**–**	**–**	**–**
Trade receivables:						
Power supply contracts	**14,210,326**	**10,831,778**	**417,860**	**210,776**	**1,437,835**	**1,312,077**
Spot market	**3,181,336**	**689,450**	**145,272**	**43,095**	**788,193**	**1,515,326**
Industrial	**9,284,763**	**6,813,298**	**1,423,510**	**440,570**	**318,644**	**288,741**
Residential	**2,193,446**	**872,589**	**712,685**	**117,084**	**309,736**	**181,352**
Commercial	**1,147,583**	**590,447**	**204,663**	**29,135**	**244,672**	**78,666**
	30,017,454	**19,797,562**	**2,903,990**	**840,660**	**3,099,080**	**3,376,162**
Other receivables*	**7,606,251**	**7,604,671**	**–**	**–**	**1,580**	**–**
Financial assets at FVTPL	**3,906**	**–**	**–**	**–**	**3,906**	**–**
Concession contract asset	**9,345,442**	**9,345,442**	**–**	**–**	**–**	**–**
Restricted cash	**4,736,119**	**4,736,119**	**–**	**–**	**–**	**–**
Derivative assets	**355,308**	**355,308**	**–**	**–**	**–**	**–**
Total	**₱106,603,264**	**₱96,377,886**	**₱2,903,990**	**₱840,660**	**₱3,100,660**	**₱3,376,162**

**Includes the noncurrent portion of the PSALM deferred adjustment presented under other noncurrent assets in the consolidated balance sheets.*

December 31, 2022

	Total	Current	Less than 30 days	31 days to 60 days	Over 60 days	Individually impaired
Cash and cash equivalents:						
Cash on hand and in banks	₱26,275,516	₱26,275,516	₱–	₱–	₱–	₱–
Short-term deposits	38,488,126	38,488,126	–	–	–	–
	64,763,642	64,763,642	–	–	–	–
Trade receivables:						
Power supply contracts	13,033,268	10,167,005	270,892	284,740	1,140,319	1,170,312
Spot market	2,745,316	524,720	54,352	34,765	612,280	1,519,199
Industrial	10,089,301	9,025,249	366,019	109,840	267,258	320,935
Residential	3,394,574	941,799	1,305,655	211,974	688,679	246,467
Commercial	1,059,520	402,550	368,102	66,731	151,442	70,695
City street lighting	27,372	9,001	10,903	453	5,226	1,789
	30,349,351	21,070,324	2,375,923	708,503	2,865,204	3,329,397
Other receivables*	9,163,578	9,161,546	–	–	2,032	–
Restricted cash	6,023,425	6,023,425	–	–	–	–
Total	₱110,299,996	₱101,018,937	₱2,375,923	₱708,503	₱2,867,236	₱3,329,397

**Includes the noncurrent portion of the PSALM deferred adjustment presented under other noncurrent assets in the consolidated balance sheets.*

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 loans, long-term loans, and lease liabilities less cash and short-term deposits (including restricted cash).

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

	2023	2022 (As Restated)
Short-term loans	**₱19,959,100**	₱21,402,715
Long-term debt	**214,271,130**	199,451,918
Lease liabilities	**2,914,845**	27,541,956
Cash and cash equivalents	**(54,538,784)**	(64,763,642)
Restricted cash	**(4,736,119)**	(6,023,425)
Net debt (a)	**177,870,172**	177,609,522
Equity	**193,974,365**	178,132,519
Equity and net debt (b)	**371,844,537**	355,742,041
Gearing ratio (a/b)	**47.83%**	49.93%

Part of the Group's capital management is to ensure that it meets financial covenants attached to long-term borrowings. Breaches in meeting the financial covenants would permit the banks to immediately call loans and borrowings. The Group is in compliance with the financial covenants attached to its long-term debt as of December 31, 2023 and 2022 (see Note 17).

Certain entities within the Group that are registered with the BOI are required to raise a minimum amount of capital in order to avail of their registration incentives. As of December 31, 2023 and 2022, these entities have complied with the requirement as applicable (see Note 37).

No changes were made in the objectives, policies or processes during the years ended December 31, 2023 and 2022.

34. **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.

	December 31, 2023		December 31, 2022	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
Financial Asset				
PSALM deferred adjustment	**₱–**	**₱–**	₱54,503	₱54,224
Financial Liabilities				
Lease liabilities	**₱2,914,845**	**₱3,119,858**	₱27,541,956	₱25,619,783
Long-term debt - fixed rate	**198,295,781**	**185,830,378**	183,049,706	170,193,814
PSALM deferred adjustment	**–**	**–**	54,503	54,224
Long-term obligation on power distribution system	**122,730**	**167,708**	145,390	143,225
	₱201,333,356	**₱189,117,944**	₱210,791,555	₱196,011,046

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. Interest-bearing loans were discounted using credit-adjusted interest rates ranging from 5.12% to 7.71% in 2023 and 1% to 8.47% in 2022.

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 lease liabilities was calculated by discounting future cash flows using discount rates of 5.30% to 12.5% for peso payments in 2023 and 9.11% for dollar payments and 5.72% to 9.75% for peso payments in 2022.

Concession contract asset. The fair value of the concession contract asset is calculated by discounting expected future cash flows at prevailing market rates. Discount rate used in discounting the asset is 11.5% in 2023 and the carrying amount approximates to its fair value.

Long-term obligation on PDS and PSALM deferred adjustment. The fair value of the long-term obligations on power distribution system and PSALM deferred adjustment is calculated by discounting expected future cash flows at prevailing market rates. Discount rates used in discounting the obligation ranges from nil in 2023 and 1.66% to 4.63% in 2022.

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 IRS and interest rate cap are determined by generally accepted valuation techniques with reference to observable market data such as interest rates.

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

The Group also entered into deliverable and non-deliverable short-term forward contracts with counterparty banks to manage its foreign currency risks associated with foreign currency-denominated liabilities, purchases and highly probable forecasted purchases.

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

IRS

On September 29, 2017, GMEC entered into an IRS agreement to hedge the variability in the interest cash flows on the entire amount of its LIBOR Loan (see Note 17), which bears interest based on six-month US LIBOR. Under the swap agreement, GMEC pays a fixed rate of 2.18% and receives six-month US LIBOR, semi-annually from March 29, 2018 until September 27, 2024. The IRS settlement dates coincide with the semi-annual interest payment dates of the NFA. GMEC designated the swap as a cash flow hedge. Due to the demise of LIBOR effective June 30, 2023, GMEC has transitioned to the adoption of US$ Secured Overnight Financing Rate (SOFR), compounded in arrears and a credit adjustment of 35 basis points.

As of December 31, 2023, the outstanding notional amount and derivative asset as a result of the swap amounted to US$200.8 million and ₱333.3 million, respectively. As of December 31, 2022, the outstanding notional amount and derivative asset as a result of the swap amounted to US$218.6 million and ₱542.0 million, respectively.

Foreign currency forward contracts
TLI has foreign exchange forward contracts designated as hedging instrument in a cash flow hedges of forecasted coal purchases and PSALM monthly fees in USD. These forecast transactions are highly probable and they comprise about 20% of TLI's total expected coal purchases in USD and PSALM USD payments for the following year. The foreign exchange forward contracts vary with the level of expected foreign currency purchases and changes in foreign exchange forward rates.

Non-deliverable forward contracts
In 2022, the Company entered into non-deliverable forward (NDF) contracts with counterparty banks to manage foreign currency risks associated with ARI's US Dollar commitments for the completion of its renewable projects. The notional amount of these contracts amounted to $109.1 million (₱6.69 billion). The Company designated these NDF contracts as a cash flow hedge.

As of December 31, 2023, the outstanding notional amount and fair value of the NDF contracts amounted to ₱4.90 billion and ₱481.6 million, respectively. As of December 31, 2022, the outstanding notional amount and fair value of the NDF contracts amounted to ₱6.08 billion and ₱447.3 million, respectively.

Commodity swap contracts
In 2018, TLI 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.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign currency forward, IRS and commodity swap contracts match the terms of the expected highly probable foreign currency denominated forecasted purchases and floating rate loans. The Group has established a hedge ration of 1:1 for the hedging relationships as the underlying risk of the foreign currency forward, IRS and commodity swap contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative technique and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Different reference prices linked to the hedged risk of the hedged items and hedging instruments
- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The Group is holding the following hedging instruments designated as cash flow hedges:

December 31, 2023

	Maturity					
	Less than 3 months	**3 to 6 months**	**6 to 12 months**	**1 to 2 years**	**More than 2 years**	**Total**
IRS - Derivative Assets						
Notional amount (in PHP)	**–**	**–**	**11,116,912**	**–**	**–**	**11,116,912**
Average fixed interest rate	**–**	**–**	**2.18%**	**–**	**–**	
Foreign Currency Forward Contracts						
Notional amount (in PHP)	**–**	**459,043**	**930,418**	**700,037**	**–**	**2,089,498**
Average forward rate (in PHP)	**–**	**54**	**54**	**55**	**–**	
Notional amount (in PHP)	**–**	**–**	**–**	**1,215,870**	**–**	**1,215,870**
Average forward rate (in PHP)	**–**	**–**	**–**	**56**	**–**	
NDF - Derivative Liability						
Notional amount (in PHP)	**–**	**–**	**4,903,795**	**–**	**–**	**4,903,795**
Average forward rate (in PHP)	**–**	**–**	**61**	**–**	**–**	
Commodity swaps - derivative asset						
Notional amount (in metric)	**1,000**	**–**	**–**	**–**	**–**	**1,000**
Notional amount (in PHP)	**7,201**	**–**	**–**	**–**	**–**	**7,201**
Average hedged rate (in PHP per metric tonne)	**7**	**–**	**–**	**–**	**–**	

December 31, 2022

	Maturity					
	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	More than 2 years	Total
IRS - Derivative Assets						
Notional amount (in PHP)	526,885	–	468,342	1,990,454	9,203,757	12,189,438
Average fixed interest rate	2.18%	–	2.18%	2.18%	2.18%	
Foreign Currency Forward Contracts - Derivative Assets						
Notional amount (in PHP)	615,925	645,612	1,104,329	3,768,288	–	6,134,154
Average forward rate (in PHP)	52	52	53	55	–	
Commodity swaps - Derivative Asset						
Notional amount (in metric)	90,000	39,000	36,000	1,000	–	166,000
Notional amount (in PHP)	538,391	212,314	212,069	7,151	–	969,925
Average hedged rate (in PHP per metric tonne)	5,982	5,444	5,891	7,151	–	
NDF- Derivative Liability						
Notional amount (in PHP)	–	–	1,638,081	4,443,674	–	6,081,755
Average Forward rate (in PHP)	–	–	61	61	–	
Commodity swaps - Derivative Liability						
Notional amount (in metric tonnes)	5,000	9,000	18,000	–	–	32,000
Notional amount (in PHP)	96,456	165,676	318,648	–	–	580,780
Average hedged rate (in PHP per metric tonne)	19,291	18,408	17,703	–	–	

The impact of the hedged items and hedging instruments in the consolidated balance sheets as of December 31, 2023 and 2022, and consolidated statements of income and comprehensive income for the years ended December 31, 2023 and 2022, is as follows:

	As at 31 December 2023			
	Carrying amount	**Change in fair value used for measuring ineffectiveness**	**Total hedging gain (loss) recognized in OCI**	**Ineffectiveness recognized in other comprehensive income (charges)**
IRS				
Derivative asset	**₱333,290**	**₱333,290**	**₱333,290**	**₱–**
Forward exchange currency forwards				
Derivative asset	**21,592**	**21,592**	**21,592**	**–**
Commodity swaps				
Derivative asset	**426**	**426**	**426**	**–**
NDF contracts				
Derivative liability	**(481,595)**	**(481,595)**	**(481,595)**	**–**

	As at 31 December 2022			
	Carrying amount	Change in fair value used for measuring ineffectiveness	Total hedging gain (loss) recognized in OCI	Ineffectiveness recognized in other comprehensive income (charges)
IRS				
Derivative asset	₱542,024	₱542,024	₱542,024	₱–
Forward exchange currency forwards				
Derivative asset	307,011	307,011	307,011	–
NDF contracts				
Derivative Liability	(447,264)	(447,264)	(447,264)	–
Commodity swaps				
Derivative asset	2,105,328	2,105,328	2,105,328	–
Derivative liability	(42,336)	(36,865)	(36,865)	(5,471)

The movements in fair value changes of all derivative instruments for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
At beginning of year	**₱2,464,763**	₱1,065,927
Net changes in fair value of derivatives designated as cash flow hedges	**(2,591,050)**	1,729,380
Net changes in fair value of derivatives not designated as accounting hedges	**100,968**	57,109
Fair value of settled instruments	**(100,968)**	(387,653)
At end of year	**(₱126,287)**	₱2,464,763

The net gains and losses from the net fair value changes of derivatives not designated as accounting hedges are included under “Net foreign exchange gain (losses)” in Note 28.

The changes in the fair value of derivatives designated as cash flow hedges were deferred in equity under "Cash flow hedge reserve."

The net movement of changes to cash flow hedge reserve is as follows:

	2023	2022
Balance at beginning of year (net of tax)	**₱2,135,647**	₱862,973
Changes in fair value recorded in equity	**(678,157)**	614,151
	1,457,490	1,477,124
Changes in fair value transferred to profit or loss	**(1,761,431)**	448,429
Balance at end of year before deferred tax effect	**(303,941)**	1,925,553
Deferred tax effect	**88,827**	210,094
Balance at end of year (net of tax)	**(₱215,114)**	₱2,135,647

As of December 31, 2023 and 2022, the Group held the following financial instruments that are measured and carried or disclosed at fair value:

December 31, 2023

	Total	**Level 1**	**Level 2**	**Level 3**
Carried at fair value:				
Derivative assets	**₱355,308**	**₱–**	**₱355,308**	**₱–**
Derivative liabilities	**481,595**	**–**	**481,595**	**–**
Disclosed at fair value:				
Concession contract asset	**9,345,422**	**–**	**–**	**9,345,422**
Lease liabilities	**3,119,858**	**–**	**–**	**3,119,858**
Long-term debt - fixed rate	**185,830,378**	**–**	**–**	**185,830,378**
Long-term obligation on PDS	**167,708**	**–**	**–**	**167,708**

December 31, 2022

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
Derivative assets	₱2,912,027	₱–	₱2,912,027	₱–
Derivative liabilities	447,264	–	447,264	–
Disclosed at fair value:				
Lease liabilities	25,619,783	–	–	25,619,783
Long-term debt - fixed rate	170,193,814	–	–	170,193,814
Long-term obligation on PDS	143,225	–	–	143,225
PSALM deferred adjustment	54,224	–	–	54,224

The fair values of the Group's investment properties were determined as follows:

- In valuing the land, the Group used the Sales Comparison Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.
- The appraiser gathers data on actual sales and/or listings, offers, and renewal options, and identifies the similarities and differences in the data, ranks the data according to their relevance, adjusts the sales prices of the comparable to account for the dissimilarities with the unit being appraised, and forms a conclusion as to the most reasonable and probable market value of the subject property.

The elements of comparison include location, physical characteristics, available utilities, zoning, and highest and best use. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography and location.

Fair value investment properties are estimated under Level 3 inputs.

During the years ended December 31, 2023 and 2022, there were no transfers between level 1 and level 2 fair value measurements and transfers into and out of level 3 fair value measurement.

35. **Lease agreements**

TLI

In 2009, TLI was appointed by PSALM as Administrator under the IPP Administration Agreement, giving TLI the right to receive, manage and control the capacity of the power plant for its own account and at its own cost and risk; and the right to receive the transfer of the power plant at the end of the IPP Administration Agreement for no consideration.

In view of the nature of the IPP Administration Agreement, the arrangement has been considered as a lease. Accordingly, TLI recognized the right-of-use asset and related liability of ₱44.79 billion (equivalent to the present value of the minimum lease payments using TLI's incremental borrowing rates of 10% and 12% for dollar and peso payments, respectively) in the consolidated financial statements as "ROU - Power plant" and "Lease liabilities" accounts, respectively.

In November 2023, TLI prepaid the full amount of the remaining lease payments amounting to ₱13.80 billion. This resulted to a reduction in the right-of-use asset account amounting to ₱3.56 billion.

APRI

On May 25, 2009, APRI entered into a lease agreement with PSALM for a parcel of land owned by the latter on which a portion of the assets purchased under the APA is situated. The lease term is for a period of 25 years commencing from the Closing Date as defined in the APA which falls on May 25, 2009. The rental fees for the whole term of 25 years amounting to ₱492.0 million were paid in full after the receipt by APRI of the Certificate of Effectivity on the lease (see Notes 8 and 14).

GMEC

In August 2007, a 25-year lease agreement with Authority of the Freeport Area of Bataan for land at Bataan Economic Zone, used as an access road and right of way for electric power transmission lines.

In January 2010, a 50-year land lease agreement with PMR Group Retirement Plan, Inc. (PGRPI), used for its power plant facilities. GMEC, upon mutual agreement of PGRPI, has the right and option to extend the lease for a period of twenty-five years. In August 2016, GMEC entered into another lease agreement with PGRPI for land to be used for staff house.

HI, HTI, HBI, HSAB, LHC and HSI

HI, HTI, HBI, HSAB, LHC and HSI entered into contracts with various lot owners for lease of land where their power plants are located. Terms of contract are for a period of 1 to 50 years renewable upon mutual agreement by the parties.

Sacasun
Sacasun entered into a contract for lease of land where the power plant is located. The contract pertains to rent for 23 years renewable upon mutual agreement by the parties.

EAUC
Lease agreement with PEZA for a piece of land located inside Mactan Economic Zone for its power plant facilities for a period of 25 years.

TPVI
TPVI entered into a contract for lease of land where the power plant is located. The contract pertains to rent for 25 years renewable upon mutual agreement by the parties. The lease term may be renewed or extended for another 5 years upon the mutual written agreement of the parties.

TMI
TMI entered into a lease contract with the Philippine Fisheries Development Authority on April 26, 2022 for some portions of the breakwater area of the Navotas Fishport Complex for a period of 15 years. They also have a lease contract with Montgomery Real Estate Lessor for their administrative office for a period of 15 years.

Company
In 2023, the Company renewed the lease with Manta Equities, Inc. for the use of administrative office and parking space for a period of three (3) years from June 1, 2023 to May 31, 2026. The lease contract has an escalation rate of 5.0%.

CEDI
CEDI entered into a foreign Land Use Agreement with the Philippine Government for the exclusive right to occupy the, manage and develop forest land for the construction of its project effective until December 31, 2043. The lease contract has an escalation rate of 10.0%.

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the years:

December 31, 2023

	Right-of-use assets					
	Land	Building	Power Plant	Equipment and Others	Total	Lease Liability
Balances at the beginning of the year	**₱3,186,561**	**₱26,401**	**₱30,296,186**	**₱143,779**	**₱33,652,927**	**₱27,541,956**
Additions	**94,301**	**104,083**	**–**	**–**	**198,384**	**198,384**
Amortization expense	**(163,475)**	**(27,242)**	**(1,073,265)**	**(9,216)**	**(1,273,198)**	**–**
Interest expense	**–**	**–**	**–**	**–**	**–**	**1,283,213**
Prepayment	**–**	**–**	**(3,564,570)**	**–**	**(3,564,570)**	**(3,564,570)**
Payments	**–**	**–**	**–**	**–**	**–**	**(22,680,908)**
Others	**(2,751)**	**–**	**–**	**(1,774)**	**(4,525)**	**136,770**
Balances at the end of the year	**₱3,114,636**	**₱103,242**	**₱25,658,351**	**₱132,789**	**₱29,009,018**	**₱2,914,845**

December 31, 2022

	Right-of-use assets					
	Land	Building	Power Plant	Equipment and Others	Total	Lease Liability
Balances at the beginning of the year	₱2,923,429	₱53,060	₱31,405,054	₱152,741	₱34,534,284	₱33,773,879
Additions	319,888	1,395	–	–	321,283	321,212
Amortization expense	(139,001)	(27,579)	(1,108,868)	(8,962)	(1,284,410)	–
Interest expense	–	–	–	–	–	2,391,695
Payments	–	–	–	–	–	(9,600,853)
Others	82,245	(475)	–	–	81,770	656,023
As at December 31	₱3,186,561	₱26,401	₱30,296,186	₱143,779	₱33,652,927	₱27,541,956

The carrying amount of the Group's right-of-use assets as of December 31, 2023 and 2022 is presented as part of "Property, plant and equipment".

The Group also has certain leases of equipment, meeting rooms and event sites with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption of these leases.

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

	2023	2022	2021
Amortization expense of right-of-use assets	**₱1,273,198**	₱1,284,410	₱1,326,394
Interest expense on lease liabilities	**1,283,213**	2,391,695	2,750,328
Rent expense - short-term leases	**149,262**	100,808	83,451
	₱2,705,673	₱3,776,913	₱4,160,173

36. **Agreements**

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.

Agreements with Contractors and Suppliers

a. APRI total steam supply cost reported as part of "Cost of generated power" amounted to ₱6.89 billion in 2023, ₱7.51 billion in 2022, and ₱4.95 billion in 2021 (see Note 23).

   On May 26, 2013, APRI's steam supply contract with Chevron Geothermal Philippines Holdings, Inc. (CGPHI) shifted to a GRSC. The change is due to an existing provision under the government's existing contract with CGPHI when the Tiwi-Makban facilities were bidded out under the former's privatization program. Under the GRSC, the effective steam price of APRI payable to PGPC will be a premium to coal.

   To ensure that APRI will continue to remain competitive in the market, a two-month interim agreement supplementing the GRSC was implemented on August 14, 2013 and extended until August 25, 2018. On August 24, 2018, a new contract was signed by the Company and Philippine Geothermal Production Company, Inc. which aims to ensure long-term operations of both parties.

   The Geothermal Resources Supply and Services Agreement took effect August 26, 2018 and shall continue in effect until October 22, 2034, unless earlier terminated or extended by mutual agreement of the Parties.

b. TLI, TVI, and TSI enter into short-term coal supply agreements. Outstanding coal supply agreements as of December 31, 2023 have aggregate supply amounts of 3,691,050 MT (equivalent dollar value is estimated to be at $282.2 million), which are due for delivery from January 2024 to December 2025. Outstanding coal supply agreements as of December 31, 2022 have aggregate supply amounts of 5,677,587 MT (equivalent dollar value is estimated to be at $713.1 million), which are due for delivery from January 2023 to December 2025. Terms of payment are by letter of credit where payment is due at sight against presentation of documents, and by telegraphic transfer where payment is due within 7 days from receipt of original invoice.

c. GMEC entered into Coal Supply Agreements (CSAs) with Avra Commodities Pte. Ltd. (Avra) and PT Arutmin Indonesia (Arutmin) dated December 20, 2019 and December 23, 2019, respectively, for coal deliveries commencing on January 1, 2020. Avra shall annually deliver between a minimum of 500,000 metric tonnes to a maximum of 1,200,000 metric tonnes of coal until the CSA expires

on December 31, 2024, while Arutmin shall annually deliver 1,650,000 metric tonnes of coal with an additional quantity of 160,000 metric tonnes at GMEC's option until the CSA expires on December 31, 2029. In addition, GMEC entered into a CSA with PT. Bayan Resources TBK (Bayan) on April 8, 2020. Bayan shall annually deliver between a minimum of 500,000 metric tonnes to a maximum of 1,000,000 until the CSA expires on April 30, 2030.

d. PEC entered into EPC with suppliers relating to the construction of the 400MW coal fired power plant on April 25, 2014. The Supply Contract with Mitsubishi Hitachi Power Systems, Ltd. and Daelim Industrial Co. Ltd. prescribes the design and engineering of the Project as well as the supply of certain material, property and equipment for the project. The Construction Contract with Desco Incorporated and Daelim Philippines Inc. prescribes the general requirements for the design, engineering, procurement, permitting, fabrication, construction, installation, commissioning, start-up, testing and safe and timely completion of the coal-fired power plant. Total EPC contract price for the complete performance of these contracts amount to US$398.0 million and ₱7.00 billion. As of December 31, 2023 and 2022, the joint operation has a retention payable amounting to ₱150.7 million and ₱192.3 million, respectively, which is presented as part of "Trade and other payables" in the consolidated balance sheets.

e. TMI entered into Heavy Fuel Oil (HFO) Supply Agreement with Pilipinas Shell Petroleum Corporation (PSPC) On September 1, 2014. The said agreement provides for the supply and delivery of HFO by PSPC to TMI, subject to terms and conditions of the agreement. The actual quantities may vary from month to month and are contingent to the actual generation of the TMI's power plant. The actual aggregate HFO delivered to the TMI from PSPC as of December 31, 2023 and 2022 is 138.7 million liters and 579.5 million liters, respectively. Moreover, on December 1, 2016, TMI entered into a Lube Oil Supply Agreement with PSPC for the supply and delivery of lube oil products with an agreed aggregate volume of 3.8 million liters. The actual aggregate of lube oil products delivered to TMI from PSPC as of December 31, 2023 and 2022 is 1,676,148 liters and 1,605,163 liters, respectively.

f. EAUC entered with Supply Agreement with suppliers. On December 1, 2016, the Lube Oil Supply Agreement with PSPC. The actual aggregate lube oil delivered to the Company from PSPC as of December 31, 2023 and 2022 are 487,583 liters and 403,432 liters, respectively. Total consumption of lube oil amounted to ₱9.5 million and ₱11.9 million in 2023 and 2022, respectively. On March 20, 2018, Heavy Fuel Oil Supply Agreement with Phoenix Petroleum Philippines Inc. (PPPI) is to supply and deliver HFO on a consignment basis. The actual quantities may vary from month to month and are contingent on the actual generation of the EAUC's power plant. As of December 31, 2023 and 2022, the actual HFO consumed from the supply agreement is 13.1 million liters and 55.6 million liters, respectively. Total consumption of HFO acquired from PPPI amounted to ₱535.9 million and ₱722.6 million in 2023 and 2022, respectively.

g. On December 12, 2019, STEAG entered into a CSA with PT Bara Tabang for the supply of coal to meet the fuel requirements of the Power Plant on a fixed base and option tonnage. On December 15, 2021, the parties signed the Amendment Agreement to the CSA which extended the term until December 31, 2023 or until the last shipment under the fourth Contract Year. On December 6, 2022, the CSA was amended to include one shipment as additional contract quantity for contract year 2023, and to include coal specifications and pricing. On September 11, 2023, STEAG signed a short-term CSA which covers two shipments to be delivered in October and November 2023 plus an option tonnage to be notified before October 2023. The option was

exercised, and the shipment was delivered in December 2023. The September 11, 2023 CSA was amended on December 27, 2023 to cover additional shipments to be delivered in January and February 2024.

On September 15, 2023, STEAG entered into a Coal Supply Agreement (CSA) with AVRA International DMCC for a spot cargo in September 2023.

37. Registration with the Board of Investments (BOI)

Certain power generation subsidiaries in the Group have been registered with the BOI. The following are the incentives granted by the BOI:

a. ITH for a period of four (4) to seven (7) years, as follows:

Subsidiary/Joint operation	BOI Approval Date	Start of ITH Period	ITH Period
APRI	July 25, 2016	July 25, 2016	7 years
TVI	August 28, 2012	January 1, 2017 [1]	4 years
PEC	June 26, 2014	March 7, 2018	6 years
Sacasun	March 9, 2016	March 8, 2023	7 years
Hedcor Bukidnon[2]	July 2, 2018	July 1, 2025	7 years
Hedcor Bukidnon[3]	November 23, 2018	November 22, 2025	7 years
Hedcor, Inc.[4]	July 1, 2019	June 30, 2026	7 years

[1] Or actual start of commercial operations, whichever is earlier.
[2] For Manolo-1 hydroelectric plant.
[3] For Manolo-2 hydroelectric plant.
[4] For La Trinidad hydroelectric plant.

The ITH shall be limited only to sales/revenue generated from the sales of electricity of the power plant and revenues generated from the sales of carbon emission reduction credits.

a. For the first five (5) years from date of registration, the registrant shall be allowed an additional deduction from taxable income of fifty percent (50) of the wages corresponding to the increment in the number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the prescribed ratio of capital equipment to the number of workers set by BOI of US$10,000 to one worker and provided that this incentive shall not be availed of simultaneously with the ITH.
b. Employment of foreign nationals may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration.
c. Importation of consigned equipment for a period of ten (10) years from the date of registration, subject to the posting of re-export bond.
d. Special realty tax rates on equipment and machinery and tax credit on domestic capital equipment and services
e. For APRI, it may qualify to import capital requirement, spare parts and accessories at zero (0%) duty rate from the date of registration to June 16, 2011 pursuant to Executive Order No. 528 and its Implementing Rules and Regulations.

As a requirement for availment of the incentives, the registrant has to maintain a minimum equity requirement.

As of December 31, 2023 and 2022, the power generation subsidiaries referred to above, which are currently availing the incentives, have complied with the requirements.

38. **Notes to Consolidated Statement of Cash Flows**

The following are the cash flow movements of the Group's financing liabilities:

December 31, 2023

			Non-cash Changes						
	January 1, 2023	Net cash flows	Dividend Declaration	Amortized deferred financing costs	Foreign exchange movement	Changes in fair values	Accreted interest	Others	December 31, 2023
Current interest-bearing loans and borrowings, excluding lease obligations	₱31,681,927	(₱11,722,827)	₱–	₱–	₱–	₱–	₱–	₱10,730,454	₱30,689,554
Non-current interest-bearing loans and borrowings, excluding lease obligations	189,172,706	22,724,563	–	77,140	(227,322)	–	–	(8,206,411)	203,540,676
Current obligations under lease liabilities	9,288,292	(22,680,908)	–	–	–	–	–	13,474,580	81,964
Non-current obligations under lease liabilities	18,253,664	–	–	–		–	1,283,213	(16,703,996)	2,832,881
Dividends payable	1,003	(13,760,113)	13,760,590	–	–	–	–	–	1,480
Interest payable	2,261,797	(13,536,378)	–	–	–	–	–	13,849,112	2,574,531
Derivatives	447,264	–	–	–	–	34,331	–	–	481,595
Total liabilities from financing activities	₱251,106,653	(₱38,975,663)	₱13,760,590	₱77,140	(₱227,322)	₱34,331	₱1,283,213	₱13,143,739	₱240,202,681

December 31, 2022

			Non-cash Changes						
	January 1, 2022	Net cash flows	Dividend Declaration	Amortized deferred financing costs	Foreign exchange movement	Changes in fair values	Accreted interest	Others	December 31, 2022
Current interest-bearing loans and borrowings, excluding lease obligations	₱37,044,773	(₱15,642,058)	₱–	₱–	₱–	₱–	₱–	₱10,279,212	₱31,681,927
Non-current interest-bearing loans and borrowings, excluding lease obligations	163,618,747	32,498,117	–	365,177	3,168,308	–	–	(10,477,643)	189,172,706
Current obligations under lease liabilities	8,106,781	(9,600,853)	–	–	–	–	–	10,782,364	9,288,292
Non-current obligations under lease liabilities	25,667,098	–	–	–	(277,987)	–	2,391,695	(9,527,142)	18,253,664
Dividends payable	633	(10,669,606)	10,669,976	–	–	–	–	–	1,003
Interest payable	2,122,020	(10,305,062)	–	–	–	–	–	10,444,839	2,261,797
Derivatives	393,694	–	–	–	–	53,570	–	–	447,264
Total liabilities from financing activities	₱236,953,746	(₱13,719,462)	₱10,669,976	₱365,177	₱2,890,321	₱53,570	₱2,391,695	₱11,501,630	₱251,106,653

Others includes the effect of reclassification of noncurrent portion of interest-bearing loans and borrowings.

39. **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.

40. **Other Matters**

a. Temporary Restraining Order (TRO) affecting power generation companies trading in WESM

On December 19, 2013, Bayan Muna representatives filed a Petition for Certiorari against the ERC and MERALCO with the Supreme Court (SC). On December 20, 2013, National Association of Electricity Consumers for Reforms filed a Petition for Certiorari and/or Prohibition against MERALCO, ERC and Department of Energy (DOE). These cases raised and questioned, among others, the alleged substantial increase in MERALCO's power rates for the billing period of November 2013, the failure of the ERC to protect consumers from high energy prices and perceived market collusion of the generation companies.

These cases were consolidated by the SC which issued a TRO for a period of 60 days from December 23, 2013 to February 21, 2014, preventing MERALCO from collecting the increase in power rates for the billing period of November 2013. The TRO was subsequently extended for another 60 days ending April 22, 2014 by the SC. Thereafter, the TRO was extended indefinitely.

MERALCO, in turn, filed a counter-petition impleading generation companies supplying power to the WESM. The SC also ordered all the parties in the consolidated cases to file their respective pleadings in response to MERALCO's counter-petition. The SC set the consolidated cases for oral arguments last January 21, 2014, February 4 and 11, 2014. After hearing, all parties were directed to file their comments and/or memorandum. The case is now submitted for resolution.

As a result of the TRO, MERALCO has not been able to fully bill its consumers for the generation costs for the supply month of November 2013; and in turn, it has not been able to fully pay its suppliers of generation costs. In a Decision dated August 3, 2021, the Supreme Court declared that the ERC's action of allowing MERALCO to stagger its collection of pass-through generation costs for the November 2013 billing month in view of the high increase in generation costs was valid, but declared as null and void the Order of the ERC setting aside the Luzon WESM prices and imposing regulated prices for the November 2013 billing period. The Supreme Court denied with finality the motions for reconsideration filed by NASECORE, ERC, and Bayan Muna, in a Resolution dated October 11, 2022.

b. Imposition of financial penalties on Therma Mobile by PEMC

This case involves an investigation of Therma Mobile in the dispatch of its power barges during the November and December 2013 supply periods. As a result of the MERALCO price hike case brought before the SC, the SC ordered the ERC to investigate anti-competitive behavior and abuse of market power allegedly committed by some WESM participants.

PEMC conducted the investigation under the "Must-Offer" rules of the WESM Rules.

PEMC initially found that Therma Mobile violated the "Must-Offer Rule" during the period under investigation. In its letter dated January 30, 2015, the PEM Board imposed financial penalties amounting to ₱234.9 million on Therma Mobile. According to the PEM Board, the penalties will be collected from Therma Mobile through the WESM settlement process.

Therma Mobile maintains that there is no basis for the PEMC decision. It did not violate the Must-Offer Rule for the period covered, as it was physically impossible for Therma Mobile to transmit more than 100MW to MERALCO. Although Therma Mobile's rated capacity is 234 MW (Net), it could only safely, reliably and consistently deliver 100MW during the November and December 2013 supply period because of transmission constraints. Therma Mobile's engines and transmission lines were still undergoing major repairs to address issues on post rehabilitation.

On February 13, 2015, Therma Mobile filed a notice of dispute with the PEMC to refer the matter to dispute resolution under the WEM Rules and the WESM Dispute Resolution Market Manual.

Therma Mobile also filed a Petition for the Issuance of Interim Measures of Protection with the Regional Trial Court (RTC) of Pasig to hold off enforcement of the payment of the penalties during the pendency of the Therma Mobile and PEMC dispute resolution proceedings. On February 24, 2015, the RTC issued in favor of Therma Mobile an ex parte 20-day Temporary Order of Protection directing PEMC to refrain from (a) demanding and collecting from Therma Mobile the ₱234.9 million financial penalty; (b) charging and accruing interest on the financial penalty; and (c) transmitting the PEMC-ECO investigation report to the ERC.

On April 1, 2015, the RTC granted the prayer for the issuance of Writ of Preliminary Injunction, which ruling was assailed by the PEMC and elevated to the Court of Appeals (CA) via Petition for Review. On December 15, 2015, the CA issued a Decision confirming the RTC's findings. PEMC filed a Motion for Reconsideration, and in compliance with a Resolution of the CA, has filed a comment on the said motion.

On June 6, 2016, PEMC filed a petition before the SC questioning the CA's Decision. TMO also filed its Comment on the Petition on November 14, 2016. On June 1, 2017, TMO received the SC Notice dated March 29, 2017. In the Resolution, the SC noted TMO's Comment and PEMC's Reply. As of December 31, 2023, the petition is still pending resolution with the SC.

c. Therma Marine Cases

In 2013, ERC issued Final Approval of various ESAs of Therma Marine with some modifications on ERC's provisionally approved rates which directed both parties to devise a scheme for the refund of the difference between the final and the provisionally approved rates.

On November 25, 2013, ERC issued its order for Therma Marine to refund the amount of ₱180.0 million to its customers for a period of 6 months with equal installments per month.

On August 27, 2014, ERC issued an order directing NGCP to refund its customers the amount of ₱12.7 million and the corresponding VAT for a period of twelve months. As such, Therma Marine will refund the said amount to NGCP and the latter will refund the same to its customers. In 2015, ERC issued Provisional Approvals (PA) on ESA contracts extensions with capacity fees lower than the previously approved rates. Therma Marine filed MRs on these PAs. During the last quarter of 2015, ERC issued Final Approvals on some of these ESA's sustaining the decision in the PA's, thus Therma Marine filed MRs on the final decisions. As of December 31, 2023, there is no resolution yet on the MRs on the Final Approvals.

d. ERC Case No. 2013-077 MC

On August 29, 2013, MERALCO filed a petition for dispute resolution against TLI/APRI, among other Successor Generating Companies ("SGCs") under ERC Case No. 2013-077 MC. The case arose from a claim of refund of the alleged over charging of transmission line losses pursuant to the ERC Order dated March 4, 2013 and July 1, 2013 in ERC Case No. 2008-083 MC.

On September 20, 2013, TLI, together with the other SGCs, filed a Joint Motion to Dismiss arguing that MERALCO's petition should be dismissed for failure to state a cause of action and ERC's lack of jurisdiction over the subject matter of the case. The SGCs and Meralco have filed their respective comments, reply, rejoinder and sur-rejoinder after the filing of the Joint Motion to Dismiss. The Joint Motion to Dismiss has since then been submitted for resolution with the ERC. As of December 31, 2023, the ERC has yet to render its decision on the Joint Motion to Dismiss.

e. DLP Case

On December 7, 1990, certain customers of DLP filed before the then Energy Regulatory Board (ERB) a letter-petition for recovery claiming that with the SC's decision reducing the sound appraisal value of DLP's properties, DLP exceeded the 12% Return on Rate Base (RORB). The ERB's order dated June 4, 1998, limited the computation coverage of the refund from January 19, 1984 to December 14, 1984. No amount was indicated in the ERB order as this has yet to be recomputed.

The CA, in Court of Appeals General Register Special Proceeding (CA-GR SP) No. 50771, promulgated a decision dated February 23, 2001 which reversed the order of the then ERB, and expanded the computation coverage period from January 19, 1984 to September 18, 1989.

The SC in its decision dated November 30, 2006 per GR150253 reversed the CA's decision CA-GR SP No. 50771 by limiting the period covered for the refund from January 19, 1984 to December 14, 1984, approximately 11 months. The respondent/customers filed a Motion for Reconsideration with the SC, which was denied with finality by the SC in its Order dated July 4, 2007.

The SC, following its decision dated November 30, 2006, ordered the ERC to proceed with the refund proceedings instituted by the respondents with reasonable dispatch.

On March 17, 2010, the ERC directed DLP to submit its proposed scheme in implementing the refund to its customers. In compliance with the order, the DLP filed its compliance stating that DLP cannot propose a scheme for implementing a refund as its computation resulted to no refund.

A clarificatory meeting was held where DLP was ordered to submit its memoranda.

On October 4, 2010, in compliance with the ERC directive, DLP submitted its memoranda reiterating that no refund can be made. In a Decision dated February 10, 2021, the ERC ruled in favor of DLP's position that no refund is due from DLP to its consumers.

f. LHC Franchise Tax Assessment

In 2007, the Provincial Treasurer of Benguet issued a franchise tax assessment against LHC, requiring LHC to pay franchise tax amounting to approximately ₱40.4 million, inclusive of surcharges and penalties covering the years 2002 to 2007. In 2008, LHC has filed for a petition for the annulment of the franchise tax assessment, based primarily on the fact that LHC is not liable for franchise tax because it does not have a franchise to operate the business. Section 6 of R.A. No. 9136 provides that power generation shall not be considered a public utility operation. As such, an entity engaged or which shall engage in power generation and supply of electricity shall not be required to secure a national franchise. Accordingly, no provision has been made in the consolidated financial statements. The case remains pending as of December 31, 2023.

g. EPIRA of 2001

R.A. No. 9136 was signed into law on June 8, 2001 and took effect on June 26, 2001. The law provides for the privatization of NPC and the restructuring of the electric power industry. The IRR were approved by the Joint Congressional Power Commission on February 27, 2002.

R.A. No. 9136 and the IRR impact the industry as a whole. The law also empowers the ERC to enforce rules to encourage competition and penalize anti-competitive behavior.

R.A. No. 9136, the EPIRA, and the covering IRR provides for significant changes in the power sector, which include among others:

i. The unbundling of the generation, transmission, distribution and supply and other disposable assets of a company, including its contracts with IPPs and electricity rates;
ii. Creation of a WESM; and
iii. Open and non-discriminatory access to transmission and distribution systems.

The law also requires public listing of not less than 15% of common shares of generation and distribution companies within 5 years from the effectivity date of the EPIRA. It provides cross ownership restrictions between transmission and generation companies and a cap of 50% of its demand that a distribution utility is allowed to source from an associated company engaged in generation except for contracts entered into prior to the effectivity of the EPIRA.

There are also certain sections of the EPIRA, specifically relating to generation companies, which provide for a cap on the concentration of ownership to only 30% of the installed capacity of the grid and/or 25% of the national installed generating capacity.

h. Retail Competition and Open Access

The EPIRA mandates the implementation of Retail Competition and Open Access (RCOA) subject to the fulfilment of the conditions as provided in the EPIRA. The ERC was tasked under the EPIRA Implementing Rules and Regulations to declare, after due notice and public hearing, the initial implementation of RCOA. Through the RCOA, eligible customers will have the option to source their electricity from eligible suppliers that have secured Retail Electricity Supplier (RES) licenses from the ERC. End users with a monthly average peak demand of at least 1 Megawatt (MW) for the preceding 12 months are eligible to be contestable customers. The 1 MW qualification would gradually be reduced upon evaluation of the ERC.

In June 2011, after due notice and public hearings, the ERC declared December 26, 2011 as the date to mark the commencement of the full operation of RCOA in Luzon and Visayas. However, due to deficiencies in the rules and guidelines governing the RCOA at that time, the December 26, 2011 commencement date was deferred several times until an interim system commenced on July 26, 2013.

The DOE and ERC have issued and revised several circulars, rules and resolutions on the implementation of the RCOA and the issuance of RES licenses, including a Code of Conduct, Rules on Contestability, and Rules on RES Licensing.

On February 21, 2017, the SC issued a TRO enjoining the DOE and ERC from implementing the following issuances:

1. DOE Circular No. DC-2015-06-0010 or the DOE Circular Providing Policies to Facilitate the Full Implementation of RCOA in the Philippine Electric Power Industry;
2. ERC Resolution No. 5, Series of 2016 or the Rules Governing the Issuance of Licenses to RES and Prescribing the Requirements and Conditions Therefor;
3. ERC Resolution No. 10, Series of 2016 or a Resolution adopting the Revised Rules for Contestability;
4. ERC Resolution No. 11, Series of 2016 or a Resolution Imposing Restrictions on the Operations of DUs and RES in the Competitive Retail Electricity Market; and
5. ERC Resolution No. 28, Series of 2016 or the Revised Timeframe for Mandatory Contestability, Amending Resolution No. 10, Series of 2016, entitled Revised Rules of Contestability.

The TRO effectively enjoined the DOE and the ERC from imposing the mandatory migration of end-users with average monthly peak demand of at least 1MW and 750 kW on 26 February 2017 and 26 June 2017, respectively, and barring Local RESs and DUs from supplying electricity to the Contestable Market.

Due to the TRO, no new or renewed RES licenses were issued by the ERC due to the perceived risk of being declared in contempt by the SC. The renewal of PEI, AEI and AESI's RES licenses remain pending before the ERC. The application for RES licenses of TLI and APRI are likewise pending.

On November 29, 2017, DOE issued Department Circular No. 2017-12-0013, which provides, among other things, for voluntary participation of Contestable Customers in the Retail Market. On the same date, DOE issued Department Circular No. 2017-12-0014, which provides, among other

things, the guidelines on the licensing of RES. Both DOE Circulars enjoin the ERC to promote the supporting guidelines to the DOE Circulars. Once the ERC promulgates these rules, approval of RES license applications and renewals can be expected.

i. Renewable Energy Act of 2008

On January 30, 2009, R.A. No. 9513, An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes, which shall be known as the "Renewable Energy Act of 2008" (the Act), became effective. The Act aims to (a) accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy; (b) increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives; (c) encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and environment; and (d) establish the necessary infrastructure and mechanism to carry out mandates specified in the Act and other laws.

As provided for in the Act, renewable energy (RE) developers of RE facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the BOI, shall be entitled to incentives, such as, income tax holiday, duty-free importation of RE machinery, equipment and materials, zero percent VAT rate on sale of power from RE sources, and tax exemption of carbon credits, among others.

j. PSALM deferred adjustment

Deferred Accounting Adjustments (DAA)

The ERC issued a Decision dated March 26, 2012 which granted PSALM DAA pertaining to GRAM and ICERA and in its Order dated June 20, 2017, the ERC authorized PSALM to implement the methodology for the recovery/refund of the approved DAA.

Upon Private Electric Power Operators Association's (PEPOA) motion, the ERC, in an Order dated October 19, 2017, deferred the implementation of the approved DAA pending clarification by the ERC of the queries raised in the motion for clarification.

In its Order dated December 19, 2017, the ERC clarified that the GRAM and ICERA DAA are deferred adjustments, which were incurred by PSALM/NPC in supplying energy during the corresponding period; thus, it should be recovered/refunded by PSALM/NPC to its customers. Hence, the Distribution Utilities (DUs) are not just mere collectors of the said DAA but these are charges that they should pay to NPC/PSALM and charged to their customers as part of their generation charge. In the same Order, the ERC directed the DUs to resume the implementation of the GRAM and ICERA starting the January 2018 billing period.

Automatic Cost Recovery Mechanism (ACRM)
On June 20, 2017, the ERC issued its Decision, authorizing PSALM to recover/refund the True-up Adjustments of Fuel and Purchased Power Costs and Foreign Exchange-Related Costs effective its next billing period.

In an Order dated October 19, 2017, the implementation of the ACRM was deferred to the January 2018 billing period pending the evaluation of the clarifications raised in PEPOA's letter and motion and on 19 December 2017, the Commission issued an Order directing PSALM and the DUS to abide with the clarifications issued by the Commission.

As of December 31, 2023, the balance of PSALM deferred adjustment was fully settled and collected.

k. CSR Projects

The Group has several CSR projects in 2023, 2022 and 2021 which are presented as part of "General and administrative expenses" (see Note 24).

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Building a better working world

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Power Corporation (the Company) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 5, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079942, January 5, 2024, Makati City

March 5, 2024

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Power Corporation (the Company) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 5, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
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PTR No. 10079942, January 5, 2024, Makati City

March 5, 2024

Aboitiz Power Corporation
and Subsidiaries

Supplementary Schedules
to the Financial Statements
Required by the Securities and Exchange Commission
For the Year Ended December 31, 2023

and

Independent Auditors' Report

Philippine
Pesos

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

Supplementary Schedules Required
By the Securities and Exchange Commission
As of and for the Year Ended December 31, 2023

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NA: NOT APPLICABLE

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

SCHEDULE A - FINANCIAL ASSETS

AS OF DECEMBER 31, 2023
(Amounts in Thousands except number of shares)

Name of issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Income received and accrued
CASH ON HAND AND IN BANK, INCLUDING RESTRICTED CASH			
ANZ		P1,339	P-
Banco de Oro		8,844,348	199,018
Bank of Commerce		29,512	-
Bank of the Philippine Islands		1,161,144	1,675
Bank of Tokyo - Mitsubishi UFJ		99	-
China Banking Corporation		18,397	49
Citibank		142,356	-
City Savings Bank		826	-
Development Bank of the Philippines		1,094	-
EPCI Bank		51	-
Hongkong Shanghai Banking Corporation		227,753	-
Industrial and Commercial Bank of China		556	-
ING Bank N.V.		3,491	-
Land Bank of the Philippines		138,497	78
Metropolitan Bank and Trust Company		771,607	3,857
BDO Network Bank		27,267	-
Philippine Bank of Communications		50,012	137
Philippine National Bank		7,398	20
Rizal Commercial Banking Corporation		32,274	654
Security Bank Corporation		1,252,990	7,552
Union Bank of the Philippines		10,097,146	101,329
Cash on Hand, Cash in Vault and Revolving Fund		266,015	-
TOTAL		P23,074,172	P314,369
SHORT-TERM DEPOSITS			
Banco de Oro		P991,252	P54,865
Bank of the Philippine Islands		3,586,560	22,978
China Trust Banking Corporation		220,983	8,908
Citibank		177,668	15,327
City Savings Bank		5,952,572	425,134
Land Bank of the Philippines			2,668
Metropolitan Bank and Trust Company		1,704,208	96,604
Rizal Commercial Banking Corporation		690,000	31,235
Security Bank Corporation		4,402,119	192,569
Union Bank of the Philippines		13,739,250	502,624
TOTAL		P31,464,612	P1,352,912
TRADE AND OTHER RECEIVABLES			
Trade Receivables (net of allowance):			
Residential		P2,012,094	P-
Commercial		1,068,917	-
Industrial		9,043,783	-
City street lighting		-	-
Non-power supply contracts		1,666,009	-
Power supply contracts		12,850,487	-
Dividends receivable		880,000	-
Advances to contractors		616,738	-
Non-trade receivables		5,966,458	-
Interest receivable		143,056	-
PSALM deferred adjustment (including noncurrent portion)		-	
TOTAL		P34,247,542	P-
FINANCIAL ASSET AT FVTPL			
Apo Golf & Country Club	3	P2	P-
Banco De Oro	8,050	793	-
Philippine Long Distance Telephone Co.	36,463	458	-
PICOP Resources, Inc.	164	8	-
Alta Vista Golf & Country Club	1	2,265	-
Philex Mining Corp	2,168	5	-
Others	375,000	375	-
TOTAL		P3,906	P-

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2023
(Amounts in Thousands)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-Current	Ending Balance
			Amounts Collected	Amounts Written-Off			
Parent Company	P-	P24,938	(P24,938)	P-	P-	P-	P-
Davao Light & Power Co., Inc.	1,373,715	8,418,887	(9,020,075)	-	772,527	-	772,527
Therma Power, Inc. and Subsidiaries	-	1,739,181	(1,636,927)	-	102,254	-	102,254
Cotabato Light & Power Company	43,472	350,451	(389,252)	-	4,671	-	4,671
Aboitiz Renewables, Inc. and Subsidiaries	-	1,312,751	(1,113,701)	-	199,050	-	199,050
Subic Enerzone Corporation	236,763	148,735	(374,204)	-	11,294	-	11,294
Visayan Electric Co., Inc.	1,323,738	7,778,228	(9,087,133)		14,833	-	14,833
Aboitiz Energy Solutions, Inc.	1,545,016	7,255,575	(7,743,155)	-	1,057,436	-	1,057,436
Mactan Enerzone Corporation	2,709	9,216	(11,017)	-	908	-	908
Balamban Enerzone Corporation	583	5,767	(5,939)	-	411	-	411
Cebu Private Power Corporation	7,905	45,303	(52,670)	-	538	-	538
Lima Enerzone Corporation	94,141	156,970	(235,749)	-	15,362	-	15,362
East Asia Utilities Corporation	9,040	32,017	(37,037)	-	4,020	-	4,020
Prism Energy, Inc.	176,167	361,745	(502,876)	-	35,036	-	35,036
Malvar Enerzone Corporation	1,430	3,796	(4,456)		770		770
Adventenergy, Inc.	1,741,543	7,161,362	(7,766,002)	-	1,136,903	-	1,136,903
T O T A L	P6,556,222	P34,804,922	(P38,005,131)	P-	P3,356,013	P-	P3,356,013

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS

AS OF DECEMBER 31, 2023
(Amount in Thousands)

Description	Beginning Balance	Additions At Cost	DEDUCTIONS		Other Changes Additions (Deductions)	Ending Balance
			Charged to Costs and Expenses	Charged to Other Accounts		
A. Intangibles						
Goodwill	P44,920,394	P-	P-	P-	(P304,113)	P44,616,281
Franchise	2,340,890		(76,961)	-	-	2,263,929
Service concession rights	1,500,827	67,491	(403,883)	-	(3,151)	1,161,284
Project development costs	806,790	574,606		(204,546)	-	1,176,850
Software and licenses	202,484	551,281	(215,012)	-	-	538,753
Total	P49,771,385	P1,193,378	(P695,856)	(P204,546)	(P307,264)	P49,757,097
B. Other Noncurrent Assets						
Input VAT and tax credit receivable	2,506,833		-	-	1,781,527	4,288,360
PSALM deferred adjustment - net of current portion	-	-	-	-	-	-
Advances to NGCP - net of current portion	560,894	-	-	-	4,838	565,732
Advances to contractors and projects	1,429,113	-	-	-	(789,942)	639,171
Refundable deposits	627,913	-	-	-	244,458	872,371
Investment properties	316,301		-	-	52,401	368,702
Prepaid expenses	195,670				(27,953)	167,717
Prepaid taxes	2,461,955	-	-	-	933,944	3,395,899
Concession contract asset, net of	-	-	-	-	P7,977,067	7,977,067
Others	288,798				P153,279	442,077
Total	P8,387,477	P-	P-	P-	P10,329,619	P18,717,096
Total	P58,158,862	P1,193,378	(P695,856)	(P204,546)	P10,022,355	P68,474,193

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

SCHEDULE E - LONG-TERM DEBT

AS OF DECEMBER 31, 2023
(Amounts in Thousands)

Name of Issuer and Type of Obligation	Amount Authorized by Indentures	Amount Shown as Current	Amount Shown as Long-Term	Remarks
Parent:				
Aboitiz Power Corporation	P53,739,157	P45,231	P53,693,926	
Subsidiaries:				
Aboitiz Renewables, Inc.	11,917,048	63,240	11,853,808	
Hedcor, Inc.	1,233,559	487,865	745,694	
Therma Luzon, Inc.	33,760,558	-	33,760,558	
Davao Light & Power Co., Inc.	0	0	-	
Cotabato Light & Power Company	0	0	-	
Therma South, Inc.	16,711,085	1,238,203	15,472,882	
Pagbilao Energy Corp. (Joint Operation)	8,599,919	955,997	7,643,922	
Visayan Electric Co., Inc.	0	0	-	
GNPower Mariveles Coal Plant Ltd. Co.	29,694,491	2,684,862	27,009,629	
Therma Visayas, Inc.	22,288,367	2,011,582	20,276,785	
Therma Power - Visayas, Inc.	0	-	-	
Therma Marine, Inc.	2,427,446	325,000	2,102,446	
AP Renewables, Inc.	10,239,526	972,168	9,267,358	
Hedcor Sibulan, Inc.	2,540,721	446,148	2,094,573	
Hedcor Bukidnon, Inc.	7,456,835	624,034	6,832,801	
Aboitiz Energy Solutions, Inc.	582,000	6,000	576,000	
Hedcor Sabangan, Inc.	989,165	131,045	858,120	
Hedcor Tudaya, Inc.	630,975	57,777	573,198	
PV Sinag Power, Inc.	8,782,332	146,816	8,635,516	
STEAG State Power, Inc.	2,377,946	534,486	1,843,460	
Total	P213,971,130	P10,730,454	P203,240,676	

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

SCHEDULE F - INDEBTEDNESS TO AFFILIATES
(LONG-TERM LOANS FROM AFFILIATED COMPANIES)

AS OF DECEMBER 31, 2023
(Amounts in Thousands)

Name of Affiliate	Beginning Balance	Ending Balance
Aboitiz Equity Ventures, Inc.	P300,000	P300,000
	-	-
	-	-
T o t a l	P300,000	P300,000

ABOITIZ POWER CORPORATION

SCHEDULE H - CAPITAL STOCK

AS OF DECEMBER 31, 2023
(Amounts in Thousands)

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
COMMON SHARES	16,000,000	7,205,854	-	3,833,726	78,114	3,294,014
PREFERRED SHARES	1,000,000	-	-	-	-	-

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

SCHEDULE I - TRADE AND OTHER RECEIVABLES FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2023
(Amounts in Thousands)

Related Party	Balances			Volume			Terms
	Trade	Non-trade	Total	Sales	Rental	Advances	
Parent Company	P-	P-	P-	P24,938	P-	P-	30 days
Davao Light & Power Co., Inc.	P768,130	P4,397	P772,527	P8,418,887	P-	P-	30 days
Therma Power, Inc. and Subsidiaries	78,427	23,827	102,254	1,739,181	-	-	30 days
Cotabato Light & Power Company	2,629	2,042	4,671	350,451	-	-	30 days
Aboitiz Renewables, Inc. and Subsidiaries	20,276	178,774	199,050	1,312,751	-	-	30 days
Subic Enerzone Corporation	10,648	646	11,294	148,735	-	-	30 days
Visayan Electric Co., Inc.	11,608	3,225	14,833	7,778,228	-	-	30 days
Aboitiz Energy Solutions, Inc.	1,053,879	3,557	1,057,436	7,255,575	-	-	30 days
Mactan Enerzone Corporation	851	57	908	9,216	-	-	30 days
Balamban Enerzone Corporation	343	68	411	5,767	-	-	30 days
Cebu Private Power Corporation	497	41	538	45,303	-	-	30 days
Lima Enerzone Corporation	15,251	111	15,362	156,970	-	-	30 days
East Asia Utilities Corporation	4,016	4	4,020	32,017	-	-	30 days
Prism Energy, Inc.	35,031	5	35,036	361,745	-	-	30 days
Malvar Enerzone Corporation	770	-	770	3,796	-	-	30 days
Adventenergy, Inc.	1,136,365	538	1,136,903	7,161,362	-	-	30 days
TOTAL	P3,138,721	P217,292	P3,356,013	P34,804,922	P-	P-	

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

SCHEDULE J - TRADE AND OTHER PAYABLES FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2023
(Amounts in Thousands)

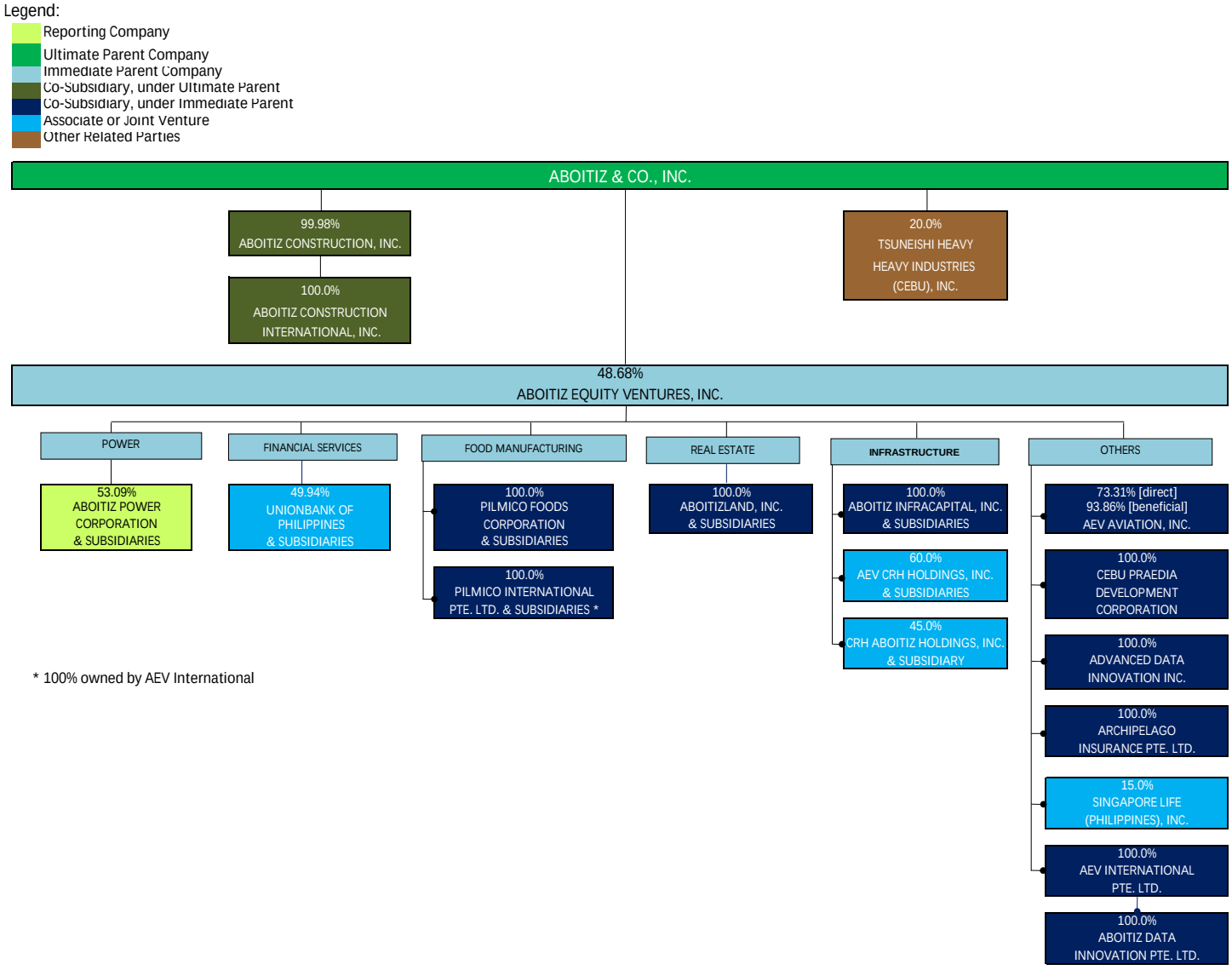
Related Party	Balances			Volume			Terms
	Trade	Non-trade	Total	Sales	Rental	Advances	
Parent Company	P-	P213,165	P213,165	P1,964,502	P-	P-	30 days
Aboitiz Renewables, Inc. and Subsidiaries	932,348	3,308	935,656	7,059,398	-	-	30 days
Cebu Private Power Corporation	2,329	-	2,329	108,028	-	-	30 days
Therma Power, Inc. and Subsidiaries	1,953,758	-	1,953,758	22,678,508	-	-	30 days
Aboitiz Energy Solutions, Inc.	18,690	819	19,509	309,363	-	-	30 days
East Asia Utilities Corporation	2,135	-	2,135	109,355	-	-	30 days
Subic Enerzone Corporation	21,006	-	21,006	223,119	-	-	30 days
Balamban Enerzone Corporation	7,248	-	7,248	73,460	-	-	30 days
Mactan Enerzone Corporation	8,538	-	8,538	80,485	-	-	30 days
Lima Enerzone Corporation	52,487	-	52,487	550,500	-	-	30 days
Davao Light & Power Co., Inc.	100	-	100	6,060	-	-	30 days
Adventenergy, Inc.	68,711	-	68,711	1,082,546	-	-	30 days
Prism Energy, Inc.	1,677	-	1,677	182	-	-	30 days
Malvar Enerzone Corporation	-	-	-	5	-	-	30 days
Visayan Electric Co., Inc.	69,694	-	69,694	559,293	-	-	30 days
Cotabato Light & Power Company	-	-	-	118			
T O T A L	P3,138,721	P217,292	P3,356,013	P34,804,922	P-	P-	

Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila

Statement of Reconciliation of Retained Earnings Available for Dividend Declaration
For the year ended December 31, 2023
(Amounts in Philippine Currency and in Thousands)

Unappropriated Retained Earnings, beginning of reporting period			**26,065,543**
Add:	**Category A Items directly credited to Unappropriated RE:**		
	Reversal of Retained Earnings Appropriation	8,160,000	
	Effect of restatements or prior-period adjustments	-	
	Unrealized valuation of investment property	-	
	Others	-	8,160,000
			34,225,543
Less:	**Category B Items directly debited to Unappropriated RE:**		
	Retained Earnings		
	Dividend declaration during the period	(13,760,590)	
	Retained Earnings appropriated during the reporting period	-	
	Effect of restatements or prior-period adjustments	-	
	Provision for income tax - deferred on investment property	-	
	Others	-	
	Treasury shares	-	(13,760,590)
Unappropriated Retained Earnings, as adjusted			**20,464,953**
Add/Less:	**Net income (loss) for the current year**		**11,247,472**
Less:	**Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)**		
	Equity in net income of associate/joint venture, net of dividends declared	-	
	Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
	Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
	Unrealized fair value gain of Investment Property	-	
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	-
	Sub-total		**31,712,425**
Add:	**Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)**		
	Realized foreign exchange gain, except those attributable to cash and cash equivalents	-	
	Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
	Realized fair value gain of Investment Property	-	
	Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
	Sub-total		-
Add:	**Category C.3: Unrealized income recognized in the profit or loss in prior peiods but reversed in the current reporting period (net of tax)**		
	Reversal of previously recorded recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
	Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
	Reversal of previously recorded fair value gain of Investment Property	-	
	Reversal of other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-	
	Sub-total		-
Adjusted Net Income/Loss			**31,712,425**
Add:	**Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)**		
	Depreciation on revaluation increment (after tax)	-	
	Sub-total		-
Add/Less:	**Category E: Adjustments related to relief granted by the SEC and BSP**		
	Amortization of the effect of reporting relief	-	
	Total amount of reporting relief granted during the year	-	
	Others	-	
	Sub-total		-
Add/Less:	**Category F Other items that should be excluded from the determination of the amount of available for dividends distribution**		
	Net movement of treasury shares	(4,891,831)	(4,891,831)
Total Retained Earnings, end of the reporting period available for dividend			**26,820,594**

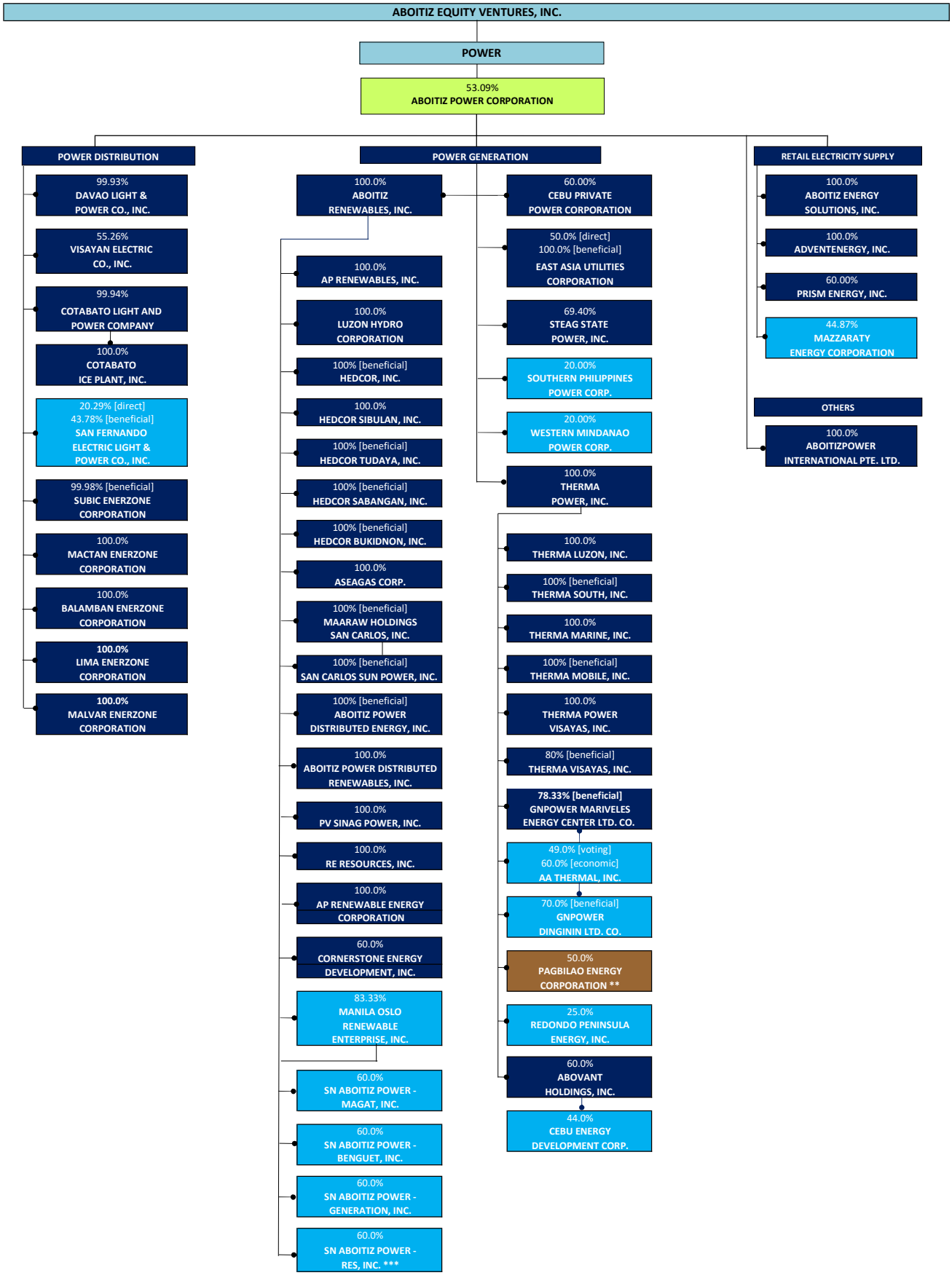
ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONGLOMERATE MAPPING
As of December 31, 2023



* 100% owned by AEV International

ABOITIZ EQUITY VENTURES, INC. - POWER
CONGLOMERATE MAPPING
As of December 31, 2023

Legend:
- Reporting Company
- Parent Company
- Subsidiary
- Associate or Joint Venture
- Other Related Parties



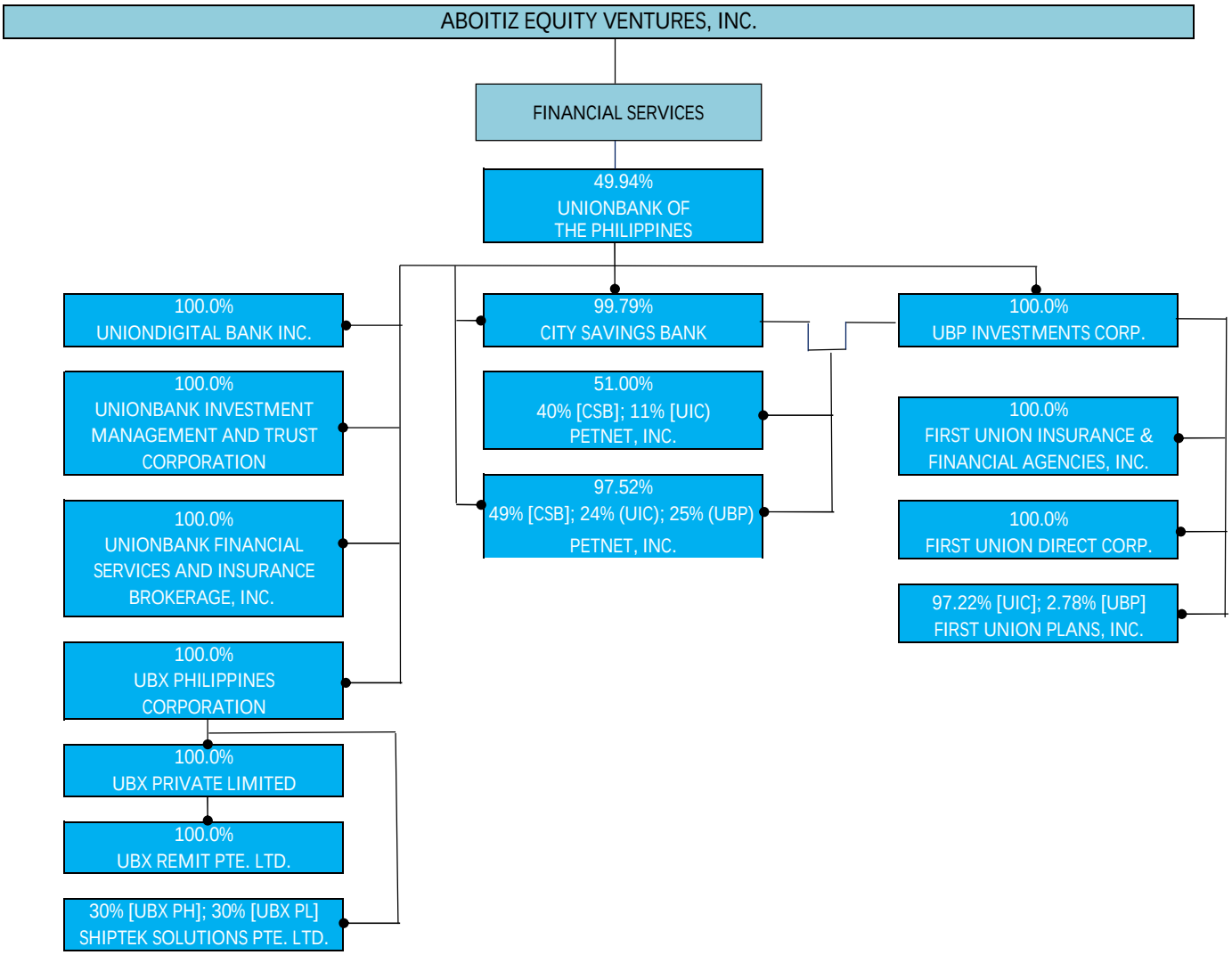
ABOITIZ EQUITY VENTURES, INC. - FINANCIAL SERVICES

CONGLOMERATE MAPPING

As of December 31, 2023

Legend:

- Parent Company
- Co-Subsidiary/Subsidiary of Parent Company
- Associate or Joint Venture of Parent Company



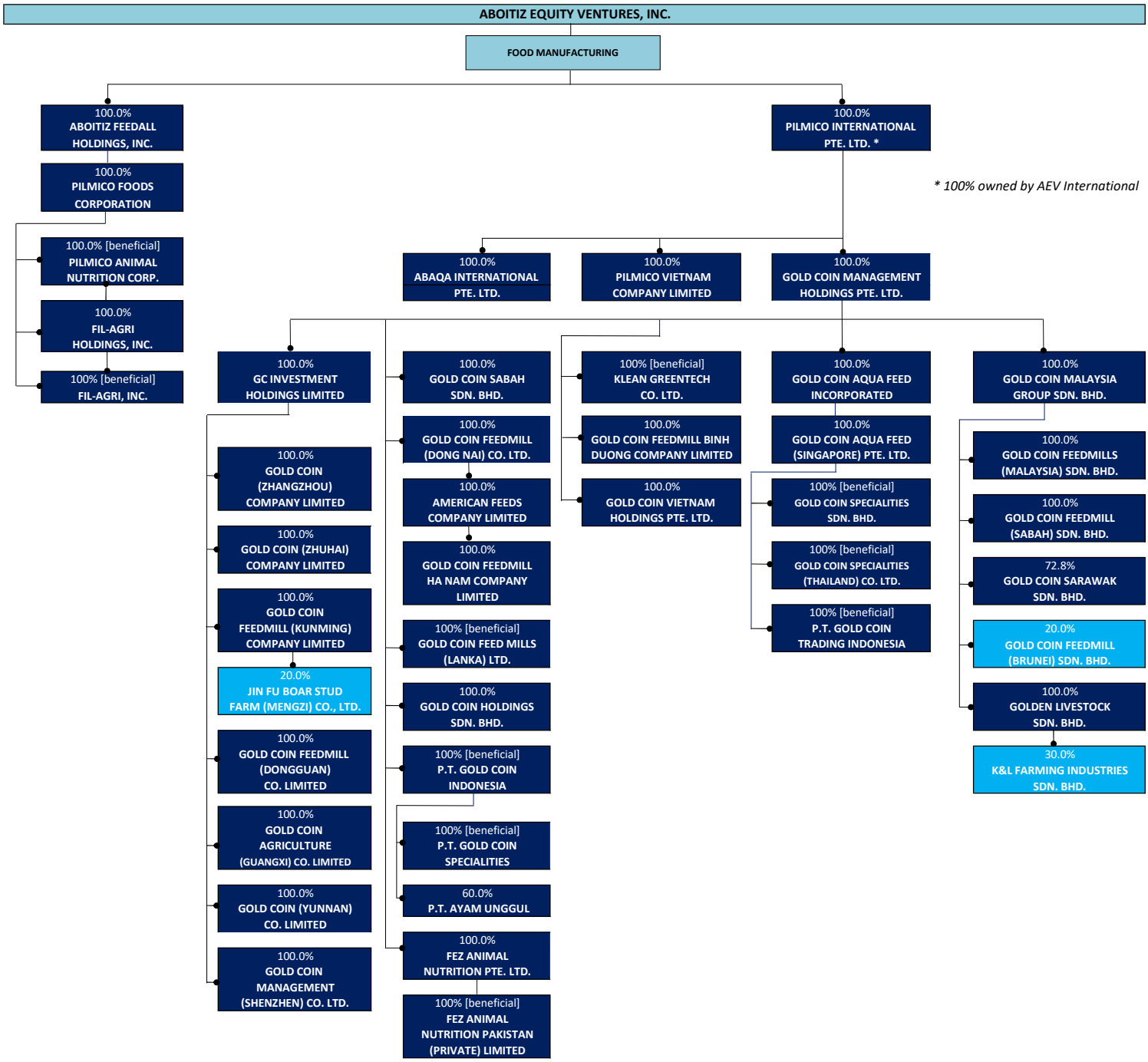
ABOITIZ EQUITY VENTURES, INC. - FOOD MANUFACTURING

CONGLOMERATE MAPPING

As of December 31, 2023

Legend:

- Parent Company
- Co-Subsidiary/Subsidiary of Parent Company
- Associate or Joint Venture of Parent Company



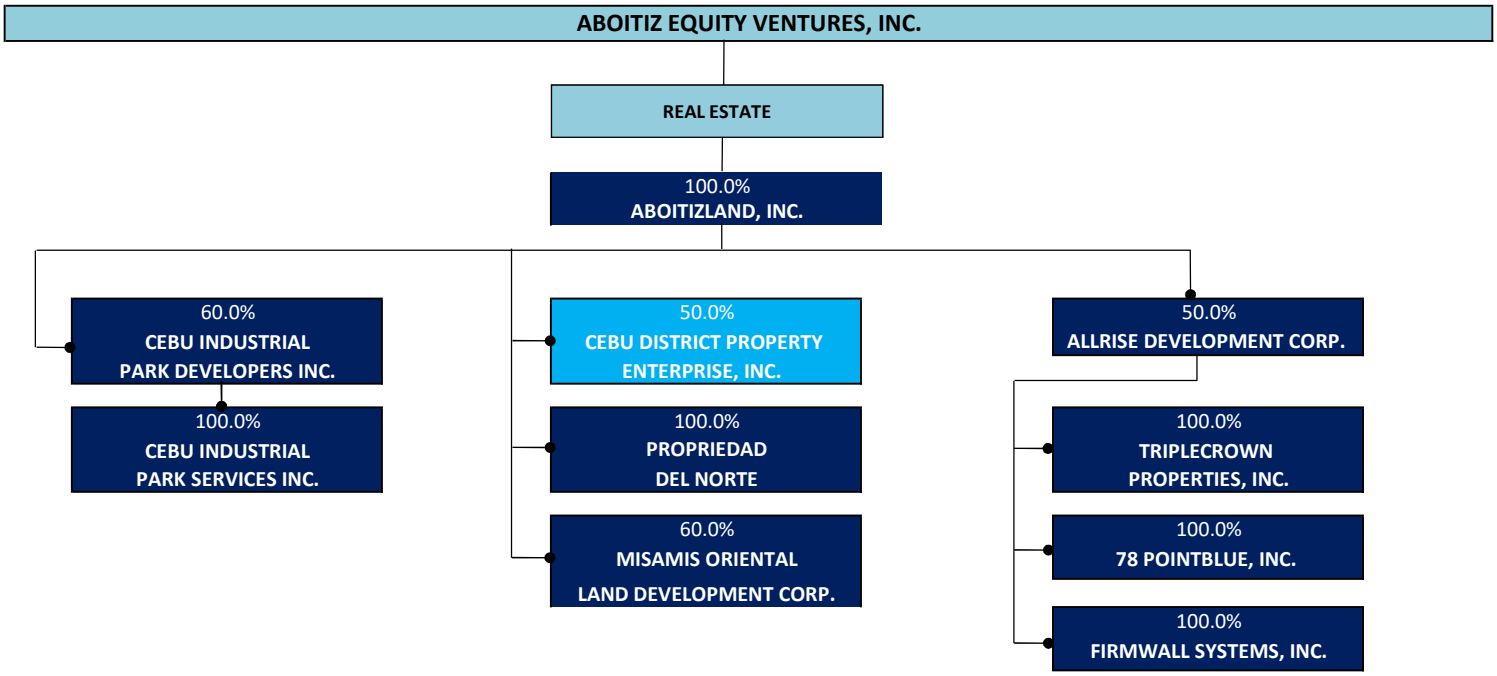
ABOITIZ EQUITY VENTURES, INC. - REAL ESTATE

CONGLOMERATE MAPPING

As of December 31, 2023

Legend:

- Parent Company
- Co-Subsidiary/Subsidiary of Parent Company
- Associate or Joint Venture of Parent Company



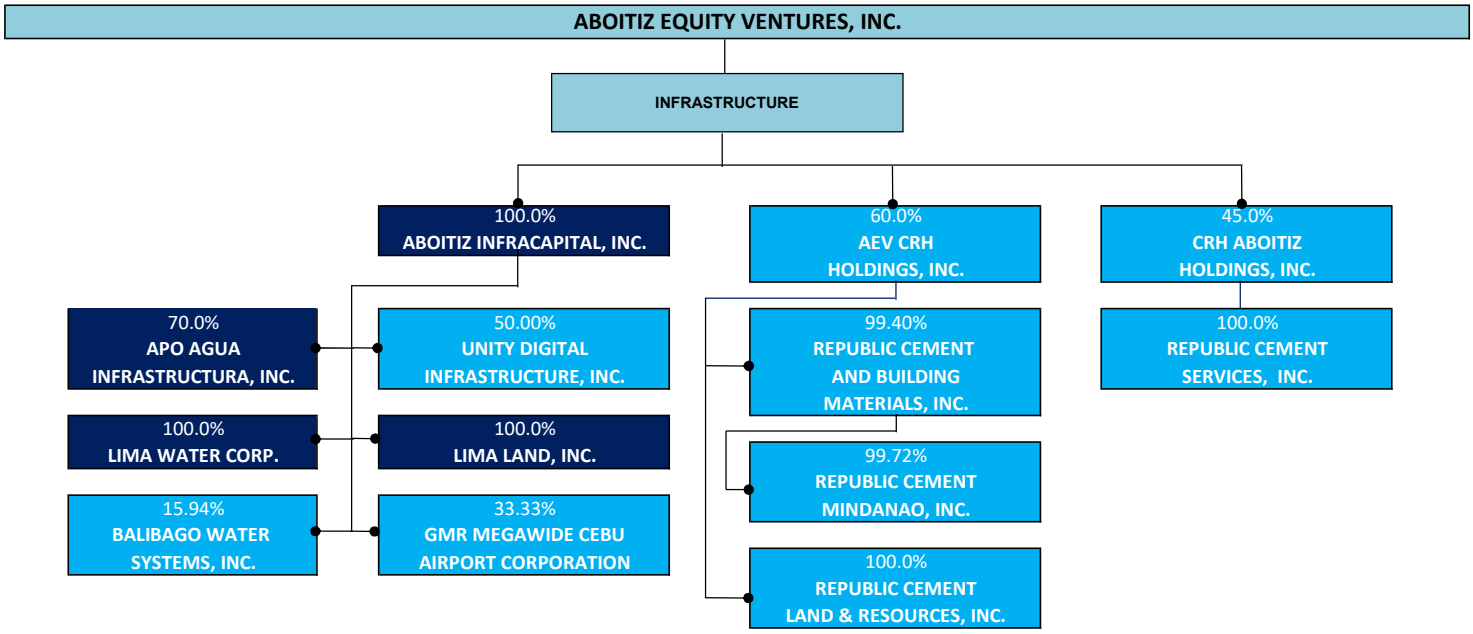
ABOITIZ EQUITY VENTURES, INC. - INFRASTRUCTURE

CONGLOMERATE MAPPING

As of December 31, 2023

Legend:

- Parent Company
- Co-Subsidiary/Subsidiary of Parent Company
- Associate or Joint Venture of Parent Company



ABOITIZ POWER CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATOR

	FORMULA	2023	2022
LIQUIDITY RATIOS			
Current ratio	Current assets / Current liabilities	1.79	1.78
Acid test ratio	(Cash + Marketable securities + Accounts receivable + Other liquid assets) / Current liabilities	1.38	1.38
SOLVENCY RATIOS			
Debt to equity ratio	Total liabilities / Total equity	1.51	1.68
Asset to equity ratio	Total assets / Total equity	2.51	2.68
Net debt to equity ratio	(Debt - Cash & cash equivalents) / Total equity	0.92	1.00
Gearing ratio	(Debt - Cash & cash equivalents) / (Total equity + (Debt - Cash & cash equivalents))	48%	50%
Interest coverage ratio	EBIT / Interest expense	4.50	3.57
PROFITABILITY RATIOS			
Operating margin	Operating profit / Total revenues	15%	15%
Return on equity	Net income after tax / Total equity adjusted for cash dividends	21%	19%

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

USE OF PROCEEDS

For the Year Ended December 31, 2023
(Amounts in Thousands)

Series “B" and "C" of the Thirty Billion Shelf Registration issued in 2021
As of December 31, 2023, the proceeds from the 2021 bonds were utilized for the following:

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

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

Balance of the proceeds as of December 31, 2023: ₱0

Series “D" and "E" of the Thirty Billion Shelf Registration issued in 2022
As of December 31, 2023, the proceeds from the 2022 bonds were utilized for the following:

Name of Project	Projected Usage (Per Prospectus)	Actual Usage
Early redemption of the 2018 Series B Bonds	7,700,000	7,700,000
Fund future renewable projects	2,165,427	2,170,125
Bond issuance costs	134,573	129,875
TOTAL	10,000,000	10,000,000

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

Balance of the proceeds as of December 31, 2023: ₱0

TECHGLOMERATE BUILDERS

ANNUAL INTEGRATED REPORT 2023

aboitiz | GT2025

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About the Theme

Techglomerate Builders

The theme for the 2023 Aboitiz Integrated Report encapsulates the driving force behind the Aboitiz Group's journey into the future: our **Techglomerate Builders**. In our Great Transformation to become the Philippines' first techglomerate, our team members—our A-People—are the architects of our commitment to harnessing technology to create more sustainable value for all our stakeholders.

The supercharged Aboitiz core values of integrity, teamwork, innovation, and responsibility inspire our A-People to adapt continually to the dynamic and evolving business landscape. It is a testament to their resilience, creativity, and collective strength in creating a future defined by synergy and technological excellence.

We invite you to explore the stories that illustrate what it is like to operate like a techglomerate through the perspective of our team members. As we change today to shape the future, we meet at the intersection of technology and people to build a legacy of innovation, sustainability, and positive impact.

About the Report

We are pleased to present the 2023 Aboitiz Integrated Report. This Report provides information on financial, operational, governance, social, and environmental performance that are material to AEV's business and stakeholders.

This Report contains a full-year's data—from 2022 to 2023—and focuses on AEV's strategic business units: Power, Banking and Financial Services, Food, Infrastructure, Land, and Data Science and Artificial Intelligence (DSAI).

We gathered reports on their performance in the following focus areas: team member engagement and development, corporate social responsibility, customer focus, disaster resilience, carbon emissions reduction, resource efficiency, renewable energy, waste management, and financial growth and returns.
Monetary values in this Report are presented in Philippine Pesos (PHP), which is AEV's functional currency. All information is disclosed to uphold the principles of ethics and transparency, and to communicate vital information to our stakeholders.

This report's publication date is April X, 2024 same day as its submission to the Securities and Exchange Commision.

For additional information on our previous reports, please refer to the Annual Report Downloads link, which you may access either through this link or QR code:

Reporting Standards and Guidance

GRI Standards
Aboitiz Equity Ventures Inc. has reported in accordance with GRI Standard for the period from 2022 to 2023. We provide a summary of how we developed this report, determining material topics and reporting disclosures using GRI Material Topics 2021 and GRI Topic Standards for each material topic , as well as our GRI Content index to help readers locate specific information about our policies, programs, and performance.

Taskforce on Climate Related Financial Disclosure
Aboitiz Equity Ventures (AEV) is the first Philippine signatory to the Task Force on Climate-related Financial Disclosure (TCFD). We are committed to aligning our disclosures to its framework that will provide the company with better information and preparedness towards the impacts of climate-related business scenarios.

UNGC Communication on Progress

Our Communication on Progress sets out key information, including the following requirements:

1. Our CEO Message includes statements expressing our continued support for the UN Global Compact and renewing the AEV's ongoing commitment to the initiative.
2. AEV's description of practical actions that the company has taken, or plans to take to implement the Ten Principles in each of the four areas: human rights, labor, environment, and anti-corruption.
3. Outcomes that are measured based on the aligned key performance indicators with the United Nations Sustainable Development Goals (SDGs) and the 10 business principles of the United Nations Global Compact.

The company is also one of the participants to the enhanced CoP Early Adopter Program, wherein we provide information on our progress through the new CoP Digital Platform.

SEC Compliance
This Report is in compliance with the Securities and Exchange Commission Memorandum Circular No. 4 Series of 2019: "Sustainability Reporting Guidelines for Publicly Listed Companies."

Reporting Principles

To define the content of this sustainability report, we follow these reporting principles:

- **Balance**: provided a balanced representation of our economic, governance, social, and environmental performance.
- **Clarity**: presented our information in a clear and concise manner to ensure that our stakeholders can easily understand our performance.
- **Comparability**: provided a basis for comparison with our previous performance and with other organizations to enhance transparency and accountability.
- **Sustainability Context**: identified the broader sustainability context of our business and provided information on how our performance aligns with our sustainability goals.
- **Timeliness**: reported on our performance within a reasonable timeframe to ensure that the information provided is relevant and up-to-date.
- **Verifiability**: ensured that our reported information is accurate and can be verified through a transparent and independent auditing process.

- **Materiality**: identified economic, social, and environmental issues that impact our business growth and of utmost importance to our stakeholders
- **Stakeholder Inclusiveness**: identified stakeholders and response to their expectations
- **Completeness**: identified material topics that are covered within identified boundaries were ensured to provide sufficient information that reflects the significant economic, social and environmental within the reporting period

These report elements aim to provide a level of comfort among our stakeholders that our information is timely, accurate, reliable, and complete.

Reporting Scope

The reporting scope of our Annual Integarted Report considers the level of operational control and influence that the holding company has on its business subsidiaries. The scope is different from the consolidation and scoping of our Annual Audited Financial Statements for reference please see our 2022 20-IS Report.

We worked closely with our Environmental, Social, and Governance Technical Working Group and their respective sustainability stewards in business units across the region where we operate, using a standardized data collection and monitoring process. The business units covered in this report are:

POWER
- Aboitiz Power Corporation
- AP Renewables, Inc.
- Balamban EnerZone Corporation
- Cebu Private Power Corporation
- Cotabato Light and Power Company
- Davao Light and Power Company, Inc.
- East Asia Utilities Corporation
- Hedcor, Inc.
- Hedcor Sibulan, Inc.
- Hedcor Tudaya, Inc.
- Hedcor Sabangan, Inc.
- Hedcor Bukidnon, Inc.
- LiMA EnerZone Corporation
- Luzon Hydro Corporation
- Mactan EnerZone Corporation
- Malvar EnerZone Corporation
- San Carlos Sun Power, Inc.
- SN Aboitiz Power - Magat, Inc.
- SN Aboitiz Power - Benguet, Inc.
- Subic EnerZone Corporation
- Therma Marine, Inc.
- Therma Mobile, Inc.
- Therma Power-Visayas, Inc.
- Therma South, Inc.
- Therma Visayas, Inc.
- Visayan Electric Company, Inc.

BANKING AND FINANCIAL SERVICES
- Union Bank of the Philippines
- City Savings Bank, Inc.
- PETNET, Inc.
- UnionDigital Bank, Inc.
- UBX Philippines Corporation

FOOD
- Pilmico Foods Corporation
- Pilmico Animal Nutrition Corporation
- Gold Coin Management Holdings Ltd.

INFRASTRUCTURE
- Aboitiz InfraCapital, Inc.
- Apo Agua Infrastructura, Inc.
- Lima Water Corporation
- LIMA Land, Inc.
- Republic Cement and Building Materials, Inc.

LAND
- Aboitiz Land, Inc.

DATA SCIENCE AND ARTIFICIAL INTELLIGENCE (DSAI)
- Aboitiz Data Innovation

CORPORATE SOCIAL RESPONSIBILITY
- Aboitiz Foundation, Inc.

Materiality Assessment Process

Materiality, as defined by the GRI reporting framework, includes topics and disclosures that reflect the Group's significant economic, environmental, and social impacts, or those that would substantially influence the assessments and decisions of our stakeholders.

Our process involved an internal analysis of the importance of a broad list of sustainability issues related to our core businesses of power, banking and financial services, food, infrastructure, land, DSAI, and our corporate foundation. At the parent company level, we integrated the common material issues that are within the medium-term horizon of our reporting parameters.

We also used discussions from stakeholder dialogues and company-wide feedback channels to inform the selection of these material issues, which were discussed and approved by the Aboitiz Group Management Committee as part of the focus areas of our Aboitiz Sustainability Synergy.

Restatements and Improvements

We gathered data for this report using the robust systems and tools currently in place among our participating business units. We remain focused on the continuous improvement of our data collection and analysis processes. Notes on the restatements of key performance indicators are found in the GRI Index section and in pages where they appear.

Aboitiz Equity Ventures

Aboitiz Equity Ventures Inc. (PSE: AEV) is the public holding company of the Aboitiz Group with major investments in power, banking and financial services, food, infrastructure, land, and data science and artificial intelligence. Today, it is recognized as one of the best-managed companies in the Philippines and in the ASEAN region, consistently cited for its commitment to good corporate governance and corporate social responsibility.

With five generations of success behind it, AEV is currently undergoing a Great Transformation to become the Philippines' first techglomerate. Amidst this evolution, Aboitiz remains committed to its core mission of driving change for a better world by advancing businesses and communities.

Power

Aboitiz Power Corporation (PSE:AP) is a power generation, power distribution, and retail electricity provider that aims to supply reliable, reasonably priced, and responsibly sourced energy to communities and businesses. By yearend 2023, the company had become the Philippines' biggest retail electricity provider based on market share, with over 250 customers from various industries and key verticals in the country.

AboitizPower believes a balanced energy mix that fully utilizes thermal (coal and oil) and renewable sources (hydro, geothermal, wind, and solar) is necessary to ensure energy security, affordability, and sustainability amid rising energy demand. It has eight distribution utilities, including the country's second and third largest, and has over 45 generation facilities spread across Luzon, Visayas, and Mindanao.

Aboitiz Renewables, Inc. (ARI), a wholly owned subsidiary of AboitizPower, is the Philippines' largest owner and operator of renewable energy based on installed capacity. In early 2024, ARI expects to add 200 megawatts (MW) to its portfolio and another 508 MW until early 2025; it is on track to expand AboitizPower's clean energy portfolio to 4,600 MW by 2030.

Banking and Financial Services

Union Bank of the Philippines (PSE: UBP) is a publicly listed universal bank acknowledged as the leading digitally transformed bank in the country. It is among the pioneers in innovation to deliver superior banking experiences to customers. Consistently recognized as one of Asia's leading companies, UnionBank ranks among the country's top universal banks in terms of profitability and efficiency. Through its "Tech Up Pilipinas" aspiration, it aims to power the future of banking to best serve the growing needs of Filipinos everywhere.

City Savings Bank, Inc. (CitySavings) is UnionBank's thrift bank subsidiary serving the teacher-borrowers' market and other mass market segments through its various acquisitions. FAIRBank (2016) focuses on micro, small, and medium-sized enterprises (MSME) loans and microfinance; PETNET, Inc. (2018) provides cash and payment-related solutions in its over-3,000 retail outlets, and Bangko Kabayan and Progressive Bank (2020) further serves the MSME segment.

UBX Philippines (UBX PH) is UnionBank's wholly owned innovation and technology company that began commercial operations in 2019. It focuses on innovation projects such as investing in financial and information technology companies and platforms, as well as providing technology services to clients. All these are geared towards embedding financial services into people's everyday experiences and connecting communities to promote financial inclusion in the country.

UnionDigital (UD), UnionBank's wholly owned digital banking subsidiary, which holds one of six digital banking licenses granted by the Bangko Sentral ng Pilipinas (BSP) was commercially launched on July 18, 2022.

Food

Pilmico and Gold Coin Group is the integrated agribusiness and food company of the Aboitiz Group.

In the Philippines, Pilmico Foods Corporation (Pilmico) is an industry leader in the flour and feeds manufacturing sector and a top pork meat supplier. Its four divisions—Flour, Feeds, Farms, and Trading—enable the growth of the company's stakeholders through consistent quality products and unmatched supporting services.

Pilmico's customer reach has also expanded to the Asia Pacific region through Gold Coin Management Holdings, Inc. (Gold Coin), a pioneer in animal nutrition and manufacturing scientifically based animal feeds in Asia.

With over 3,700 partners across multiple facilities in eight countries, Pilmico and Gold Coin Group form one of Asia's largest privately owned agribusinesses.

Infrastructure

Aboitiz InfraCapital (AIC), the infrastructure arm of the Aboitiz Group, is committed to building sustainable and smart infrastructure that uplifts society as a catalyst for economic growth. AIC develops and operates in diverse yet interconnected businesses in Economic Estates, Water Services, Transport and Mobility, and Digital Infrastructure.

The Economic Estates are innovative, master-planned developments that spur sustainable growth in regional areas across the country, with LIMA Estate in Batangas, and Mactan Economic Zone II (MEZII) Estate and West Cebu Estate in Cebu. In 2023, AIC announced the acquisition of 200 hectares in Tarlac City to expand its portfolio in Central Luzon, bringing the total combined footprint of its Economic Estates to 1,600 hectares. These economic zones are complemented by commercial, residential, and institutional components run by Aboitiz affiliates, including AboitizPower, Aboitiz Land, and Aboitiz Construction.

AIC's Estate Water subsidiaries, namely Lima Water, MEZII Water, and West Cebu Water, provide end-to-end water and wastewater services to the Economic Estates serving the growth needs of locators and businesses.Apo Agua Infrastructura, the largest operating bulk water project in the country, provides the Davao City Water District that serves over one million residents with 300 million liters of safe drinking water daily. AIC also owns a minority stake in Balibago Waterworks Systems, one of the country's largest privately owned waterworks systems, which provides running water to over 330,000 residents in Pampanga.

As part of the GMR Megawide Cebu Airport Corporation (GMCAC), AIC is engaged in the operations of the Mactan-Cebu International Airport (MCIA) and will take full control of its operations in 2024. This represents AIC's initial foray into the Transport and Mobility space as it explores more opportunities to grow its regional airport platform.

Unity Digital Infrastructure is AIC's joint venture telecommunications infrastructure company with leading global private markets firm Partners Group. It builds and operates passive telecommunications tower infrastructures across the Philippines to support mobile network operators in improving digital connectivity and service reliability.

AIC has also diversified into the data center business through its partnership with EdgeConneX, the pioneer in global Hyperlocal to Hyperscale Data Center Solutions in the United States.

Republic Cement, AEV's partnership with global building materials group CRH, operates six facilities across the Philippines that produce the biggest supply of cement in the country.

Land

For over 25 years, **Aboitiz Land, Inc.** continues to deliver innovative solutions to provide better homes for Filipinos, a commitment that extends from its Cebu legacy to Luzon to shape the landscape of residential living across the Philippines. The company embarked on its national expansion in 2014, with the acquisition of LIMA Technology Center in Batangas. In 2020, Aboitiz Land redirected its focus to residential development by transferring its industrial and commercial business units to Aboitiz InfraCapital.

This commitment to residential development is exemplified through diverse projects that cater to the varied needs of residents. Seafront Residences in San Juan, Batangas, launched in 2017, marked the company's venture into horizontal residential development, earning accolades as an exclusive beachside residential enclave. In 2018 and 2019, Aboitiz Land introduced Ajoya communities in Central Luzon, providing quality living spaces, highly amenitized communities, and expansive green areas at affordable prices. These communities, which are located in Cabanatuan, Nueva Ecija, Capas, Tarlac, and Mexico, Pampanga, are prime examples of Aboitiz Land's expansion efforts into Luzon.

Also in 2019, the company unveiled The Villages at Lipa, a 49-hectare residential enclave within the expansive LIMA Estate. This collection of villages redefines living in the progressive South, seamlessly integrating residential spaces with vibrant business districts. Meadow Village, Sierra Village, and Brook Village within The Villages at Lipa showcase Aboitiz Land's commitment to offer diverse living experiences.

In a strategic move to expand into Metro Manila, the company in 2019 partnered with Point Blue, a pioneer in the integrated micro-studio rental market to operate apartments located in key business districts. This expansion, which reflects the company's responsiveness to the demands of the housing market, solidified Aboitiz Land's position as an innovation-driven property developer.

Data Science and Artificial Intelligence

Aboitiz Data Innovation (ADI) is a forward-thinking data science and AI start-up with a strong commitment to research and a human-centric approach. Our mission is to provide transformative AI-powered products and capabilities to businesses across diverse sectors.

With a heritage rooted in the Philippines' Aboitiz Group and headquartered in Singapore, ADI is uniquely positioned to serve clients in banking and financial services, power, and smart cities (real estate, airports, construction, land, and food) industries.

The company is committed to making a positive impact through innovation, sustainability, and excellence. Its team of experts leverages advanced data science techniques and a human-centric AI approach to developing solutions that are not only effective but also socially responsible. ADI's transformative Data & AI solutions drive value—fostering smarter and sustainable cities, strengthening risk management, and enhancing energy efficiency, benefitting both clients and society at large.

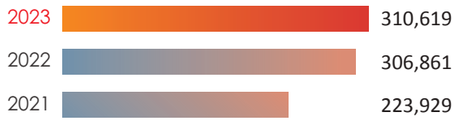
Corporate Social Responsibility

Aboitiz Foundation, Inc. is the Aboitiz Group's corporate foundation established in 1988. In partnership with Aboitiz business units, the foundation empowers future leaders with resources and scholarships, creates jobs through community development and digital skills training, and prioritizes climate action with nature-based solutions for a sustainable future. After 35 years, it continues its legacy with a renewed commitment to expand flagship programs, foster global collaborations, and harness innovation in its unwavering mission to shape a brighter future for its communities, and for the nation.

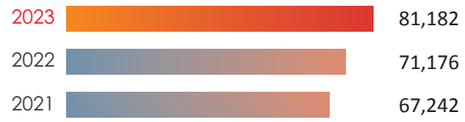
Financial Highlights

(in PHP millions)

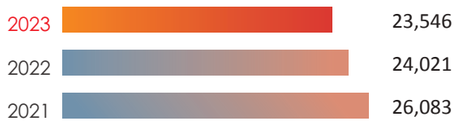
Revenues



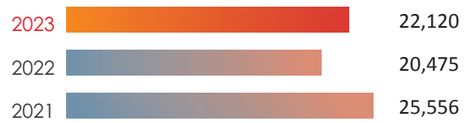
EBITDA



Net Income to Equity Holders of the Parent



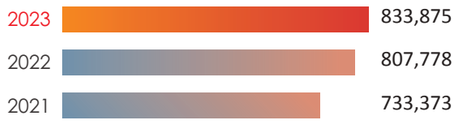
Core Net Income



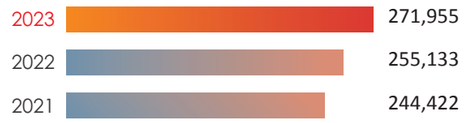
Cash Dividend Paid to Common

Cash and Cash Equivalents

Total Assets



Equity Attributable to Equity Holders of the Parent



Market Capitalization

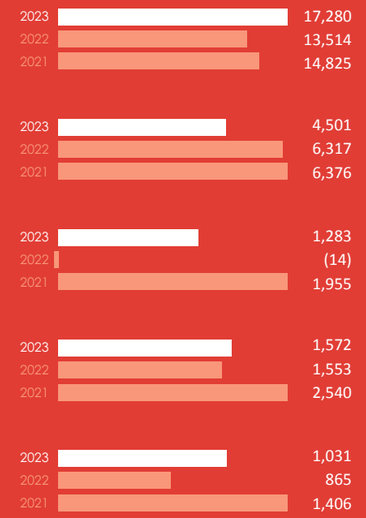
Financial Summary

(in PHP millions)	2021 (As restated)	2022 (As restated)	2023	% Change (2023 vs. 2022)
INCOME STATEMENT				
Revenues	223,929	306,861	**310,619**	1%
Operating costs & expenses	(190,828)	(271,766)	**(272,574)**	
Operating profit	33,101	35,095	**38,045**	8%
Equity in net earnings of associates	17,246	20,782	**23,637**	14%
Net interest expense	(16,511)	(15,989)	**(16,228)**	
Other income	3,142	4,139	**6,060**	46%
Income before income tax	36,978	44,027	**51,515**	17%
Provision for income tax	(4,561)	(5,367)	**(8,593)**	
Net Income before non-controlling interests	32,417	38,660	**42,921**	11%
Non-controlling interests	(6,333)	(14,639)	**(19,375)**	
Net income attributable to equity holders of parent	26,083	24,021	**23,546**	-2%
EBITDA	67,242	71,176	**81,182**	14%
FINANCIAL CONDITION				
Total assets	733,373	807,778	**833,875**	3%
Total liabilities	406,102	457,621	**458,528**	0%
Non-controlling interests	82,848	95,025	**103,392**	9%
Equity attributable to equity holders of the parent	244,422	255,133	**271,955**	7%
RATIOS				
Per Share (Pesos)				
Earnings	4.63	4.27	**4.18**	-2%
Book Value	43.46	45.31	**48.39**	7%
Cash dividend to common	0.91	1.62	**1.47**	-9%
Return on equity	14.2%	9.8%	**9.2%**	
Current ratio	2.3	1.9	**2.2**	
Debt/Equity	1.2	1.3	**1.2**	
Net debt/Equity	0.6	0.7	**0.7**	

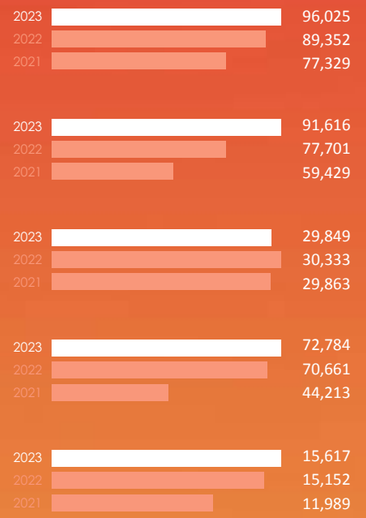
Breakdown

Per Business Segment (in Php millions)

Income Contribution



Equity Investment



Financial Highlights

(in PHP millions)

Revenues

EBITDA

*Net Income to Equity Holders of the Parent

Core Net Income

Cash Dividend Paid to Common

Cash and Cash Equivalents

Total Assets

Equity Attributable to Equity Holders of the Parent

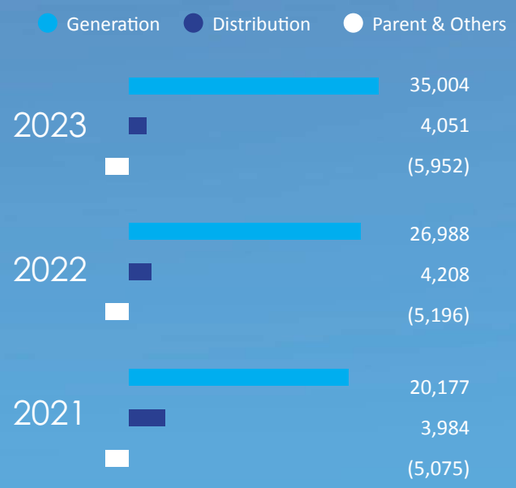
Market Capitalization

*AboitizPower

Financial Summary

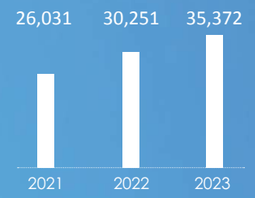
(in PHP millions)	2021 (As restated)	2022 (As restated)	2023	% Change (2023 vs. 2022)
INCOME STATEMENT				
Revenues	134,359	193,994	**207,100**	7%
Operating costs & expenses	(106,149)	(164,191)	**(175,315)**	7%
Operating profit	28,210	29,803	**31,785**	7%
Equity in net earnings of associates	9,480	15,135	**19,818**	31%
Net interest expense	(13,247)	(12,742)	**(12,494)**	-2%
Other income	214	515	**4,634**	799%
Income before income tax	24,656	32,712	**43,742**	34%
Provision for income tax	(3,862)	(4,701)	**(7,277)**	55%
Net Income before non-controlling interests	20,794	28,011	**36,465**	30%
Non-controlling interests	(1,708)	(2,012)	**(3,364)**	
Net income attributable to equity holders of parent	19,086	25,999	**33,102**	27%
EBITDA	50,662	57,597	**67,914**	18%
FINANCIAL CONDITION				
Total assets	427,172	477,376	**487,023**	2%
Total liabilities	272,097	299,243	**293,049**	-2%
Non-controlling interests	7,630	9,072	**13,836**	53%
Equity attributable to equity holders of the parent	147,445	169,060	**180,138**	7%
RATIOS				
Per Share (Pesos)				
Earnings	2.59	3.53	**4.52**	29%
Book Value	20.04	22.97	**25.00**	9%
Cash dividend to common	0.85	1.45	**1.88**	30%
Return on equity	16%	19%	**21%**	11%
Current ratio	1.53	1.78	**1.79**	1%
Debt/Equity	1.75	1.68	**1.51**	-10%
Net debt/Equity	1.12	1.00	**0.92**	-8%

Income Contribution Breakdown
Per Business Segment (in PHP millions)

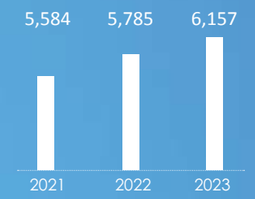


Attributable Power Sales
(in GWh)

Generation

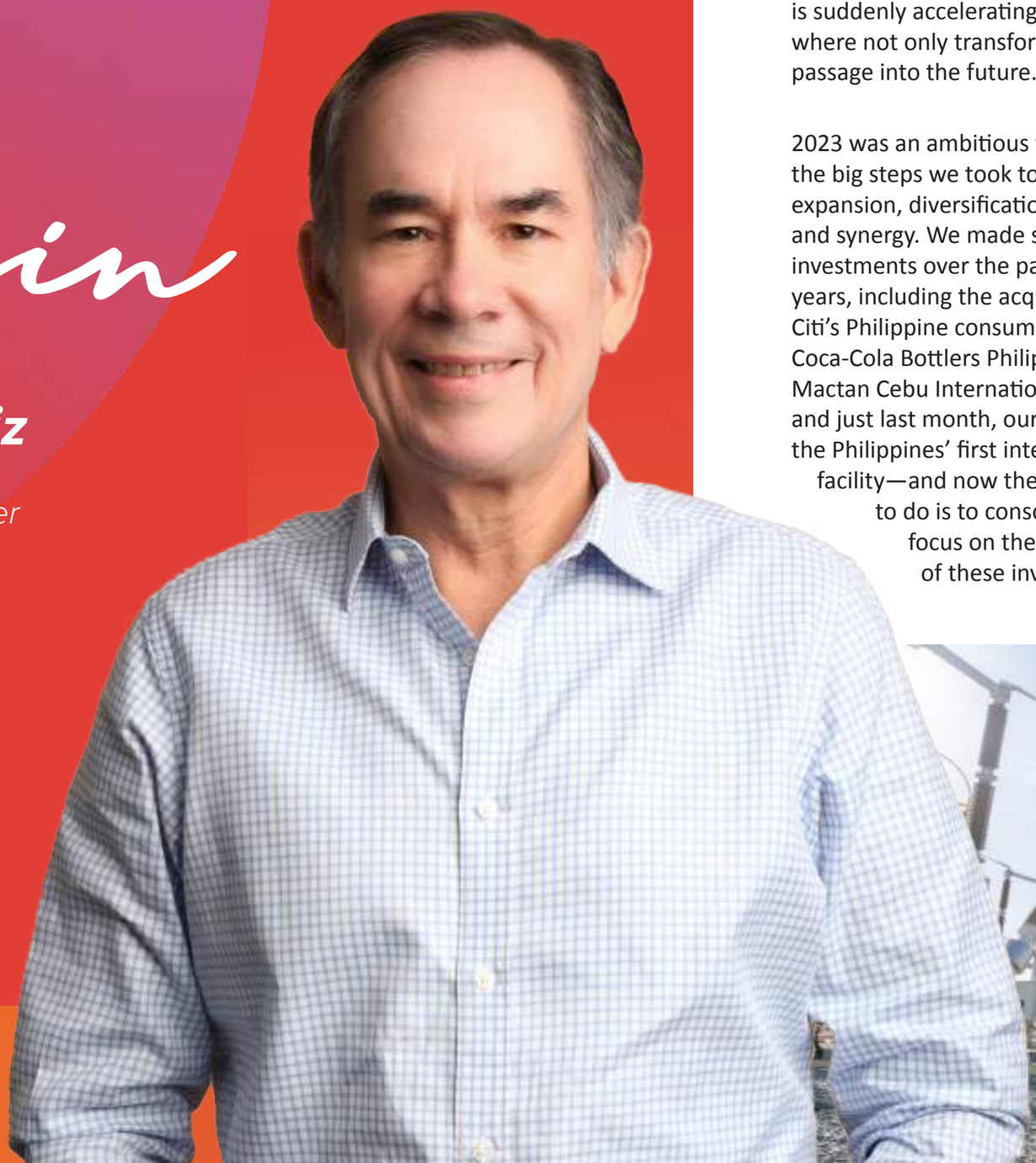


Distribution



Message of the

President and Chief Executive Officer



Sabin Aboitiz
President and
Chief Executive Officer
Aboitiz Group

Dear Fellow Stakeholders,

No, this message was not written by ChatGPT. But the day has finally come where it certainly could have. Welcome to 2024. A few years ago, a “Great Transformation” (GT) into a “techglomerate” seemed almost crazy, but with the way technology is suddenly accelerating again, it now seems natural. We are at a point in history where not only transformation but *continuous* transformation is required for safe passage into the future.

2023 was an ambitious year for the big steps we took towards expansion, diversification, innovation, and synergy. We made significant investments over the past two years, including the acquisitions of Citi’s Philippine consumer business, Coca-Cola Bottlers Philippines, the Mactan Cebu International Airport, and just last month, our stake in the Philippines’ first integrated LNG facility—and now the smart thing to do is to consolidate and focus on the future returns of these investments. We cast a pretty wide net last year and we expect a good harvest.

Our Business Units

AboitizPower (AP) had a strong year in 2023, with record profits, high plant availability, and industry-leading retail market share. We have already disclosed over 1,000 megawatts of renewable energy projects, and we will deliver an additional 3,700 megawatts of attributable renewable energy capacity with these projects by 2030.

UnionBank took another big step to become the largest retail bank in the Philippines with the acquisition of Citi's consumer business, and UnionDigital—one of the first few banks in the Philippines to receive its digital banking license—is already making a profit in its first year of operations. City Savings Bank was recognized as the Most Customer-Centric Savings Bank, and UBX continues to be the Philippines' leading digital transformation provider and open finance platform.

The Food Group framed its Dual Transformation strategy of strengthening our core businesses while pioneering new growth engines, resulting in an increase in our net income. Despite animal diseases, the Food Group remains one of the few operators supplying locally sourced premium quality pork in the Philippines. We also introduced The Good Meat and are now one of the leading meat retailers in the Philippines. We also launched new premium cat and rabbit food products, a specialty nutrition product for swine and poultry, and aquaculture brands in Vietnam.

Aboitiz InfraCapital (AIC) had a busy year with its focus on Economic Estates, data towers, water systems, and airports—all contributions to nation-building. Our Economic Estates created 45,000 new jobs and Apo Agua Infrastructura successfully completed the Davao City Bulk Water Supply Project, which began supplying water to over one million Davaoeños.

Also in 2023 we took over operations of the Mactan Cebu International Airport (MCIA) and saw an 81% increase in passenger traffic compared to the previous year. Unity Digital closed the transfer of 67% of 1,097 sale-and-leaseback cell sites from PLDT-Smart and Globe, and constructed close to 350 towers.

Aboitiz Land caps a three-year streak of hitting and surpassing sales targets, and pioneering the end-to-end digital customer experience in real estate. With OneVecino, it revolutionized the way it services its homeowners, from property search, easy payment options, accessible customer support, and digitized property management services.

Aboitiz Data Innovation is in the process of collecting, tagging, analyzing, and sharing data sets from all across the Group in order to create the synergies needed to achieve a true techglomerate premium. It is now serving several clients outside the Group and the Philippines.

Aboitiz Foundation began its own transformation with a renewed mandate to scale its operations with innovation and synergy. Our goal is to tap global funds to affect real societal changes in the Philippines, through solutions that move the needle in Education, Jobs, and Climate Action. This new direction balances economic success with environmental stewardship and social responsibility.

> "We made significant investments over the past two years, including the acquisitions of Citi's Philippine consumer business, Coca-Cola Bottlers Philippines, the Mactan Cebu International Airport, and just last month, our stake in the Philippines' first integrated LNG facility—and now the smart thing to do is to consolidate and focus on the future returns of these investments. We cast a pretty wide net last year and we expect a good harvest."

Private Sector Advisory Council

On a national level, the Private Sector Advisory Council (PSAC) has played a critical role in our country's economic development by providing the government with quick-win recommendations and real-time, on-ground insights from the private sector. Our regular engagement with the President, with two meetings per month, draws parallels with similar advisory bodies like the National Infrastructure Advisory Council (NIAC) in the United States, and emphasizes the global importance and unique position of PSAC in shaping national policy. We thank the 30 CEOs in PSAC for their commitment.

The President's dedication to listening and engaging with the council underlines a mutual belief in the power of private-public

> "Our new investments show that we are committed to our diversification strategy. It is our responsibility however to make sure these investments pay off in good time through careful stewardship and strategic patience."

collaboration, which is a cornerstone of our government's national development strategy. This very robust partnership between our government and the private sector is iconic and unique for the Philippines. Nowhere else can you find a president that gives this much time and attention to the private sector. It's a rare opportunity for real collaboration and we shouldn't take it for granted, but rather appreciate it for the real value it can create for our country. It's a responsibility we can't ignore.

The President's proactive approach to incorporating private sector perspectives will help position the Philippines as "the next big thing in Asia." Through PSAC we fully support OPAIEA (Office of the Presidential Adviser for Investment & Economic Affairs) in its efforts to raise the confidence of investors, especially those that could benefit social sectors such as health, education, and agriculture.

As a member of the APEC Business Advisory Council (ABAC), we hosted the ABAC III Meetings in July 2023 at the NUSTAR Convention Center in Cebu City. Attended by 163 delegates from 21 APEC Economies, the discussions led to policy recommendations to APEC Leaders and Ministers.

Our Great Transformation

A key learning from 2023 was recalibrating the proportions between future-proofing our core businesses and operations, and making bold bets on the future—

> “Telling team members they can do better is like a coach pushing a team to win; it means the leader believes in them. Instead of being discouraged, team members should see this as motivation to improve and reach their full potential—which leaders believe they have.”

we shifted more focus on the former and toned down the latter. Constant experimentation has always been part of the GT's entrepreneurial spirit, and therefore we continue to explore innovative ways of working and delivering value to our stakeholders on every level.

Based on our learnings from 2023, we will proceed to think and act on two levels: managing the business today by driving value and revenue, and parallel to that, actively thinking about how to withstand disruption. In other words, how can we be efficient today so that we can buy time for further transformation tomorrow—and to do this we need to continue to transform our culture based on our A+10 Behaviors.

In 2024 we realize that it is not easy building a culture of fast, simple, and innovative teams; there are multiple hurdles to cross, but we are doing the best we can. We are also doubling down on opportunities for synergy within the Group's ecosystem, as mandated through the establishment of the Synergy Team in 2023.

In the past year, becoming a techglomerate has been an aggressive pursuit of growth and transformation. Our new investments show that we are committed to our diversification strategy. It is our responsibility however to make sure these investments pay off in good time through careful stewardship and strategic patience.

Looking Ahead

It is important that we practice prudence and austerity as we await the harvest of the seeds planted in 2023. This period of consolidation is not about standing still; it's about moving forward with intention and focus on increasing the pie. It's about ensuring that every action we take is aligned with our GT vision and the techglomerate premium we are committed to achieving.

Furthermore, as team members we need to stretch ourselves and our capabilities as far as we can. Telling team members they can do better is like a coach pushing a team to win; it means the leader believes in them. Instead of being discouraged, team members should see this as motivation to improve and reach their full potential—which leaders believe they have.

I've said this many times before and will continue to do so: our people and stakeholders have always been the foundation upon which our success is built. They are the secret to our success. To our partners, customers, and shareholders: your continued trust and support are what inspire us to strive for excellence in everything we do, every single day.

Sabin

Sabin M. Aboitiz
President and CEO
Aboitiz Group

Message of the **Chairmen**

Endika

Enrique Aboitiz

Chairman of the Board
Aboitiz Equity Ventures Inc.

Sabin

Sabin Aboitiz

Chairman of the Board
Aboitiz Power Corporation

Dear Fellow Stakeholders,

Warmest greetings on behalf of the Boards of AEV and AboitizPower!

Each season brings changes of all kinds, and over time, most species die as new ones come into being. Nature's ecosystem has no room at all for the least adaptive. It is not survival of the fittest, but survival for as long as possible for the most adaptive. Evolution is the product of adaptation to change, which continued to be the central idea for your company in 2023. Rightly so, our Annual Integrated Report puts the spotlight on the foundation of the Aboitiz Great Transformation: our team members, our techglomerate builders.

The term "techglomerate" is how we describe what we aspire Aboitiz to be, with its competitive edge in all businesses through the use of technology and digitalization. To get there means navigating the wild, complex, and complicated world in which we operate and, fundamentally, for our A-People to strengthen their resilience and capacity to learn from failure. Their intelligence gives them a headstart but confidence, open minds, and sturdy constitutions enhance value, allowing them to get it and get it done quickly. Meanwhile, competition is coming from more winds and will come from yet more fields, which means education, learning, attention & engagement by all 24 x 60 x 60 = 996 (ELA&E: 24x60x60 996) is a top priority. We cannot emphasize enough how our team

> “Our post-Covid world reminds us, especially those of us in leadership positions, that it is all about people. It has been will always be about people. Some will argue that robots and AI will replace people—and to a certain degree they may—but we at Aboitiz believe that technology will be yet another enhancement for better lives.”

needs to pursue higher and higher levels of education and learning, or we will not be able to innovate and disrupt nor adapt on time. The idea is for us to learn faster than the rest, and to evolve our beliefs—not to confirm or deny them.

In a world of unintended consequences that pop up like malware or goodware, we have to be switched on all of the time because chance favors the prepared. This is our commitment to you, our shareholders—strategy is something only we can do and better than anyone else. That is the path we are searching for daily and course correcting all the time.

We note that 2023 global recovery from Covid and the Russia-Ukraine War has been slow but steady while the Philippine economic growth was lower than the government’s target. Despite these challenges, your company achieved positive results with a strong balance sheet that will enable us to realize our plans for creating long-term value. We invite you to read more about these in the pages dedicated to our respective business units.

Our post-Covid world reminds us, especially those of us in leadership, that it is all about people. It has always been and will always be about people. Some will argue that robots and AI will replace people—and to a certain degree they may—but we at Aboitiz believe that technology will be yet another enhancement for better lives. We have great confidence in the talent and disposition of our A-People, the Philippines’ first techglomerate builders, guided by agility, innovation, and resilience.

Mabuhay!

Enrique M. Aboitiz
Chairman of the Board
Aboitiz Equity Ventures Inc.

Sabin M. Aboitiz
Chairman of the Board
Aboitiz Power Corporation

Message of the

Chief Financial Officers

Toto

Jose Emmanuel Hilado

Senior Vice President
Chief Financial Officer and
Chief Information Officer

Liza

Liza Luv Montelibano

Senior Vice President
Chief Financial Officer
Aboitiz Power Corporation

Dear Fellow Stakeholders,

2023 was a period of consolidation for our businesses as the Philippine economy slowed down to 5.6% from 7.6% in 2022. The economic slowdown was largely a result of the tighter monetary policy imposed by the Bangko Sentral ng Pilipinas (BSP) as it hiked rates by 350 basis points in 2022 and followed through with another 100 basis points in 2023.

It was under this environment that AEV and its business units operated in. AEV's 2023 beneficial EBITDA (earnings before interest, taxes, depreciation and amortization), which represents our proportional share in the EBITDAs of our subsidiaries and affiliates, reached PHP48.9 billion or 10% higher than the previous year. This was mainly driven by the double-digit EBITDA growth of AboitizPower, Aboitiz InfraCapital and AboitizLand, which more than offset the decline in Unionbank.

Net income came in at PHP23.5 billion versus PHP24.0 billion in 2022 or 2% lower. This translated to an earnings per share of PHP4.18 and a return on shareholders' equity (ROE) of 9%. In March 2024, the AEV Board approved a cash dividend of PHP1.40 per share. This accounted for 33% of 2023's consolidated net income and resulted in a dividend yield of 2.9%.

Meanwhile, AboitizPower is accelerating growth momentum and is focusing on

addressing the energy supply gaps by targeting to add 3.7GW of renewable energy capacity to the portfolio by 2030. In 2023, AboitizPower's beneficial EBITDA grew by 16% to PHP64.6 billion as a result of fresh contributions from Unit 2 of GNPower Dingingin Ltd. Co. and higher availability across our generation portfolio. The double-digit growth in beneficial EBITDA in 2023, along with the lower interest expense for the year, drove core net income 29% higher to PHP32.0 billion. This translated to an earnings per share of PHP4.52 and an ROE of 21%, which is a sustained improvement from last year's 19%.

In March 2024, the AboitizPower Board approved a cash dividend of PHP2.30 per share, which is equivalent to 50% of the consolidated net income in 2023 and a dividend yield of 6.1%. This is the highest dividend per share that AboitizPower has paid out in the company's entire history.

Fund Raising

In 2023, AEV issued PHP17.45 billion worth of fixed-rate retail bonds. The proceeds were used to partially finance the acquisition of 40% equity interest in CCBPI and refinance our maturing bonds. We are pleased to share with you that this bond issuance won the Alpha SouthEast Asia Best Deal & Solution Awards for 2023 as the Best Multi-Year Bond of the Year in the Philippines. This was also recognized by The Asset Triple A Sustainable Finance as the Best Acquisition Financing transaction.

As for AboitizPower it secured PHP19 billion in loans from large local financial institutions to finance a portion of Therma Luzon Inc.'s (TLI) remaining Independent Power Producer Administrator- related obligations to government-run Power Sector Assets and Liabilities Management Corp. It also secured around PHP10 billion in loans to fund the Cayanga and Laoag solar projects.

> "AEV's 2023 beneficial EBITDA (earnings before interest, taxes, depreciation and amortization), which represents our proportional share in the EBITDAs of our subsidiaries and affiliates, reached PHP48.9 billion or 10% higher than the previous year."

ESG Assessments

The Group continues to place sustainability at the heart of its Great Transformation. AEV topped the list of Philippine companies included in the Industrial Conglomerate Sector of the 2023 S&P Global Corporate Sustainability Assessments. It was also in the upper quartile among global peers in the same category.

AboitizPower led the local energy industry in environmental, social, and governance (ESG) standards and practices as it once again took the top spot among local electric utility companies ranked in the recent S&P Global's Corporate Sustainability Assessment (CSA).

Risk Finance

The risk transfer cost continued on an upward trajectory in 2023, which posed challenges to the Group, particularly to the power plant facilities. To address this, we conducted a thorough review of our requirements, rationalized policy limits, and validated our capacity to retain risks internally.

As part of our federalization initiative and to enhance our risk transfer treatments, the Risk Management teams of our subsidiaries have been empowered to strategize and design insurance management policies that are relevantly implemented at their

MSCI ESG RATINGS BBB | S&P Global Ratings | SUSTAINALYTICS RATED

In 2023, AEV continued to be recognized as a constituent company in the S&P Global Corporate Sustainability Assessment. The S&P Global Sustainability Assessment is highly regarded for companies to benchmark their improvements in ESG performance. AEV scored 48 at 87th percentile rank in the 2023 S&P Global Corporate Sustainability Assessment reflecting a percentile improvement of 2 points. (CSA Score as of 31/12/2023) The Company performed in the top quintile of Industrial Conglomerates Sector among 104 participating companies globally.

Meanwhile, the company maintained its BBB rating in the MSCI ESG Rating. The Company also looks into the CDP reporting framework by including it in the Company assessments of its ESG initiatives. The company completed the three assessments on Climate Change, Water Security and Forest. The group was able to move from Disclosure to Awareness level for Climate Change, Water and Forest guidance to companies.

MSCI ESG RATINGS BB | S&P Global Ratings | SUSTAINALYTICS RATED

AboitizPower's efforts in "transforming energy for a better world" continue to be commended by various independent assessors of ESG. S&P Global accorded the Company a score of 51 in its 2023 Corporate Sustainability Assessment (CSA), a one (1) point increase versus the previous year. The Company is positioned at the 76th percentile among its global peers in the Electric Utilities industry, showing strong performance in the areas of Innovation Management, Privacy Protection, and Risk & Crisis Management, and marked improvements in the areas of Environmental Dimension, Market Opportunities, and Occupational Health and Safety.

In the Sustainalytics ESG Risk Ratings, the Company remains in the medium risk at 28.7 risk rating. According to the report, despite the Company's high exposure to various ESG risks, its strong management kept its risk rating at a medium risk level, especially in Environmental Management and Health & Safety Management Systems.

Following the FTSE4Good Index Series Quarterly Review in September 2023, AboitizPower was delisted from the FTSE4Good Index Series. As per the rule of FTSE Russell, companies must be the constituents of their country's indices to be eligible for inclusion in the FTSE4Good Index Series. The Company was delisted from the FTSE All-World Index due to changes in market capitalization, ownership, and liquidity, which led to the removal of the Company in its constituency in the FTSE4Good Index Series, a status it has held since 2018.

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level. This new approach will optimize insurance programs that will suit the specific requirements of our different subsidiaries while still leveraging the Group's collective volume for better premium and terms and conditions.

Our captive insurance company, Archipelago Insurance, continues to play a key role in keeping our group premiums at reasonable levels as it renewed our risk retention on insurance programs for AboitizPower and Food Group.

Capital Expenditure & Funding Plan for 2024

For 2024, the Aboitiz Group, together with our partners, have allocated a total of PHP153 billion in capital expenditures. This is more than double the PHP65 billion we spent in 2023.

Of the total, PHP73 billion pesos is earmarked for AboitizPower's renewable energy pipeline, the continuous improvement of the reliability of its baseload plants, as well as various land acquisitions, new substations, and new meters for the distribution business. Additional capex budget will be allocated for AP's planned investment in Chromite Gas Holdings after it closes before the end of the year.

AboitizPower has an initial pipeline of solar and wind plants, with a cumulative capacity of up to 1,200MW and we are on track for 176MW to come online by early 2024, with construction ongoing for an additional 218MW. The second phase of AboitizPower's expansion will see the addition of approximately 1,700MW of solar and wind power plants, bringing us closer to our 3.7GW renewable energy target.

> "Risk Management teams of our subsidiaries have been empowered to strategize and design insurance management policies that are relevantly implemented at their level. This new approach will optimize insurance programs that will suit the specific requirements of our different subsidiaries while still leveraging the Group's collective volume for better premium and terms and conditions."

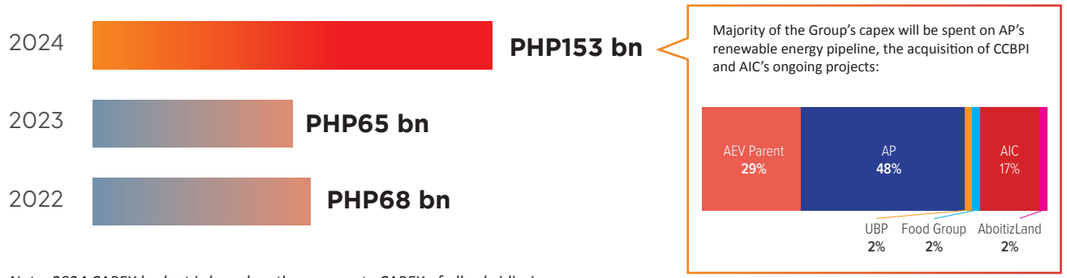
Meanwhile, the parent will spend PHP44 billion, of which PHP40 billion will be for the acquisition of 40% of Coca Cola Bottlers Philipines Inc (CCBPI).

Another PHP25 billion is for Aboitiz Infracapital, primarily to fund its ongoing tower acquisitions and the development of its economic estates. Another PHP1 billion is allotted for major maintenance works and the purchase of critical spares of Republic Cement.

Meanwhile, our Food Group has budgeted approximately PHP3 billion mainly for the completion of its capacity expansion projects.

Rounding out the balance are the provisions for other subsidiaries. The capital expenditure budget of our real estate business is mainly for the completion of its residential projects, while UnionBank will focus on further enhancing its digital infrastructure.

Capital Expenditures
(with partners)



Note: 2024 CAPEX budget is based on the aggregate CAPEX of all subsidiaries

Thank You

2023 was a remarkable year for the Aboitiz Group. Looking back, we can proudly say that despite the ongoing global challenges, we have continued to adapt, innovate, and collaborate, reaffirming our collective strength and determination to pursue our transformation.

We are maintaining our momentum in 2024 and remain enthusiastic for what lies ahead and are fully committed to maximizing the value of our core businesses and recent investments to achieve sustainable, long-term shareholder return.

Change, as we all know, is an integral part of process and growth. Our colleague, Sandro Aboitiz, took over as AboitizPower's CFO while I, Liza, moved to City Savings Bank, also as CFO. I would like to thank AboitizPower for a dynamic decade of growth and learning, and I look forward to my new journey as I aim to contribute to shaping and executing the bank's business strategies.

We believe that these changes and adjustments are essential for staying competitive, fostering innovation, and driving growth. By cultivating adaptability, fostering a growth mindset, and providing support and resources, the Aboitiz Group can continue to thrive amidst uncertainty.

> "By cultivating adaptability, fostering a growth mindset, and providing support and resources, the Aboitiz Group can continue to thrive amidst uncertainty."

Thank you to our various stakeholders – including our partners, financial institutions, and suppliers – for your continued support. To you, our dear shareholders, we express our appreciation for your unwavering confidence and trust. We are confident that 2024 will mark a transformative year for AEV as we maximize the benefits of our recent investments and generate more revenues from synergies as a Techglomerate with businesses spanning power, banking, food, real estate, infrastructure, and fast-moving consumer goods. All these for the benefit of our shareholders and our country.

Jose Emmanuel Hilado
Senior Vice President
Chief Financial Officer
Aboitiz Equity Ventures Inc.

Liza Luv Montelibano
Senior Vice President
Chief Financial Officer
Aboitiz Power Corporation

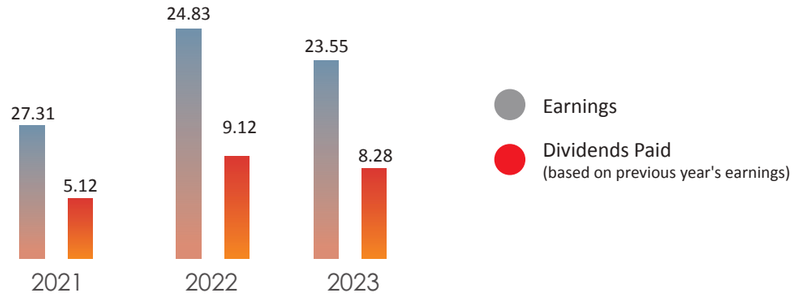
Sandro Aboitiz

Senior Vice President
Chief Financial Officer
Aboitiz Power Corporation
(Started November 1, 2023)

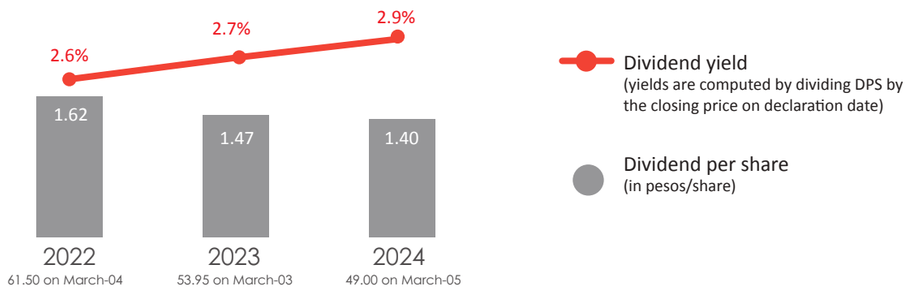
Shareholder Values

Aboitiz Equity Ventures Inc.

Earnings and Dividends
(in PHP billions)



Dividend Per Share (DPS) and Dividend Yield



Share Price (Peso/Share)

YEAR	HIGH	LOW
2023	60.00	44.60
2022	64.05	46.90
2021	59.05	34.00

Share Price Performance

YEAR	2023
AEV	-23%
PSEi	-2%

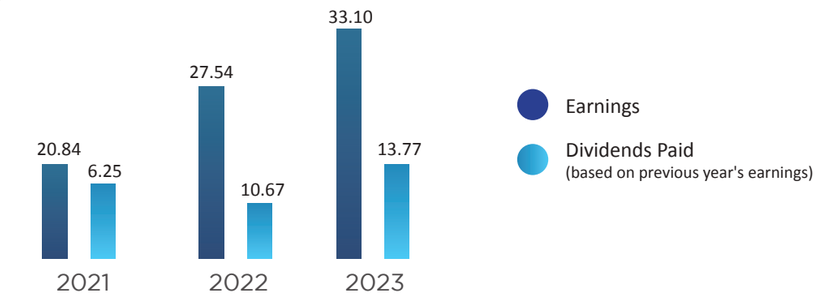
Total Return to Shareholder (TRS)*

-20% (1 year) → 1% (3 years) → .4% (10 years)

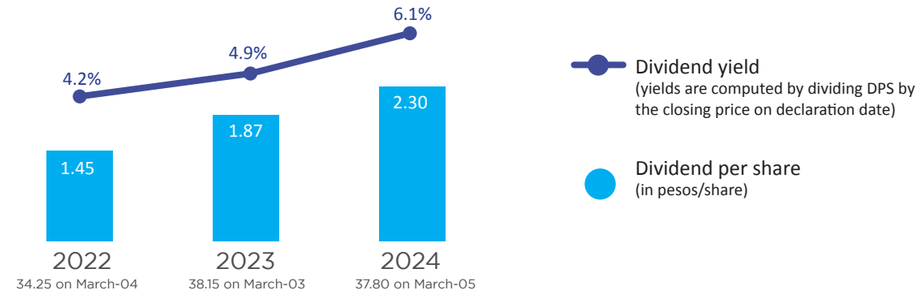
**TRS is computed by combining share price appreciation and dividends paid to show TRS expressed as a compounded annual growth rate (CAGR). Data compiled by Bloomberg.*

Aboitiz Power Corporation

Earnings and Dividends
(in PHP billions)



Dividend Per Share (DPS) and Dividend Yield



Share Price (Peso/Share)

YEAR	HIGH	LOW
2023	39.80	30.00
2022	37.00	28.50
2021	34.20	20.50

Share Price Performance

YEAR	2023
AP	7%
PSEi	-2%

Total Return to Shareholder (TRS)*

17% (1 years) → 17% (3 years) → 5% (10 years)

**TRS is computed by combining share price appreciation and dividends paid to show TRS expressed as a compounded annual growth rate (CAGR). Data compiled by Bloomberg.*

Aboitiz Group Presence in Asia

Map of Operations

Legend:
Aboitiz Strategic Business Units

Power
Banking & Financial Services
Food
Infrastructure
Land
Data Science

Check www.aboitiz.com for the detailed map of operations of all Aboitiz business units.

Aboitiz Power Corporation

Map of Operations

LEGEND

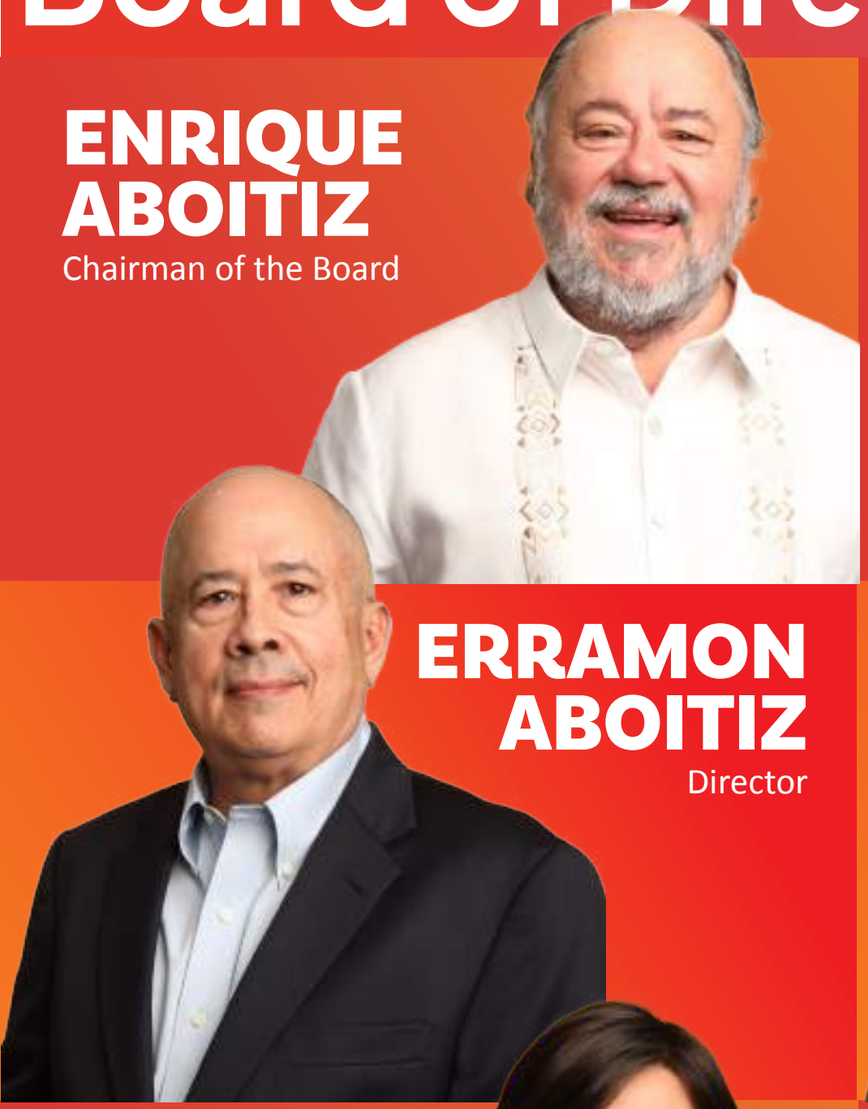
- Generation Renewable
- Generation Thermal
- Distribution
- Retail Electricity Supplier
- Corporate Office

- Luzon Hydro Corporation
- Hedcor Sabangan, Inc.
- SN Aboitiz Power-Magat, Inc.
- SN Aboitiz Power-Benguet, Inc.
- Hedcor, Inc. (Benguet)
- GNPower Mariveles Energy Center Ltd. Co.
- GNPower Dinginin Ltd. Co.
- Subic Enerzone Corporation
- San Fernando Electric Light & Power Co., Inc.
- Therma Mobile, Inc.
- AboitizPower - Main Corporate Office
- AP Renewables, Inc. (MakBan)
- Malvar Enerzone Corporation
- Lima Enerzone Corporation
- Therma Luzon, Inc.
- AP Renewables, Inc. (Tiwi)
- San Carlos Sun Power, Inc.
- Cebu Corporate Office
- Adventenergy, Inc.
- Aboitiz Energy Solutions, Inc.
- Prism Energy, Inc.
- Visayan Electric Company, Inc.
- Mactan Enerzone Corporation
- East Asia Utilities Corporation
- Therma Power-Visayas, Inc.
- Balamban Enerzone Corporation
- Therma Visayas, Inc.
- Therma Marine, Inc. (M2)
- Hedcor Bukidnon, Inc.
- STEAG State Power, Inc.
- Therma Marine, Inc. (M1)
- Davao Light and Power Company, Inc.
- Hedcor, Inc. (Davao)
- Hedcor Sibulan, Inc.
- Hedcor Tudaya, Inc.
- Therma South, Inc.
- Cotabato Light and Power Company
- Southern Philippines Power Corporation
- Western Mindanao Power Corporation

as of March 2024

Aboitiz Equity Ventures Inc.

Board of Directors



ENRIQUE ABOITIZ
Chairman of the Board

MIKEL ABOITIZ
Vice Chairman of the Board

SABIN ABOITIZ
President and
Chief Executive Office

ERRAMON ABOITIZ
Director

ANA MARIA DELGADO
Director

JUSTO ORTIZ
Director

JOANNE DE ASIS
Independent Director

CESAR ROMERO
Lead Independent Director

PETER MAQUERA
Independent Director

Aboitiz Equity Ventures Inc.

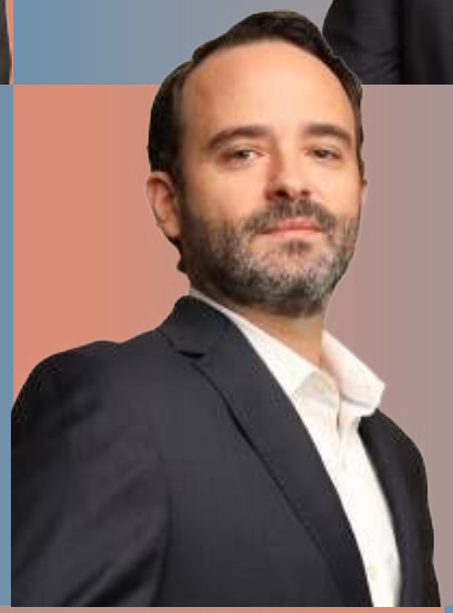
Business Unit Heads

EMMANUEL RUBIO
President
Chief Executive Officer
Aboitiz Power Corporation

EDWIN BAUTISTA
President
Chief Executive Officer
Union Bank of the Philippines

LORENZO OCAMPO
President
Chief Executive Officer
City Savings Bank, Inc.

ADRIAN ALFONSO OCAMPO
President
Chief Executive Officer
PETNET, Inc.



TRISTAN ROBERTO ABOITIZ
President
Chief Executive Officer
Food Group

COSETTE CANILAO
President
Chief Executive Officer
Aboitiz InfraCapital, Inc.

DAVID RAFAEL
President
Chief Executive Officer
Aboitiz Land, Inc.

DR. DAVID HARDOON
Managing Director
Aboitiz Data Innovation

Aboitiz Equity Ventures Inc.

Corporate Officers

SABIN ABOITIZ
President and
Chief Executive Officer

JOSE EMMANUEL HILADO
Chief Financial Officer and
Corporate Information Officer

CHRISTOPHER BESHOURI
Chief Strategy Officer

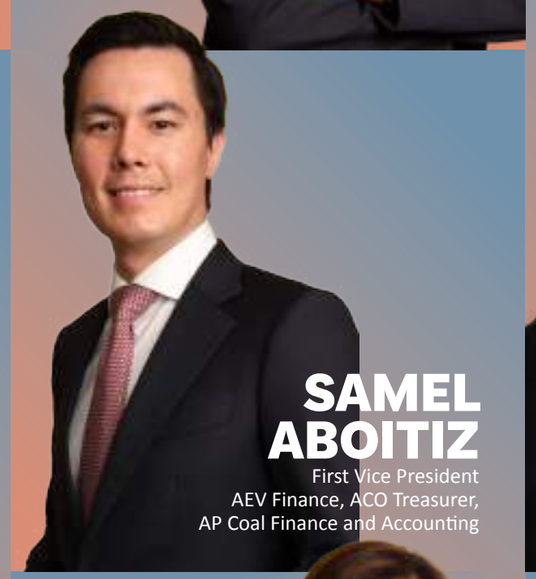
CONNIE CHU
Chief Legal & Compliance Officer
Corporate Secretary

DAVID JUDE STA. ANA
Chief External Affairs Officer

MARIA VERONICA SO
Group Treasurer

MARY GERALDINE ONGANON
First Vice President
Chief of Staff

ANA MARGARITA HONTIVEROS
First Vice President
Chief Reputation and Sustainability Officer



SAMEL ABOITIZ
First Vice President
AEV Finance, ACO Treasurer,
AP Coal Finance and Accounting

CHARMAINE ROSE VALMONTE
First Vice President
Chief Information Security Officer

JOSEPH TUGONON
First Vice President
Tax Advisory & Compliance

BEVERLY TOLENTINO
First Vice President
Controller

SANTANINA APOLINARIA CASTRO
First Vice President
People

Aboitiz Power Corporation

Board of Directors

SABIN ABOITIZ
Chairman of the Board

ERIC RAMON RECTO
Vice Chairman of the Board / Lead Independent Director

LUIS MIGUEL ABOITIZ
Director

EMMANUEL RUBIO
Director

TOSHIRO KUDAMA
Director

IZUMI KAI
Director

EDWIN BAUTISTA
Director

DANEL ABOITIZ
Director

CESAR ROMERO
Independent Director

Aboitiz Power Corporation

Business Unit Heads

JAMES VILLAROMAN
ARI President and Chief Operating Officer
Aboitiz Power Corporation

ALEXANDER COO
Renewable Chief Operating Officer
Aboitiz Power Corporation

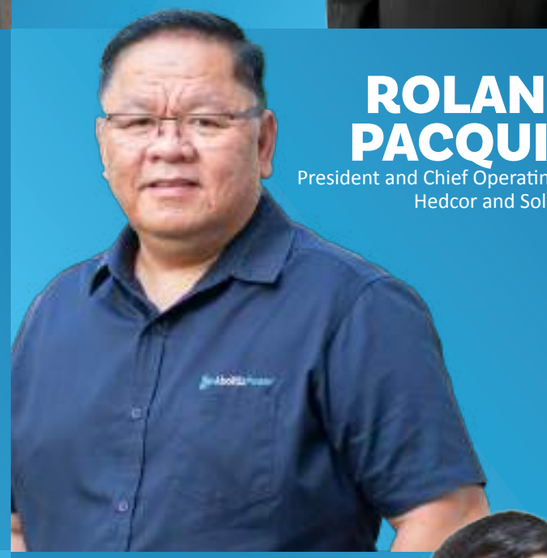
ANTON MARI PERDICES
Chief Operating Officer
AboitizPower Distribution Business Group

VALENTIN SALUDES
President and Chief Operating Officer
Cotabato Light & Power Company

RODGER VELASCO
President and Chief Operating Officer
Davao Light and Power Co., Inc.

DANTE POLLESCAS
President and Chief Operating Officer
Enerzones

JEFFREY ESTRELLA
President and Chief Operating Officer
AP Renewables Inc.



ROLANDO PACQUIAO
President and Chief Operating Officer
Hedcor and Solar Group

JOSEPH YU
President and Chief Executive Officer
SN Aboitiz Power

CELSO CABALLERO
Group Chief Operating Officer
AboitizPower Thermal Business Group

RONALDO RAMOS
Chief Operating Officer - Operated Assets
AboitizPower Thermal Business Group

RAUL LUCERO
President and Chief Operating Officer
Visayan Electric Co., Inc.

Aboitiz Foundation, Inc.

Board of Trustees

SABIN ABOITIZ
Chairman of the Board

SUSAN VALDEZ
Trustee

EMMANUEL RUBIO
Trustee

TRISTAN ROBERTO ABOITIZ
Trustee

JOSE EMMANUEL HILADO
Treasurer, Trustee

COSETTE CANILAO
Trustee

DAVID RAFAEL
Trustee

DAVID JUDE STA. ANA
Trustee

MARIA AURORA TOLENTINO
Independent Trustee

Our Value Creation Story

In the second year of our Great Transformation, the Aboitiz Group stands at the forefront of value creation with pioneering new ways to thrive in an era defined by technology and disruption. We continue on the path of building the Philippines first techglomerate underscored by our commitment to driving sustainable growth and delivering unparalleled value to our stakeholders.

Today, Aboitiz has boldly positioned itself as a pioneer in the emerging landscape of technology-driven conglomerates. The term “techglomerate” was a fitting description as we knew we were transforming into something more than just a conglomerate; we were becoming a more technologically advanced, innovative, and synergetic conglomerate. This transformation represents our imperative to adapt to change in a timely manner.

Redefining Value Creation

The Group’s rich history of transformation, evolution, and innovation is rooted in its keen sense of foresight. From pioneering ventures in power and banking to our nascent diversification into retail, we operate and manage our businesses with a deliberate focus on resilience and adaptability.

The way our portfolio has diversified and consolidated over the past century reflects our ability to reallocate capital to burgeoning industries and unlock new avenues for value creation. A significant milestone in this journey is the acquisition of Citi’s consumer business in the Philippines, providing a strong foothold in the retail and consumer finance sectors. Similarly, the addition of award-winning infrastructure projects, such as the Mactan-Cebu International Airport, has not only enhanced connectivity but also bolstered the Group’s presence in the infrastructure space.

Most recently, our venture into Coca-Cola Beverages Philippines, Inc. (CCBPI) further underscores the Group’s commitment to diversification and innovation. Expanding our

footprint in the retail and consumer space further enables us to capitalize on new growth opportunities and drive synergies across the Group.

In parallel with these efforts, we actively engaged in finalizing a landmark partnership with San Miguel Global Power Holdings Corp. (SMGP) and Meralco PowerGen Corporation (MGen) to launch the country's first and most expansive integrated liquefied natural gas (LNG) facility in Batangas. This milestone development, expected to add over 2,500 MW of cleaner power generation compared to traditional fossil fuels, further exemplifies our commitment to value creation through sustainable solutions and strategic collaborations in progress.

Synergy and the Techglomerate Premium

While the Group becomes increasingly federated, we continuously cultivate a shared culture of collaboration and innovation towards achieving the kind of synergy that results in a "techglomerate premium." Naturally, we are leveraging existing business assets, both tangible and intangible, to create distinctive value that is difficult to replicate, which is a critical factor in our decisions when considering new domains.

CCBPI illustrates our strategic approach to the techglomerate premium, with its potential to significantly broaden our market reach and potential synergies. This acquisition encompasses a vast network of ecosystem partners, spanning a multitude of suppliers, distribution partners, and over a million points of sale. These various members of the ecosystem can potentially capture value from our Group, whether through enhanced energy solutions facilitated by AboitizPower for suppliers, housing solutions provided by Aboitiz Land for employees, or financial services offered by UnionBank for distributors. From an operational aspect, Food Group can offer new opportunities for optimization and shared resources while Republic Cement can contribute sustainability initiatives, for example, in reducing plastic waste while maintaining operational efficiency.

Driving Impact at Scale

Our value creation model continues to evolve in order to keep driving impact at scale and advance our Group's sustainability agenda. It emphasizes that sustainability is essential for our Group's continued operation, and by focusing on co-creating value through better products and services, we ensure the wellbeing of people and protect the environment. This approach helps us contribute to the betterment of our country and region. By constantly refining our value creation model and aligning our sustainability strategy with our techglomerate vision, the Aboitiz Group is not only driving positive change, but also future-proofing its operations for generations to come.

The Six Capitals

Financial

Our Financial Capital, which includes the funds made available for the production of goods and delivery of services, is strengthened by our robust investor and shareholder relationships, which help us build a strong business portfolio.

- Economic Value Generated and Distibuted

Manufactured

To reach and serve our customers, we also invest in Manufactured Capital, which includes physical assets such as our various spreadquarters, power plants, flour and feed milling facilities, commercial estates, water and electric distribution facilities, bank branches, and other assets.

- Number of physical assets
- (map of operations)
- Number of new physical assets
- prospective investments

Intellectual

As a leader in the life-essential sectors, we recognize the importance of Intellectual Capital in providing us with a competitive advantage. By building and acquiring intellectual capital, we are able to create unique organizational systems and processes that help us better understand our customers and provide quality products andservices that are essential tothe way they live.

- Number of ideas created/
- innovation projects
- implemented or R&D
- expense
- Number of patents/ licenses
- (check data)

Social and Relationship

We understand the importance of Social and Relationship Capital in making positive impacts on society, including job creation, community development, and innovative philanthropy. Our concept of shared value helps us build trust and loyalty with our various stakeholder networks, creating more value from the relationships and connections we have established and nurtured over time.

- Number of partnership engagements; Number of membership organizations

Reputational
As we continue to build the Philippines' first techglomerate, we capitalize on our legacy brand and strong reputation built upon years of stakeholder trust. This allows us to make relevant decisions as the market and economy change, while also maintaining our commitment to our stakeholders.

- Number of awards and recognition

Human

At the core of our success is our Human Capital. We recognize the capacity and motivations of our people to innovate, and we invest in their skills and engagement to ensure a fulfilling experience with the company. This helps us achieve our goals for GT2025 and beyond.

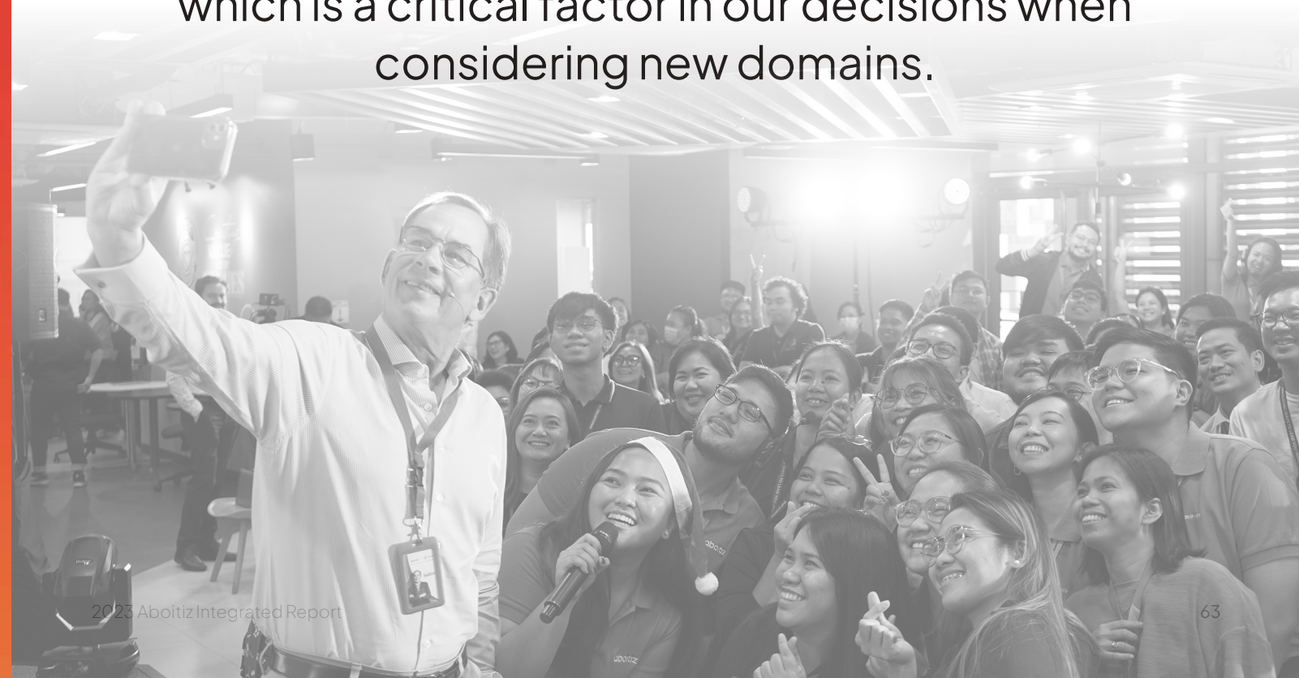
- Number of FTE, beneficiaries, communities served

Natural

We recognize the importance of Natural Capital and our dependence on the stocks of natural resources and ecosystems that enable us to provide goods and services to society. This includes clean air and water, fertile soils, and biodiversity. We remain conscious of this dependency and work to ensure the responsible use and conservation of these resources.

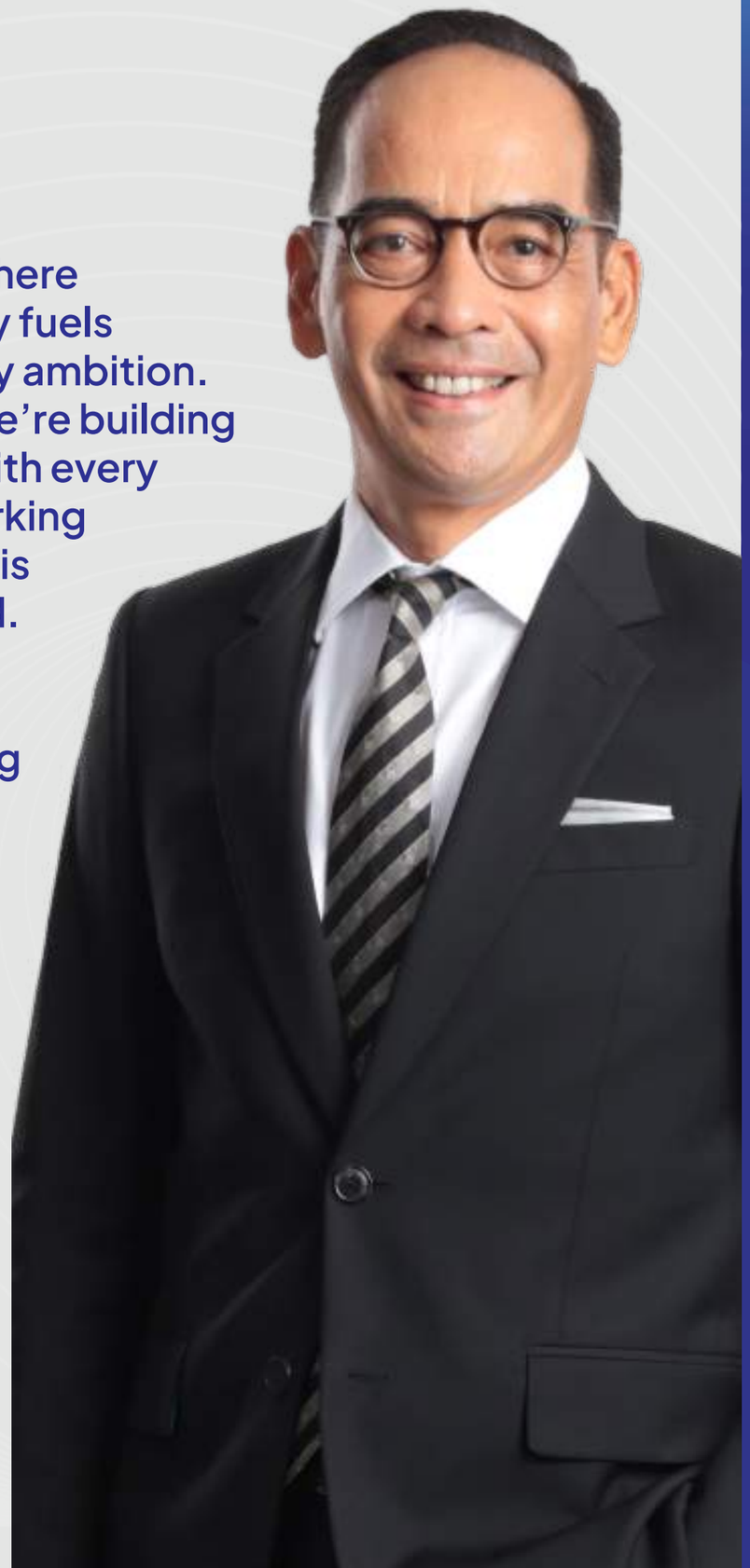
- Amount of Water and Energy Consumption
- Number of trees planted
- Number of Envi projects/investment

Naturally, we are leveraging existing business assets, both tangible and intangible, to create distinctive value that is difficult to replicate, which is a critical factor in our decisions when considering new domains.



POWER

A Better World

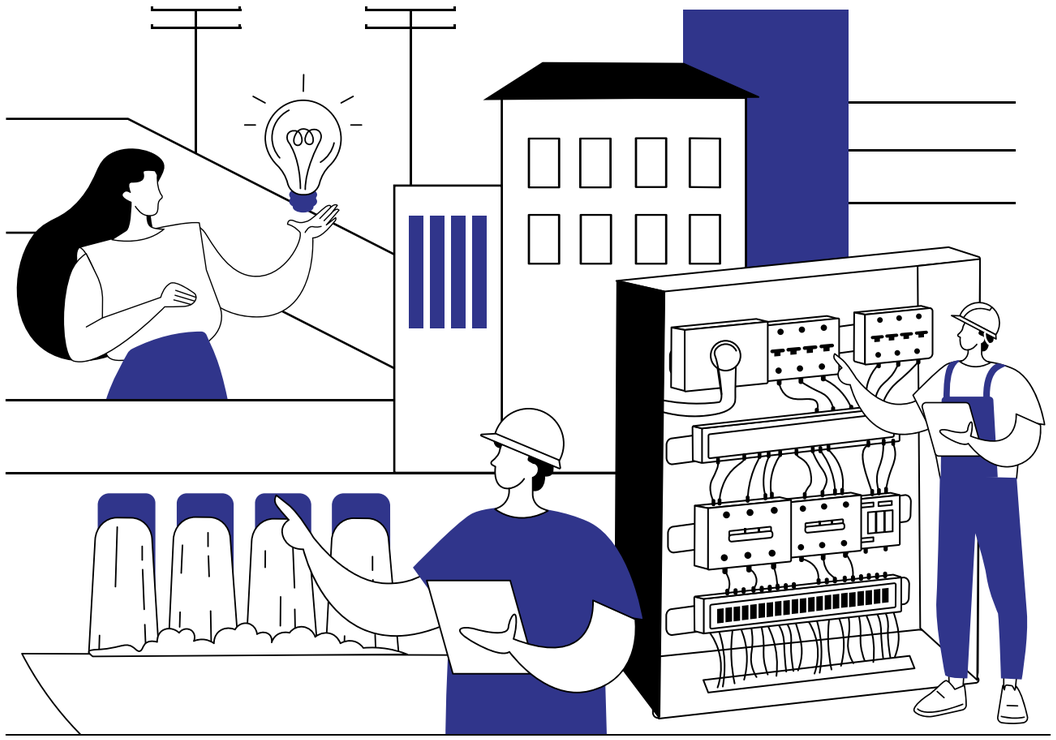


Imagine a world where sustainable energy fuels every dream, every ambition. That's the world we're building at AboitizPower with every Filipino. We're working toward realizing this vision hand in hand. Together, we are 'Techglomerate Builders,' powering progress, one community, one life, at a time."

Emmanuel V. Rubio
President and CEO
Aboitiz Power Corporation

At the heart of AboitizPower's mission to power progress and light up lives are its team members, helping transform energy for a better world.

Metrics That Matter



Retail

Advent has become the largest retail electricity supplier (RES)—excluding MPower, which is a local RES—in the country at 18.82% market share, and AESI is second at 9.82% based on the July 2023 CREM Report.

Consequently, MW capacity also increased to 1,300 MW (1,200 without SNAP) in 2023 vs 890 MW (790 without SNAP) in the same period last year, or a ~400 MW increase in demand.

As of the July 2023 Competitive Retail Electricity Market (CREM) Report, AboitizPower through its subsidiaries is now the biggest retail electricity supplier based on market share (31.56%).

Customer facilities grew to 507 (463 without SNAP) vs. 397 (351 without SNAP) in the same period last year.

Corporate

We launched our corporate electric vehicle (EV) fleet transformation program by presenting our new plug-in EVs, aligned with our goal of transforming and electrifying 100% of the AP fleet by 2040.

Distribution

With our firm grasp of the future, we introduced new business adjacencies that provided additional revenue of PHP103 million.

We remain one of the country's top distribution utilities with low pass-on costs, which significantly helps drive down the cost of electricity for our customers.

We have achieved a system loss of only 4.60%, a testament to our service efficiency.

We significantly improved our collection efficiency by reducing account receivables (above 60 days) by PHP274million, driving up cash flow for the distribution utilities.

Our customer satisfaction index is at 93%, and we are on our way to migrating 700,000 customers under our digital platform—reducing paper bill production costs—and providing them with more value.

Our response time for customer emergencies is within 30 minutes, at 90%.

With our high satisfaction rating, we remain a preferred partner of our vendors. We are also a popular employer in the regions we operate in, as indicated by our multiple academic partners and our high fill and low attrition rate.

Thermal

Our 1,336-MW GNPower Dinginin (GNPD) coal-fired power plant supplied the equivalent of 11% of Luzon's power needs during the peak power demand (12,522 MW) in July 2023. During periods of lesser power demand, such as in January 2023, GNPD provided as much as 20% of the power for the Luzon grid.

BESS' project team successfully handed over Therma Marine, Inc.'s 49–MW Battery Energy Storage System to O&M.

Renewables

We successfully completed our Steam Production Enhancement Campaign, or SPEC 1.0, with the exceptional contribution of 94.14 MW from the 12 production wells in the program versus the 50-MW target.

In August, site preparation works began for the 137-MWac Solar Plant in Calatrava, Negros Occidental, and the 172-MWac Solar Plant in Olongapo, Zambales. These plants are expected to be energized by the end of 2024 and in early 2025.

The energization of the Cayanga-Bugallon Solar Plant on October 23 signifies that our new solar photovoltaic (PV) farm is harnessing the sun's energy, channeling 75 MW of electricity into the grid, powering approximately 62,000 households with clean energy.

We surpassed our annual target for land prospects by securing exclusivity for 744 hectares for 2023.

Operational
Wins and Challenges

We at AboitizPower consider 2023 to be a banner year for the company as we achieved record profits, maintained high plant availability, and solidified our market leadership in the retail electricity segment. But beyond the numbers, we brought light to underserved communities and made a tangible difference in people's lives through the energy we provide.

Our financial performance reflected this success. We closed 2023 with a beneficial EBITDA (earnings before interest, taxes, depreciation, and amortization) of PHP64.6 billion. GNPower Dinginin, or GNPD, and the higher availability of our coal facilities mainly drove this 16% year-on-year growth in our EBITDA. This translated to a net income after tax of PHP33.1 billion, which is 27% higher year-on-year.

This strong performance propelled us forward as a leader in the evolving energy sector.

Beyond our financial accomplishments, AboitizPower has seen improvements in its ESG performance. We are grateful to have been recognized by prominent ESG ratings and corporate governance awards, as this affirms our efforts and spurs us to maintain, if not improve our sustainability initiatives.

We also look back on 2023 as a year of significant progress for the organization, marked by strategic investments in renewable energy (RE), impactful partnerships, and operational resilience.

Fueling our dedication to clean energy growth, we secured a PHP20 billion infusion from the Land Bank of the Philippines that enables the expansion of our RE portfolio, helping illuminate communities nationwide with sustainable power.

Built on sloping, non-agricultural lands, the 94 megawatt peak Cayanga-Bugallon Solar Power in Pangasinan began delivering energy to the grid in 2023.

The groundbreaking of the 17-MW Binary Geothermal Plant in Tiwi, Albay was evidence of our drive for diversification. Our run-of-river subsidiary, Hedcor, celebrated 45 years of pioneering clean energy solutions, a testament to AboitizPower's enduring legacy of sustainable innovation.

Collaboration fueled our success in 2023. Through our partnership with Upgrade Energy Philippines (UGEP), we have made strides toward strengthening our bid to bring solar rooftop technology to more customers in the Philippines.

Our alliance with Singapore-based Vena Energy will bring the 1,020-MW Rizal-Laguna Wind Power Project to life, solidifying our position as a budding player in the country's wind power generation landscape.

Further aiming to realize our wind energy aspirations, we saw the formation of a formidable partnership with Vena and Cebu-based Vivant Energy to develop a 206-MW wind project.

On the global front, we strengthened our partnership with the Japan Bank for International Cooperation (JBIC), ensuring a collaborative path towards a sustainable energy transition.

We also marked another milestone with the launch of our Electric Vehicle Fleet Program, a bold step toward a cleaner transportation future.

Looking forward to 2024, the company's future shines brightly. We have disclosed over 1 GW worth of projects, which we aim to energize within the next three years.

With these, our goal is to deliver 3.7 GW of additional attributable RE capacity by 2030. This is part of our decarbonization journey toward a cleaner, more sustainable tomorrow.

Challenges remain, but with our unwavering resolve and a collaborative spirit, AboitizPower will face them head-on. We envision setting sail toward a future where progress and sustainability go hand in hand, one strategic investment, one impactful partnership, and one illuminated watt at a time.

TECHGLOMERATE BUILDERS. AboitizPower's team members are driving digitalization, decentralization, and decarbonization strategies to achieve a 50-50 thermal-renewable portfolio mix, ensuring a secure, reliable, and sustainable energy future for all.

POWERING THE FUTURE. AboitizPower is dedicated to shaping a brighter tomorrow for Filipinos by meeting today's energy needs and fostering a cleaner, sustainable energy landscape for generations to come.

2024 **Outlook**

The demand for a dependable power supply is more crucial than ever, given the increasing requirements of our country's growing economy. This is particularly significant, with the Department of Energy (DOE) projecting a 6.6% annual rise in electricity requirements until 2040, potentially doubling the power demand in 11 years.

Except for 2020, the Philippine GDP grew between 6% and 7% annually from 2012 to 2022, ranking 11th in the Asia-Pacific region in 2023, ahead of Malaysia. While the World Bank's growth forecast for 2023-2024 has adjusted slightly to 5.6% from the initial 6%, the trajectory underscores AboitizPower's role in ensuring a consistent power supply to sustain this economic momentum.

A reliable power infrastructure encompassing generation, transmission, and distribution is crucial for our national competitiveness, as power crises can discourage potential investors or prompt them to reconsider their investments in the country.

According to the DOE, approximately 2 million households in the country still lack access to reliable electricity.

Expanding access to power is essential for human progress and prosperity for current and future generations.

We recognize that this transition must involve various sectors of our society and economy, thus a careful, well-planned execution is vital. Rushing to abandon conventional power systems in favor of renewables could have dire consequences for millions of Filipinos and the overall appeal of the country.

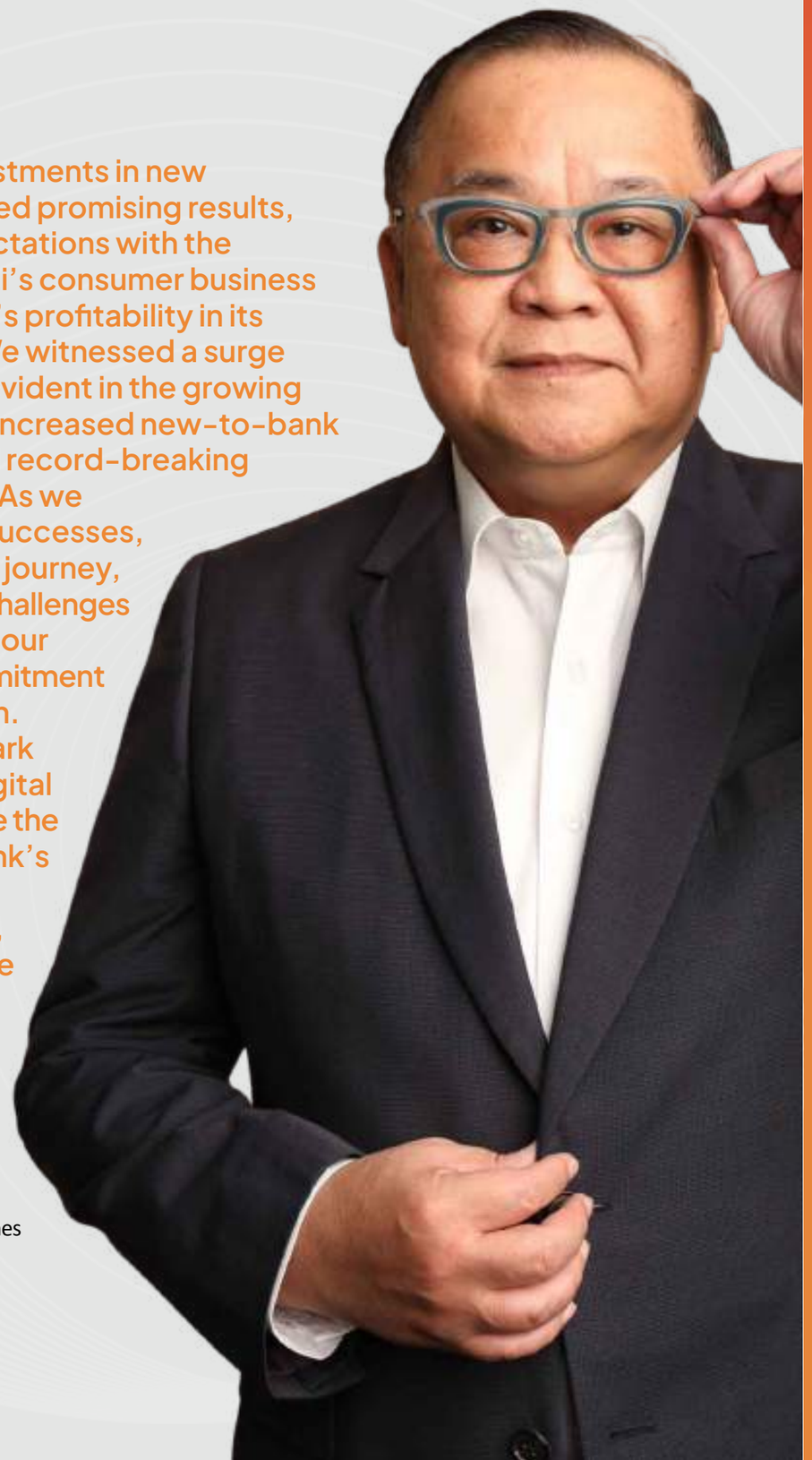
AboitizPower is dedicated to significantly impacting the Philippine energy industry, guided by our purpose of transforming energy for a better world. We continuously explore innovative approaches to facilitate an energy transition that is fair by integrating traditional and renewable power sources into the country's energy mix. This strategic initiative is crucial as the Philippines aims to establish a more secure and reliable power system, essential for sustaining the quality of life for millions of Filipinos.

With our partners, AboitizPower has the Philippines' largest RE portfolio based on installed capacity. We are driven to expand this portfolio, aiming for a 50:50 balance between RE and thermal capacities by 2030. We foresee a future where traditional and new energy systems coexist, functioning reliably to meet the country's energy needs.

BANKING AND
FINANCIAL SERVICES

Leading The Future Of Banking

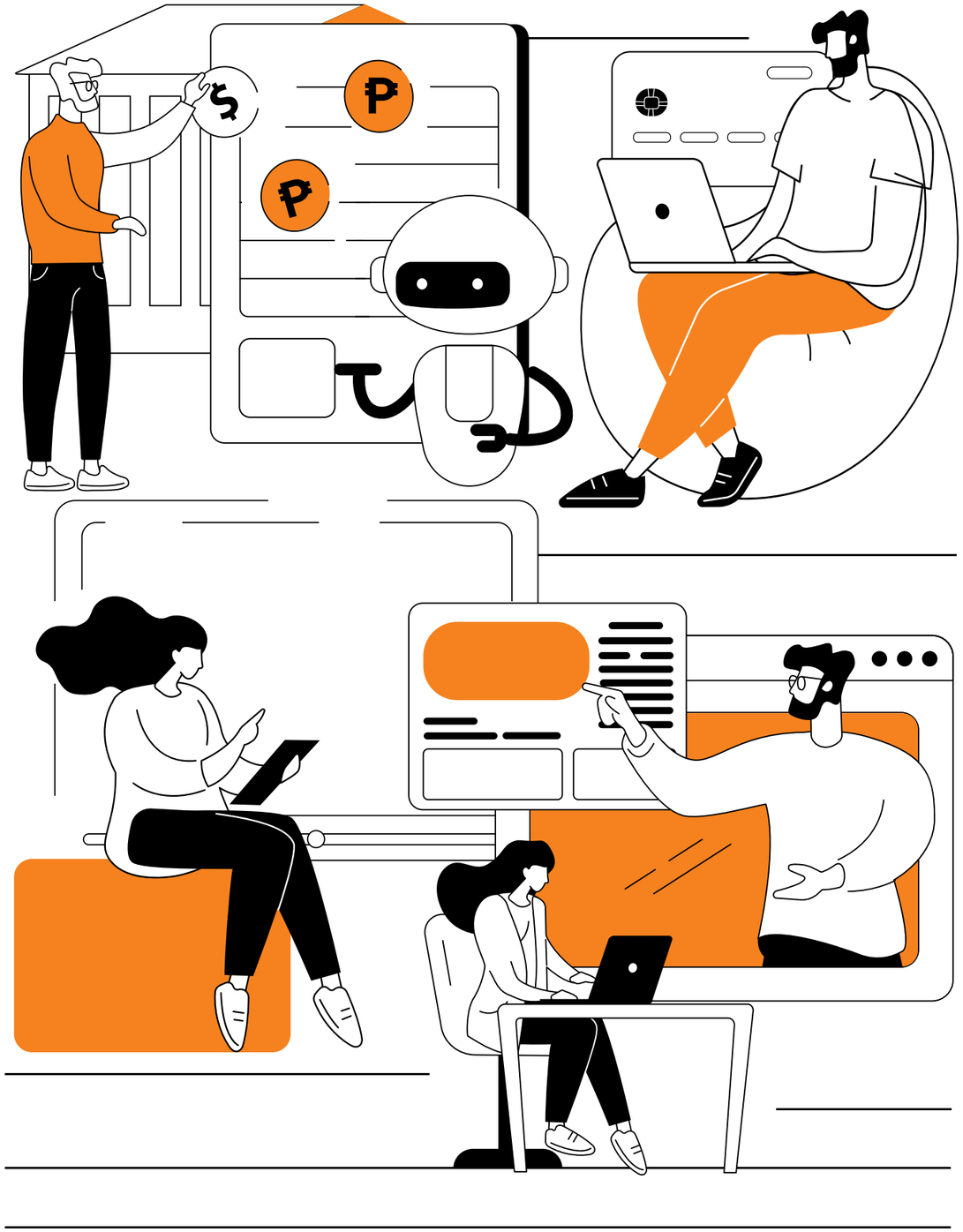
“In 2023, our investments in new businesses yielded promising results, surpassing expectations with the acquisition of Citi’s consumer business and UnionDigital’s profitability in its inaugural year. We witnessed a surge in transactions, evident in the growing depositor base, increased new-to-bank credit cards, and record-breaking app downloads. As we integrate these successes, we reflect on our journey, acknowledging challenges while embracing our unwavering commitment to transformation. With our trademark resilience and digital prowess, we pave the way for UnionBank’s stronger, more profitable future, leading the charge in redefining Philippine banking.”



Edwin R. Bautista
President and CEO
Union Bank of the Philippines

UnionBank strengthens its retail portfolio by focusing on enhancing customer experience and customer growth, anchored on our “Go for Gold” battle cry to become the greatest and most profitable retail bank in the Philippines.

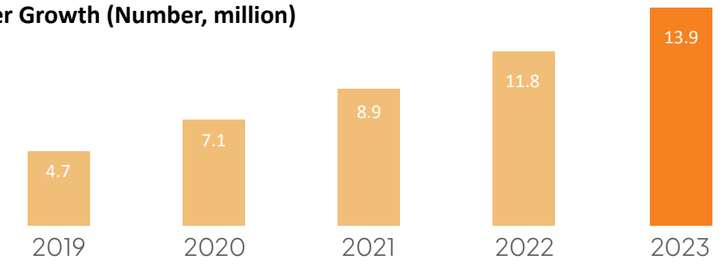
Metrics That Matter



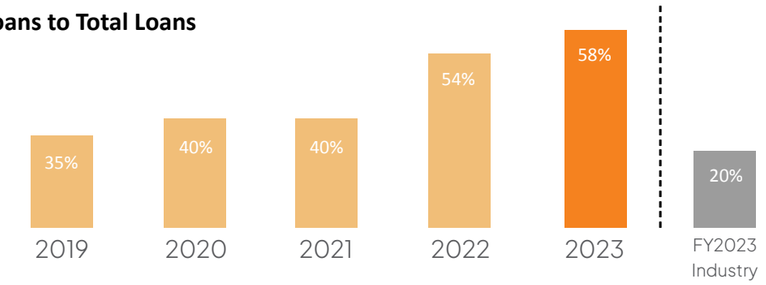
Charting our course on becoming "A Great Retail Bank"

(Record high customer growth and loan growth)

Customer Growth (Number, million)



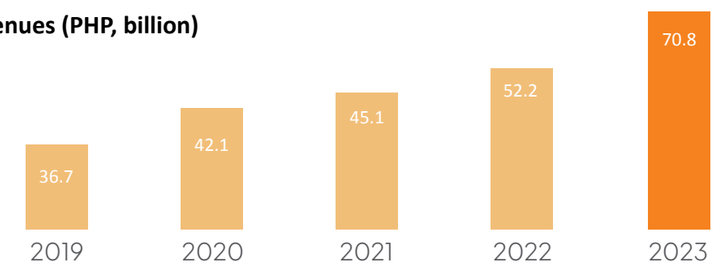
Retail Loans to Total Loans



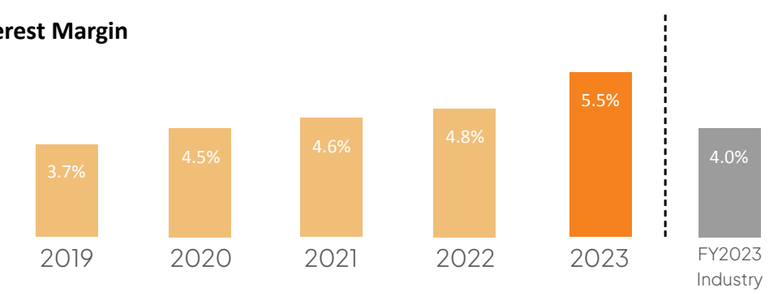
Successfully transitioned towards a more predictable recurring income

(The bank attained exceptional Net Revenues and Net interest margin)

Net Revenues (PHP, billion)



Net Interest Margin



Operational
Wins and Challenges

Setting The Standard In Digital Excellence

In an industry where customer experience is regarded as a differentiator, Union Bank of the Philippines (UnionBank) stands out as a game changer. Unlike the traditional banking landscape plagued by long lines, tedious waiting periods, limited business hours, and subpar customer service, UnionBank has redefined the narrative by seamlessly integrating digital solutions into every aspect of banking.

Breaking away from the norm, UnionBank made history as the pioneer in introducing consumers to the unmatched benefits of end-to-end digital banking, with UB Online catering to the retail banking segment, The Portal addressing the needs of corporate clients, and the “UB Negosyante” app designed to help SMEs grow their businesses.

The UB Online mobile app has revolutionized the banking experience, boasting the highest rating and downloads on Google Playstore among banking applications. With a staggering 4.7 million in-app clients (a remarkable 6.5 times growth from 2019), 2.3 million digitally opened accounts (a staggering 94 times increase from 2019), and 77.9 million fund transfer transactions (a notable 27% increase from 2022), UnionBank has truly set a new standard.

The combined efforts of The Portal and UB Negosyante apps have yielded impressive results. With a total of 42,000 clients, this represents a significant 27% increase from 2022. This growth in clientele facilitated 27 million digital transactions, marking a substantial 27% increase from the previous year. This success earned the Bank the highest Net Promoter Score (NPS) among Philippine banks based on a third-party industry run, underscoring the satisfaction and loyalty of our users, and further affirming UnionBank’s commitment to providing an unparalleled banking experience.

The transformative impact of UnionBank extends beyond digital channels. Recognizing the importance of inclusivity in its digital adoption strategy, the Bank has overhauled its physical touchpoints, both branches and frontliners. Self-service tablets and upskilling initiatives for personnel have been introduced to

CitySavings Bank was awarded the Most Customer-Centric Savings Bank in the Philippines for 2023, highlighting its dedication to innovative client-focused strategies.

guide digital migrants, ensuring that everyone experiences the ease of digital banking.

UnionBank's commitment to excellence has earned accolades such as the Best Retail Bank in the Philippines four times at The Asian Banker Global Excellence in Retail Financial Services Awards 2023, the Digital Bank of the Year six times at The Asset Triple A Digital Awards 2023, the Domestic Retail Bank of the Year–Philippines at the Asian Banking & Finance Awards, and the title of Most Recommended Retail Bank by The Asian Banker. In reshaping the future of banking, UnionBank has successfully addressed the pain points associated with traditional banks and set a new benchmark for customer-centric financial services.

Navigating Challenges for Sustainable Growth

In 2023, market interest rates increased rapidly due to inflation concerns and the looming threat of a recession. These hikes in policy rates reflected higher funding costs across the banking industry, as depositors favored higher-cost deposits, driven by the significant gap in interest rates against current/savings accounts.

Amidst these challenges, net revenues surged by 36% to PHP71 billion compared to the same period last year. The net interest margin (NIM) also expanded by 71 basis points, reaching a record high of 5.5%, resulting in a significant 34% increase in net interest income, which reached PHP52 billion. This impressive performance was primarily driven by robust growth in the retail segment, where retail loans now constitute a significant 58% of the Bank's total loan portfolio. Additionally, non-interest income saw a substantial increase of 41% to PHP19 billion, with fee-based income growing by 54% to PHP10 billion. This strategic pivot allowed the Bank to successfully transition towards a more predictable recurring income model, as evidenced by above-industry net interest margins and fees as a proportion of balance sheet size.

Enhancing Retail Growth Through the Bank's Key Business Segments

As UnionBank scales its retail banking business, the Bank's key business segments play a pivotal role in achieving this objective. Anchored on an ecosystem model approach, the Bank strategically focuses on various market segments to drive growth.

Innovating Our Mass Market Segment

City Savings Bank (CitySavings) has clinched the title of the Most Customer-Centric Savings Bank in the Philippines for 2023, showcasing its commitment to innovative client-first practices. At the forefront of CitySavings' initiatives is its revolutionary Loan Ranger mobile app, designed to empower public school teachers with a seamless and secure platform for managing savings and loans. Boasting user-friendly features, the app garnered an impressive 186,000 users in its inaugural year, offering functionalities such as loan monitoring, reloans, and fund transfers.

In embracing cutting-edge customer service, CitySavings introduced Talk to Maria, a chatbot designed to facilitate 24/7 inquiries and streamline new loan applications. This innovative approach not only minimized branch visits but also significantly reduced loan application processing times.

Anchored on the vision to lead the mass-market banking sector, CitySavings reached a notable milestone, achieving PHP100 billion in loans by the end of 2023. With unwavering dedication to bank the underserved segment, its diverse financial products have cemented its position as a banking innovator dedicated to simplifying the financial journey for its valued customers.

Driving Digital Transformation and Open Finance in the Philippines

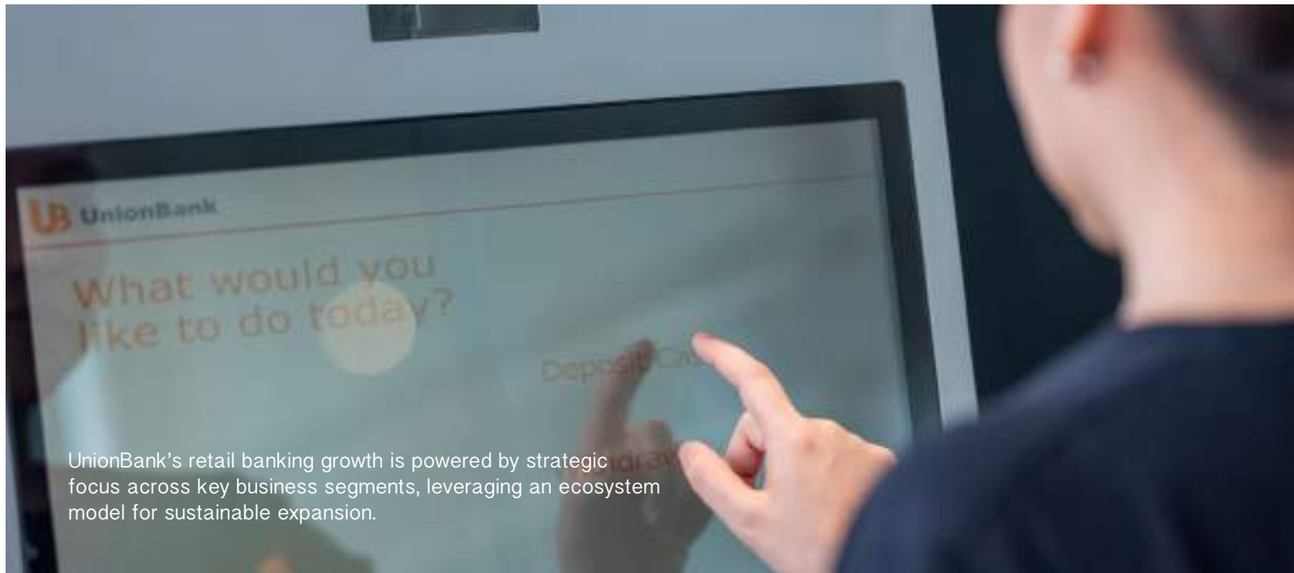
UBX, the digital builder of the Aboitiz Group and UnionBank, has firmly established itself as the Philippines' leading digital transformation provider and open finance platform. With a focus on delivering tailored solutions for MSMEs, large enterprises, and government entities, UBX is dedicated to enhancing business growth, customer experience and operational efficiency.

The Open Finance Platform, a testament to UBX's innovation, celebrates a remarkable 22% market penetration in four years. Boasting a clientele of over 250,000 B2B customers and transactions nearing PHP100 billion, UBX is reshaping the financial landscape in the country. SeekCap, the online lending marketplace of UBX, has signed up nearly 100,000 MSMEs in its platform and processed loans exceeding PHP30 billion. Bux, UBX's payments solution, has seamlessly handled transactions nearing PHP35 billion while forming impactful partnerships across various industries. UBX's banking-as-a-service platform, facilitating transactions exceeding PHP22 billion, solidifies its position as a key enabler in the financial services sector.

Shaping the Future of Digital Banking

In its inaugural year, UnionDigital (UD) has achieved profitability by capitalizing on the ecosystem strategy of the UnionBank group. This approach enabled balance sheet growth, resulting in a notable PHP12 billion in loans and PHP18 billion in deposits.

UD's exceptional achievements were duly recognized as it received the prestigious title of Best Digital-only Bank at the Asian Banker Awards. This accolade solidifies UD's position as a frontrunner among digital banks in the Philippines, with only two institutions from the country securing spots in the esteemed Global Top 100 Digital-Only Bank Ranking for 2023. Looking ahead, UD shall continue to launch



UnionBank's retail banking growth is powered by strategic focus across key business segments, leveraging an ecosystem model for sustainable expansion.

more digital banking products. These initiatives underscore UD's unwavering commitment to financial inclusion, user-friendly services, and ongoing innovation, actively contributing to the advancement of the digital banking sector and shaping a more inclusive and advanced financial future for the Philippines.

Scaling the Retail Business

In 2022, UnionBank launched its goal to "Go for Gold" with the objective of becoming the largest and most profitable retail bank in the Philippines within the next three years. Our strategic objective is anchored on our growing retail customer base, which included the strategic acquisition of the Citi consumer business. The Bank continues to gain traction towards this goal as it expands it market reach and product offerings.

In 2023, the banking group's customer base reached close to 14 million, expanding consistently by 2 million annually since 2019. Furthermore, the Bank's retail loan portfolio as a proportion to total loans expanded to 58%, surpassing the industry average of 20%. Its retail portfolio is highly diversified across products such as credit cards, mortgages, personal loans, and vehicle loans.

UnionBank's strategic focus on the retail segment resulted to a Net Interest Margin expansion of 71 basis points, reaching a high of 5.5%. Fee based income saw a substantial increase of 54% to PHP10 billion, positioning it among the industry leaders. This growth in fee income is primarily attributed to the growth in customer transactions and revenue streams from key subsidiaries. The Bank ranks among the top performers in Instapay transactions and in terms of the number of debit cards issued. UnionBank also emerged as the top bank in terms of customer satisfaction and digital metrics, boasting the highest Net Promoter Score (NPS) among all banking platforms, along with top ratings and downloads on the Google Playstore.

BANK ON WHEELS. UnionBank and CitySavings take banking to the streets, bringing financial services directly to our customers.

The UnionBank Innovation Campus in San Pedro, Laguna, is a dynamic hub for research and development, fostering groundbreaking solutions in a smart and modern environment.

2024 **Outlook**

Moving forward into 2024, we have identified the following key focus areas:

Complete the Integration of the acquired Citi consumer business

The acquisition of the Citi consumer business now makes up around a third of the Bank's revenues. This acquisition has also brought in 1 million customers, accelerating the Bank's Go for Gold aspirations.

The Bank is still in the process of fully migrating the acquired business into its system. This is targeted to be completed within the year. In the meantime, our Transitional Service Agreement (TSA) with Citi provides that the business will continue to run on Citi's platforms. As a result, the Bank is incurring costs associated with maintaining duplicate platforms, as it works on building in-house capabilities/features, while migrating the customers into its systems. It's imperative that we exit from the TSA and complete the integration by 2024 to realize the anticipated cost and revenue synergies from the business.

Unlock the Potential of UnionDigital

2023 marks the first full year of operations of UnionDigital. Throughout the year, it has established itself as a market leader in the digital banking space. It has a total loan portfolio of PHP12 billion and a deposit base of PHP18 billion. UnionDigital's strategic focus on expanding its earning asset base, particularly through the growth of its personal loan's portfolio allowed it to be among the most profitable digital banks in the Philippines.

In 2024, the primary objective is to capitalize on the growing ecosystem of the banking group and extend financial services to the underserved working population. This involves leveraging economies of scale to provide cost-effective services while expanding high yielding earning assets to enhance profitability. Additionally, UnionDigital aims to complete its product offerings by introducing traditional banking products through its mobile platform, thereby extending its reach to the underserved and unbanked Filipinos.

Scale the Retail Business

In 2024, we intend to make significant strides towards our objective of becoming a Great Retail Bank. Substantial revenue and cost synergies are expected to materialize as we exit the TSA and scale our retail business.

UnionBank, along with its key subsidiaries, is committed to strengthening its retail portfolio by focusing on enhancing customer experience and customer growth. Strategic investments in customer engagement will be directed towards areas critical to our success while customer growth will primarily come from the networks of anchor institutional and government clients, effectively supported by our Transaction Banking solutions.

As we grow our market share in the retail segment, the Bank anticipates to sustain above-industry net interest margins and fees as a proportion of total assets while keeping cost manageable. The effective execution of our key focus areas will enhance the Bank's profitability, leading to a stronger and more profitable UnionBank.

FOOD

Sustainably Feeding Asia's Growth From Mill ToMeal

We will build a stronger Food Group for the future by continuing to embrace transformation. With our updated strategies and a renewed mindset, we can unlock new opportunities and fortify our core while upholding our commitment to sustainably feeding Asia's growth from mill to meal.

Tristan R. Aboitiz
President and CEO
Food Group

The Food Group adapts to the ever-changing world through a framework that strengthens our core businesses while pioneering new growth engines tailored to the evolving needs of our market.

Metrics That Matter

In response to challenges faced over recent years, the Food Group implemented substantial operational improvements to enhance productivity and efficiency, in alignment with the Aboitiz Group's Great Transformation initiative. Our efforts, combined with improved margins in the Agribusiness and Flour divisions, have resulted in the following outcomes:

Achieved a net income of

PHP1.3 billion,

marking a

162%

increase from the previous year.

Annual revenue totaled

PHP101 billion,

amid challenges in demand for flour and agribusiness divisions.

TURNING CHALLENGES INTO OPPORTUNITIES. Amid global disruptions and rising costs in 2023, the Food Group refined its transformation journey, paving the way for a resilient future by enhancing core operations and exploring innovative growth avenues.

Operational
Wins and Challenges

Navigating Challenges with Transformation: A Year of Growth for the Food Group

2023 was a year that presented complex challenges for the Food Group. Global events disrupted growth trajectories, and raw material costs continued to weigh on margins. While navigating through these difficulties, it became essential to use them as an opportunity to continue to refine our focus and sharpen the way we proceed along our transformation journey. We chose to adopt the framework of the "Dual Transformation" strategy to do just this, and the use of this has enabled us to more clearly articulate how we intend to prepare our company for a more uncertain future. This framework has become a roadmap for strengthening our core businesses and pursuing transformative new growth engines.

Securing the Core: A Commitment to Food Security

One of the most pressing challenges we faced in the past year was the impact of animal diseases on pork supply. However, the Food Group remained steadfast in its commitment to ensure the growth of locally supplied pork in the Philippines. Achieving this requires the continued enhancement of our production efficiency across our operations, and we did so meaningfully in 2023 through better farm management and the upgrading of our farms. The completion of Breeder and Nursery Farm 3 in Nueva Ecija marked a significant milestone for us, as this state-of-the-art facility will now ensure a steady flow of high-quality hogs to market, mitigating potential disruptions and bolstering our position as a dependable supplier.

In the Flour and Feed divisions, a more familiar challenge continued to affect our operations as high wheat prices threatened profitability. In an effort to continue to build resilience in our operations, collaboration became a key theme in 2023. Our production and engineering departments played center stage, implementing innovative measures to

improve efficiency across our operations. This collective effort yielded good results, successfully lowering production costs and demonstrating the agility of our operations. A keen focus on research and development as well as on product development also yielded nice results for the business, as we have been able to rationalize our product costing and, at the same time, give customers products that are more tailored to their requirements.

Our dedication to operational excellence was further validated by prestigious awards like the "Triple-A accreditation" for Tarlac MeatMasters' meat-cutting facility and the "Outstanding Feed Mill" recognition for our Malaysian operations at Livestock Malaysia 2023, a testament to our commitment to quality across all our regional operations.

Building for the Future: New Growth Engines

Along with transforming the core businesses we work in, it is imperative that we continue to build the growth engines that will power the Food Group into the future. One of the key engines we continue to develop is our retail business in the Philippines, highlighted by The Good Meat. By the end of 2023, we had opened 11 owned stores and increased our presence in supermarkets across Luzon to over one hundred doors, offering a wider selection of high-quality meats beyond pork. The move to rebrand our outlets to The Good Meat Fresh Hub reflected this broadened focus, attracting customers seeking a one-stop shop for fresh produce, including poultry, eggs, and vegetables.

BUILDING FUTURE GROWTH. Our expanded retail presence in the Philippines, showcased by 'The Good Meat,' marks a pivotal step in transforming our core businesses and securing sustainable growth for the Food Group.

We are constantly finding new ways to maximize the profit-per-kilogram of the meat we sell, and one of the best ways to do this is through product development.

In 2023, we introduced three new product lines—Sisig Fiesta, Christmas hams, and gourmet pork chops—to complement our regular roster of products. These add to our catalog of ready-to-cook products available in 208 supermarkets.

Our commitment to innovation extended beyond traditional products and into the rapidly growing pet food market. The launch of Maxime Elite premium cat food catered to a growing segment of pet owners seeking high-quality nutrition for their feline companions. Simultaneously, we expanded our online presence across Southeast Asia, ensuring convenient access to our pet food products for a wider customer base.

For Specialty Nutrition, we launched a new product in Vidalix, a drying agent that both swine and poultry farmers can use to enhance the safety of their operations. This innovative product was introduced at key agribusiness events in China and the Philippines.

Turning our sights to Southeast Asia's thriving aquaculture industry, we took a major step towards unifying our aqua brands. The launch of Varco, Vanca, and Vinta in Vietnam marked a significant milestone in this effort. This initiative will not only streamline our brand presence but also allow us to better serve the specific needs of regional aquaculture businesses.

Collaboration is a cornerstone of our success, and 2023 truly exemplified the power of teamwork across our regional operations. An excellent example of this was the successful launch of Kunemax rabbit feeds across the region. Originally a product developed in the Philippines, Kunemax quickly gained a loyal following. Thanks to outstanding teamwork and regional collaboration, Kunemax has now made its way to Indonesia, and soon it will be available in Malaysia as well.

A Resilient Future: Embracing Innovation

We are confident that the new growth engines cultivated in 2023, coupled with enhanced capabilities, will create a stronger and more resilient Food Group. As we move forward, we remain committed to our core business while embracing innovation. By staying true to our commitment to food security, operational excellence, and customer satisfaction, we are well-positioned to become the leading integrated food and agribusiness company we aspire to be. This journey of transformation is far from over, and we are excited to see what the future holds, fueled by a relentless pursuit of excellence and a dedication to serving the evolving needs of our customers across the Asia Pacific region.

FROM RESILIENCE TO EMPOWERMENT. The Food Group's journey towards becoming the top food and agribusiness company in the Asia Pacific is fueled by a focus on strengthening production capacities, rapidly growing new segments, and sharpening our organizational capabilities to enable our team to reach new heights.

2024 **Outlook**

The Food Group is committed to sustaining the momentum of recovery and transformation in 2024. As a transformed organization, we will prioritize expanding into new markets, engaging new customer segments, and further enhancing our capabilities. 2024 will bring its own set of challenges, so it is crucial that we continue to strengthen the groundwork for a future that may be more challenging than the past.

As we look towards 2024 and beyond, we will continue to use the Dual Transformation Strategy to guide us. This means we will continue to reinforce our core businesses and tap into new markets and customers. We look forward to the upcoming completion (expected in Q2 2024) of our Yunnan feedmill in China and the Long An feedmill in Vietnam. These modern facilities have substantial production capacities and advanced production lines, which can unlock promising opportunities within emerging segments of the livestock feed market in these countries

We will remain committed to exploring new avenues for business expansion, as well, particularly in the retail sector. Our pet food business will continue to expand its portfolio to cater to evolving customer demands across the region. In addition, we also plan to double the number of The Good Meat's standalone stores to continue the growth we saw in 2023 and introduce new products throughout 2024 to further boost the meats business.

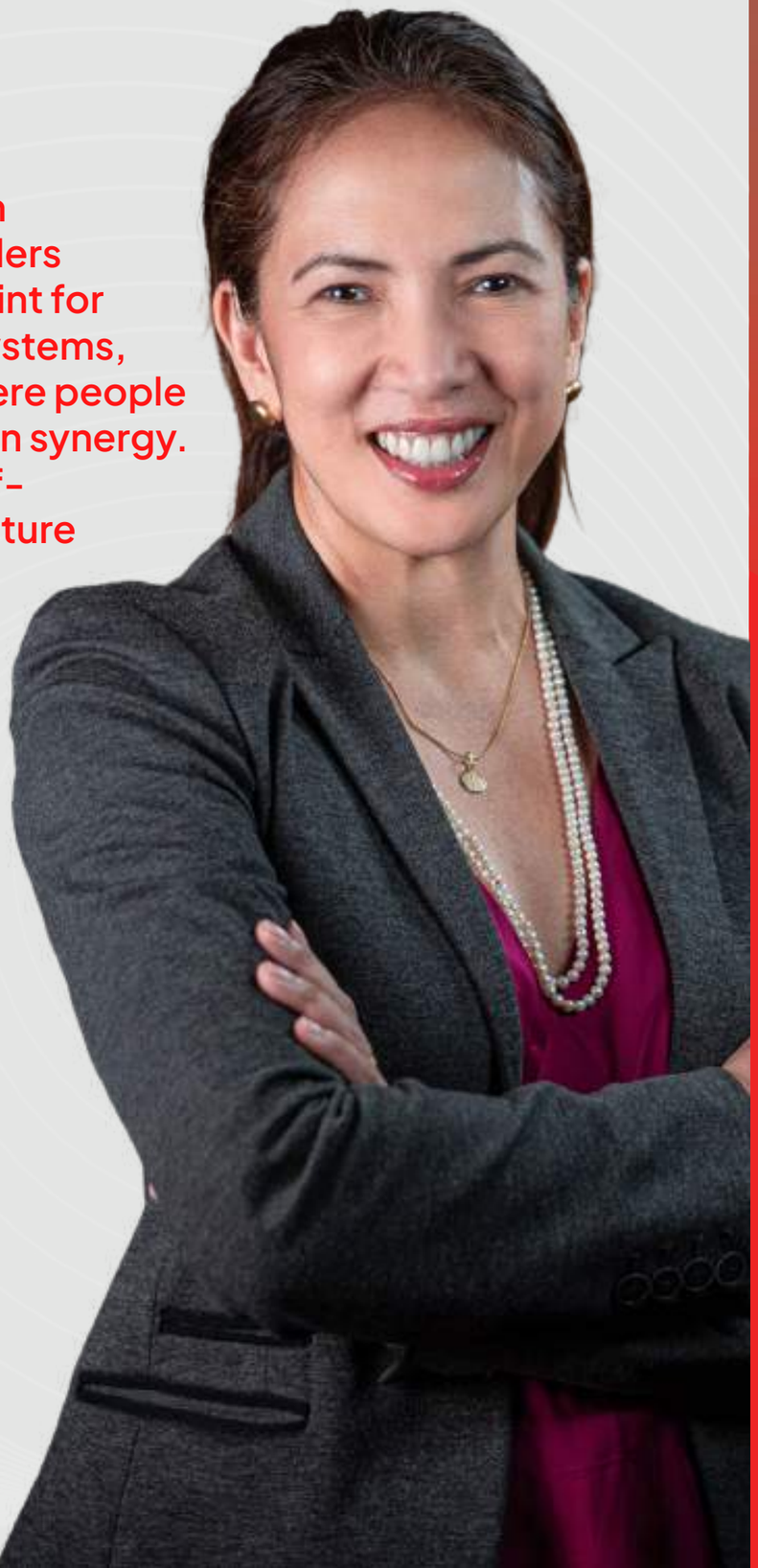
Investing in Our People

The Food Group's focus for 2023 was about resilience, but 2024 is all about empowerment.

Our goal is to become the preferred food and agribusiness company in the Asia Pacific region. This transformation hinges on three pillars: strengthening production capacities, rapidly growing new segments, and sharpening our organizational capabilities. In 2023, we began a significant transformational effort when we executed Project LEAP, the implementation of SAP across our Philippine operations. This integrated system will lead to organizational efficiency and enhance the capability of our team members to get the most out of themselves day to day, laying down the foundation for future growth. We believe that in 2024, our people will have the ability to drive significant change in our organization, and we remain committed to ensuring that they have the resources they need to make a difference.

INFRASTRUCTURE

Enabling Businesses. Uplifting Communities.



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At AIC, we are driven techglomerate builders working off a blueprint for infrastructure ecosystems, shaping a future where people and progress thrive in synergy. In building these self-sustaining infrastructure ecosystems with our diverse yet interconnected operating assets, we enable and empower businesses to build, evolve, and thrive, fostering job creation and sustainable economic growth.

Cosette V. Canilao
President and CEO
Aboitiz InfraCapital

Aboitiz InfraCapital’s success hinges on building transformative infrastructure ecosystems that will better serve and uplift society through innovation and growth exploration.

Metrics That Matter

Economic Estates

1,600–hectare
estate footprint

100,000
employees

228 industrial locators

Water

Apo Agua Water Treatment Facility has a
300 MLD
water production capacity

Estate Water and Waste Water treatment facilities across AIC EE currently covering
1,400 hectares
and servicing
228 industrial locators
as well as commercial businesses and a nearby residential subdivision in LIMA Estate

Transport & Mobility

10 million
Passengers at MCIA

Digital Infrastructure

Unity has
1,048
operating macro towers and
535 small cells

LIMA Water's laboratory service unit renewed its DENR accreditation as an environmental testing laboratory and has expanded its range of services to include ammonia, nitrate, and color testing for water and wastewater quality assurance.

Operational
Wins and Challenges

It was a dynamic year for us as we optimized existing assets and built upon foundations of hard work to expand our infrastructure ecosystems so our success becomes the success of the businesses and communities where we operate. We are proud of the heights our team was able to accomplish: from expanding our Economic Estate offerings; approaching pre-pandemic passenger traffic in our airport operations; supplying potable water to the Davao City Water District last December 2023, with commercial operations following the next year; and growing the scale of our digital infrastructure portfolio.

Economic Estates

This year was marked with significant strategic achievements for our Economic Estates. In our West Cebu Estate, we are pleased to announce that new locators could begin construction ahead of schedule in our 39-hectare expansion, which is projected to generate up to 14,000 new jobs. Additionally, we broke ground on a 96-hectare industrial expansion of LIMA Estate, which is anticipated to create up to 31,000 new jobs for the local workforce.

While our Economic Estates continue to lead in smart and sustainable industrial-anchored developments, we are proud of our continuous infrastructure development beyond the conventional industrial park. At LIMA Estate, we entered a new phase in the development of our 30-hectare Central Business District with the topping off of the first of our seven-building office park. This marks a crucial step in propelling the Batangas IT-BPM industry, creating 3,000 new job opportunities, and strategically enhancing LIMA Estate to accommodate higher-value assets and increase consumption within the ecosystem. Diversifying our offerings, we introduced The Pods at LIMA, the first co-living space in Batangas, representing a major milestone in value creation to provide full-suite services for our customers, from locators, to employees, to visitors.

As a trailblazer in sustainable urban development, LIMA Estate proudly holds the distinction of being the largest and the first and only five-star BERDE District-certified industrial estate in the country. We are also going beyond traditional real estate towards a fully realized infrastructure ecosystem of operating capabilities to support our ecosystem, evident in the launch of RED, our electric intra-estate transportation system leveraging

smart technology and data science to enhance operations and enrich the community's overall experience.

Water Services

As part of our decarbonization journey, we transitioned one of our LIMA Water treatment plants to renewable solar energy sources, effectively eliminating 100 tons of greenhouse gases annually. LIMA Water also secured the necessary permits for expanding its septage treatment services to clients outside the Estate, addressing proper septage management needs in nearby cities and municipalities. This enables us to preserve the water quality of nearby bodies of water that can serve as a sustainable source for us and the surrounding communities in the future.

The Apo Agua Infrastructura team exhibited operational fortitude to ensure the readiness to deliver water to one million Davaoeños: from lingering effects of pandemic-related difficulties, heavy flash floods at the start of the year, and completing the final commissioning activities to fully realize the project. Apo Agua also achieved key milestones in water quality assurance, obtaining accreditation from the Department of Health for Drinking Water Analysis, and the issuance of a Certificate of Potability by the Davao City Health Office. By the end of 2023, we began supplying safe, reliable, and sustainable water to six water supply systems of the Davao City Water District, and commenced commercial operations the following year. This improved water supply augments the city's reliance on groundwater sources while accommodating the exponential growth and increasing water demand of the community.

Transport and Mobility

Following the closing of our acquisition in 2022, this year, we entered into the operations of Mactan-Cebu International Airport (MCIA). The regional gateway welcomed four new domestic destinations with airline partners and is now connected to 28 domestic and 13 international destinations, opening up tourism and business growth opportunities to travelers and locals alike. Over 10 million passengers passed through MCIA in 2023, an 81% increase in passenger traffic compared to the previous year.

Digital Infrastructure

In promoting a digitally enabled and empowered nation, we are committed to strengthening our presence in the digital infrastructure frontier. For 2023, Unity Digital increased its tower portfolio to approximately 1,100 sites. It has closed the transfer and turnover of 67% out of the 1,097 sale-and-leaseback sites from PLDT-Smart and Globe. In addition, Unity has completely built close to 350 towers, and a healthy pipeline of committed BTS site orders to further its scale and solidify its foundation with a healthy mix of both built and acquired sites.

LIMA Estate's sustainable transportation initiative, Red Link, utilizes electric mini-buses. This shift not only reduces carbon emissions but also provides an eco-friendly transportation option for locators, workers, and visitors alike.

Apo Agua's Water Treatment Plant, located in Brgy. Gumalang along the Bukidnon-Davao Highway, is designed using the water-energy nexus concept - a first in Southeast Asia - where the water used to generate power is treated and supplied to DCWD water supply systems.

2024 **Outlook**

For 2024, we are looking forward to a year of unprecedented growth and transformative ventures. Our strategic priorities are chartering us and our stakeholders on a rewarding path.

The groundbreaking ceremony for our fourth Economic Estate, the beginning of TARI Estate in Tarlac, brings our total estate footprint to 1,600 hectares. This strategic expansion into Central Luzon strengthens our infrastructure ecosystem propositions as we replicate our success in designing and operating smart and sustainable developments, while continuously enhancing our offerings in existing and upcoming Estates, to serve as a catalyst for regional economic development. Additionally, LIMA Estate's upcoming Sustainability Hub project establishes us as a leader in environmentally conscious practices, with initiatives like the compost-to-fertilizer project, creating eco bricks from plastic waste, and a trash-to-rewards program.

Our Estate Water business has conducted a hydrogeology study in preparation for providing water services to TARI Estate and will be conducting similar studies for LIMA Estates' expansion areas as we promote a holistic ecosystem approach to infrastructure development. Additionally, Apo Agua will go through a significant milestone with the initiation of commercial operations and ramping up of production.

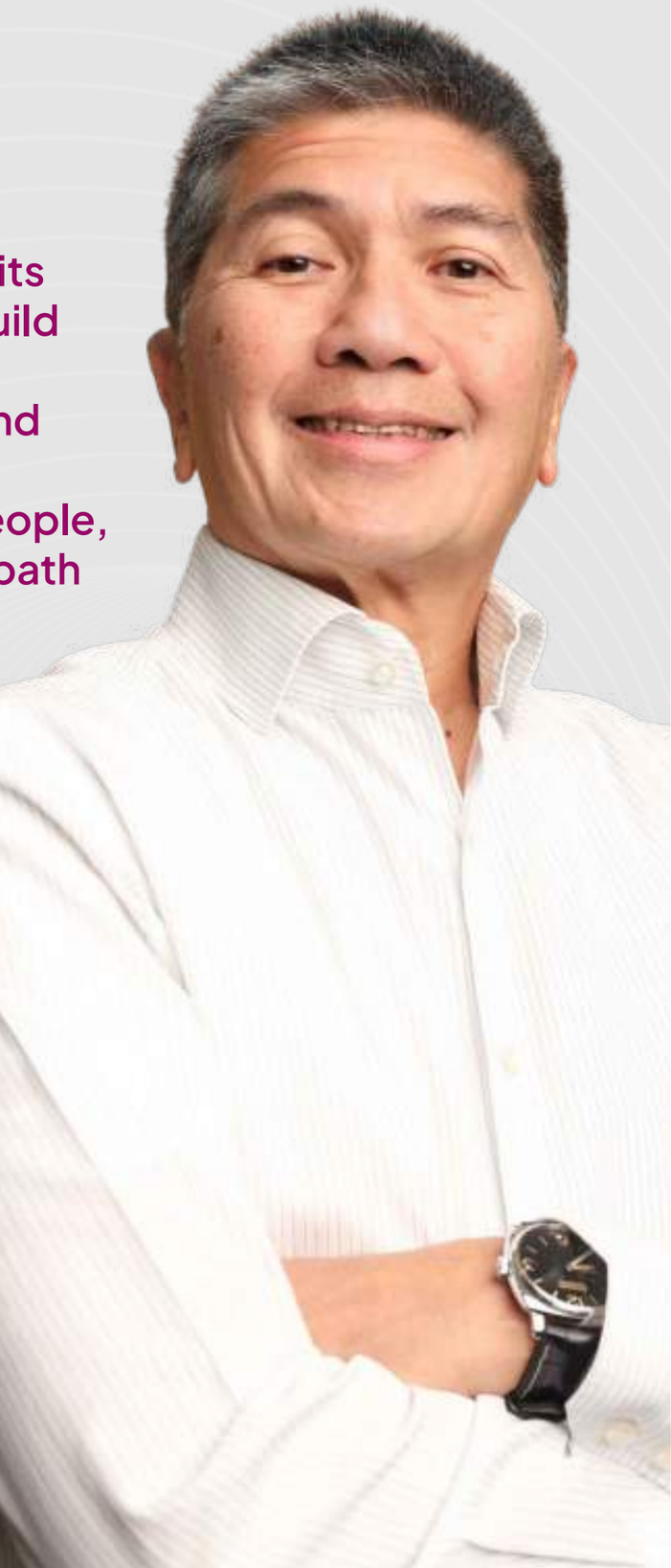
This year will see our strategic acquisition in MCIA allowing us to advance our Cebu Connect vision to become the preferred global tourism gateway to the country, leveraging our strategic location, with the aim of a 30% international visitor increase. Optimizing this asset positions us as a key player in the Transport and Mobility sector, strengthening our regional airport bids, and allowing us to build a domestic transfer and travel network. MCIA is set to implement initiatives to bolster sustainability: reducing non-biodegradable waste, undertaking infrastructure projects to decrease energy consumption, integrating renewable energy sources, and implementing systems to minimize and recycle water consumption.

In the sphere of digital infrastructure, we expect a substantial expansion of Unity's footprint and coverage across the country. The turnover of purchased towers, the construction of new towers, and driving the colocation across our towers play a crucial role in bolstering our network capabilities.

It will be an exciting year as our current businesses and key infrastructure projects enter new phases of optimization that will better serve and uplift society. As always, we also continue to explore opportunities for business growth and strengthen our synergies to unlock potential and value in our infrastructure ecosystem.

LAND

Innovating Ways To Lead Filipinos Home



As Aboitiz Land enters its 30th year, we aim to build upon our remarkable heritage and legacy, and our winning culture of innovative and agile people, to carve a sustainable path for the future, innovating ways to lead more Filipinos home.

David Rafael
President and CEO
Aboitiz Land

From pioneering digital tools to enhancing customer service, Aboitiz Land is driving growth and excellence in the industry to ensure quality living spaces and exceptional experiences for our vecinos.

Top row, from left: *Shaira Mae Gania, Technical Officer, Customer Service Team; Ryan Ilagan, Project Officer, Construction Management.* ***Middle row, from left:*** *Pete Nanlavis, Assistant Manager, Information Technology; Kevin Sexon, Officer, Technical Services Group; Ramon Rosario, General Manager, Point Blue.* ***Bottom row, from left:*** *Mari Loreal Valdez, Assistant Manager, Marketing; Irish Erika Dionisio, Manager, Digital Customer Experience; Security Personnel; Aldrin Mora, Officer, Security and Safety.*

Metrics That Matter

Aboitiz Land contributed a total of

PHP3.8 billion

in revenues, with a 10% and 12% year-on-year increase in Gross Profit and core EBITDA respectively.

Aboitiz Land recorded a Core Net Income After Tax (NIAT) of

PHP903 million,

posting a year on year growth of 17%.

We recorded a milestone

PHP4.8 billion

in booked sales, successfully concluding a three-year streak of surpassing and meeting annual sales targets.

In construction and house turnover, we completed

593 housing equivalents (HEQs)

and reduced turnaround time of house acceptance by

57%.

Recorded

PHP3.08 billion

in collections, a 17% increase from our 2022 performance, as a result of our improved strategies.

Garnered a sustained level of positive feedback from our stakeholders, achieving an

81% Customer Satisfaction Rating (CSAT)

in 2023, driven by quality servicing and faster response and resolution times - 50% above SLA targets.

Operational
Wins and Challenges

Transformation has proven to be a driving force for Aboitiz Land's performance in 2023. The investments we made in our people and culture, technology and process are bearing fruit and proving to be the game changer in all aspects of our operations.

We cap a three-year streak of hitting and surpassing our sales targets, with PHP5.1 billion in reservation sales and PHP4.7 billion in gross booked sales. Key to the consistent sales performance is hitting our targets in the affordable market segments and the launch of The Strides in LIMA. Efficiency in sales operations continues to be driven by the Vecino app, a pivotal tool in our digital ecosystem,which allowed us to post a booking conversion rate of 92% and reduced the booking turnaround time to just 14 days. International sales have also contributed significantly, accounting for PHP1.3 billion or 26% of our total sales.

This is greatly enabled by our innovations in the marketing front, driven by robust in-house digital marketing operations and engaging on-ground activations, which delivered 45,446 leads and contributed to over PHP1.7 billion in converted sales.

In 2023, we expanded our unique offering of digitized customer experience through OneVecino, ensuring our customers have access to end-to-end online services, and cementing our claim as an innovative property developer. Through Vecino Support, AI-driven tools allowed us to focus on customer service metrics that mattered to our vecinos, hitting our targets in response time, resolution time and resolution rate, contributing to an overall 80% Customer Satisfaction rate.

In Property Management, we launched Vecino Properties that makes common homeowner requests available through an app like service requests, billing, amenity booking, visitor management, among others.

With OneVecino, Aboitiz Land has revolutionized the way we service our homeowners, from property search, easy payment options, accessible customer support and digitized property management services.

In Collections, we exceeded the previous year's performance by 17%, achieving PHP3.08 billion through a collections automation system and improved strategies driven by harnessing customer data.
On the Construction front, we delivered 593 housing equivalents in 2023, buoyed by innovations such as precast panel technology, which allowed us to complete house construction by 50%.

LEADING YOU HOME. Aboitiz Land team members embody our winning culture of innovation and agility, constantly creating value for our vecinos as we carve a sustainable path for the future.

In Finance Operations, we continue to reap the rewards of innovations focused on data-centricity, with the adoption of business planning platform Anaplan. This platform allowed us to deliver data transparency and visibility across the organization, resulting in better quality business decisions. The innovation resulted in real-time availability of financial reports, reduced time spent, elimination of human errors, and interconnected data for the operations team. We also launched the Vendor Portal, promising improved planning and vendor management.

In IT, we celebrate the completion of the SAC ECC to SAP HANA migration and the remarkable milestone of achieving 100% Endpoint compliance, recognized by the Cyber and Information Security Office in the 2023 SecSEE Forum. These accomplishments in our back end operations further solidify our commitment to data-centricity and efficiency.

Our commitment to cultivating a thriving workforce is demonstrated through initiatives like the Leadership Readiness Program, emphasizing the imperative baseline competence for effective leadership and its direct impact on leadership satisfaction and team member engagement. Our active participation in Culture Tribes reflects our dedication to transformative efforts, fostering an inclusive and collaborative environment within Aboitiz Land. Reinforcing our values and A+10 behaviors, initiatives like the Value Stewards Awards and CEO Awards of Excellence recognize exemplary employees and teams for outstanding contributions, fostering a culture of continuous improvement and commitment across the organization.
Indeed, we have built an award-winning organizational culture centered on innovation and agility. Aboitiz Land was recognized by HR Asia as one of the Best Companies to Work For in Asia in 2023. It was also among those honored with the prestigious Circle of Excellence Award under the Diversity Company of the Year category at the Asia CEO Awards.

Aboitiz Land continues to carve a niche and differentiate itself as an innovation-driven property developer and as a thought leader in property technology. In 2023, we were recognized by different award giving bodies for our exemplary developments. Seafront Residences was awarded the Best Housing Development in the Philippines, as well as other awards for Ajoya Cabanatuan, The Villages at Lipa, Amoa and Foressa. OneVecino, our proprietary online portal for digital homebuying, was also recognized at the International Finance Awards. These awards reflect Aboitiz Land’s commitment to creating valuable living spaces for our vecinos and innovating the homebuying journey, making it safe, accessible and convenient.

As a result of the initiatives spanning all areas of our operations, we are delivering key business results. Aboitiz Land contributed a total of PHP3.8 billion in revenues, with a 10% and 12% year on year increase in Gross Profit and core EBITDA respectively. We also recorded a NIAT from core operations of PHP903 million, posting a year-on-year growth of 17%.

Awarded Best Housing Development in Luzon at the 2023 PropertyGuru Philippines Property Awards, Ajoya Cabanatuan is a 19-hectare master-planned residential development in Nueva Ecija. This development makes generous green open spaces more accessible to the mid-market.

Seafront Residences, a multi-awarded 43-hectare beach development in San Juan, Batangas has gained a 381% value increase since its launch in 2017. The pioneer of house and lot developments in the San Juan-Laiya coast, Aboitiz Land's inaugural endeavor in Luzon boasts a vibrant seaside community of more than 250 households to date.

2024 **Outlook**

Navigating Aboitiz Land’s Growth Horizons

Embarking on a transformative journey, Aboitiz Land charts its course for future growth, anchored in three strategies: Hyper-harvest, the maximization of the Aboitiz Group landbank, and unlocking the value of major land holdings.

Our focus remains on extracting untapped potential from the undeveloped portions of our developments in North Luzon, South Luzon, and Cebu, maximizing resource efficiency. Additionally, we are now more confident of greater sales velocity because we are armed with much better tools such as data science, expansion of our overseas sales network, and maximizing our expertise in digital sales and marketing.

We have also gained greater and more intimate knowledge of the market, competition and our customers and, therefore, are now in a better and more confident position to come up with more market responsive products, pricing and payment schemes.

Aboitiz Land will continue to serve as a catalyst in optimizing the value of real estate holdings across various Aboitiz business units, including servicing the residential housing needs of the Aboitiz economic estates. By doing so, we believe we can drive substantial value for the real estate business of Aboitiz Land, as it continues to be a valuable resource for the Aboitiz Group.

Unlocking the value of “big-ticket” land banks within the group emerges as a cornerstone in our strategy. These ventures promise not only significant financial returns but also a substantial techglomerate premium, elevating the Aboitiz reputation. We envision these projects as catalysts for raising our profile and contributing to the overall success of the Aboitiz brand.

In a bold move with Point Blue, we are owning the market on private micro apartments, following our full acquisition of the business in 2023. With a focus on accessibility, affordability, and efficient design, these micro studios in prime locations like BGC and Makati address the need of young urban professionals for quality housing in light of post-pandemic return-to-office and worsening traffic in the metro.

Seeking joint venture opportunities enables growth while minimizing risks, and we continue to explore market opportunities aligned with long-term trends in the Philippine property market. The synergy and techglomerate premium derived from being part of the Aboitiz group remain untapped advantages, positioning us to convert land assets into opportunities that bring additional value to the group.

Three years of focused digitization has enabled Aboitiz Land to establish a robust innovation infrastructure, accelerating sales, enhancing customer experience, improving construction, and increasing organizational productivity. We are then well positioned to continue to reap the rewards as we execute our strategies for the future.

As we continue our journey to the Great Transformation, our commitment to innovative, strategic, and impactful real estate ventures, with the mission of innovating the way we lead Filipinos home continues to shape Aboitiz Land into a significant contributor to the Aboitiz Group’s goal towards being the Philippines’ first techglomerate.

DATA SCIENCE AND
ARTIFICIAL INTELLIGENCE

Empowering Intelligence, Making AI Work

As we reflect on 2023, ADI stands at the intersection of technology and humanity. Our unwavering commitment to making AI work across industries is matched by our dedication to nurturing a culture where our people and our impact converge under the banner of #OneNewAboitiz.

Dr. David R. Hardoon
Chief Executive Officer
Aboitiz Data Innovation

Aboitiz Data Innovation pioneers impactful solutions with a focus on innovation, sustainability, and excellence. Our team of experts harnesses advanced data science techniques and human-centric AI to drive socially responsible progress.

Metrics That Matter

AI Summit PH 2023: By the Numbers

1,033 unique attendees

60+ speakers

50 hours
of content

13 sponsors

663k USD
total generated media value

Workforce Diversity

77 team members

42% are women and 58% are men

Techglomerate Premium Synergies and Global Partnerships

Collaborated with

50+

companies, both Aboitiz-owned and external, to leverage techglomerate premium synergies and global partnerships

Aboitiz Data Innovation pioneers solutions at the intersection of innovation, sustainability, and excellence. Through advanced data science and human-centric AI, we drive positive impact with socially responsible solutions.

Operational
Wins and Challenges

Redefining Boundaries - Pioneers and Culture Architects

Steering through the currents of 2023, our journey navigated the convergence of technology and human ingenuity, aligning our strides in AI and data science with the unified ethos of #OneNewAboitiz. The year unfolded with impactful metrics and significant milestones, signifying our evolution as Techglomerate Builders—remarkable achievements in Financial Services, gaining momentum in Power, collaborations driving Smarter Cities and, empowered government, and the elevation of our company reputation.

These milestones extend beyond mere progress; they reflect our unwavering commitment to transformative outcomes through innovation, sustainability, and excellence. Our endeavors underscore our dedication to shaping the essence of Techglomerate Builders.

Building Momentum: Triumphs and Trials in 2023

Notable victories and inevitable challenges defined our operational journey in 2023. We achieved significant wins in the Financial Services sector, adding United Overseas Bank Limited (UOB) to our growing list of clients and providing support for Kapital Bank's customer lifetime value programs. We also facilitated the technical go-live of Project Renaissance, a testament to the remarkable synergy between ADI and AboitizPower. Furthermore, we have made strides in shaping smarter cities through collaborations with Aboitiz InfraCapital and pioneering partnerships with government bodies.

Through our journey as Techglomerate Builders, the revitalization of our brand and the success of the AI Summit 2023 have magnified our presence and standing in the industry. These milestones are not just markers of

innovation; they symbolize our drive to push boundaries thriving on pioneering spirit, cultural evolution, and transformative behaviors.

Financial Services

2023 was a pivotal year for our Financial Services team in looking to export the capabilities developed from within the Aboitiz conglomerate to external customers. Asian Development Bank (ADB) remains a lighthouse account as it has proven to be a multi-stage engagement where ADI is entrusted with the Generative AI (GenAI) Lab development and launch of GenAI products for use across the bank. We are using ADI expertise and capabilities as an accelerator and trusted advisor to the Azerbaijani conglomerate PASHA—deploying consulting for customer lifetime value (CLV) modeling with their retail bank, Kapital, as well as now looking to expand this footprint to their insurance businesses and digital wallet startup.

Key domain expertise being sought is on micro-lending, fraud detection, as well as customer intelligence for upselling and cross-selling. Lastly, we are delighted to be working with one of the three Singaporean pillar banks, assisting with their data governance work as well as data lineage as part of their metadata reorchestration project. All of these point to the flexibility that ADI can offer as well as the trust external customers have in us to deliver value to them.

SMART CITY REVOLUTION. A transformative collaboration between ADI and the Victorias City Government is set to redefine urban living through data-driven decision-making, marking a significant step towards a smarter, more sustainable future for the city.

DATA-DRIVEN SYNERGIES. ADI's strategic partnership with AboitizPower, backed by key support functions, delivers tailored energy solutions, enhancing forecasting accuracy and operational resilience.

Power

By the end of the year 2023, our Power team achieved remarkable milestones, revolutionizing AboitizPower's Commercial Operations Business Unit through pioneering collaborations with Solutions Innovation Services (SIS). This transformative journey is set to elevate wholesale operations, directly impacting businesses and utilities. Pioneering tools that worked on grid demand, grid supply, and grid price using Machine Learning (ML) and AI capabilities reshaped AboitizPower's customer insights—enabling tailored energy solutions that boost competitiveness.

The strategic partnership between our Power team and AboitizPower's wholesale team—supported by AboitizPower Information Systems Group (ISG), Innovation and Digital Transformation (IDT), and Cyber and Information Security (CIS)—unveiled nuanced user insights, leading to personalized energy solutions that mitigate risks through improved forecasting accuracy. These advancements not only optimize operations but also ensure consistent service, bolstering resilience amid market uncertainties, including the ongoing pandemic. Our commitment to customer-centric innovation cements AboitizPower as the go-to partner, dedicated to enhancing customer experiences and operational excellence.

Smart Cities

Another noteworthy aspect from the year 2023 is working with national government agencies and local government units, propelling data-driven decision-making and planning for smarter, sustainable cities. Collaborating with Victorias City, Negros Occidental on the development of their Smart City Master Plan, we are equipping local government officials with digital skills and providing insights into data science and analytics from an application point of view. The road mapping exercise aims to incorporate the insights and ideas from local residents on their vision of Victorias as a smart city. This

milestone underscores our commitment to fostering impactful collaborations, akin to our continuous efforts with local and global partners.

Simultaneously, our pioneering deal with the Department of Budget and Management for "Budget Analytics Managed Services" signifies a leap toward data-driven governance. Leveraging advanced data science and analytics, this partnership focuses on dynamic dashboards to support budget planning and lays the groundwork for predictive analytics, aligning with our commitment to progressive decision-making.

Reputation

Undeniably compelling, our reputation soared to new heights. Our company website revamp went beyond aesthetics, transforming into a user-friendly hub that sparked a surge in visitor traffic. ADI Insights, our one-stop-shop resource center, struck a chord with our audience, nurturing stronger connections through tailored blogs, resources, and events.

LinkedIn became our beacon of influence, witnessing a 210% leap in followers, a staggering 2,456% spike in page views, and an impressive 2,882% surge in content reactions. Media pickups globally cemented our credibility, while collective awards celebrated our regional prominence. The triumphant AI Summit PH 2023, attracting over a thousand attendees and influential speakers, affirmed our commitment to being a leader in the data and AI landscape. Challenges fueled our growth; we revamped online channels, bolstered our lean team, and seamlessly synced within the #OneNewAboitiz, showcasing our agility as Techglomerate Builders.

ADI's AI Summit PH 2023 facilitated meaningful exchanges among industry leaders and innovators, showcasing the transformative power of data science and AI across sectors and its pivotal role in advancing urban sustainability and financial services. Attendees gained invaluable insights into the multifaceted applications of AI, driving innovation and progress towards a smarter, more connected future.

2024 **Outlook**

Leading Tomorrow's Solutions Today

Looking forward, our vision for 2024 is imbued with promise and possibilities. As we stand on the cusp of a new era, we are poised to elevate our solutions, expand our collaborations, and continue making meaningful leaps toward symbiotic, sustainable, innovative AI and data-driven outcomes.

CORPORATE
SOCIAL RESPONSIBILITY

Change Today. Shape the Future.

At Aboitiz Foundation, our focus lies in three key areas: Future Leaders, Jobs, and Climate Action. We're dedicated to empowering individuals, generating employment opportunities, and implementing Nature-Based Solutions to forge a sustainable tomorrow. We believe that progress is a collaborative effort, not a solitary endeavor. Reflecting on our journey, we've witnessed how collective action can shape a brighter future for all.

This transition isn't merely a change in direction; it's a significant leap forward in our commitment to transforming lives. Through strategic alliances with both local and global partners who share our vision, we're resolute in our mission to leave a lasting impact. Moving ahead, our primary objective is to streamline our processes, working smarter to amplify our impact on the communities we serve. It's not just about doing things differently; it's about striving for excellence and effecting tangible change."

Ginggay Hontiveros-Malvar
President
Aboitiz Foundation

Reflecting on 35 years of impact, Aboitiz Foundation remains steadfast in its commitment to change today to shape the future through initiatives in Future Leaders, Jobs, and Climate Action. Guided by a vision to create shared value, we continue to forge ahead, driving meaningful change for inclusive prosperity and thriving communities.

Metrics That Matter

Future Leaders

93 projects implemented nationwide

26 classrooms built and/or repaired

PHP17 million granted in dedicated investments for high school and college scholarships

17 business units (BUs) took part in Brigada Eskwela, benefiting **23 schools**

189 computers and tablets donated

454 total scholars supported, with 181 new scholars in 2023 alone

Jobs

39 projects implemented nationwide

249 small businesses supported under Biyaheng Digiskarte

216 livelihood kits donated, benefitting 27 community organizations

949 community members trained and graduated, with 548 gaining employment

Disbursed a total of **PHP141 million** in loans to individual MSMEs

Disbursed a total of **PHP13 million** in loans to cooperatives

Climate Action

119 projects implemented nationwide

500 individuals went through targeted capacity development initiatives, equipping them with the knowledge and skills to adapt to the impacts of climate change effectively

1,312 hatchlings released into their natural habitats, contributing to the conservation of endangered species

10 plans approved for strategic and adaptive responses to climate-related challenges

10 local government units (LGUs) completed robust, risk-informed plans, ensuring a coordinated and resilient approach to climate action at the local level

24 nests discovered and protected, safeguarding vulnerable species and ensuring their continued existence

165,000 seedlings planted, fostering reforestation efforts and enhancing carbon sequestration capabilities

27,600 kilograms of waste collected, contributing to cleaner and healthier ecosystems

FARM TO MARKET. Through Biyaheng Digiskarte, farmers from Benguet are transforming their harvests into high-value products like strawberry juice, boosting both their income and agricultural sustainability.

Operational
Wins and Challenges

Becoming the Foundation of the Techglomerate

As Aboitiz Foundation celebrated its remarkable 35-year journey in 2023, we reflected on our enduring commitment to effect positive change for a sustainable future. Anchored in the rich legacy of the Aboitiz Group, with over a century of transformative initiatives in the Philippines and beyond, the Foundation continues to embrace its role as a catalyst for meaningful impact.

Throughout 2023, we forged ahead, guided by the Group's vision to change today in order to shape a better future. This report outlines our work and their impact during the year and our roadmap for the journey ahead, as we remain committed towards co-creating safe, empowered, and sustainable communities. We pledge to continue striving towards a future where prosperity is inclusive, communities thrive, and the planet flourishes.

Jobs

Transforming Livelihoods through Digital Empowerment

In 2023, Aboitiz Foundation's flagship social entrepreneurship program, Biyaheng Digiskarte, took significant strides in empowering MSMEs, agripreneurs, and marginalized communities through the adoption of digital tools and practices.

Through our strategic collaborations with the Global Compact Network Philippines' (GCNP) prosperity pillar and its member companies, we extended our reach and deepened our impact across a wider range of communities. During the year, we successfully provided training, support, and development to 249 small businesses, with 949 community members trained, and 548 landing jobs.

Through GCNP, we partnered with members of the Private Sector Champions (PSC) operating under the Prosperity pillar. These champions include SM Investments Corporation, ADEC Innovations, Philippine Marketing Association, Pilipinas Shell Petroleum Corporation, Subic International Management and Consultancy Inc., Nestle Philippines, Unilever, SGV & Co., Converge, and Jaime V. Ongpin Foundation, Inc. Together, we have leveraged our collective expertise and resources to drive capacity-building programs.

UNLOCKING OPPORTUNITIES. Aboitiz Foundation joined forces with Connected Women to bridge the digital divide, unlocking opportunities for women to thrive in the digital economy.

Under this collaboration, Byaheng Digiskarte co-conducted immersion programs for Shell-supported MSMEs in Rizal, aligning with the core areas of the Prosperity Pillar, encompassing Financing, Supply Chain and Sustainability, Business Continuity Management, and Diversification and Market Access. By facilitating institutional connections and support from PSC members, we aim to further augment the growth trajectory of MSMEs.

Biyaheng Digiskarte is a catalyst for positive change, empowering communities to thrive in the digital landscape and creating sustainable socio-economic impact.

Uplifting Women in the Digital Economy

Another significant stride we made in driving our commitment to social impact was Elevate AIDA, a pioneering program aimed at getting women communities ready to flourish in the digital realm.

Starting with 60 women from Toledo City in Cebu, Elevate AIDA has grown into a thriving network of over 300 empowered women. Its vision is to impact 300,000 lives within three years.

As of 2023, the program has effectively upskilled 340 women nationwide, leveraging collaboration between Aboitiz Foundation, various Aboitiz business units (BUs), and Connected Women. These women now have the necessary skills to participate meaningfully in the digital economy, thereby enhancing their socio-economic status and overall well-being.

A pivotal milestone in Elevate AIDA's journey was formalizing the strategic partnership between Aboitiz Foundation, Connected Women, and the Department of the Interior and Local Government. The memorandum of understanding strengthened the commitment of all stakeholders to advance the goals of the program, particularly in the field of artificial intelligence and data annotation training. Through this collaboration, we aim to ensure that women across the Philippines have access to resources and opportunities to thrive in the digital age.

Future Leaders

Shaping the Leaders of Tomorrow

In our unwavering commitment to nurture the leaders of tomorrow, we continue to implement our comprehensive scholarship programs under the Future Leaders pillar. An investment of PHP17 million in 2023 has bolstered our efforts to empower deserving students across educational spectrums.

Specifically, the Aboitiz Scholarship Program experienced a significant boost, as we supported 181 new scholars from high school to college. Additionally, 85 scholars pursuing a technical vocational (TecVoc) education were supported, bringing to a total 454 scholars receiving assistance in 2023 alone. This exponential growth underscores our commitment to inclusivity and accessibility in education, ensuring that no good student is left behind.

We have collaborated with 10 Aboitiz BUs to expand the reach and impact of our scholarship programs. By leveraging the collective resources and expertise of the BUs, we have been able to broaden educational accessibility, paving the way for more individuals to pursue their academic aspirations regardless of socio-economic constraints.

Nonetheless, the impact of the Future Leaders pillar extends beyond the scholarship program. Through holistic development initiatives and partnerships with academic institutions and communities, we have touched the lives of 54,866 beneficiaries, leaving a significant imprint on the nation's education system.

As we continue to evolve and expand the Foundation's reach, we remain steadfast in our commitment to create a future where every individual has the opportunity to thrive and lead with purpose. This is our contribution to ensuring

EMPOWERING FUTURES. From collaborating with schools to partnering with governmental and non-profit organizations, the Foundation is dedicated to shaping brighter futures through strategic education initiatives.

inclusive and equitable quality education for all in alignment with the United Nations Sustainable Development Goal 4.

Transforming Communities, One School at a Time

In 2023, we strengthened our community engagement activity through the Brigada Eskwela program with 17 Aboitiz BUs joining hands to create greater impact.

We partnered with 23 schools nationwide where hundreds of Aboitiz team members from different BUs came together, bringing their enthusiasm and expertise to enhance the learning spaces for students. We witnessed major transformations in the school's facilities and premises, making these more conducive to learning. From refurbishing classrooms to rehabilitating the school gardens, our team members left a lasting imprint on the communities we serve. Beyond physical improvements, the spirit of volunteerism fostered a sense of unity and empowerment among both participants and beneficiaries.

Climate Action

Building Resilient Communities

In 2023, we continued to make meaningful strides in building resilient communities amid the growing challenges of climate change. Through targeted capacity development programs, 500 individuals underwent comprehensive training to equip them with the knowledge and skills to effectively adapt to the impacts of the climate crisis.

TOGETHER FOR A BRIGHTER TOMORROW. Aboitiz Foundation unites volunteers across business units for Brigada Eskwela 2023 at Sto. Rosario Elementary School, revitalizing learning spaces and nurturing community bonds.

COLLABORATING FOR CONSERVATION. Aboitiz Foundation and Davao Light join forces in managing the Aboitiz Cleanergy Park, a model of habitat conservation and biodiversity management in urban areas. Here, critically endangered sea turtle and their hatchlings find refuge before being freed to the sea.

Moreover, these campaigns have resulted in the enhancement and approval of 10 strategic plans, setting us for proactive and adaptive responses to climate-related challenges. These plans serve as vital blueprints for community resilience, incorporating risk-informed approaches to ensure preparedness and effectiveness in the face of climate threats.

Our collaboration with local government units has led to the development of robust and coordinated climate action plans in 10 communities. These plans empower LGUs to take decisive action, fostering resilience and sustainability at the local level while promoting a unified approach to climate resilience.

As we continue to invest in climate adaptation and resilience-building measures, we remain steadfast in our belief that through collective action and strategic investments, we can create more resilient communities. We aim for these communities to withstand climate change challenges while achieving sustainable development for all.

Preserving Biodiversity Through Collective Action

In a world facing unprecedented environmental challenges, Aboitiz Foundation continues to be strongly committed to environmental stewardship. In 2023, our efforts have yielded notable results that show the power of collaboration and innovation in safeguarding our planet's biodiversity.

Through strategic partnerships, we aim to protect the endangered pawikan or sea turtles. Together with Aboitiz Land's Seafront Residences in Batangas and the Aboitiz Cleanergy Park in Davao, in close collaboration with Davao Light, we have released a total of 1,312 pawikan hatchlings into their natural habitats.

These have led to the discovery and protection of 24 pawikan nests, ensuring the safety and

continued propagation of the vulnerable species. This milestone underscores our commitment to the United Nations Sustainable Development Goals (SDGs) 14 and 15. By safeguarding marine and terrestrial ecosystems, we actively contribute to SDG 14: Life Below Water and SDG 15: Life on Land. By preserving the pawikan habitats and promoting biodiversity, we help contribute in advancing the global agenda for sustainable development.

In recognizing the crucial role of forests in mitigating climate change and preserving biodiversity, Aboitiz Foundation continues to be at the forefront of reforestation efforts. In 2023, we planted a total of 165,000 seedlings across Cebu, Davao, and Batangas, in our effort to rejuvenate degraded landscapes and enhance carbon sequestration capabilities.

In addition, we have prioritized waste management as a key component of our Climate Action pillar. Through responsible collection and reduction practices, we have successfully diverted 27,600 kilograms of waste from landfills, contributing to cleaner and healthier ecosystems.

TO THE SEAS. Sea turtle hatchlings move towards the sea after emerging from their underground nest.

2024 **Outlook**

Building the Foundation of the Future

After a remarkable 35 years, Aboitiz Foundation continues to strengthen the groundwork to prepare us to realize our vision to become the Foundation of the Future. The Aboitiz Group's Great Transformation towards becoming the Philippines' first techglomerate compels us to leverage innovation and technology as catalysts for the quality of change we aim to create.

We are expanding our program on building future leaders, from providing college scholarships to supporting those pursuing advanced education in science, technology, engineering and mathematics fields and post-graduate learning. Empowering the next generation of innovators and entrepreneurs involves their continued upskilling for them to thrive in the future.

Our campaign to promote job creation seeks to bridge the digital divide for those who have been excluded far too long, opening ways for them to catch up and seize opportunities in the digital economy.

In addressing global climate challenges, the Foundation's climate action agenda is committed to building a resilient ecosystem, encompassing adaptation, mitigation, and biodiversity management. Being a lead contributor to the Carbon PH initiative, we are building partnerships with the private sector towards addressing climate change with practical solutions and policy advocacy.

Looking ahead, we are on a mission to shape the future with renewed focus, a strengthened mandate, and visionary leadership. Our main priority is to make a deeper and wider impact that leads to an even more promising future for our communities and our nation.

Building the Techglomerate with Sustainability at its Core

In its over 100 years of advancing business and communities, the Aboitiz Group has grown into a conglomerate spanning multiple life-essential sectors. Now, it aspires to transform into becoming the Philippines' first techglomerate. Sustainability is an integral strategy to achieve this goal.

We in the Group use the business model and language of environment, social and governance (ESG) to enable holistic sustainability transformations and pivot to how the business should lead in a technology-driven future that we are facing.

Aboitiz Sustainability Playbook

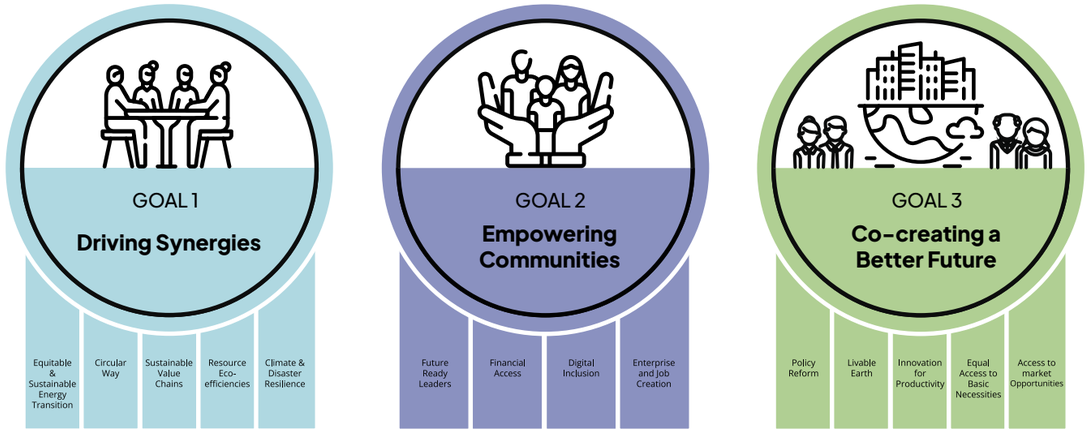
In 2023, we continued to enrich our understanding of ESG and identified what truly matters to make deliberate actions to address sustainability challenges and concerns. The Aboitiz Sustainability Playbook is a manifestation of our collective efforts to create a smart, thoughtful, and results-driven approach to sustainability. We are cognizant that ESG is not just about creating a sustainable future, but also about empowering teams and stakeholders to reach their full potential through cutting-edge technology and innovative solutions.

This Playbook, fully produced by the Group's ESG champions, is the culmination of all the significant updates and changes since our initial 10-year ESG roadmap in February 2020. In light of a better and deeper understanding of sustainability, we had a refreshed and Board-approved ESG framework by October of the same year. In 2023, we developed the #OneNewAboitiz Sustainability Synergy through a series of workshops.

Aboitiz's commitment to sustainability resonates across the communities where we do business, fostering shared prosperity and amplifying value creation for stakeholders. Through our holistic approach, we continue to forge a path towards a future where sustainable development drives lasting positive impact.

We have identified three goals where we can make the most most impact:

Our EESG-Focused Actions*



**Economic, Environment, Social, and Governance*

#OneNewAboitiz Sustainability Framework

Environment	Social	Economic and Governance
Minimize impact of our businesses and contribute solutions to issues	Partner with stakeholders in creating value	Grow profitably and sustainably
Focus Areas		
• Renewable energy and low carbon opportunities • Biodiversity • Water Security • Waste Management • Pollution & Deforestation	• Solutions to poverty and food security • Inclusivity & Digitalization • Skills for the Future • Smart & Resilient Cities • Health & Safety	• Robust Governance Structure • ESG Risk Management • Market Opportunities • Investment Framework

Materiality & Org Context	Innovation & Exponential Technology	ESG Reporting & KPIs
Identify topics and issues that affect our business' ability to create value over time including global and local trends; GT and Federated structure	Voyage sprints for sustainability solutions	ESG monitoring, reporting, ecosystems management, and assurance

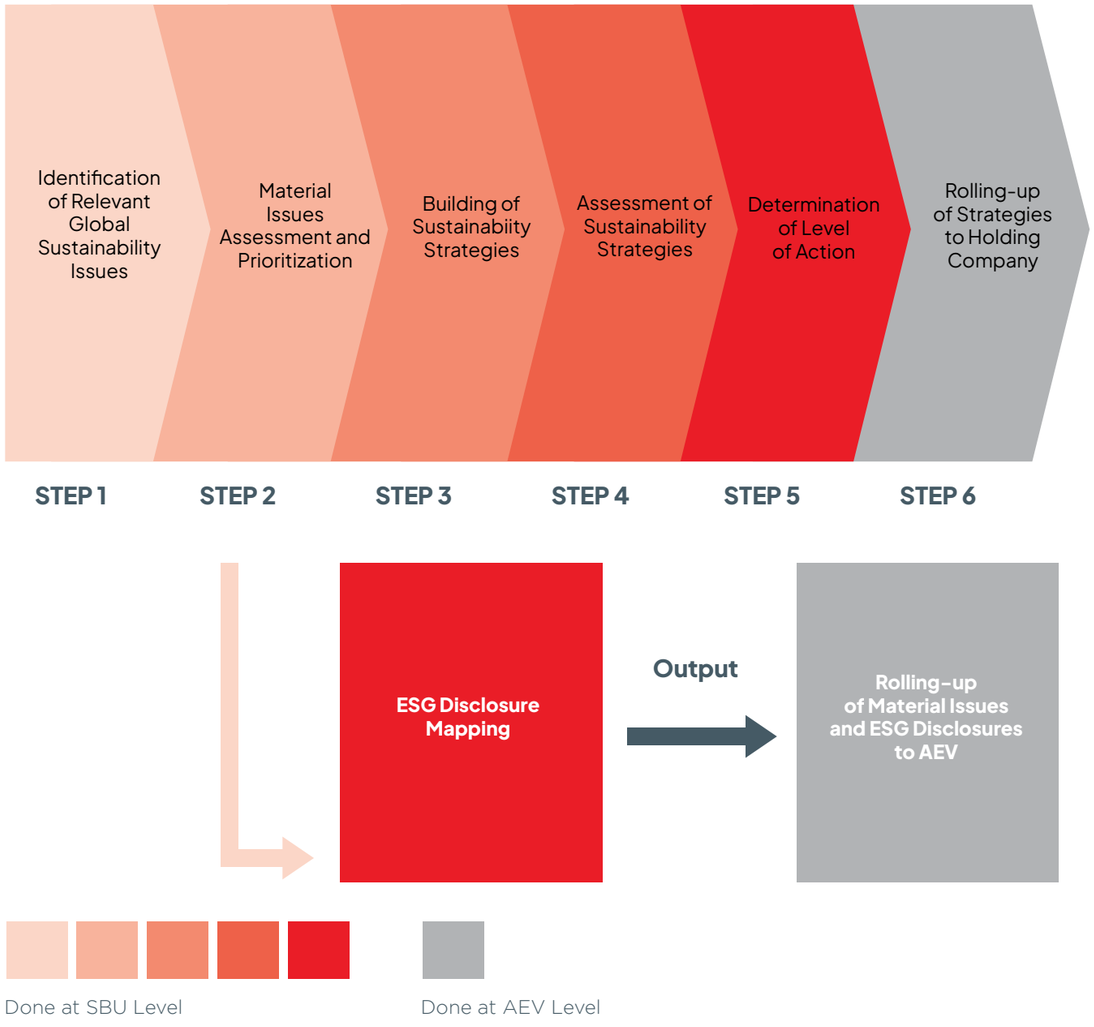
Materiality & Org Context
Innovation & Exponential Tech
ESG Reporting & KPIs

Materiality

Materiality is the crucial process for the Aboitiz Group to effectively navigate the complex landscape of ESG issues. Firstly, these assessments enable us to pinpoint the most significant risks and opportunities that could impact their long-term viability and success. By identifying and prioritizing these material issues, the Group can allocate resources strategically, focusing on areas where they can make the greatest positive impact while mitigating risks that could potentially harm our ability to create value for our stakeholders. It also provides us transparency and accountability by ensuring that the Group aligns its actions with the expectations and concerns of stakeholders, including investors, customers, employees, regulators, and local communities. This not only enhances trust and credibility but also fosters stronger relationships with stakeholders, ultimately contributing to sustainable value creation and resilience in an ever-evolving business landscape.

The materiality assessments also helped in the creation of the sustainability roadmap and playbook for integrating sustainability considerations into organizational strategy, decision-making processes, and reporting mechanisms. By embedding material ESG issues into core business practices, Aboitiz can drive innovation, enhance operational efficiency, and capitalize on emerging market trends and consumer preferences. Furthermore, these assessments facilitate the identification of gaps and areas for improvement, enabling continuous learning and adaptation in response to evolving stakeholder expectations and changing market dynamics. Ultimately, by embracing materiality assessments as a fundamental aspect of our sustainability approach, we are fostering a culture of responsible business conduct, uphold our social license to operate, and position our business for long-term success to achieve the aspiration of becoming the Philippines' first techglomerate.

Development of Sustainability Strategies



List of Material Topics and Relevant SDGs

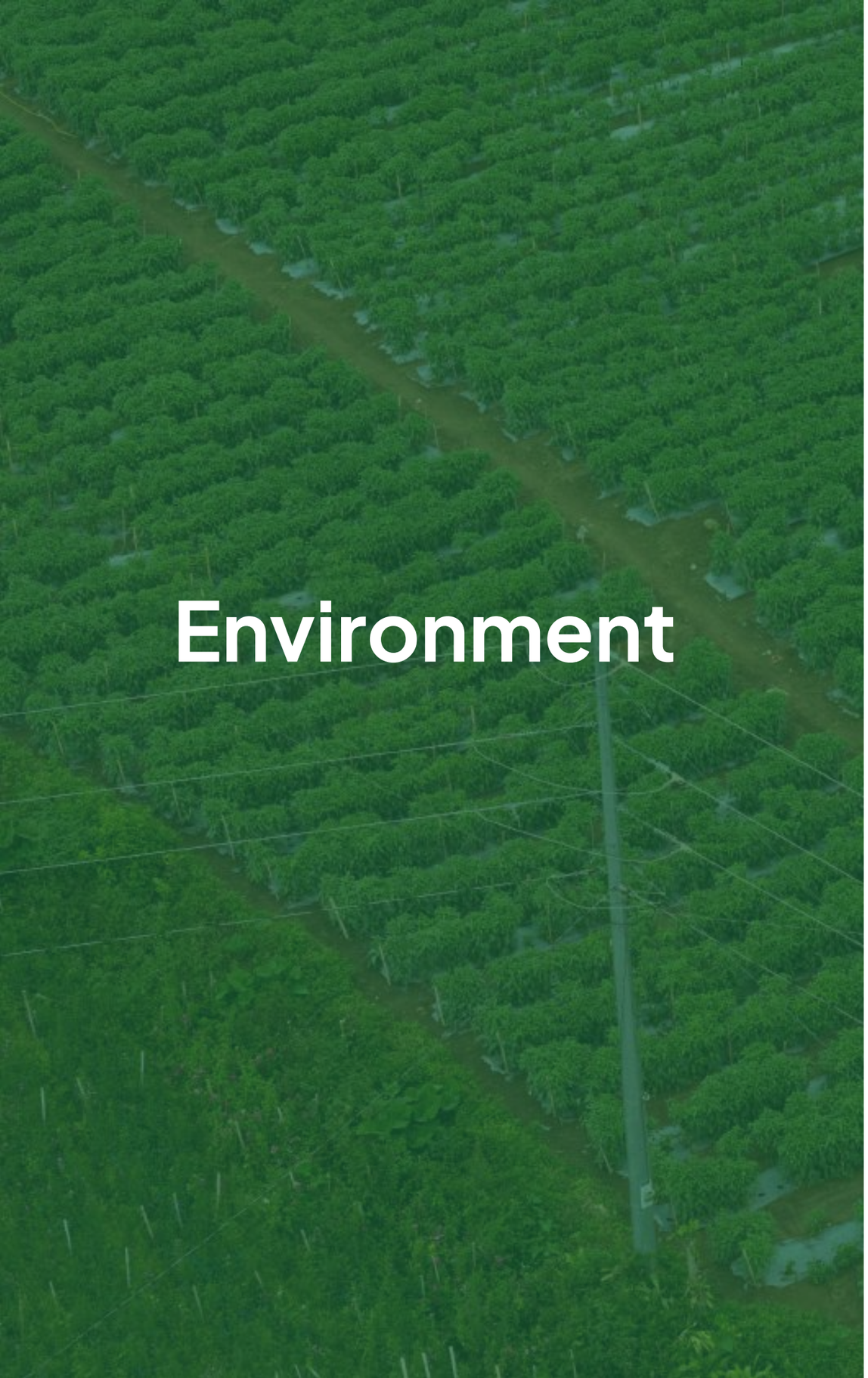
Sustainability Data Management and Governance

We establish our process and systems and utilize tools for sustainability data management and governance to effectively collect, store, analyze, and report on sustainability-related information within the organization. As sustainability becomes an increasingly important aspect of our business operations, proper management and governance of sustainability data are crucial for organizations to understand their environmental, social, economic and governance impacts and make informed decisions to improve their overall sustainability performance.

To provide transparency and detailed information relevant to our material topics our data is available at (insert link).

This table shows the high-level overview of the Sustainable Development Goals' (SDG) relevance per focus area topics that are determined as common across the different strategic business units (SBUs). These are also priority areas where business can lead a positive impact that can be scaled in the future. Each area also contributes to address the targets and indicators of the SDGs. In 2023, AboitizPower and Aboitiz InfraCapital undertook their Materiality Reviews to integrate the necessary strategic decisions for their SBUs.

The two business units identified opportunities for improving their own materiality assessment process. This includes enhancing stakeholder engagement efforts, refining methodologies for identifying and prioritizing material issues, strengthening data collection and analysis capabilities, and improving integration into organizational strategy and reporting.



Environment

Our sustainability management approaches for the environment encompass a range of strategies and practices aimed at minimizing negative environmental impacts while promoting long-term ecological health. Environmental management approaches helped us reduce our environmental footprint, mitigate risks, comply with regulations, and contribute to a more sustainable future. These approaches not only benefit the environment but also yield economic and social benefits, including cost savings and improved relationships with the communities where we operate.

Environmental Management Systems (EMS)

EMS frameworks such as ISO 14001 provides guidance to our governance approach for business units of the group to manage their environmental responsibilities effectively. EMS involves setting environmental objectives, implementing processes to achieve them, monitoring performance, and continuously improving environmental performance.
A fundamental principle of EMS is continuous improvement, whereby our business units strive to enhance their environmental performance over time. This involves analyzing performance data, identifying opportunities for improvement, implementing corrective and preventive actions, and reviewing the effectiveness of these actions through management reviews and audits.

Regenerating Natural Capitals

Regenerating natural capital involves restoring, enhancing, and conserving ecosystems and biodiversity to ensure the sustainable provision of ecosystem services and resources that support human well-being and economic activities. Aboitiz recognizes the importance of natural capital because it provides renewable and non-renewable stocks including air, water, soil, forests, oceans, and biodiversity that is critical for the business to survive for the long term. Regenerating natural capital requires a holistic approach that recognizes the interconnectedness of ecological, social, and economic systems.

Eco-efficient Resource Management

Water
Water management is becoming increasingly critical for the businesses as water scarcity and quality issues escalate not just locally but globally. For Aboitiz, effective water management involves understanding our water risks, optimizing water usage, and mitigating adverse impacts on local ecosystems and communities. Our businesses interact with water across various stages of our value chain at the strategic business unit level, including raw material sourcing, food production, power generation and distribution, real estate and infrastructure development, and wastewater treatment and disposal. Sustainable water management practices entail implementing water-efficient technologies, investing in water recycling and reuse systems, engaging with suppliers to promote responsible water practices, and collaborating with local stakeholders to support watershed conservation efforts. By prioritizing water stewardship and integrating water considerations into their operations and supply chains, our businesses can enhance resilience, minimize operational risks, safeguard water resources for future generations, and contribute to broader sustainable development goals.

Waste
Waste management is one of the key aspects of our sustainable business practices, encompassing the reduction, reuse, recycling, and proper disposal of waste materials generated throughout a business's operations. Business units interact with waste at various processes in the value chain, from production and packaging to distribution and end-of-life disposal. Embracing the principles of the circular economy, the Group aims to minimize waste generation by designing processes for less waste and looking for solutions to closing the loop on material flows. Through initiatives

such as operational eco-efficiencies, recycling, reusing, waste-to-energy conversion. The Group is continuously improving in reducing environmental impacts and creating potential new economic opportunities within a circular framework through our programs. By adopting circular economy principles and implementing innovative waste management strategies, our business can not only reduce costs associated with waste disposal but also enhance our competitiveness, and environmental stewardship.

Energy
Improving energy efficiency, conservation, promotion and development of renewable energy generation and use of technology are key areas of our sustainable energy management. This involves implementing measures to reduce energy consumption across operations, facilities, and processes through technological upgrades, operational improvements, and behavioral changes. Energy audits, monitoring systems, and performance benchmarks are often used to identify opportunities for efficiency gains. We also prioritize energy conservation by implementing energy-saving technologies, optimizing equipment usage, and promoting energy-conscious behavior among employees and stakeholders. Our business units also leverage on smart technologies, automation, and data analytics that can enhance energy management by optimizing energy use, predicting energy demand, and identifying inefficiencies in real-time. Smart meters, building automation systems, and energy management software enable organizations to monitor, control, and optimize energy consumption more effectively.

DELIVERING QUALITY AND SUSTAINABILITY. LIMA Water ensures access to safe water and sanitation for over 65,000 employees across LIMA Estate through its state-of-the-art wastewater treatment plant.

Ecosystem-Based Approach to Biodiversity

Led by our different SBUs, we have initiated programs to manage our impact on Life on Water (SDG 14) and Life on Land (SDG 15). Initial environmental impact assessments for business projects have led to our managing different flora and fauna species in ecosystems near the locations of operations of our business units.

Coastal

Youth leaders from the Most Outstanding High School Graduate (MOHSG) Program, led by JCI Davao, explore the Aboitiz Cleanergy Park. Together, they champion biodiversity through coastal cleanups and mangrove planting, safeguarding habitats for Hawksbill sea turtles.

Aboitiz Cleanergy Park, an eight-hectare biodiversity reserve in Davao City, serves as a vital nesting site for critically endangered hawksbill sea turtles. It is home to diverse mangrove species, a botanical garden with 29 native tree varieties, 108 bird species, and the Pawikan Rescue Center, which is currently caring for seven rescued sea turtles.

Through weekly tours, public awareness campaigns, and the ongoing PawiCamp program, the Park seeks to engage partners who share its commitment to environmental sustainability. Dedicated to biodiversity conservation, we prioritize safeguarding our ecosystem.

Through collaborative efforts, the Park has seen notable improvements in biodiversity, including increased bird populations and nesting activity. These successes reflect the effectiveness of joint initiatives. Partner-led activities such as mangrove/tree planting and coastal clean-ups have further enhanced the local environment.

Success metrics (As of March 20, 2024):

Total No. of Hatchlings Released
9,237

Total No. of Rescued Turtles
24

Total No. of Nests Found
83

Total No. of Mangroves Planted
20,713

Total No. of Birds Species
108

Total No. of Visitors
16,012

Sea turtles or *Pawikans* are known to return faithfully to the same beach where they were born or previously nested.

Aboitiz Land's Pawikan Conservation Project at Seafront
Aboitiz Land and Aboitiz Foundation are proponents of the Pawikan Conservation Project launched to protect endangered sea turtles, particularly Olive Ridley species, that nest on the beaches surrounding the former's Seafront Residences in Barangay Calubcub II, San Juan, Batangas. This project supports the environmental compliance requirements of the organization while prioritizing the local biodiversity of this coastal community.

To sustain pawikan conservation activities, a new 3-year project has been proposed, which aims to establish a permanent sea turtle hatchery area, train more stakeholders in pawikan nesting monitoring, and deepen pawikan conservation knowledge in the wider San Juan community. Aside from helping to strengthen pawikan conservation activities, it will continue environmental impact offsetting and enhance the educational campaign and community engagement. The project team will later on transition its management to Seafront Residences homeowners.

Success metrics (As of February 27, 2024):

Total No. of Nests Found
12

Total No. of Hatchlings Released
600

Forests

Under the Aboitiz Group's nationwide reforestation initiative, the trees we plant are all under our overall carbon sequestration drive and action on climate change, specifically, SDG 13 (take urgent action to combat climate change and its impacts) and SDG 17 (institutional partnerships to revitalize the global partnership for sustainable development). APARK also serves as our contribution to the government's national greening efforts in partnership with the Department of Environment and Natural Resources (DENR).

The Aboitiz Group's APARK program supports the Philippine government's nationwide reforestation efforts, bolstering carbon sequestration and contributing to global climate action.

Pangarap symbolizes our dream of an abundant population of suitably reared Philippine eagles in the wild.

AboitizPower and Pangarap
In 2010, AboitizPower adopted a female Philippine eagle, contributing to wildlife conservation efforts. At 25 years old, Pangarap, continues to receive essential support for her well-being, including funding for food, veterinary care, and shelter maintenance. Transitioning from her role in the breeding program, Pangarap now serves as a distinguished ambassador for conservation education, captivating audiences with her majestic presence and inspiring stories. Under the care of the Philippine Eagle Foundation (PEF) in Davao City, Pangarap thrives, symbolizing our collective commitment to wildlife preservation and the progress of the Philippines.

Success metrics (As of December 31, 2023):

12.44 million trees
have been planted, with a total investment of PHP521 million for APARK.

Rivers

Davao Light's Occupational Safety, Security, Health, and Environment Department (OSSHED) spearheaded a Mamay Creek Estero Clean-up in Purok NHA, Buhangin, Davao City, as part of its annual CSR program. Since 2012, Davao Light has been caring for this area, emphasizing environmental stewardship. This commitment is reinforced by a Memorandum of Agreement with DENR-EMB XI to protect and develop sections of San Isidro Creek in Barangay Buhangin.

The Adopt-a-River/Estero Program, led by various Aboitiz BUs, has adopted a total of 12 waterways, covering approximately 21.56 kilometers. With a mission to tackle pollution and promote local sustainability, this program engages communities and partners in rehabilitating waterways, enhancing water quality, and restoring biodiversity. Through clean-up drives and education, it fosters environmental stewardship among stakeholders, including estero communities, donor-partners, LGUs, NGAs, and DENR to mobilize communities for ongoing riverbank cleanups and sustainably manage clean rivers.

Transformations for Climate Change Resilience

Climate change presents significant challenges and opportunities for the Aboitiz Group across the various sectors it is currently invested into and potential portfolio investments in the future. Management takes proactive decisions and actions to effectively address climate change and adapt to or mitigate its impacts.

Conducting thorough climate risk and opportunities assessments helps us identify and assess the physical, transition, and liability risks associated with climate change. By understanding these risks, businesses can develop risk management strategies, adapt their operations and supply chains to changing climate conditions, and enhance resilience to climate-related disruptions.

	Description of actions towards climate change related impacts	Our way forward
Governance	The Aboitiz Group established the ESCG Board oversight on climate change related strategic directions, opportunities and programs. Concurrently, our Board Risk and Reputation Committee discuss the climate related risks. The Management Committee and the ESG Technical Working Group implements the tactical approaches and the necessary assessment and management of climate related risk.	Expand oversight and governance in line with increasing climate regulatory requirements through policy development reviews locally and globally Enhance cross-functional collaboration on climate issues and greater climate risk training across teams
Strategy	The Climate Value at Risk Study conducted by the Group paved the way to the establishment of the Climate Risk Scenario Analysis Process. The climate-related valuation conducted in 2021 was used to estimate the Group's Climate VaR, and provide recommendations on how to move forward with the strategy assuming climate-related risks. Given its materiality and significance, the Climate Risk Scenario Analysis Process was integrated into a mutli-disciplinary company-wide risk management process and is now being utilized in the evaluation and risk analysis of new investments. The assessed potential impacts of physical risks, transition risks, and opportunities under the 1.5°C, 2°C or 3°C scenarios are being integrated in the organization's business strategy discussions and financial planning. AEV's Strategy Team provided the model which automatically estimates the annual and total climate-related costs of the investment over its operating life under the three scenarios based on the TCFD recommendation and assumptions for existing assets. The output of the analysis is used for project valuation models as an additional cost that may impact the rate of returns.	Continue to evolve our strategy through a combination of strengthening climate risk assessment requirements, considering climate risk in portfolio structure, pursuing climate transition opportunities, and evaluating sector exposures to reduce portfolio emissions over time Adjust our strategy based on lessons learned from past performance Continue to evaluate and assess our current portfolio structure and to integrate risk assessed in the investment sensitivity analysis
Risk Management	The Climate Scenario Analysis Process is continuously being integrated in the Enterprise Risk Management System to account for climate related risks in the Group. Climate Change Risk is now part of the top Groupwide risk. In line with this, our process of identifying, assessing, managing, and establish risk transfer mechanisms identified in our operational risk	Further improve and redefine assessment tools and methodologies, and integrate them into operational risk assessment processes

	Description of actions towards climate change related impacts	Our way forward
Risk Management	management plans is continuously conducted across our business units. In our Climate Value at Risk Study we found out that the biggest risk to the company's business operations, revenues and expenditures are associated with reaching emission reduction targets based on the country's Nationally Determined contributions under the 1.5-, 2-, and 3-degree scenarios. Impact is calculated by discounting a future time series of costs based on annual emission reduction requirements and carbon price estimates in accordance with global temperature targets and various integrated assessment models (IAMs). The most significant climate-related physical risks to the company and its business units are intense tropical cyclones, flooding, and extreme heat (resulting in drought). Most of the mitigating actions reside at the business unit level. At AEV level, this is being managed by assisting the SBU/BU in the procurement of insurance. To manage these risks, AEV has started requiring all business units to assess and quantify the impact of a 1.5°C, 2°C or 3°C scenario on all new investments as part of the investment approval process. Methodology and assumptions were in line with those used for the existing assets. This analysis shall be incorporated in the standard sensitivity/scenario analysis charts. On top of this, business units are also being monitored on their performance against internal climate-related targets. Emissions Metrics: Scope 1 Emission: 5,409,980.74 (tonnes CO2e) Scope 2 Emission: 923,470 (tonnes CO2e) Total: 6,333,450 (tonnes CO2e) Potential Risk Metrics: Based on the Natural Catastrophe (NatCat) study, our maximum potential exposure for typhoon-related damage is around PHP33.7 billion (USD608.6 million) on a 1-in-250 years return period assumption. Occurrence of natural catastrophes such as typhoons can be further exacerbated by flooding and extreme precipitation. Opportunity Metrics: We have identified opportunities brought by climate change based on 1.5°C, 2°C, and 3°C scenarios. For Transitional Opportunities, the impact is calculated by discounting a future time series of profits to the present value and dividing this value by the current company value. It will also be expressed as a percentage of the company's market value, in accordance with global temperature targets and calculated using carbon prices from various integrated assessment models (IAMs). The estimated annual financial positive implications of identified opportunities is PHP163.0 billion (USD3.0 billion) under the 1.5°C scenario and PHP4.4 billion (USD80.2 million) under the 3°C scenario. These values are estimated green profits through 2080, adjusted for AEV's ownership stake in different business units.	Integrate climate-related risks and opportunities in our Enterprise Risk Management System through risk assessments and operational risk management planning Report on decarbonization initiatives and progress towards Paris Agreement alignment Enhance, review and assess GHG inventory emission methodology for calculation Integrate Inventory of Scope 3 significant emissions in the SBUs

Social

For Aboitiz, social sustainability management involves integrating social considerations into organizational strategies, operations, and decision-making processes to create positive social impacts and promote well-being. Our focus on people helps us prioritize building more inclusive, equitable, and sustainable communities and contribute to the achievement of broader societal goals.

Diversity and Inclusion and Total Rewards

Diversity and Inclusion

In 2023, we at Aboitiz Equity Ventures further cemented our commitment to promote diversity, equity, and inclusion (DEI) as foundational elements for cultivating a high-performing and deeply engaged workforce.

Among our key efforts is the celebration of significant events like Women's Month, Pride Month, and Mental Health Month through more enlightening infosessions. These sessions have been instrumental in raising awareness and encouraging open dialogues within our workforce on these critical topics.

An active member of the Philippine Business Coalition for Women Empowerment, our company remains committed to advocating workplace gender equality.

Our celebration of Pride Month has become more inclusive, demonstrating our commitment to supporting the LGBTQIA+ community. We hosted "OUTspoken," a comprehensive DEI session, covering topics like SOGIE understanding, LGBTQIA+ identity, its impact on mental health, and the importance of allyship.

Our DEI Framework is also being updated to reflect the evolving needs of our diverse workforce.

Total Rewards

We believe that a competitive and sustainable total rewards program is essential for promoting a shareholder mindset and teamwork among our employees. Our compensation philosophy is centered on meritocracy and meaningful reward differentiation based on individual and organizational performance. We continuously review our total rewards programs to ensure that we are market-competitive, allowing us to attract and retain key talents who contribute to and share the success of the business. We are proud to offer our team members the Flexible Benefits (MyBen) Program, which allows them to optimize and tailor-fit their employee benefits for the year according to their specific needs. This program enables them to make informed choices about their benefits and promotes their overall well-being.

Talent Experience and Employee Engagement: Fostering a Thriving Work Culture

CEO Engagements

In 2023, Aboitiz Group President and CEO Sabin M. Aboitiz (SMA) continued his critical role of chief "engagement" officer, deepening his commitment to fostering a connected workplace. He has effectively utilized a combination of virtual platforms and face-to-face interactions to maintain open communication and strengthen bonds with team members of the Group.

A key component of this is his monthly townhall sessions called SuperDuperCon in which he discusses a wide range of topics that Aboitiz team members need to understand and, more importantly, hear their CEO talk about. The townhall is occasionally held at BU locations to give SMA the opportunity to meet and hear from A-People outside the corporate center,

MEET THE TECHGLOMERATE BUILDERS. A-People from across the different SBUs work in synergy to create value and champion the Great Transformation of the Group into the Philippines' first techglomerate.

take their questions, and listen to their ideas. Those working remotely are also able to watch the sessions livestreamed on YouTube and post questions online.

The Welcome Aboard initiative remains a quarterly highlight where SMA personally greets some new members of the Group who are integrated into the organization through four sessions.

The Up Close with SMA sessions, which were significantly impactful in the previous year, continued in 2023. SMA engaged in 12 meetings to connect closely with long-standing A-People, fostering a culture of engagement. He encouraged both team members and leaders to promote similar levels of interactions within their own teams to nurture a synergistic and dynamic work environment.

Employee Engagement

In 2023, our commitment to active listening and comprehending the needs and social concerns of our team members remained a top priority. Building upon the technological advancements of the previous year, we continued to leverage cutting-edge technology and artificial intelligence to conduct thorough and regular pulse checks on our A-People.

We have significantly improved the ticketing system of our chatbot CHRis, enhancing its capabilities to handle concerns raised by team members. This enabled a faster and more efficient way of managing issues.

Talent Optimization and Learning and Development

As we continue to ramp up our Great Transformation vision, the Aboitiz Academy designed learning programs to equip our talents with capabilities to thrive in a techglomerate and support the Group's transformation objectives.

To cultivate these capabilities among our A-People, we conducted many #LearningLunes sessions with topics that included agile ways of working, future of ChatGPT, and resiliency, to name a few. We continue to leverage the Board Learning Series as a venue for executive learning sessions with topics such as innovation, risk management and change management. To further optimize our e-learning platform LinkedIn Learning, we deployed specific learning paths mapped to core capabilities. With this and other LinkedIn Learning initiatives, we are again recognized this year as finalists in the LinkedIn Talent Awards under the Best Culture of Learning category.

We are also supporting new ways of learning through exposure and experiential learning. In May 2023, we launched Aboitiz Agile Scrum Chapter, a community of agile practitioners and enthusiasts, with a total of 175 chapter-members Group-wide. Complementing this, we conducted courses such as Design Thinking, Customer Journey Mapping, Business Model Canvas, Professional Scrum Master Certification, and Product Owner Certification. In AEV alone, we have a total of 41 trained Scrum Masters and two trained Product Owners.

Our commitment to transformative learning was further exemplified when we partnered with Google in August 2023 for Generative AI skilling programs for awareness and advancement of tech-skills. In October 2023, we launched Data Science Bootcamp, which brought together 344 team members from diverse units who are interested in enhancing their data science capability.

Moreover, we have integrated the A+10 core behaviors into our leadership development programs through our partnership with Harrison Assessment Talent Solutions (HATS). Leveraging their online platform, we assess the factors affecting values and behaviors, ensuring our leadership development initiatives are intricately aligned with our organizational goals and values.

INNOVATION IN ACTION. Our Aboitiz Agile Scrum Chapter fosters a community of 175 agile practitioners across the Group, supported by courses in Design Thinking and other key methodologies.

Occupational Safety and Health

Occupational Safety and Health (OSH) management is essential for protecting the well-being of A-People in the workplace. The business units employ various approaches to ensure OSH compliance and promote a culture of safety. Firstly, implementing robust OSH policies and procedures that adhere to industry relevant regulations and standards is foundational. This involves conducting thorough risk assessments to identify workplace hazards, implementing appropriate control measures to mitigate risks, and providing team members with comprehensive training and resources to work safely. Additionally, we establish clear communication channels for reporting hazards, incidents, and near-misses, fostering a proactive approach to hazard identification and prevention. Regular inspections, audits, and reviews are conducted to monitor OSH performance, identify areas for improvement, and ensure ongoing compliance with OSH requirements.

Fostering a safety culture is crucial for promoting team member engagement and commitment to OSH. The Group encourages employee participation in safety initiatives through consultation, involvement in safety committees, and recognition of safety contributions. Leadership plays a critical role in setting the tone for safety, demonstrating a commitment to OSH through visible leadership, resource allocation, and accountability for safety outcomes. Continuous improvement is emphasized, feedback mechanisms are established, analyzing incidents and trends to identify systemic issues, and implementing corrective and preventive actions to enhance OSH performance. By prioritizing OSH management approaches the Group provides accident prevention, empowerment, and continuous improvement to create safe and healthy work environments where our team members, contractors and relevant external stakeholders can thrive.

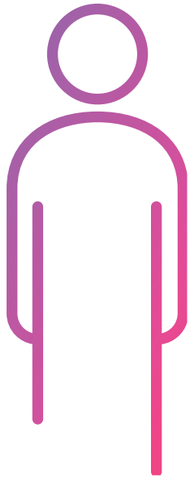
PROMOTING SAFETY EXCELLENCE: Our comprehensive Occupational Safety and Health (OSH) management approach prioritizes robust policies, proactive hazard identification, and a culture of continuous improvement. Through rigorous compliance, leadership engagement, and teammember participation, we create safe and healthy workplaces for all stakeholders at the Group.

2023 OSH Milestone/Activities	Date
KAISA Star Seal (AEV - NAC Tower) The star seal is awarded by the Bureau of Fire Protection (BFP) to deserving establishments in recognition of their efforts for fire safety awareness, initiatives, and support for the BFP's programs. Further, BFP also grants the "Gawad Ligtas na Gusali Award" to establishments conferred with a KAISA Star Seal for three consecutive years.	November 16, 2023 (Awarding)
Safety Committee Meeting (NAC Tower and ACO Banilad Offices) Discussions on committee responsibilities and assignments, health and safety trainings, and safety inspection findings	Monthly, every third Thursday of the month
Quarterly Nationwide Simultaneous Earthquake Drill This activity is a quarterly exercise which aims to instill public awareness and preparedness from the threats of quake and other hazards. Simulation exercises such as preparation of the 'Big One' and tsunami scenario looks into contingency plans in the face of a strong earthquake and subsequent tsunami. Aside from evacuation drills, communication and coordination drills, functional exercises were also conducted. Officials from various government agencies gave the Group valuable insights and emphasized the importance of preparing every community for different scenarios that may happen when a strong earthquake strikes.	Q1 - March 9, 2023 Q2 - June 8, 2023 Q3- September 7, 2023 Q4- November 9, 2023
First Aid Responders' Training (NAC Tower) Depending on the number of workers and Risk classification, establishments are required to maintain a corresponding number of First-Aiders as per Republic Act 11058. Training is facilitated by the Philippine Red Cross.	1st Batch - August 24,25, 29, & 30 2nd Batch - Oct 17, 18, 25, & 26
Fire Drill (ACO Banilad) Around 194 ACO Banilad team members participated in our annual fire drill. This drill aims to prepare them for possible fire scenario that may happen in the building.	June 1, 2023
Earthquake Drill (ACO Banilad) Around 312 ACO Banilad tenants participated in our annual earthquake drill. This drill aims to prepare them for possible earthquake scenario that may happen in the building	October 19, 2023
Bureau of Fire Certificate of Completion (COC) Training This is a 40-hour training participated by 25 team members from different business units. The training covered five basic aspects of fire rescue, namely Fire Brigade structure, Fire fighting techniques, First and and Basic Life Support, High angle Ropemanship or rope rescue (rappelling).	May 16, 2023
Conversion of Red to Green Fire Extinguishers (ACO) In compliance with BFP's requirement, we began replacing our fire extinguishers in 2023 from ABC type (Dry Chemical) to HFC 236 (Clean agent). It is noncorrosive, electrically non-conductive, free of residue, and has an ODP (Ozone Depleting Potential) of zero.	September 2023
First Aid Responders Training (ACO Banilad) Depending on the number of workers and Risk classification, establishments are required to maintain a corresponding number of First-Aiders as per Republic Act 11058. Training is facilitated by the Philippine Red Cross.	Aug 14 and 15, 22 and 23, 2023

2023 Talent Analytics

Gender vs. Level

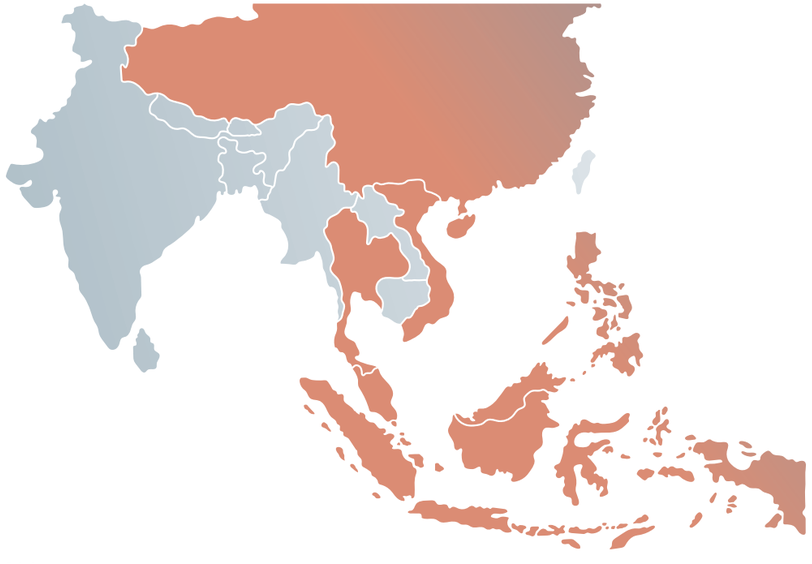
Total Number of TMs in Aboitiz Group



543	AVPs and up	525
1,244	Managers	1,246
2,146	Officer Supervisor	2,431
4,122	Associate Specialist	1,822
8,055	Total	6,024
57%	Percentage	43%

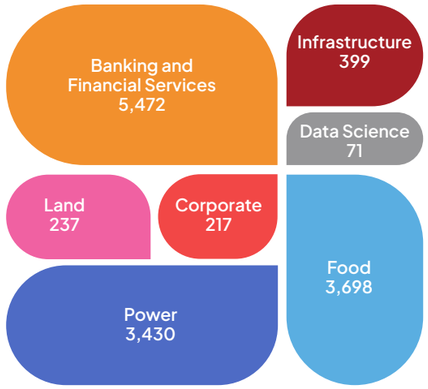
	Corporate		Power		Banking and Financial Services		Food		Infrastracture		Land		Data Science	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
AVPs & up	40	27	94	165	321	235	38	74	20	27	11	9	1	6
Manager	30	39	155	290	879	614	100	193	31	47	43	41	8	20
Officer Supervisor	27	19	186	417	1,722	1,048	350	547	87	66	59	43		6
Associate Specialist	36	17	720	1,654	423	240	455	1,992	98	145	64	50	26	24
Total	**133**	**102**	**1,155**	**2,526**	**3,345**	**2,137**	**943**	**2,806**	**236**	**285**	**177**	**143**	**35**	**56**

Region

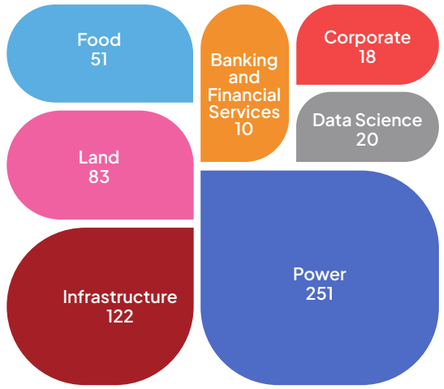


PHILIPPINES	**11,475**
BRUNEI	**52**
CHINA	**525**
INDONESIA	**554**
MALAYSIA	**364**
SINGAPORE	**77**
THAILAND	**5**
VIETNAM	**1,027**

Employment Type

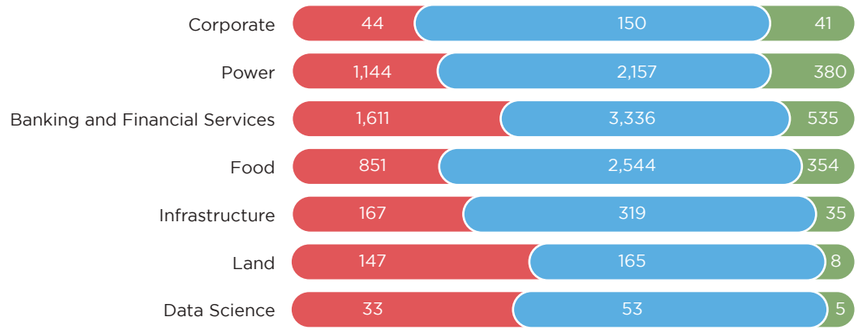


13,524
Regular / Probationary



555
Fixed Terms/ Project Based

Age



3,997
TMs below 30 years old

8,724
TMs between 30 and 50 years old

1,358
TMs above 50 years old

Years of Tenure

No. of Years	Corporate	Power	Banking and Financial Services	Food	Infrastracture	Land	Data Science	Total
Less than 1 year	48	685	857	544	193	90	45	**2,462**
1 to 5 years	70	1,291	2,636	1,437	261	153	44	**5,892**
6 to 10 years	45	716	759	873	42	56	2	**2,493**
11 to 15 years	31	552	360	499	11	13		**1,466**
16 to 20 years	24	270	440	193	7	6		**940**
21 to 25 years	7	34	132	96	3	1		**273**
Over 25 years	10	133	298	107	4	1		**553**
	235	**3,681**	**5,482**	**3,749**	**521**	**320**	**91**	**14,079**

Governance

Transformational Leaders Build a Techglomerate

For Aboitiz Group, transformational leadership enables us to focus on inspiring and motivating our stakeholders to achieve a shared vision and goals for sustainable outcomes. We are cognizant that growth and development of people is crucial in creating a culture of sustainability in the organization and in the communities where our business operates.

Effective governance is foundational to our ESG integration, ensuring that businesses uphold ethical standards, accountability, and transparency in our business portfolio. In order to deliver our ESG strategies, we continuously improve and redefine our leadership functions and responsibilities to strengthen the Group's ESG work plans and performance targets.

- **Strategic Business Units:** have formed their respective ESG technical working groups composed of functional units to effectively implement and address ESG operational strategies, programs, data management and reporting
- **Group Sustainability Council:** ensures that at group level sustainability actions are synergized and material issues are discussed, addressed and reviewed. The council is also responsible to make recommendations for long term strategic actions which is duly reported to the Aboitiz Group Management Committee
- **Aboitiz Group Management Committee:** responsible for long term decisions and plans for ESG roadmap and ensures that the ESG principles and policies of the company are implemented across its value chain
- **Environment, Social, and Corporate Governance Board Committee:** provides direct oversight on sustainability and the ESG framework, ensuring that ESG direction is integrated into the Aboitiz strategic pillars and reviews the overall sustainability performance of the business.

Enterprise Risk Management

In a time of technological advancements and an ever-evolving global landscape, the face of risk management is transforming. In Aboitiz Equity Ventures (AEV), we recognize this fundamental shift, and our 2023 risk management journey was defined by going back to basics and simplifying our processes, fostering a robust risk culture, and empowering our people through continuous learning.

We in the Risk Management Team reviewed the foundations of AEV's risk program and collaborated with our external experts to identify best practices and areas of improvement. These exercises aimed to ensure that the enterprise risk management (ERM) framework of Aboitiz remains robust, relevant and fit-for-purpose to support overall business goals and strategies. Risk appetite statements were updated, the risk management process was enhanced, and roles and responsibilities around the federalization were clarified.

AEV continues to provide expert guidance and a common framework for risk management while our businesses take control and manage their respective risks. Each business is empowered to tailor-fit their risk approach to meet their unique industry, risk profile, and strategic goals. The federalized approach to risk management allows flexibility for decision-making and innovation, within the bounds of clear guidelines.

To support our risk managers, another area of focus has been on building a community of practice among Aboitiz risk professionals. We have cultivated a collaborative environment where risk managers can learn from each other's experiences. Through workshops, online resources, and expert consultations, we facilitate the exchange of best practices and ensure every Aboitiz business has access to our collective risk management expertise.

In AEV, we also looked beyond the confines of centralized risk teams and empowered employees across the company to become risk champions. Equipped with training and the support of the Risk Management Team, these champions help build and reinforce the risk culture within their teams, identify and manage operational risks, and build a resilient organization. ERM no longer stands for enterprise risk management, instead, it is a reminder that Everyone is a Risk Manager.

The risk landscape is constantly evolving, and we are committed to continuous improvement. In 2024, we will focus on:

- Process improvements for better monitoring of both AEV stand-alone and portfolio risks
- Further exploring automation initiatives or improved ways of working to ensure that risk management practices are made more efficient
- Reviewing key risk indicators to maintain relevance and adequacy in terms of monitoring key risk exposures and assessing overall risk posture for AEV
- Enhancing the emerging risk process through more robust environmental scanning efforts
- Continuous development and upskilling of our team members

Top Risks

To ensure that we are managing risks that are relevant to our business goals, we regularly review the Risk Management Plans of all Aboitiz Group business units and discuss these with senior management and the Board. Some of the top risks that we continuously monitor are:

Cyber and Information Security Risk

- These risks are associated with the potential harm or damage to the organization's bottom line, operations or reputation when digital information, computer systems, and networks are exposed to various threats and vulnerabilities resulting in a breach of confidentiality, integrity and/or availability of information.
- As AEV and its SBUs continue to pursue business growth and increase the use of technology to support that growth, there is also a greater need to manage the systemic risks associated with an expanding digital and technology footprint.
- We continue to strengthen our cyber and information security posture with key initiatives that include, among others: patch and vulnerability management, endpoint protection, internal threat detection and discovery, the alignment of Cyber and Information Security Controls and Governance practices across the Group, and the harmonization of the vendor management processes of AEV's corporate service units (CSUs).
- Third-party vendors play a vital role in the operations. However, they also bring with them a set of risks that can negatively impact an organization's security posture. As such, monitoring third-party risks has become a paramount capability of the organization's risk management.
- 2023 was also the year of exercising the organization's Loss of Technology Response Plans and strategies across the AEV CSUs, Crisis and Incident Management Teams. This was followed by an updating of the related Business Continuity Plans.

People Risk

- This is the risk of failure to retain, develop, and attract people with the necessary capabilities and desired behavior to support the organization's strategic direction.
- As the Group progresses in its Great Transformation journey, we need to ensure that there is adequate talent to steer the organization towards achieving its goals and making it future-ready.
- Strategic workforce planning and succession management continue to be key activities for our HR team and we have identified new and evolving AEV roles critical to our organizational transformation and business strategy. This is coupled with a host of learning and development initiatives, including coaching and mentoring opportunities for all team members.
- Individual Development Plans are in place for leadership talent and capability building. Competition for talent is tight so aside from building a robust pipeline of employee candidates, we must also continue investing in the development of our existing talent to support the Group's future needs and strategic objectives.
- Another challenge is keeping people engaged and retaining key talent. To address these, HR conducts continuous reviews of our Total Rewards Program including the enhancement of benefits and compensation.

Portfolio Risk

- As AEV transitions to focus on being a portfolio and investment company while our businesses take full control over their operating activities, we have included portfolio risk in our top risks. This is the risk of potential variation in the value of the AEV investment portfolio. It considers uncertainties in portfolio returns due to systemic risks, SBU-specific industry risks, regulatory risks, and reinvestment risks.
- The impact assessment examines the potential effect of systemic risks on AEV's portfolio returns. These may include geopolitical unrest globally as well as its downstream impacts, such as supply chain disruptions, increased fuel and commodity prices, logistics costs, and interest rates. Aboitiz businesses have been able to adapt to the effects of ongoing geopolitical tensions and with the limited, direct exposure to the Israel conflict, they are cognizant of the possible systemic impact should tensions escalate and affect other areas in the region.
- We anticipate potential systemic risks and market disruptions through more deliberate environmental scanning efforts. Together with these scans, clear lines of communication across business units, fostering an open exchange of information and insights, ensure swift reactions to emerging risks and allow us to capitalize on unexpected opportunities.
- We also manage portfolio risk by diversifying our portfolio and creating a more balanced mix of power and non-power businesses.

Implementation Risk

- This risk refers to the poor execution of company strategy, resulting in missed opportunities for value creation, non-maximization of benefits from investments/ projects, or non-achievement of business goals.
- Implementation risk is being managed through the collaboration between AEV and its businesses in screening CAPEX projects and developing long-term strategies.
- Consultants or strategic partnership arrangements are being explored and put in place for investments in new sectors to bridge the knowledge and experience gap in unfamiliar industries/geographies.
- SBUs are enhancing their project management capabilities to better handle new projects / investments and reduce the likelihood of delays, cost overruns or poor execution.

Apart from these top risks, we are also monitoring the following:

Climate Transition Risk

- This is the risk arising from the accelerated transitioning to a lower-carbon economy in response to climate change action. It has the potential to result in financial losses, business disruption, as well as have a negative impact on the organization's reputation.
- AEV continues to work proactively with key stakeholders (including lenders, insurers, suppliers, and regulators) to manage relationships, understand critical business impacts brought about by new climate-related policies, and implement mitigating measures. The company will continue to enter into partnerships to provide the Group access to transition-related expertise and technology.
- SBUs are crafting their respective transition roadmaps to ensure long-term strategies are recalibrated and business viability is maintained.
- Aside from strengthening our ESG practices, we are also working to increase our understanding of energy transition mechanisms (ETM) and carbon offset markets to ensure that we not only manage risks but also position ourselves well to maximize related opportunities.
- The Group also continues its nature-based solutions that can potentially help the business mitigate climate transition and physical risk while the country is still developing its climate and low carbon economy transition policies.

Regulatory Compliance Risk

- This is the risk arising from non-compliance to existing laws and regulations that may result in penalties and/or business disruption or closure.
- As a conglomerate, we are subject to regulations across various industries and even jurisdictions where we operate or have a presence. A regulatory breach, no matter how small, has the potential to impact company reputation and may attract heightened regulatory scrutiny or supervision. Hence, there is a need to constantly monitor changes and developments in the regulatory landscape to enable us to not only comply with regulatory requirements but also adapt to business strategies as required.
- Cutting across industries are data privacy regulations. As we continue to harness the power of new technology, we must remain abreast of regulatory mandates and expectations. We must also continue to improve data privacy risk awareness across the Group and safeguard the massive amounts of personal data we store and process.

Disaster Risk

- This is the risk arising from man-made or natural catastrophes resulting in loss of life or injury, financial losses, and business disruption.
- The 2024 World Economic Forum Global Risks Report highlights extreme weather events as a top concern in the next two years and the most significant risk over the next decade. This emphasizes the tangible impact of climate change, which is expected to escalate in the coming 10 years.
- Our mitigation plans for this risk must be regularly reviewed and adjusted as the climate change crisis unfolds. Our risk treatment plans should not only focus on climate transition but also consider climate adaptation, especially as the global community anticipates surpassing the 1.5°C threshold.
- At Aboitiz, we consistently review and update our Business Continuity Plans (BCPs) to align with evolving assumptions about extreme weather events. All our businesses test their BCPs annually, ensuring they operate as intended.

Emerging Risks*

The 2024 outlook for the global landscape appears predominantly negative over the next two years, with an anticipated worsening trend in the coming decade. Identified on a global scale, major risks include extreme weather events, the dissemination of AI-generated misinformation and disinformation, escalating societal and political polarization, a rapidly increasing cost-of-living crisis, and heightened vulnerability to cyberattacks. In the Philippines, the foremost concerns revolve around extreme weather events, an economic downturn, potential energy supply shortages, inflationary pressures, and the looming threat of infectious diseases.

Artificial Intelligence

We continue to actively monitor the risks and threats mentioned above. With our ongoing vigilance, we have mapped out other risks that could exert a substantial impact on the Aboitiz Group moving forward.

The fast growth of advanced technologies is making more people around the world vulnerable to digital exploitation. General-purpose AI in particular is expected to bring significant changes to economies and societies, at least in the next decade. AI, with its vast potential for innovation and efficiency gains, also introduces novel risks that require careful consideration.

Some key considerations in the space of AI include, but are not limited to, ethical concerns, which stem from biases embedded in AI algorithms, unintentional discrimination, and the lack of transparency in decision-making processes that pose reputational and regulatory risks. As stewards of responsible corporate governance, it is crucial to navigate these ethical challenges to maintain the trust of our stakeholders.

Cybersecurity vulnerabilities where increasing integration of AI in critical business functions also amplifies the susceptibility to cyber threats. AI systems, if compromised, may lead to significant data breaches, financial losses, and disruptions. Rigorous cybersecurity measures must be implemented to safeguard against potential malicious activities targeting AI infrastructures.

The dynamic nature of AI technologies often outpaces regulatory frameworks. As governments worldwide struggle with formulating fit-for-purpose policies, organizations must closely monitor and adapt to evolving compliance requirements.

As businesses become increasingly reliant on AI-driven processes, operational dependencies on these technologies grow. Unforeseen disruptions, such as system failures, algorithmic errors, or unexpected behaviors, could have cascading effects on business operations. Robust contingency plans and risk mitigation strategies are essential to ensure business continuity.

The widespread adoption of AI technologies may reshape traditional employment structures, leading to workforce displacement and skills mismatches. Risk experts and leaders warn that the lack of investments for both least developing countries and select middle-income countries may face challenges in reskilling and generating AI-related income opportunities for the affected workforce. This may potentially prompt organizations to rapidly deploy generative AI instead of the aging workforce, thereby increasing the risk of unemployment and eventually strain social systems. As we work towards building the Philippines' first techglomerate, we should invest in our most important asset–our people—to ensure that our workforce will be equipped with the right skill set to support our long-term strategies and objectives.

Misinformation and Disinformation

Misinformation and disinformation is another risk linked to Cyber and Information Security as well as the use of AI. As access to sophisticated technologies becomes more widespread and trust in information and institutions declines, the harmful effects of manipulated information are getting worse. Emphasis must be put on the potential impact on societal cohesion, political stability, and economic systems. In particular, the use of AI amplifies the dissemination of misinformation, creating challenges in distinguishing fact from fiction. In the World Economic Forum 2024 Global Risk report,

**Reference: The Global Risk Report 2024, 19th Edition (World Economic Forum)*
View the reference here: https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2024.pdf

it highlighted that many actors will take advantage of the rise in fake content in the next two years.

Addressing this risk necessitates comprehensive strategies, including enhanced media literacy, technological safeguards, and a whole-of-society approach which involve collaboration between businesses, the government and our partner communities.

Geopolitical Tension

The focus of global powers will likely continue to be on key hotspots, such as the war in Ukraine, the Israel-Gaza conflict, and tensions over Taiwan, which are expected to persist for the next two years. Consequently, these critical events also trigger other conflicts as demonstrated by the Red Sea Crisis that escalated towards the end of 2023.

If these critical events continue, these can potentially affect the strategic goals and objectives of the Group. Any escalation in these hotspots could significantly disrupt global supply chains, triggering energy price spikes on oil and other commodities. The local economy can also be impacted as these events can trigger Inflation and elevated interest rates that can potentially impact the overall performance of the Group's portfolio.

Critical Change to Earth Systems

Risk leaders and experts warn that with the current direction that global warming is going, at least one "climate tipping point" could be breached without the world even realizing it. They also agree that this is one of the most severe risks that the world could face in the next decade.

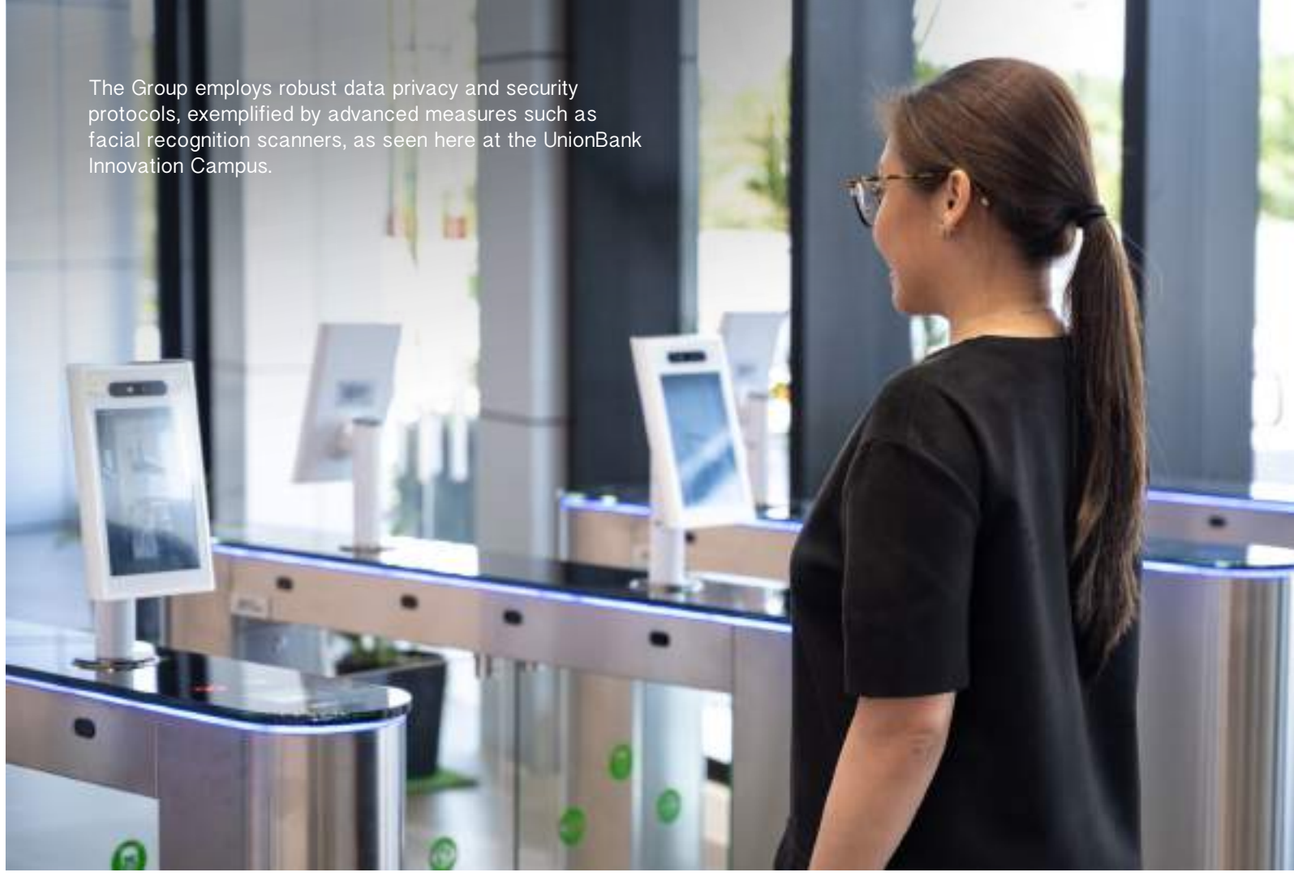
This risk encompasses a range of interconnected challenges, including but not limited to climate change, biodiversity loss, and ecosystem degradation. The report emphasizes that these critical changes are reaching a tipping point, posing severe threats to global stability and sustainability. Urgent and comprehensive actions are required to address and mitigate the impacts on ecosystems, weather patterns, and natural resources. As risk managers, it is imperative that we integrate these findings into our strategic planning, risk assessment, and mitigation strategies to ensure resilience against the escalating threats to Earth systems.

This could trigger a stronger collaboration between the private and public sectors, although we have yet to see how decision and policy makers will prioritize mitigation measures to address this risk.

We live in unprecedented times, and now more than ever, risks are becoming more and more interconnected, necessitating a higher level of vigilance and discipline in scanning the horizon for emerging threats.We must therefore continue to exert efforts to improve our emerging risk program. In 2023, we began to reassess the effectiveness of our framework while at the same time supporting the creation of concise yet easily digestible reports on key risks that have significantly shaped the global risk climate for the year. Moving forward, we will build on this momentum, working with key stakeholders and subject matter experts within the organization to streamline efforts to scan emerging risks. Likewise, work will advance to ensure that reports continue to add value by identifying actionable items (e.g., scenario planning exercises) that ultimately aim to improve our response to risks.

Business Continuity

- The AEV BCM Team, in partnership with the Cyber Information and Security (CIS) Team, hosted a two-session Cyber Resilience Tabletop Exercise that was conducted by an external consultant. The first session focused on the tactical and operational response to a Ransomware Attack and was participated by the BCM, CIS, IT and Data Privacy Teams. Consequently, the second session focused on the strategic response to a ransomware attack and was participated by key actors of the AEV Crisis Management Team. The results of the exercise will be considered in the BCP review and update in 2024.



The Group employs robust data privacy and security protocols, exemplified by advanced measures such as facial recognition scanners, as seen here at the UnionBank Innovation Campus.

- The Aboitiz Group Business Continuity Management Policy was reviewed, updated, and approved by the Board Risk and Reputation Management Committee in 2023. The policy was updated to reflect the Group's commitment to establishing a business continuity management system across the organization.
- The AEV BCM Team, together with the SBU BCM Teams participated in the first Risk Awareness Month in November 2023. Business Continuity was the area of focus in the second week and the topics presented were Disaster Recovery, Supply Chain Resiliency, and Personal Resiliency.
- In partnership with Aboitiz InfraCapital (AIC), the AEV BCM Team conducted a series of Business Continuity Workshops participated in by the Unity Digital Infrastructure team. The workshops focused on Business Impact Analysis, Business Continuity Strategies, and Business Continuity Planning. By the end of the workshops, the Unity Digital team was able to document their respective Business Continuity Plans.

Data Privacy

The AEV Data Privacy Team further strengthened its compliance with the Five Pillars of the National Privacy Commission (NPC), as well as its training and awareness efforts for data privacy across the Group.

In 2023, the NPC launched the National Privacy Commission Registration System (NPCRS), an online portal for the registration of an organization's Data Protection Officer (DPO) and its Data Processing Systems (DPS). As part of AEV's compliance, the Privacy Team submitted AEV's renewal of registration for DPO and registered its DPS. Through this, AEV was able to obtain the NPC Seal of Registration as its proof of compliance.

To further strengthen data privacy awareness and support continuous learning, the AEV Privacy Team worked with the SBU and

BU Privacy Teams to celebrate Privacy Awareness Week (PAW) 2023, with the theme “Anchoring Data Privacy to the Great Transformation”. Different learning sessions on data privacy and security were conducted for team members, team leaders and privacy champions across the Group. A highlight of the week was the learning sessions conducted for the senior high school students and teachers of Banilad Center For Professional Development, an Aboitiz Foundation beneficiary.

The AEV Privacy Team also worked on strengthening the synergy among Privacy practitioners within the Aboitiz Group by establishing and leading the Privacy and Data Sharing Steering Committee (PDSSC), an oversight committee responsible for shaping the privacy management programs across the Group. The PDSSC will also provide guidance and support on privacy and data sharing within and outside the Group. It will also promote responsible data sharing practices, data security and privacy, and facilitate data access and reuse.

Cyber and Information Security

The AEV Cyber Security Programs are based on several industry frameworks and standards, such as the National Institute of Standards and Technology (NIST), Cyber Security Framework (CSF), NIST 800 Series, Information Security Management System (ISO 27000 Series), and the Center for Internet Security (CIS) through People, Process, and Technology initiatives.

We have updated the Group’s Cyber & Information Security Manual with the requisite cybersecurity principles and cybersecurity minimum standards for the entire Group. We ensure that all reference frameworks and standards were mapped to our key strategy—Identify, Detect, Protect, Detect, Respond, and Recover—in laying out the foundation of how we implement our cybersecurity controls. Our aim is to significantly reduce and mitigate the organization’s cybersecurity risks as part of our Great Transformation.

As such, in 2023, the Cyber & Information Security Team focused on the initial activities supporting the organization’s transition from a centralized to a decentralized architecture while maintaining the business. Our activities will focus on how to reduce the organization’s attack surface, manage identities, improve access management, and build an internal threat intelligence capability.

Cyber Resiliency is an important capability we must continually plan and execute in pursuing our digital transformation. We reviewed the cyber incident response and recovery playbook and completed our scenario exercises with external facilitators. Attacks are imminent, therefore our ability to respond, recover and continue operations is critical to maintain and improve the Group’s security posture.

Our cyber security program focuses on providing identity and access management and governance, vulnerability assessments, proper risk assessment and management, due diligence, continuous monitoring of our critical 3rd parties and partners, and security architecture enhancements. We continuously monitor the cybersecurity of the Aboitiz Group’s IT resources and act as the cyber incident response team along with the AEV-IT Team, Risk Management and Business Continuity, Legal and Compliance Teams, and other key stakeholders and SBUs in the Group.

We have designed our **People**, **Process**, and **Technology** Initiatives holistically as one cannot be efficient and effective without the other two components.Technology alone is not enough; it needs to have a clearly defined process to set up controls tailored for our business needs, along with people who play the most vital role in ensuring success. People will, however, always be our weakest link if we fail to arm them with enough knowledge about cybersecurity. On the other hand, people can be our best firewall (human) with the right mindset and best judgment by providing them with the appropriate awareness, orientation, and security training to build and manage processes enabled by the right technology.

We recognize the need to be able to detect, and respond quickly and effectively to cybersecurity incidents to reduce potential harm. As such, we are constantly on the lookout to improve our existing strategies, continually test and refine our plans, and find new and effective ways to manage the evolving cyber security landscape that we are in.

Our Cyber & Information Security Team pivoted towards a decentralized architecture while ensuring seamless business continuity. Emphasizing cyber resilience, we fortified our response capabilities and strengthened our security posture to proactively combat evolving threats.

Aboitiz Group auditors from the different resident internal audit teams present during the 2023 Asian Confederation of Institutes of Internal Auditors (ACIIA) Regional Conference at Dusit Thani Mactan, Cebu City, October 11-13, 2023.

Audit

The Aboitiz Group's internal audit function has evolved from a single team under Aboitiz & Company, Inc. (ACO) in the 1960s to the current structure of different business-focused resident internal audit teams across the Group's key strategic business units (SBUs). Our power, banking and financial services, food, infrastructure, and construction SBUs have their own internal audit teams while the land business unit remains under the full oversight of Aboitiz Equity Ventures Inc. (AEV).

We maintain an internal audit function as a means to provide management with information for them to better manage and control the Group's operations. Our purpose in the Internal Audit Team is to offer independent, risk-based objective assurance and consulting designed to add value and improve the company's operations. We support the company in accomplishing its objectives by providing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. We operate in compliance with guidelines approved by the Board Audit Committee and ratified by the Board.

Professional Standards and Frameworks

The Aboitiz Group internal audit teams adhere to the mandatory elements of the Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF), including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing (ISPPIA), and the Definition of Internal Auditing.

We all use the COSO (Committee of Sponsoring Organizations of the Treadway Commission) model as our main internal control framework. It is the generally accepted global framework and best practices model for evaluating risk management internal controls.

For technology and systems-related audits, we generally use the COBIT (Control Objectives for Information and Related Technologies) Framework, a globally-accepted IT governance framework. This allows for the effective management and governance of enterprise information and technology critical to strategy formulation and business transformation success. Other frameworks and standards used to support COBIT include COSO, ISO 27001, ITIL (IT Infrastructure Library), NIST (National Institute of Standards and Technology), CMMI (Capability Maturity Model Integration), CSA (Cloud Security Alliance), and CIS (Center for Internet Security).

ESG Reporting and Assurance Review

The Aboitiz Group began its maiden formal sustainability assurance reviews in 2022—one internal and one external.

The internal sustainability assurance review was done through the AEV Group Internal Audit Team in partnership with an external provider. The review aimed to evaluate the adequacy and effectiveness of AEV's sustainability reporting processes, procedures and practices, including internal controls and key risks. It focused on peer benchmarking, reporting principles, stakeholder engagement and materiality assessment process, sustainability reporting, and sustainability performance indicators.

The external one was a limited assurance review done in partnership with the Aboitiz Group Sustainability Team. Its key objectives were (1) to strengthen the company's competitive advantage by building investors' (stakeholders) trust and confidence in ESG Disclosures; and (2) to find higher levels of disclosure and increase the credibility of sustainability reports.

Towards the last quarter of 2023, the AEV Group Internal Audit did a follow-up and remediation review of the results of the 2022 internal sustainability assurance, with results due for discussion and presentation during the first quarter of 2024. Similarly, the limited assurance review by an external party is due to be conducted. With the approval of the AEV Board, the limited assurance review shall form part of the Aboitiz Group's annual reporting.

Resident internal Audit Teams: Milestones in 2023

AboitizPower

The ultimate goal of 1AP internal audit is to become "trusted advisors". This means focusing on supporting the business as it drives value, with eyes looking toward the future but with feet rooted in the present. Most importantly, it means protecting the credibility and trust that have been earned knowing how quickly these can be lost.

The team adds value through its assurance and consulting services. Working with audit clients can draw out solutions as well as connect gaps to help the business prepare in times of disruptions, mitigate escalation, and come out resilient in the process.

To be successful in every undertaking, the team makes sure that the foundation of the internal audit governance areas is effective and efficient. Harnessing and taking advantage of technology are consistent points of emphasis—having perspectives and making methodologies agile for change as well as having that continuous drive for improvement.

Triad of Value

Assurance

The core and revenue process areas of the different business segments of AP has been the focus of AP internal audit team. Improvements were influenced, driven and monthly management committee meetings were attended to give updates on action plans committed by the audit clients. Plans were also aligned to the "Move The Needle" initiatives at AP.

Advice

Helping **build the internal audit capability across business units** (BU) has been the forefront of the **advisory services** in 2023 with 2 training sessions attended by 90+ BU internal assurance team members. Bringing that audit mindset to the workplace, innovating on their own and make efficient changes in the process are benefits realized in this undertaking

Anticipate

In 2024, cybersecurity related assurance services will be the major deliverable of the team, this includes assessing of plans when an unwanted event would occur **improving foresignt and increasing the likehood of the successdul implementation of plans** will be highly emphasized and to manifest operational resilience.

UnionBank

The UnionBank internal audit team has been assessed to be more mature compared to their counterparts in the industry.

SME Organization Set-up. The internal audit group is evolving its organization such that Subject Matter Experts (SMEs) are assigned to identified areas, especially those that either contribute largely to strategic objectives or receive significant regulatory attention. These SMEs closely monitor the business and regulatory environment around their areas to make better audit risk assessments and scoping decisions. To date, more than 10 SMEs have been identified for various lending segments, anti-money laundering (AML), and Identity and Access Management, among others.

Capability Building. In 2023, auditors garnered 11 certifications, including those relating to cybersecurity, data science and analytics, scrum, and the internal capital adequacy assessment process (ICAAP). Focus has been

on capability building because of the continuing demand to keep pace with new developments in the regulatory and technological landscape, the latter being harnessed extensively by UnionBank. Audit management has started working on the team's competency map, where current auditor skill profiles are reconciled with the demands of their roles and the business areas they are covering. This is to ensure that developmental interventions for each auditor are well-planned.

Expansion of Data Analytics + Continuous Auditing. There has been a harder push to make continuous auditing permeate more areas of the audit universe, and to transform more internal processes and to make them powered by data. In 2023, 13 new Continuous Auditing Projects were deployed, bringing the portfolio to 37. In addition, the Audit Data Analytics team worked with engagement teams to service 145 data extraction and analysis requests. Live dashboards are also being developed for the SMEs to allow them to see business and risk indicators for more agile risk assessments.

Audit Universe Refresh, Assurance Mapping. To address regulatory concerns and provide better assurance that auditable entities are covered in accordance with their specific risk profiles, the UnionBank team has refreshed its audit universe to be mainly business unit-based. This will allow them to easily reconcile it with the bank's Table of Organization and more reliably ensure sufficient coverage of the audit universe. They have also completed several iterations of its assurance map, which is valuable for tracking compliance with the audit cycle. It displays the auditable entities alongside its corresponding required audit frequency and date of last review.

External Quality Assurance Review. This was completed in 202(?) with Punongbayan & Araullo doing the assessment. The UnionBank internal audit group was assessed to be generally conformant with global Internal Auditing Standards, with a maturity assessment of 4.0 on a 5-level scale. Compared to other banks and companies that had undergone the same maturity assessment, the UnionBank team was assessed as "relatively more mature".

ESG Readiness Assessment. In May 2023, the team reported that the bank was on track to close out gaps and align with the Bangko Sentral ng Pilipinas (BSP) Sustainable Finance Framework (SFF). The SFF requires banks to integrate sustainability principles in their corporate governance and risk management frameworks, as well as in their strategic objectives and operations. This readiness assessment was done separately, but complemented with a credit-risk focused review of the Environmental and Social Risk Management System (ESRMS) framework by Deloitte.

Food Group
The One Food Group (1FG) internal audit team, in its maiden year under a new audit leader, has identified the following areas to be of importance:

- The need for a robust internal control system with 1FG
- The plan to have a strong governance and compliance culture with the 1FG Board setting the tone-at-the-top
- The identification of the pillars or minimum control standards covering the different value streams and activities of the organization
- The partnering role of the internal audit function with the rest of the organization

To better serve the organization, seasoned internal auditors from different disciplines aligned with the industry were hired.
1FG internal audit assisted in setting up the internal control framework of the organization and in identifying the minimum control standards. The team developed (1) a COSO-based internal control assessment to measure the level of IC maturity; (2) a scorecard to measure the level of compliance to the minimum control standards; (3) a risk-based annual audit plan in partnership with the risk management team; and (4) a collaborative partnership with Legal and Compliance to ensure that the Board audit committee is informed timely of the state of governance and compliance within 1FG.

In terms of building a high-performance internal audit team, the audit organization was restructured creating a special section each for consulting, assurance and IT audits.
To comply with the International Standards for the Professional Practice of Internal Auditing (ISPPIA), the required competencies for the different roles have been identified using the Global IIA competency framework. The next step is to conduct the competency assessment for each auditor to determine individual development plans for 2024.

Aboitiz Infracapital, Inc. (AIC)
In mid-2023, the AIC Board expedited the establishment of a resident internal audit team for the infrastructure group originally planned for 2024. As with the other audit teams, AIC internal audit was formed as a key assurance and consulting function for the Board Audit Committee and senior management. A clear organizational structure to ensure efficient operations was established through clear reporting lines—functionally to the Audit Committee and administratively to the AIC President and CEO.

A pivotal milestone was the formulation of the Internal Audit Charter, providing a comprehensive framework that guides its operational activities. The internal audit infrastructure and the in-house audit teamwas formed. Recruitment efforts were successful in bringing onboard talented professionals, strengthening the department's capabilities. AIC's Internal Audit has begun implementing the 2023 audit plan and a management request project. The types of audit engagements during the year included examinations on finance and operations of the company's business units.

As AIC continues to expand and grow, its internal audit shall adapt and continue to build its capabilities, enhance an audit strategy attuned to stakeholders' needs, and leverage on technologies.

Towards GT2025

To transform is to change and this change is no less than radical in nature. What does this mean for the internal audit function in the Aboitiz Group? It has been undergoing change that is neither dramatic nor revolutionary but is a continuous process, moderate and generally conservative. The internal audit teams will continue to be the Group's 's key assurance providers. The change will come from new technologies, audit models and processes that will make our auditors work more efficiently, helping create more value to the Group by achieving maximum productivity with minimum effort.

But we acknowledge that this cannot be achieved overnight as it demands that our auditors are open to new thinking, to gain new skills, to obtain new capabilities upskill, reskill—to continuously improve their proficiency.
Being in internal audit is being in a journey of life-long learning—learning the business, its processes, controls, technology, systems, and the regulatory environment that governs it.
Our ultimate goal is to build trust and enable all our stakeholders to recognize the value of the internal audit function.

Our vision is to be the organization's most trusted advisor—to be able to create that balance between applying the highest audit standards while creating more value for the Group to help it grow further, innovate, and eventually experience that great transformation. This is what the internal audit function is all about today and in the future.

Accelerating the Aboitiz Great Transformation

In 2022, we laid the groundwork for a transformative culture that would propel the Aboitiz Group into the future. Anchored on our Aboitiz core value of Innovation, we set out to institutionalize the Great Transformation throughout the organization.

The purpose of our techglomerate journey is rooted in our brand promise to drive change for a better world by advancing businesses and communities, amidst a rapidly evolving global landscape. We remain committed to bring about positive change, not just for the sake of innovation, but with a deep understanding of our responsibility to the communities we serve. Our techglomerate journey is not just a value creation business strategy, it is also a reflection of our values, a manifestation of our commitment to creating lasting impact.

We define techglomerate as a conglomerate that thinks and acts like a life-changing startup, while still using the benefits of legacy. It leverages technology, innovation, and creative thinking to: (1) become much more technologically advanced than its peers; (2) create new startups and industries; (3) help transform our country; and (4) maximize synergies to create a techglomerate premium.

The Great Transformation (GT) has truly begun to reshape the Aboitiz Group from inside out. At the heart of this transformation is our most valuable asset: our team members.

To steer us through this journey, we created a dedicated Transformation Team committed to instigating change, cultivating corporate entrepreneurs, and advancing progress across the Group. Through a range of strategic programs and initiatives, we fostered an environment where openness, fun, purpose-driven actions, and articulate communication define our daily interactions. In 2022, during our first year, we aimed to instill a belief in our collective potential, setting the stage for the groundbreaking transformations to come.

Recap of Transformation Programs in 2022

Scenario Planning Workshops:
Sessions focused on illuminating the corners of the 'playing field', stretching decision-makers' frames of reference, enabling them to identify signals of change, and adapt to them in a timely fashion.

The Future Co-Creation Voyage 1:
An intensive innovation bootcamp in which chosen teams built their breakthrough business ideas from ideation to execution.

GT Workshops:
A series of workshops led by world-class coaches introduced A-People to methods that would prepare them in our transition towards becoming the Philippines' first techglomerate.

Masterclasses:
Specific masterclasses that covered various focal areas to excel in a techglomerate setting.

Contingency Planning Workshops:
This program explored how rising tensions in the Taiwan Strait could affect the Philippines and its immediate region. The intent was to develop "what if" scenarios and to use these to identify the most relevant risks and opportunities so that Aboitiz may proactively develop ideas for contingency plans.

Future Foundry:
Following the Voyage, teams with approved ideas worked on becoming full-fledged ventures.

Super Ditch Program:
This program gathers team feedback to eliminate outdated practices and processes, with over 300 innovative ideas ditched by various strategic business units (SBUs) since its launch.

Refining the roadmap to 2025

Moving into 2023, we refined our GT journey by designing a more concrete framework to guide our way.

While 2022 was all about "Believing" and laying the GT foundations for the next few years with programs like the Voyage and the Future Foundry, 2023 was about focusing on "Behaving". This phase centered around transformation at the very core, cultivating continuous strengthening in the areas of Customer Centricity, Simplification, and Data and Future Tech Enablement. The intention is to embody behaviors that reflect simplicity, speed, intelligence, and innovation. By streamlining our operations and embracing cutting-edge technologies, we are positioning ourselves to become a simpler, faster, and smarter organization, poised for great breakthroughs.

10 Core Behaviors of a Transformed A-Person

Open. *Entrepreneurial.*
Synergetic. **Innovative.** Smart.
Fast. Simple. ***Articulate.***
Purpose Driven. Fun!

Techglomerate Core Capabilities

Digital and Data Literacy
The ability to effectively and critically identify, organize, and use data and source digital technologies and media to access, evaluate, and communicate information.

Risk Management
The ability to understand the big picture of business operations and environment to identify and mitigate risk.

Agile Ways of Working
The ability to pivot quickly, develop resilient processes, and find new solutions to changing business requirements or customer needs through iterative development by self-organizing teams or scrums.

Customer Experience
The ability to create positive customer experiences with every interaction they have with our business.

Innovation
The ability to use curiosity, creativity, and out-of-the-box thinking to continuously find better ways to drive incremental and/or transformational changes within the organization.

Entrepreneurial Mindset
The ability to identify and pursue opportunities, innovate, take risks and adapt to change.

Adaptive Learning
The ability to identify and maximize learning opportunities through various modes, methodologies, and platforms, and use them to develop new or existing skills in order to drive change.

Empathetic Communication
The ability to see, understand, and share the feelings and perspectives of others.

Systems Thinking
The ability to translate vision and strategy into something actionable by looking beyond individual components and focusing on how those parts work together.

Stakeholder Management
The ability to identify and understand the needs, interests, and expectations of different stakeholders; as well as engage and build meaningful relationships.

Transformation Programs in 2023

1. **Voyage 2**: The second edition focused on ideating solutions around the themes Waste, Health, Housing, Services.

2. **Voyage 3**: The third edition focused on ideating solutions around Crisis Resilience, Digital Transformation, and Future of Work.

3. **Voyage 4**: A-Game winners, along with internal team members, demonstrated adaptability by refining and customizing their initiatives to seamlessly integrate into the Aboitiz ecosystem. The fourth edition focused on ideating solutions around Resilience, Food, and Efficiency.

4. **IdentityScape**: Coming from Voyage 1, IdentityScape is a consent-based digital identity platform that facilitates users in accessing various services. The initiative was adopted by Aboitiz InfraCapital, successfully concluded its first proof of concept, and is gearing towards conducting use cases in 2024.

5. **Fresh Depot**: Coming from Voyage 1, Fresh Depot aimed to establish itself as the country's pioneering platform providing both physical and digital solutions for farmers through decentralized cold storage and farm digitization. We launched two pilot sites in 2023.

6. **Genius**: Coming from Voyage 1, Genius aimed to revolutionize the landscape of distribution utilities by employing digital twin solutions. We launched the minimum viable product (MVP) in 2023.

7. **Empowergen**: Coming from Voyage 3, Empowergen is a new renewable energy opportunity aiming to accelerate residential solar implementations with an innovative business model.

8. **Foresight**: Coming from Voyage 3, Foresight is a universal real-time intelligent dashboard and serves as the cornerstone for implementing comprehensive enterprise-wide AI capabilities. The solution is now being utilized by AP Distribution Utilities for Executive Committee Reports on Critical Big Things or Key Performance Indicators.

9. **A-Game Program**: This program created a platform for individuals outside of Aboitiz to make a positive impact by coming up with innovative solutions for pressing issues in the country and beyond. The Top 8 participants were invited to join our upcoming Voyage to broaden our internal teams' perspective on innovation.

In the second half of 2023, there was a sharper focus on federalization to accelerate GT in the Group. This means decentralizing our transformation initiatives from being AEV-led to strategic business unit (SBU)-led, to ensure our SBUs are driving their own development in accordance with our collective GT vision and their own strategies and operational needs. We believe that the GT will only be successful if we are all working on it and make transformation part of our business as usual. Through the GT Steering Committee, AEV continues to play a key role in governance.

The GT Steering Committee reviews updates from across the Group every month, focusing on our theme of the year, based on the 4Bs roadmap.

Among those who have shared about their transformation journey so far is AboitizPower (AP). The AP team presented their GT vision, anchored on the "Triple-D" objectives of Decarbonization, Digitization, and Decentralization. Their focus has advanced from defining their Massive Transformative Purpose (MTP) and they are now working on actualizing capabilities, building tech solutions, and designing products and services to meet their objectives. As of this writing, AP has established 72 agile squads that have already generated 130 ideas and developed 22 minimum viable products (MVPs), which all contribute to the transformed future of AP.

The Food Group also presented the first milestone of their project LEAP, aiming to uplift Pilmico and Gold Coin's technology landscape. They are transitioning to an integrated system to standardize processes and adopt global best practices. The team has already learned much about how to streamline efforts, and where to identify ways to work faster, smarter, and simpler towards building a techglomerate backbone.

Meanwhile, Aboitiz Foundation, Inc (AFI) began implementing GT climate action initiatives including carbon farming and a plastic waste initiative.

Another critical component that was refreshed for the federalized context is our Enterprise Architecture (EA). This means that a lot of previously standardized EA business capabilities were distributed to SBU and BU ownership but select Group-level capabilities of strategic importance remain standardized and aligned across the Group.

The evolution of standard to non-standard business capabilities empowers the SBUs and BUs with the flexibility to tailor capabilities and functions according to their respective needs, as well as to define, drive, and own their respective technology roadmaps. Essentially, this set-up ensures that we continue to harness the benefits of being part of a large legacy organization while embracing agility, in line with our techglomerate vision. As such, the SBUs and BUs have progressed and refreshed their respective EA programs.

We also had to be firmly rooted in our GT vision, working hard to make sure everybody understood the meaning of techglomerate in order to focus on what it takes to be one by 2025.

Within AEV, we have started the core transformation of our corporate service units (CSUs). Our Finance, Accounting, and Business Solutions (FAB) team leaders and team members were the pioneering participants of the program.

An immersive series of workshops and sprints designed for the FAB Team held during Q4 of 2023 focused on going back to basics through fostering simplification, customer-centricity, and innovation. The end game was to bring the team closer to the GT vision to establish automated, low-touch, or no-touch processes and free up valuable time to build capabilities and move upstream to more value-added services.

In addition, we are supporting SBUs and affiliates in their own core transformation journeys. An example of this is a workshop we conducted with the Aboitiz Construction Team to adopt the GT mindset through activities such as building a future wheel, stakeholder mapping, creating a value proposition canvas (VPC), and identifying the emerging roles and capabilities of an A+10 project manager.

Summary of the Aboitiz Group's Great Transformation milestones (2022-2023)

Highlighting our collective GT achievements and successful decentralization of transformation across the Group

23
Tech-enabled projects or tech tools, platforms, and systems implemented

20
People-related programs rolled out

13
Non-tech innovations and improvements launched

3
Opportunity Exploration initiatives started or executed

Of which

9 are Group-wide efforts
11 are from AEV
10 are from the Power Group
10 are from the Banking Group
3 are from the Food Group
5 are from Land
2 are from Infrastructure
3 are from Cement
2 are from Data Innovation
4 are from Construction

Overall, in 2023 we witnessed a lot of transformations happen in different parts of the Group because of the increased participation of team leaders and team members. To amplify these inspiring stories, the Group launched the "GT Storytellers" campaign with the Aboitiz Culture Pillar. The campaign highlights both significant and incremental innovations, new skills acquisition, and the spirit of teamwork among team leaders and team members. It also emphasizes how the GT and A+10 behaviors have inspired them to deliver their outcomes and embrace new ways of working.

To date, eight stories have been collected and published in Aboitiz Eyes, the official publication of the Aboitiz Group, and were also featured in some episodes of Super Duper Conversations. Here are some of those stories:

Work With Water, Be Like Water

Hazele Manalo of LIMA Water Corporation shared how her childhood experiences fueled her aspirations to transform and bring change in the water industry. Knowing one's purpose is also key to bringing positive energy and continuing to drive change for a better world.

Lawyer, Accountant, Coder: Bethuel's GT Odyssey

Influenced by the GT and A+10 behaviors, Atty. Bethuel Tanupan of AEV stepped out of his comfort zone and started learning a new skill that brought him new fulfillment: coding. Because of this learning experience, he is now not just a lawyer by profession, but also a reliable coder who aims to make things easier and more efficient by creating automated solutions for manual tasks.

Aboitiz Land's Jonathan Malijan on Innovation Rooted in Purpose

The experience of Jonathan Malijan, Aboitiz Land's CEO Excellence Awardee, is proof that opportunities are vast within the Group and efforts are duly recognized. Starting as a Customer Relations Advisor, he became a Customer Data Analyst and proved that hard work, dedication, and embracing a transformation mindset, can lead to bigger opportunities.

These stories are vital seeds we must continue to nurture and grow in the years ahead. The GT Storytellers will continue to play a key role in spreading positive stories about our very own changemakers in the next two years. The stories will evoke more inspiration across the Group as these will be shared in various channels through articles, podcasts, microsite features, and town hall meetings.

In 2024, we are transitioning into "Becoming" as we continue with our core transformation programs. This phase is characterized by more Opportunity Exploration, Cross-Functional Collaboration, and Mission-Based Sprint programs to identify and leverage the advantages of our techglomerate. Our behaviors will evolve to become entrepreneurial, synergetic, and innovative as we wholly seize opportunities and completely break down silos, harnessing the full potential of our combined strengths.

The culmination of our journey in 2025 will be marked by "Be". During this phase, our focus will shift to scaling our achievements. All the behaviors cultivated in the preceding years will come together to form the fabric of our new organizational identity. By 2025, we aim to be a community of champions, united in purpose, engagement, and scale, realizing the full extent of our potential.

Forging ahead: The techglomerate advantage unleashed

As we had anticipated, the path to transformation is not easy. It requires constant learning, experimenting, and pivoting in order to arrive at ideas that truly fit the Group's long-term strategy. The reality is that some things will work out and others will not, and we need to get comfortable with this uncertainty as there is no other way to grow. To continue adding value, we need to shift our mindsets and the way we do things today so that we can shape the future we want tomorrow.

As change continues to be an expected challenge, more supportive feedback and inspiring examples can help all of us further transform our culture. 2024 will be another crucial year as we level up to "Becoming," leading us to GT2025. We are now better positioned to navigate the ever dynamic global business landscape, with a renewed and sharper focus on innovation, customer satisfaction, and organizational agility. We are set to ramp up our core transformation within AEV, implement our Synergy Office projects, and start reaping the benefits of the seeds we have planted in previous years.

In parallel, our SBUs are now progressively adopting a more proactive yet measured approach in identifying and pursuing new opportunities. This deliberate strategy underscores a dynamic shift towards strategic risk-taking and seeking out new avenues. This forward-thinking approach positions our business units to capitalize on emerging trends and navigate the evolving market landscape with strategic precision, which is what the GT is all about.

As we continue our transformation journey, we will embrace each step with enthusiasm, dedication, trust, and a shared commitment to fully unlock all the 4Bs—Believe, Behave, Become, and Be. Together, we will build a legacy of innovation and success that will define our organization for years to come.

Supply Chain Management

Each strategic business unit (SBU) has its own unique general supply chain process, including its main elements as operationalized in business activities, primary brands, products, and services. Continuous improvement and innovation enable our business to meet the requirements of our stakeholders while we work to enhance our ESG integrations in the supply chain over the past years.

SBU	Management Approach
Power	At AboitizPower, our supply chain process is deeply rooted in our commitment to sustainability and inclusivity. We hold our suppliers to high standards, ensuring they adhere to the same values and sustainability principles that guide our operations. In 2023, we introduced two pivotal ESG policies: the Supplier Diversity Policy, which advocates for engagement with suppliers from diverse backgrounds, and the Sustainable Procurement Policy, integrating environmental, governance, and social considerations into our procurement practices. Our Supplier Code of Conduct establishes minimum standards encompassing ethical commitments, labor practices, safety, environmental responsibility, and quality assurance. We actively encourage our suppliers to champion sustainability within their own supply chains, amplifying our collective impact. Overall, our supply chain approach underscores sustainability, ethical conduct, and inclusivity, aligning with our mission and contributing to a more sustainable future.
UnionBank	UnionBank supports local enterprises and local populations to honor the mutually beneficial relationship we have with our host community. Our branch network is designed to encourage banking locally. We also do our part by investing in the local market, through our suppliers, and through our championship of small and medium enterprises (SMEs).
City Savings	At CitySavings, true to our commitment to help people of moderate means, we support the mass market community where our businesses operate. Our branch network is designed to reach those who contributed to their communities but had no access to banks and banking services. We also support local markets by patronizing local products, talents, and suppliers.
Infrastructure	AIC established its process for Vendor Accreditation and Vendor onsite audits to ensure that the company is dealing with companies that are compliant to government regulations and can deliver quality products and services for the company.
Land	Aboitizland's process to create master-planned developments for the vecinos includes establishing supply chain management processes which starts at vendor accreditation. The company ensures meeting predefined criteria and standards through vendor performance evaluation.

Co-Creating Value with our Stakeholders

We highly engage with our key stakeholders (team members, customers, suppliers, partners, communities, and civil society organizations) to understand their needs, concerns, and expectations regarding relevant social issues that impact our business environment. The group aims to co-create value through meaningful stakeholder engagement, by fostering dialogue, building trust, and ensuring that organizational decisions and actions are aligned with stakeholder interests.

We assess our levels of engagement with our stakeholders in a variety of methods such as surveys, virtual calls, focus group discussions, consultations, events, and partnerships through key channels and communication technologies available to us.

Aboitiz Stakeholder Management Principles

Stakeholder Engagement

We believe in engaging with our stakeholders to understand their needs and expectations, and to build trust and relationships. This includes regular communication and dialogue, as well as formal mechanisms for feedback and input.

Materiality Assessment

We identify and prioritize the most important issues for our stakeholders and for the company itself, using a materiality assessment process. This helps to ensure that we focus on the issues that are most important to our stakeholders and that have the greatest impact on the Group's long term success.

Integrated Thinking

We promote integrated thinking, which involves considering the interdependencies between different aspects of the business, including financial, environmental, social, and governance factors. This helps to ensure that our decision-making takes into account the broader impacts on all our stakeholders and on the Group's long-term sustainability.

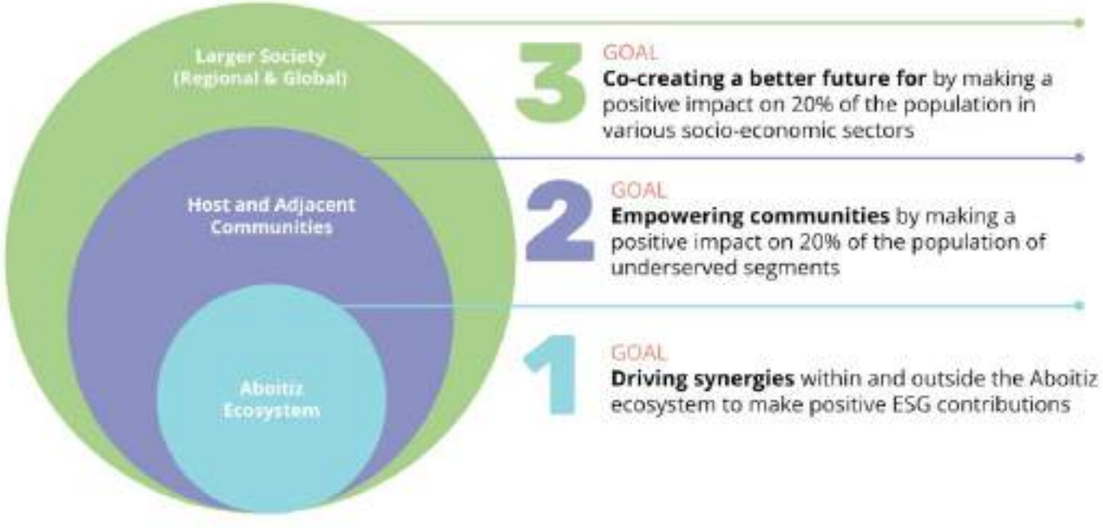
Continuous Improvement

We are committed to continuous improvement in our stakeholder management approach, including regular monitoring, evaluation, and reporting of its progress. This helps to ensure that we remain responsive to the changing needs and expectations of all our stakeholders, and that we continue to create value for them over time.

To provide focus on our engagement strategies, we identify our key stakeholders in our spheres of influence and aim to make sustainable and positive impacts in our interactions with them.

Spheres of Influence and Goals

We are committed to making sustainable and positive impacts across three spheres of influence



Key Dialogue Channels

Stakeholder Group and Description	Channels of Engagement	Material Topics
Team Members and Leaders Partners in realizing our Group's Purpose and Brand Promise	Events and campaigns Digital communications channels and employer branding portals Various learning, development, and mentorship opportunities Engagement surveys and initiatives Awards and recognition programs Volunteer opportunities Wellness programs	Talent Management: Attraction, retention, and optimization of A-People
Customers Patrons of our product and service offerings	Various customer engagement initiatives Product campaigns, caravans, conventions, expos and exhibits Customer satisfaction surveys	Transparency in: • Products and Services • Client Information • Security/Privacy • Compliance to Regulatory Requirements
Suppliers and Partners Partners in the supply chain that provide us with vital services	Bidding and orientation process Digital channels for procurement and supply Engagement activities and fellowship events	Sustainable supply chain
Shareholders Partners who provide the capital to fuel our growth aspirations	Annual Stockholders' Meeting Analyst and investor briefings Roadshows, one-on-one meetings, and conference calls Quarterly reports and disclosures E-newsletters ESG ratings and reports	Corporate governance and economic performance
Communities Partners who share in our success	CSR 2.0 Training and capability building Expos and exhibits Outreach programs (livelihood and feeding programs) Partnerships and informal conversations	Corporate social responsibility and disaster resilience
Private Sector Partners in realizing our growth aspirations	Joint Ventures Board Meetings Private Sector Partnerships	Corporate Governance
Government and regulatory agencies Partners in compliance and upholding the law	Public private partnerships Formal dialogue and roundtable discussions Audit and compliance	Compliance to regulatory requirements
Academe Partners in enhancing capabilities	Scholarship Joint research and development Funding and Grants	Innovation Management Biodiversity Management
Media Partners in communicating our mission and purpose to the larger community	Regular press briefings, conferences and roundtables Sponsorship Events Community and media tours Journalism workshop Various engagement activities	Reputation management (communication on business performance and building market presence)

2023 Corporate Governance Report

Building the foundations for the country's first techglomerate

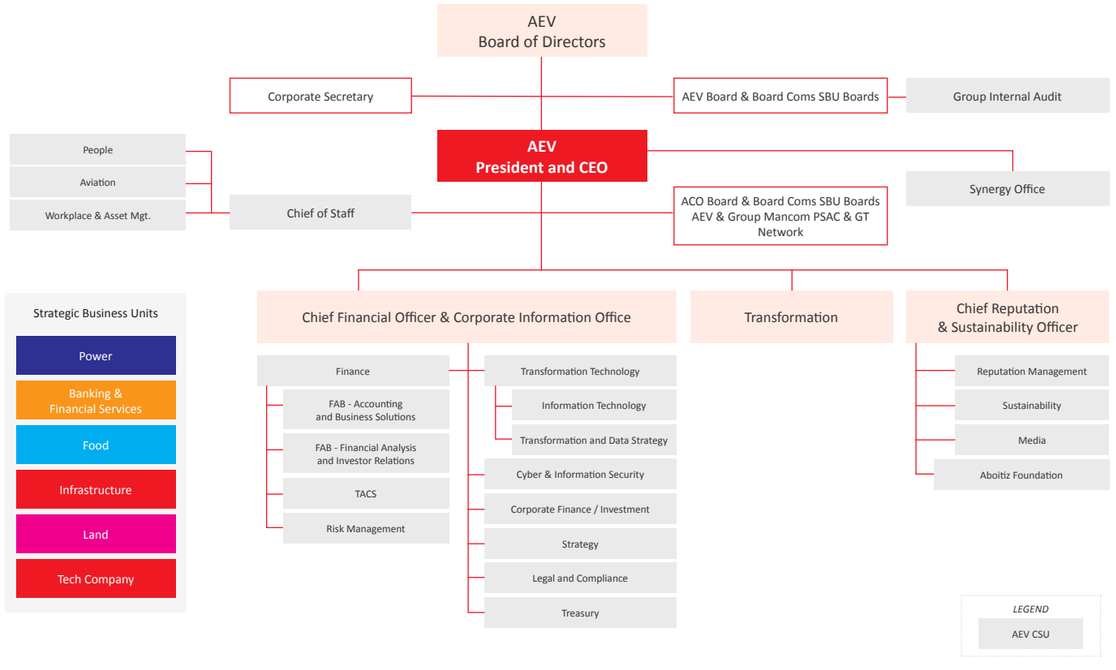
In 2023, the Aboitiz Group propelled itself into a new era, navigating the unfolding chapters of its rich history with an unwavering commitment to drive change for a better world by advancing business and communities. As we embraced the challenges of the Great Transformation, we strategically steered towards shaping a future where innovation stands as the cornerstone of our growth trajectory, aspiring to emerge as the Philippines' first techglomerate.

Aboitiz Governance Framework

Our corporate governance framework, which is deeply rooted in the Aboitiz core values of Integrity, Teamwork, Innovation, and Responsibility, has been institutionalized in the respective AEV and AboitizPower Corporate Governance Manuals (Manual), Codes of Ethics and Business Conduct (Code of Ethics), and related governance policies and protocols.

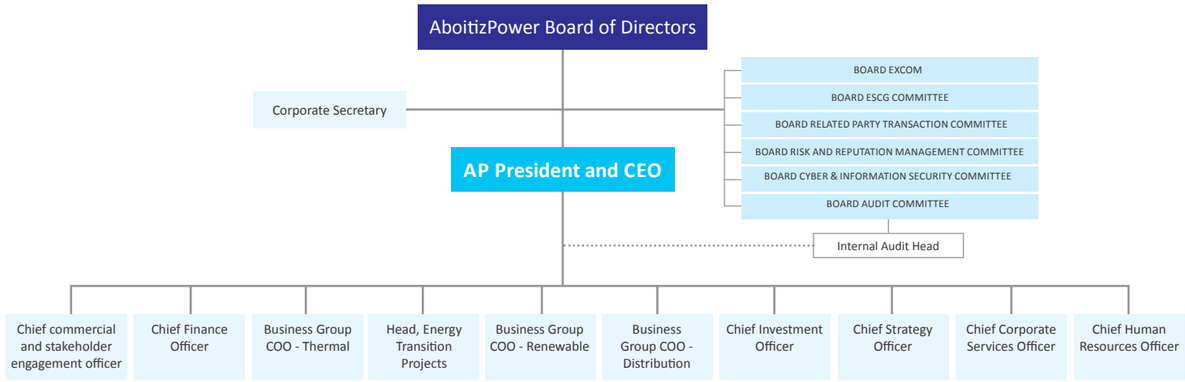
AEV Governance Organization

As of January 2024



AboitizPower Governance Structure

As of January 2024



Aboitiz High Impact Governance

Governance at Aboitiz is strengthened by the synergistic partnership between the highly skilled and diverse Boards and Board Committees of AEV and AboitizPower. This collaboration is reinforced by capable and responsible management teams, as well as empowered team members. In the face of a rapidly changing business landscape, this collaborative governance model equips Aboitiz with the adaptability to navigate challenges and pursue strategic growth directions.

Aboitiz High Impact Governance - 3 Program Components

Agile Board	Engaged Board	Supported Board
• A Board that has the right size, committee structure, and profile that is aligned with the operational requirements and the growth aspirations of the Group, • A Board that has the right mix of Technical and Behavioral Competencies and are exposed to the business.	• A Board that has a productive working relationship amongst each other and with management. • A Board that is FAMILIAR not only with the Company's mission, vision, and culture, but also IMMERSED in businesses, operations, initiatives of the Company through collaborations within and outside the confines of the Board room.	• A Board that is SUPPORTED by processes and protocols that facilitate the effective discharge of its functions, so that the directors can focus on governing, rather than administrative details.

BOARD OF DIRECTORS

The Boards of AEV and AboitizPower play a pivotal role in articulating and evaluating the purpose, vision, mission, and strategies of each company, ensuring a comprehensive understanding and effective execution of their respective goals. This oversight guarantees that the strategic direction of each business is not only well-defined and properly managed but also aligned with the overarching strategic objectives of the Aboitiz Group. Functioning independently from day-to-day management, both AEV and AboitizPower Boards are dedicated to providing each company with a strategic roadmap for a modern and transformative future. This commitment is manifested through a focus on high-potential growth initiatives, fostering a renewed entrepreneurial mindset, and continuous investment in the development of team members within an enabling and inclusive work environment. This proactive approach reflects the Boards' dedication to steering their companies towards innovation, growth, and sustainable success.

Board of Directors at a Glance

(as of December 31, 2023)

	AEV	AboitizPower
Chairman	Enrique M. Aboitiz (Non-Executive Director)	Sabin M. Aboitiz (Non-Executive Director)
Vice Chairman	Mikel A. Aboitiz (Non-Executive Director)	Eric Ramon O. Recto (Independent Director)
Lead Independent Director	Cesar G. Romero	Eric Ramon O. Recto
Composition	- Seats: 9 - Non-Executive Directors: 5 - Executive Directors: 1 - Independent Directors: 3	- Seats: 9 - Non-Executive Directors: 5 - Executive Directors: 2 - Independent Directors: 2
Term of Office	One Year	One Year
Board Committees	• Audit Committee • Environmental, Social, and Corporate Governance Committee • Risk and Reputation Management Committee • Related Party Transactions Committee • Cyber and Information Security Committee • Executive Committee	• Audit Committee • Environmental, Social, and Corporate Governance Committee • Risk and Reputation Management Committee • Related Party Transactions Committee • Cyber and Information Security Committee • Executive Committee
Age Profile	• Average: 64 years old • Youngest: 43 years old • Eldest: 73 years old	• Average: 59 years old • Youngest: 42 years old • Eldest: 65 years old
Tenure Profile	• Average: 11 years • Lowest: 2 months • Highest: 29 years • Independent Directors with more than 9 years tenure: None	• Average: 2 years • Lowest: 5 months • Highest: 5 years • Independent Directors with more than 9 years tenure: None
Gender Profile	• Male: 7 • Female: 2	• Male: 9 • Female: 0
Shareholdings	• Directors owning 5% or more: None • Independent Directors owning 2% or more: None	• Directors owning 5% or more: None • Independent Directors owning 2% or more: None
Limit on Directorships in other PLCs	Five publicly-listed companies	Five publicly-listed companies
Quorum Requirement	Two-thirds of the members of the Board	Majority of the members of the Board
Voting Requirement	At least two-thirds of the quorum	At least a majority of the quorum
Attendance Requirement	75%	50%

**No Executive Committee meetings were held because the Board met monthly during 2022.*

Summary of Changes in the AEV and AboitizPower Boards

	Resignation	Election / Appointments	Did not Seek Re-election
AEV	Romeo L. Bernardo (September 4, 2023)	Peter D. Maquera (October 26, 2023)	-
AboitizPower	Satoshi Yajima (August 15, 2023)	Izumi Kai (August 15, 2023)	-

In 2023, the members of the AEV and AboitizPower Boards of Directors were the following:

Aboitiz Equity Venture

ENRIQUE M. ABOITIZ
Chairman – Board of Directors
Non-Executive Director

Age: 70 years old
Citizenship: Filipino
Date of First Appointment: May 10, 1999
Tenure: 24 years

Board and Committee Memberships and % Attendance Record in 2023:
(C) BOD (100%)
(M) ExCom (n.a)
(M) ESCG (100%)
(M) Cyber (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Bachelor of Science in Business Administration, Major in Economics Gonzaga University, Spokane Washington, U.S.A.

MIKEL A. ABOITIZ
Vice Chairman of the Board
Non-Executive Director

Age: 69 years old
Citizenship: Filipino
Date of First Appointment: May 15, 2017
Tenure: 6 years

Board and Committee Memberships and % Attendance Record in 2023:
(VC) BOD (100%)
(M) ExCom (n.a)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Bachelor of Science in Business Administration, Gonzaga University Spokane, Washington, U.S.A.

ERRAMON I. ABOITIZ
Non-Executive Director

Age: 67 years old
Citizenship: Filipino
Date of First Appointment: May 9, 1994
Tenure: 29 years

Board and Committee Memberships and % Attendance Record in 2023:
(M) BOD (94%)
(C) Risk (100%)
(M) ExCom (n.a)
(M) AudCom (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Bachelor of Science in Business Administration, Major in Accounting and Finance, Gonzaga University, Spokane, Washington, U.S.A.
- Honorary Doctorate Degree in Management from the Asian Institute of Management
- Awardee - Management Man of the Year by the Management Association of the Philippines (2011)
- Awardee - Entrepreneur of the Year by Ernst & Young (2011)

SABIN M. ABOITIZ
President and Chief Executive Officer
Executive Director

Age: 59 years old
Citizenship: Filipino
Date of First Appointment: May 21, 2018
Tenure: 5 years

Board and Committee Memberships and % Attendance Record in 2023:
(M) BOD (100%)
(C) ExCom (n.a)
(M) ESCG (100%)
(M) Risk (80%)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Bachelor of Science in Business Administration, Major in Finance Gonzaga University, Spokane, U.S.A.

ANA MARIA A. DELGADO
Non-Executive Director

Age: 43 years old
Citizenship: Filipino
Date of First Appointment: December 11, 2018
Tenure: 5 years

Board and Committee Memberships and % Attendance Record in 2023:
(M) BOD (94%)
(M) Audit (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Bachelor of Arts in Art History/Painting from Boston College
- Master's Degree in Business Administration, New York University Stern School of Business

JUSTO A. ORTIZ
Non-Executive Director

Age: 66 years old
Citizenship: Filipino
Date of First Appointment: May 9, 1994
Tenure: 26 years (1994 -2017, 2021 - 2023)

Board and Committee Memberships and % Attendance Record in 2023:
(M) BOD (100%)
(C) Cyber (100%)
(M) ExCom (n.a)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Member of the Claustro de Profesores and Doctor of Humanities Degree (honoris causa), University of Santo Tomas
- Economics Honors Program (magna cum laude), Ateneo de Manila University

CESAR G. ROMERO
Lead Independent Director

Age: 58 years old
Citizenship: Filipino
Date of First Appointment: April 25, 2022
Tenure: 1 year

Board and Committee Memberships and % Attendance Record in 2023:
(M) BOD (100%)
(C) AudCom (100%)
(C) ESCG (100%)
(M) Risk (100%)
(M) RPT (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group:
- Robinsons Retail Holdings, Inc.

Educational and Professional Background:
- Bachelor of Science in Mechanical Engineering (cum laude) , University of the Philippines Diliman
- Master's Degree in Business Administration (with High Distinction) University of Michigan, U.S.A.
- Various Management Development Courses in London Business School and Wharton Business School, U.S.A.

JOANNE G. DE ASIS
Independent Director

Age: 73 years old
Citizenship: Filipino
Date of First Appointment: April 26, 2021
Tenure: 2 years

Board and Committee Memberships and % Attendance Record in 2023:
(M) BOD (100%)
(C) RPT (100%)
(M) AudCom (100%)
(M) ESCG (100%)
(M) Risk (100%)
(M) Cyber (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group:
- Easycall Communications Philippines, Inc.

Educational and Professional Background:
- Bachelor of Arts, Major in Communication Arts, Maryknoll College
- Master of Business AdministrationColumbia University, New York, U.S.A.
- Executive Management Program, Stanford University, Palo Alto, California U.S.A.

PETER D. MAQUERA
Independent Director

Age: 61 years old
Citizenship: Filipino
Date of First Appointment: October 26, 2023
Tenure: 2 months

Board and Committee Memberships and % Attendance Record in 2023:
(M) BOD (100%)
(M) Cyber (100%)
(M) AudCom (n.a.)
(M) ESCG (n.a.)
(M) Risk (n.a.)
(M) RPT (n.a.)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Bachelor of Science in EngineeringUniversity of Southern California, U.S.A.
- Master's Degree in Business Administration, University of Southern California, U.S.A.

AboitizPower

SABIN M. ABOITIZ
Chairman of the Board

Age: 59 years old
Citizenship: Filipino
Date of First Appointment: April 26, 2021
Tenure: 2 years

Board and Committee Memberships and % Attendance Record in 2023:
(C) BOD (100%)
(C) Risk (100%)
(M) ESCG (100%)
(M) ExCom (n.a)
(M) Cyber (75%)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Business Administration, Major in Finance, Gonzaga University, SpokaneWashington, U.S.A.

ERIC RAMON O. RECTO
Independent Director

Age: 60 years old
Citizenship: Filipino
Date of First Appointment: May 21, 2018
Tenure: 5 years

Board and Committee Memberships and % Attendance Record in 2023:
(VC) BOD (100%)
(M) ESCG (100%)
(C) Audit (100%)
(M) Risk (100%)
(C) RPT (100%)
(C) Cyber (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group:
- Philippine Bank of Communications
- Atok-Big Wedge Co., Inc.
- DITO CME Holdings Corp.
- PH Resorts Group Holdings, Inc.
- Manila Water Company, Inc.

Educational and Professional Background:
- Bachelor of Science in Industrial Engineering, University of the Philippines Diliman
- Masters in Business Administration, with concentration in Finance and Operation Management, Johnson Graduate School of Management, Cornell University Ithaca, New York, U.S.A.

EMMANUEL V. RUBIO
Director/President and Chief Executive Officer

Age: 59 years old
Citizenship: Filipino
Date of First Appointment: January 1, 2020
Tenure: 4 years

Board and Committee Memberships and % Attendance Record in 2023:
(M) BOD (100%)
(M) Risk (100%)
(C) ExCom (n.a.)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Bachelor of Science in Industrial Management Engineering, minor in Mechanical Engineering, De La Salle University, Manila
- Master's in Business Administration, Certificate of Completion, De La Salle University, Manila

Certifications:
- The LEAD Program, Columbia University
- Advanced Management Program, Columbia University
- Strategic Management Course, Nanyang Technological University, Singapore
- Executive Certificate in Directorship, Singapore Management University – Singapore Institute of Directors

TOSHIRO KUDAMA
Non-Executive Director

Age: 65 years old
Citizenship: Japanese
Date of First Appointment: December 22, 2022
Tenure: 2 years

Board and Committee Memberships and % Attendance Record in 2023:
(M) BOD (100%)
(M) Risk (100%)
(M) ExCom (n.a.)

Directorships in Other Listed Companies in the Philippines Outside the Aboitiz Group: None

Educational and Professional Background:
- Bachelor's Degree in Mechanical Engineering, Tokyo Institute of Technology, Tokyo, Japan
- Master's Degree in Mechanical Engineering, Graduate School of Tokyo Institute of Technology, Tokyo, Japan

EDWIN R. BAUTISTA
Director

Age: 63 years old
Citizenship: Filipino
Date of First Appointment: April 26, 2021
Tenure: 2 years

Board and Committee Memberships and % Attendance Record in 2023:
(M) BOD (100%)
(M) ESCG (100%)
(M) Audit (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Bachelor of Science in Mechanical Engineering, De La Salle University, Manila
- Advanced Management ProgramHarvard Business School in Massachusetts, U.S.A.

DANEL C. ABOITIZ
Director

Age: 42 years old
Citizenship: Filipino
Date of First Appointment: December 11, 2018
Tenure: 5 years

Board and Committee Memberships and % Attendance Record in 2023:
(M) BOD (100%)
(M) Audit (100%)
(M) ExCom (n.a.)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- MA, Philosophy & Politics (with Second Honors), University of Edinburgh, Scotland
- Beijing Language and Culture University, Chinese Language, Beijing, China

CESAR G. ROMERO
Independent Director

Age: 58 years old
Citizenship: Filipino
Date of First Appointment: October 1, 2022
Tenure: 1 year

Board and Committee Memberships and % Attendance Record in 2023:
(ID) BOD (100%)
(C) ESCG (100%)
(M) Audit (100%)
(M) Risk (100%)
(M) RPT (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group:
- Robinsons Retail Holdings, Inc.

Educational and Professional Background:
- Bachelor of Science in Mechanical Engineering (cum laude) , University of the Philippines Diliman
- Master's Degree in Business Administration (with High Distinction) University of Michigan, Michigan, U.S.A.
- Various Management Development Courses in London Business School and Wharton Business School, U.S.A.

LUIS MIGUEL O. ABOITIZ
Vice Chairman of the Board

Age: 59 years old
Citizenship: Filipino
Date of First Appointment: April 26, 2021
Tenure: 1 year

Board and Committee Memberships and % Attendance Record in 2023:
(M) BOD (100%)
(M) ESCG (100%)
(M) Audit (100%)
(M) Risk (100%)
(M) RPT (100%)
(M) ExCom (n.a.)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Bachelor of Science in Computer Science and Engineering, Santa Clara University California, U.S.A.
- Master's Degree in Business Administration, University of California Berkeley, U.S.A.

IZUMI KAI
Director

Age: 48 years old
Citizenship: Japanese
Date of First Appointment: August 15, 2023
Tenure: 5 months

Board and Committee Memberships and % Attendance Record in 2023:
(M) BOD (100%)

Directorships in Other Listed Companies in the Philippines Outside the Aboitiz Group: None

Educational and Professional Background:
- Bachelor of Engineering, Ritsumeikan University, Japan
- Master's Degree in Business Administration in Global Management, major in Finance, Arizona State University, Arizona, U.S.A.

Board Performance

In 2023, the members of the AEV and AboitizPower Boards conducted the following performance reviews and assessments::

Type of Assessment	Respondents and Scope	Criteria
1. Director Self-Assessment Completed in October 2023	**Respondents:** Members of the Board **Scope:** Individual and the collective performance of members of the Board and Board committees	(1) compliance with best governance practices and principles, (2) participation and contribution to the Board and committee meetings, and (3) performance of their duties and responsibilities as provided in the company's Revised Manuals, Charters, Amended Articles, and Amended By-Laws
2. Key Officers Evaluation Completed in October 2023	**Respondents:** Members of the Board **Scope:** Chairman, Chief Executive Officer, Internal Audit Head, Risk Officer, Corporate Secretary, and Compliance Officer	
3. Director Evaluation Completed in October 2023	**Respondents:** Executive Officers **Scope:** Members of the Board and Board Committees	(1) business acumen, (2) independent judgment, (3) familiarity with the business, (4) active participation and effective challenge, (5) professional expertise and network, (6) value contribution, (7) embodiment of Aboitiz core values, and (8) goodwill and reputation
4. Board and Committee Charter Assessment Completed in December 2023	**Respondents:** Board and Committee Members	(1) membership and composition, (2) duties and responsibilities, (3) conduct of meetings, (4) support and resources

The Corporate Governance Code recommends that at least once in every three years, the conduct of the Board performance assessment must be supported by an independent third-party facilitator. AEV complied with this requirement in 2023 with the engagement of Complete Coherence, a leadership development and coaching company based in the United Kingdom. The results of the assessment, as well as the recommendations from Complete Coherence, were presented and discussed at the Board meeting on December 12, 2023. Meanwhile, AboitizPower has engaged the services of the Institute of Corporate Directors (Philippines) (ICD), for its 2023 Board performance assessment. ICD is a non-stock, not-for-profit national association of corporate directors and other stakeholders engaged in corporate governance. Results of the assessment, as well as the recommendations from ICD, were presented and discussed at the AboitizPower Board meeting on February 27, 2024.

Board Independence

Guided by their respective Manuals and Committee charters, the Environmental, Social, and Corporate Governance (ESCG) Committees of AEV and AboitizPower play a crucial role in shaping and reinforcing the foundation of corporate governance within the organizations. These principles are designed to foster the autonomy and independence of their respective Boards through the establishment of standards and guidelines that pertain to the nomination, selection, contribution, and conduct of Board members.

In 2023, the AEV and AboitizPower Boards were composed of a majority of Non-Executive Directors and Independent Directors. AEV has three qualified Independent Directors and five Non-Executive Directors out of its nine Board members. Meanwhile, AboitizPower has two qualified Independent Directors and five Non-Executive Directors out of its nine Board members. In addition, both Boards appointed a Lead Independent Director who serves as an intermediary between the Chairman and the other Directors whenever necessary. In 2023, AEV and AboitizPower had no Independent Directors who served for more than nine years. In the same year, AEV used several professional search firms to recommend potential candidates to replace Mr. Bernardo following his resignation.

Board Diversity Policy

The Board diversity policies of AEV and AboitizPower advocate for the selection of a diverse set of highly skilled Directors and Officers. These individuals bring to the table extensive knowledge and experience in the core industries relevant to the operations of the Group. The selection process prioritizes several factors, including a diverse range of business experiences, behavioral and technical competencies, varied backgrounds, age, and gender.

Both Boards are composed of professionals from diverse fields, including legal and finance experts, engineers, former or current CEOs/COOs, auditors, and accountants. Their collective expertise reflects not only a wealth of industry-specific knowledge but also a broad spectrum of perspectives. Many members of the Boards have substantial management experience in both private and government sectors, as well as in multilateral agencies, thereby contributing to a well-rounded and adaptive leadership.

By embracing such diversity, AEV and AboitizPower recognize the inherent strength in bringing together individuals with varied skill sets and perspectives. This approach not only enhances the Boards' decision-making processes but also reinforces their ability to navigate the complexities of the ever-evolving business landscape. The commitment to diversity extends beyond a mere acknowledgment of differences; it is a strategic imperative that ensures the Boards are equipped to meet the multifaceted challenges and opportunities of the industries they operate in.

In terms of gender, AEV currently has two female members in the Board of Directors.

Director Development Program – Aboitiz Board Learning Sessions and Virtual Asset Tours:

AEV and AboitizPower place a premium on the proactive engagement of their Directors with current industry dynamics and business trends to bolster the Group's competitiveness. Equally vital is the assurance that all Directors have a clear understanding of their duties and responsibilities, supported by the necessary information to effectively fulfill their functions.

To this end, the AEV and AboitizPower Manuals require every director to undergo an initial onboarding session upon first appointment to the Board, and to commit to a continuing professional training program (formal and informal) to ensure that Directors remain abreast of the latest developments in internal policies, pertinent laws and regulations, and the diverse business risks relevant to the Group's operations. Taking a hands-on approach, the Chairmen of both Boards, in collaboration with their respective Compliance Officers, actively oversee the compliance of Directors and Key Officers with these requirements. This collaborative effort reinforces a commitment to continuous learning and professional development, positioning AEV and AboitizPower's leadership to navigate the complexities of the business landscape with acumen and foresight.

In 2023, AEV continued to organize its "Aboitiz Board Learning Sessions", a series of online seminars with renowned experts across the globe. The seminars are intended to provide the Directors and Officers with current industry developments, business trends, and corporate governance practices. These aim to promote the Group's competitive advantage, build on the techglomerate premium, and address any identified skill or competency gaps. These sessions were attended by the Directors and Officers of the various strategic business units, including AboitizPower.

AEV organized 15 Board Learning Sessions and two Virtual Asset Tours. Some of these sessions were accredited by the Securities & Exchange Commission (SEC) in compliance with the four-hour mandatory corporate governance seminars for Directors and Officers of publicly listed companies.

	2023 Board Learning Sessions	2023 Virtual Asset Tours
February	**Intangible Economy** *Mr. Jonathan Haskel and Stian Westlake* February 21, 2023	
March		**AboitizPower:** Battery Energy Storage System March 23, 2023
April	**Managing Top Risks in a Geopolitical Recession** *Mr. Ian Bremmer* April 28, 2028	
May	**Updates on Geo-Politics** *Ms. Beth Sanner* May 25, 2023	
June	**How Social Media and Artificial Intelligence Will Cause Increasing Disruption and How to Prepare for It** *Mr. Jonathan Haidt* June 26, 2023	
	World Energy Transition Evolution and its Impact on ESG Evolution *Mr. Michael Schellenberger* June 29, 2023	
July	**The Crux: Challenge-Based Strategy** *Mr. Richard Rumelt* July 21, 2023	
	Understanding and Using Irrationality for Better Results *Mr. Dan Ariely* July 26, 2023	
August	**Global Industry Developments** *Mr. Adam Rozencwajg* August 29, 2023	
September	**Wisdom in Energy Transition** *Mr. Jeremy Bentham* September 29, 2023	**Food Group:** Breeder Farm 3 (Tarlac) September 27, 2023
October	**Digital and Cybersecurity Governance and Systemic Risk** *Mr. Bob Zukis and Mr. Jerry Nowicki* October 10, 2023	
	Artificial Intelligence and the Global Economy* *Mr. Haim Israel* October 25, 2023	
November	**Energy Transition: Renewable Revolution*** *Mr. Kingsmill Bond* November 22, 2023	
	Updates on Geo-Politics* *Ms. Beth Sanner* November 29, 2023	
December	**Geopolitics and Deglobalization*** *Mr. Peter Zeihan* December 12, 2023	
	Global Industry Developments *Mr. Adam Rozencwajg* December 19, 2023	

**These trainings were accredited by the SEC as compliance with the annual four-hour mandatory corporate governance seminar for Directors and Officers of publicly-listed companies. All the Directors and Officers of AEV and AboitizPower were able to attend and complete the mandatory corporate governance seminars.*

Director Compensation

The ESCG Committees of AEV and AboitizPower ensure that the remuneration for Directors and Key Executives is consistent with the Group's culture, strategy, and business policies. Guided by the Aboitiz Compensation Philosophy, factors such as individual and organizational performance, and inflation, among others, are taken into account to ensure that the compensation structure will attract, retain, and engage the best talents to contribute to the success of the business. Each year, the results of the study are presented, discussed, and approved during the first meeting of the ESCG Committees of the two companies.

In a transparent and collaborative process, the results of this comprehensive study are presented, discussed, and subject to approval during the first meeting of the ESCG Committees of both companies each year. This practice not only emphasizes the commitment to fair and equitable compensation but also underscores the proactive and strategic approach taken to align remuneration practices with the Group's evolving objectives. Through these deliberative measures, the ESCG Committees actively contribute to fostering a work environment that values and rewards excellence while reinforcing the Group's commitment to sustainable success.

In 2023, the directors of AEV and AboitizPower were entitled to the following compensation:

Remuneration	Type of Meeting	Directors / Committee Members	Chairman of the Board / Committee Chairman
Per Diem	Board Meeting	₱150,000.00	₱225,000.00
	Board Committee Meeting (except Audit Committee)	₱100,000.00	₱150,000.00
	Audit Committee	₱100,000.00	₱200,000.00
		Directors	Chairman of the Board
Monthly Allowance		₱150,000.00	₱200,000.00

In compliance with Section 29 of the Revised Corporation Code, the total compensation of each of the Company's Directors as of December 31, 2023 were as follows:

AEV Directors	Total Compensation Received as a Director
ENRIQUE M. ABOITIZ Chairman of the Board	
MIKEL A. ABOITIZ Vice Chairman of the Board	
ERRAMON I. ABOITIZ Director	
SABIN M. ABOITIZ* President and Chief Executive Officer	
ANA MARIA A. DELGADO* Director	
JUSTO A. ORTIZ* Director	
ROMEO L. BERNARDO Lead Independent Director	
CESAR G. ROMERO** Independent Director	
JOANNE G. DE ASIS Independent Director	
PETER D. MAQUERA** Independent Director	

**A portion of the Director's compensation was paid to their nominating company.*
*** On September 4, 2023, Mr. Bernardo resigned as Lead Independent Director. He was replaced by Mr. Cesar G. Romero as Lead Independent Director and Mr. Peter D. Maquera as Independent Director.*

AboitizPower Directors	Total Compensation Received as a Director
SABIN M. ABOITIZ* Chairman of the Board of Directors	
ERIC RAMON O. RECTO Vice Chairman/ Lead Independent Director	
LUIS MIGUEL O. ABOITIZ Director	
EMMANUEL V. RUBIO* Director/President and Chief Executive Officer	
TUSHIRO KUDAMA Director	
IZUMI KAI** Director	
EDWIN R. BAUTISTA Director	
DANEL C. ABOITIZ* Director/Chief Commercial and Stakeholder Engagement Officer	
CESAR G. ROMERO** Independent Director	

**A portion of the Director's compensation was paid to their nominating company, AEV.*
***Appointed as Director, effective August 15, 2023*

BOARD COMMITTEES

The **Environmental, Social, and Corporate Governance Committees (formerly the Corporate Governance Committee)** of AEV and AboitizPower play a pivotal role in spearheading the creation of a robust governance mechanism. It is a mechanism specifically designed to champion sustainability practices, encompassing responsible environmental stewardship, meaningful social development, and the implementation of sound corporate governance principles. The ESCG Committees also fulfill the essential functions of the Nomination and Remuneration Committees. The chairmen of the ESCG Committees are the Lead Independent Directors of AEV and AboitizPower.

In carrying out their duties and responsibilities, the ESCG Committees are supported by Ex-Officio Members who are the executive heads of relevant corporate services units such as compliance, human resources, sustainability, and external relations. These Officers regularly attend committee meetings as resource persons.

Key Areas of Focus in 2023

Environmental and Social	• Discussed the potential business and stakeholders impact of COP26 outcomes and the subsequent policy and regulatory actions of the country • Monitored the progress of the ongoing Climate Value at Risk study • Monitored and discussed the dynamic progress of Sustainability Disclosure Standards including the most recent progress on the International Sustainability Standards Board S1 and S2 Standards • Developed and cascaded the OneNewAboitiz Sustainability Playbook and monitored the progress of the Group-wide ESG Materiality Re-assessment;AboitizPower conducted their group Materiality Assessment to identify priority ESG issues to address in 2023 to 2024 • Accomplished the 1st External Assurance of the Aboitiz Integrated Report and necessary milestones aligned with the 10-year ESG Agenda • Ensured that the Company's ESG programs were implemented • Amended the Code of Ethics and Business Conduct, and the Whistleblowing Policy to further strengthen the Company's commitment to corporate governance, particularly on sustainability and ethical corporate citizenship
Compliance	• Reviewed and monitored AEV and AboitizPower's compliance with new laws and regulations • Reviewed and monitored the status of whistleblowing reports
Corporate Governance	• Reviewed and revised AEV and AboitizPower's General Trading Policy to align with market practice
Nomination and Compensation	• Ensured that the nomination, selection, election, remuneration, and assessment of AEV and AboitizPower Directors and Officers are aligned with the Revised Manuals • Approved the final list of nominees for Directors for election after reviewing all the qualifications as provided in the Amended By-Laws, Revised Manuals, and other relevant SEC rules • Reviewed the qualifications of all persons nominated to appointed positions by the Board • Reviewed and approved the 2023 Group-wide merit increase guidelines

The **Audit Committees** continued to provide oversight over the AEV and AboitizPower financial reporting policies, practices and controls, and over the internal and external audit functions necessary for making good audit-related decisions. In 2023, the AEV and AboitizPower Audit Committees were chaired by Independent Directors. AEV's Audit Committee was composed of all three Independent Directors and two Non-Executive Directors. Meanwhile, the AboitizPower Audit Committee was composed of the two Independent Directors, two Non-Executive Directors, and one Executive Director. Each company's Chief Financial Officer and Internal Audit Head, who performs the functions of a Chief Audit Executive, are regular attendees and resource persons at committee meetings. At the end of every Audit Committee meeting in 2023, committee members held private sessions with the companies' Internal Audit Heads and the external auditors of AEV and AboitizPower. Other attendees were invited as needed.

Key Areas of Focus in 2023

Financial Reports	• Reviewed, discussed, and approved for public disclosure the quarterly unaudited consolidated financial statements of 2023 • Endorsed for approval by the full Board the 2022 annual audited financial statements of AEV and AboitizPower, their Subsidiaries and Affiliates
External Auditors	• Reviewed the performance of SGV as AEV and AboitizPower's external auditor • Endorsed to the Board the appointment of SGV as AEV and AboitizPower's External Auditor for 2023 • Reviewed and approved the overall scope and audit plan of SGV • Reviewed and approved the audit plan, fees, and terms of engagement, which covers audit and non-audit services provided by SGV
Internal Auditors	• Reviewed and approved the annual audit program for 2023 which also covers the adequacy of resources, qualifications and competency of the staff, and independence of the internal auditor • Reviewed sample CAPEX transactions to help ensure process integrity and promote continuous improvement • Confirmed that the internal audit function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner
Audit Charters	• Updated the Board Audit Committee and Internal Audit Charters to improve on each of the company's control performance by having an adequate and effective internal control system

Sufficiency of Internal Control and Compliance System

The AEV and AboitizPower Audit Committees assist their respective Boards in fulfilling oversight responsibilities over their company's system of internal controls. They are responsible for monitoring, overseeing, and evaluating the duties and responsibilities of management, the internal audit activity, and the external auditors as those duties and responsibilities relate to the organization's processes for controlling its operations. In 2023, the President and Chief Executive Officers, and Internal Audit Heads of AEV and AboitizPower attested to the sufficiency of the internal control and compliance system of their respective companies.

Audit and Non-Audit Fees

In 2023, AEV and AboitizPower reappointed accounting firm SyCip Gorres Velayo & Co. (SGV) as their respective independent external auditor. Ms. Jhoanna Feliza C. Go is the current audit partner on her second year after replacing Maria Veronica Andresa R. Pore in 2022. The Board Audit Committee reviews the performance of its external auditors. As a policy, the Board Audit Committees recommend to their respective Boards the choice of external auditor for the year. The committees also review the extent, nature, and fees for the services to be provided to ensure that the independence of the external auditors is preserved.

The following table sets out the aggregate fees paid by AEV and AboitizPower for professional fees rendered by SGV:

Fee Type (as of December 31, 2023)	AEV	AboitizPower
Audit Fees	₱632,500.00	₱698,600
Audit-Related Fees	₱11,200,000.00	₱6,000,000
Sub Total	***₱11,832,500.00***	***₱6,698,000***
Other Assurance Fees	₱3,480,935.00	-
Consultancy Fees (Non-Audit)	₱53,195.00	₱1,352,567
Sub Total	***₱3,534,130.00***	***₱1,352,567]***
Total Audit and Non-Audit Fees	**₱15,366,630.00**	**₱8,051,167**

The **Risk and Reputation Management Committees** exercise oversight functions over each company's enterprise risk management and reputation management, including their respective corporate brands and communication strategies. The committees ensure the establishment and maintenance of a robust risk management framework and the requisite supporting governance mechanism within their respective companies. In 2023, the Risk and Reputation Management Committee of AEV was composed of all the three Independent Directors, one Executive Director, and one Non-Executive Director who also acted as the Chairman of the Committee. The Chairman of the Risk and Reputation Management Committee of AEV is not the Chairman of the Board or any other Board Committees. Meanwhile, the Risk and Reputation Management Committee of AboitizPower was composed of the two Independent Directors, one Executive Director, and three Non-Executive Directors, including the Chairman who is also the Chairman of the Board.

Key Areas of Focus in 2023 (AEV)

Governance	• Discussed the results of the Aon Risk Management Program Review and the KPMG Risk Management Framework and Process Effectiveness Audit • Reviewed and updated the Board Risk and Reputation Committee Charter
Business continuity	• Reviewed and discussed AEV's Mid Year and Year-End Top Risks Report where regulatory and cyber risks, respectively, took the top spot. • Introduced portfolio risk and implementation risk as among the new top risks of AEV as it takes on a more active portfolio and investment management role
Business Risk management	• Updated the Business Continuity Policy to reflect the minimum guardrails for Strategic Business Units (SBUs) in light of the Group's federalization • Monitored Business Continuity Plan Testing of Aboitiz businesses
Risk Finance	• Reviewed the proposed structure and utilization of AEV's captive insurance vehicle
Reputation	• Updated the committee on the annual reputation management plans, and results of the company's brand and reputation surveys • Discussed the Reputation Strategy & ESG Synergy framework

Key Areas of Focus in 2023 (AboitizPower)

Governance	Introduced a top-down approach to strategic risk identification where risks are identified at the 1AP Management Committee level Operationalized the risk appetite setting through consultation with the Management Committee and Board Committee members Formally introduced and welcomed the new member of the Committee: new CFO, Mr. Sandro Aboitiz.
Risk Planning	Regularized the "Risk in Focus" segment in the agenda to discuss strategically relevant and highly critical emerging risks with inputs from subject matter and industry experts. Regularized the Learning Sessions segment in the agenda to reinforce the Board's learning of key and foundational risk management concepts and practices Discussed topics on the potential for prolonged delay of renewable energy projects, its causes, impact to AboitizPower, including its mitigation plans Invited a resource speaker to provide the Committee information on the near and long-term global risks and the top executive concerns from East Asia, Pacific and the Philippines, including the assessment of possible top risks for AboitizPower from an outside perspective Invited AboitizPower's Chief Information Security Officer (CISO) to provide further information on cyber risks as a unique business risk, including the company's security posture and its existing and planned mitigations Reviewed and discussed AboitizPower Group's Mid-Year and Year-End Top Risks Report where regulatory risk and cyber risks, respectively, took the top spots
Risk Finance	Presented the One Master (Power) Program, its placement highlights with the background of 1AP insurance cost and market property insurance rate YoY capping off with the market Presented to the Committee the 1AP 10-year Insurance Strategy Roadmap and invited a risk consultant to provide the Committee with further information on the Captive Insurance vehicle for AboitizPower Shared the insurance cost reduction strategies for the upcoming 2024 renewal of operational insurances
Reputation	Discussed the results of AboitizPower's Reputation ID Score and PR Value for the year 2022 and as of Sept 2023, including key activities driving the increase

The **Related Party Transactions (RPT) Committees** of AEV and AboitizPower have the mandate to ensure that related party transactions are taken at an arm's length basis and within market rates, with sufficient documentation, and coursed through all appropriate levels of necessary approvals. In 2023, AEV's RPT Committee was composed of all three Independent Directors, including the chairman. Meanwhile, the RPT Committee of AboitizPower had one Non-Executive Director who served as the Chairman, and the two Independent Directors.

Key Areas of Focus in 2023

RPT Policy and Committee Charter	• Reviewed the RPT Committee Charter
Completion of RPT Certification	• Updated and monitored compliance with the submission of the RPT Certification by Directors and Key Officers of AEV and AboitizPower to comply with relevant BIR regulations on the reporting guidelines for transactions of individuals and juridical entities with related parties • Monitored the compliance of AEV and AboitizPower with BIR's reportorial requirements and SEC requirements
Fairness of RPTs	• Continued to ensure that RPTs are taken on arm's length basis and within market rates, with sufficient documentation, and coursed through the appropriate levels of approval

The **Board Cyber and Information and Security Committees** assist the AEV and AboitizPower Boards in providing the strategic direction, ensure the establishment of the company's system of governance (processes, policies, controls and management) on all matters relating to information security and cybersecurity. In 2023, the AEV Cyber Committee was composed of two Independent Directors and two Non-Executive Directors, including its Chairman. Meanwhile, the AboitizPower Cyber Committee was composed of two Non-Executive Directors and one Independent Director who also served as the Committee Chairman.

Key Areas of Focus in 2023 (AEV)

Organizational	• Reviewed and amended the Committee Charter and the Group-wide Cyber Security Manual
Cybersecurity Strategy	• Reviewed the security programs and initiatives supporting the Aboitiz Group cybersecurity programs and its maturity roadmap, and their respective implementation strategies • Published and approved the Group-wide Cyber & Information Security Principles and Minimum Controls
Cybersecurity Risks	• Reviewed the cybersecurity risk map and key risk treatment plans to include the quantification of cybersecurity risks that justified the need for the IT Decentralization to reduce and segment the impact of a cyber security incident or event

Key Areas of Focus in 2023 (AboitizPower)

Organizational	• Completed AboitizPower's Cyber and Information Security Organization based on the approved functional structure
Cybersecurity Strategy	• Released the revised the operational technology (OT) minimum security standard aimed at establishing OT relevant baseline security controls • Established foundational cybersecurity governance policies, guidelines and procedures • Intensified security awareness activities through the use of digital platforms and systems • Established channels to better communicate and collaborate cybersecurity-related matters • Engaged in an innovative and proactive way of discovering and resolving weaknesses/ vulnerabilities in our digital environment • Conducted comprehensive OT-specific tabletop exercises aimed at increasing AboitizPower BUs' preparedness to manage or handle OT cybersecurity incidents
Cybersecurity Risks	• Established a much better way of assessing OT security risks through the use of the MITRE Attack framework for the purpose of improving OT risk quantification and overall OT risk management

The **Executive Committees** assist the Board in overseeing the company's day-to-day operations and ensure agility in its management and in strategic decision-making. They also ensure compliance with the Company's governance policies during the intervening period between Board meetings. Since the company's Board of Directors met monthly in 2023, no Executive Committee meetings were held during the year.

GOVERNANCE PRACTICES

Disclosure and Transparency

The Governance and Compliance Team, as well as the Board Secretariat, of AEV and AboitizPower monitor and timely disclose any changes in the share ownership of their respective Directors, Executives, and Key Officers. They also ensure that trading blackouts are implemented at the right time and to appropriate individuals.

Every quarter, AEV and AboitizPower disclose a public ownership report detailing the extent of ownership of their respective controlling stockholders, including the shareholdings of subsidiaries and affiliates, and of Directors and Key Officers. In addition, the two companies disclose a list of their top 100 stockholders every quarter. They also disclose their top 20 stockholders, including record and beneficial stockholders owning more than five percent of their respective outstanding capital stock. Both companies, however, have no control over external stockholders who opt to put their shares under nominee holding companies such as the PCD Nominee Corporation, and are thus unable to make any disclosure on the details of beneficial ownership.

Stockholders with at least 5% Beneficial Ownership of AEV as of December 31, 2023		
Shareholder	**Number of Shares Owned (Record and/ or Beneficial)**	**% Ownership**
Aboitiz & Company, Inc. (ACO)	2,735,600,915	48.68%
PCD Nominee Corporation (Filipino)	1,067,210,576	18.99%
Ramon Aboitiz Foundation, Inc. (RAFI)	426,804,093	7.59%
PCD Nominee Corporation (Foreign)	324,590,872	5.78%
	1,065,579,310	**18.96%**
TOTAL	**5,619,785,757**	**100%**

Stockholders with at least 5% Beneficial Ownership of AboitizPower as of December 31, 2023		
Shareholder	**Number of Shares Owned (Record and/ or Beneficial)**	**% Ownership**
Aboitiz Equity Ventures Inc. (AEV)	3,817,195,833	52.97%
JERA Asia Private Limited	1,986,823,063	27.57%
PCD Nominee Corporation (Filipino)	1,176,462,711	16.33%
	225,372,7005	**3.13%**
TOTAL	**7,205,854,307**	**100%**

All relevant disclosures were filed in a timely manner with the Securities and Exchange Commission (SEC), the Philippine Stock Exchange (PSE), and the Philippine Dealing & Exchange Corp. (PDEx). All the 2023 filings and relevant information were filed and disclosed within the period indicated below:

2023 Disclosure Schedule of Reports

	AEV	AboitizPower
SEC Form 17-A (Annual Report)	April 14, 2023 (within 120 days after year end)	April 14, 2023 (within 120 days after year end)
Sustainability Report	April 14, 2023 (part of SEC Form 17-A)	April 14, 2023 (part of SEC Form 17-A)
Notice of ASM	March 3, 2023 (within 52 days from the date of ASM)	March 3, 2023 (within 52 days from the date of ASM)
2022 Audited Financial Statements	March 27, 2023 (as part of the Definitive Information Statement)	March 27, 2023 (as part of the Definitive Information Statement)
SEC Form 17-Q (First Quarter)	May 15, 2023 (within 45 days from the end of reporting period)	May 15, 2023 (within 45 days from the end of reporting period)
SEC Form 17-Q (Second Quarter)	August 14, 2023 (within 45 days from the end of reporting period)	August 14, 2023 (within 45 days from the end of reporting period
SEC Form 17-Q (Third Quarter)	November 15, 2023 (within 45 days from the end of reporting period)	November 15, 2023 (within 45 days from the end of reporting period)
SEC Form IACGR (Integrated Annual Corporate Governance Report)	May 30, 2023 (within the deadline prescribed by the SEC)	May 30, 2023 (within the deadline prescribed by the SEC)
In-House Corporate Governance Seminar Completion Report	December 22, 2023 (within the prescribed 10 days from the completion of the event)	December 29, 2023 (within the prescribed 10 days from the completion of the event)

Transactions of Directors and Officers

AEV and AboitizPower disclose the beneficial ownership of their Directors and Key Officers in regular filings of the Statement of Beneficial Ownership, and in the Annual Corporate Governance Report. The Revised General Trading Policies of both companies require the Board of Directors and Officers to notify the Office of the Corporate Secretary immediately after they deal in company shares.

These AEV and AboitizPower Directors and Officers made the following transactions as of December 31, 2023:

Reported Transactions of AEV Directors and Officers

	Balance as of December 31, 2022	Acquired	Disposed	Balance as of December 31, 2023
Directors				
Enrique M. Aboitiz Chairman of the Board	425,110	229,200	1,531,190	654,310
Mikel A. Aboitiz Vice Chairman of the Board	95,465,604	31,059,242	-	126,524,846
Erramon I. Aboitiz Director	78,075,387	-	-	78,075,387
Sabin M. Aboitiz Director/President and CEO	31,759,312	-	-	31,759,312
Ana Maria A. Delgado Director	27,945,983	4,078,405	-	32,024,388
Justo A. Ortiz Director	1	-	-	1
Cesar G. Romero Lead Independent Director	50	-	-	50
Joanne G. De Asis Independent Director	100	-	-	100
Peter D. Maquera Independent Director	-	20,100	-	20,100
Officers				
Jose Emannuel U. Hilado SVP /Chief Financial Officer/ Corporate Information Officer	15,000	242,000	-	257,000
Susan V. Valdez SVP - Chief Corporate Services Officer	990,563	-	100,000	990,563
Connie G. Chu SVP-Chief Legal and Compliance Officer/ Corporate Secretary	-	-	-	
Maria Veronica C. So SVP and Group Treasurer	9,617	-	-	9,617
Christine C. Kempeneers AVP - Data Privacy Officer / Head of Risk Magement	800	-	-	800
Maria Lourdes Y. Tanate VP - Group Internal Audit Head	74,386	-	-	74,386
Mailene M. de la Torre VP - Assistant Corporate Secretary	0	-	-	-
Sammy Dave A. Santos Assistant Corporate Secretary	0	-	-	0

Reported Transactions of AboitizPower Directors and Officers

	Balance as of December 31, 2022	Acquired	Disposed	Balance as of December 31, 2023
Directors				
Sabin M. Aboitiz Chairman of the Board	22,503,085	-	-	22,503,085
Eric Ramon O. Recto Vice Chairman/ Lead Independent Director	1,000	-	-	1,000
Luis Miguel O. Aboitiz Director	32,405,404	-	-	32,405,404
Toshiro Kudama Director	100	-	-	100
Emmanuel V. Rubio Director/President and Chief Executive Officer	517,130	-	-	517,130
Edwin R. Bautista Director	1,000	-	-	1,000
Danel C. Aboitiz Director/ Chief Commercial and Stakeholder Engagement Officer	10,225,140	9,774,860		10,225,140
Izumi Kai Director		100	-	100
Cesar G. Romero Independent Director	100	-	-	100
Officers				
Juan Alejando A. Aboitiz SVP /Chief Financial Officer/ Corporate Information Officer	-	2,685,408	-	2,685,408
Manuel Alberto R. Colayco Corporate Secretary	0	-	-	0
Maria Veronica C. So Group Treasurer	0	-	-	0
Mark Louie L. Gomez Vice President for Risk and Organizational Performance Management and Data Protection Officer	0	-	-	0
Juan Pascual Cosare Group Internal Audit Head	300	-	-	300
Ma. Clarisse S. Osteria Assistant Corporate Secretary	-	-	-	0

Compliance with Key Governance Policies

In 2023, AEV and AboitizPower updated their respective Codes to align with international best practices and promote the Group's ESG efforts, and their commitment to ethical corporate citizenship. The following policies and guidelines were approved by the AEV and AboitizPower Board of Directors:

Manual on Corporate Governance	The Manuals of AEV and AboitizPower are the articulation of each company's corporate governance principles. In addition, each company's Manual defines their respective compliance system, outlines the functions and responsibilities of their Board of Directors, and provides for the rights of all stockholders and the protection of the interest of the minority stockholders. The Manuals are clear statements by their respective Board of Directors, management, employees, and stockholders that corporate governance is a fundamental component of sound strategic business management. Since the Manuals were first approved, these have since been reviewed and amended by subsequent Board actions in keeping with evolving best practices in the Philippines and the ASEAN Region. There are no reported major deviations from the Revised Manuals as of the date of this report.
Whistleblowing Policy	To support the implementation of the Revised Manuals and the Codes, both AEV and AboitizPower have a Whistleblowing Policy. Through their respective policies, allegations of violations of the Manuals, Codes, and other related policies or other illegal conduct can be reported through the Aboitiz Whistleblowing Portal. In keeping with global best practices, the management of the Aboitiz Whistleblowing Portal was migrated from an internally-managed platform to an independent third party-managed platform in 2022. Alleged violations can now be reported online through the following link: www.aboitiz.ethicspoint.com. Matters reported through the platform are discussed by the ESCG Committee and, if necessary, by the entire Board of Directors. Once received, whistleblowing reports undergo the Aboitiz Group's investigation standard operating procedure and escalation process. The Group acknowledges that a key component to an effective whistleblowing policy is the whistleblower's protection from retaliation. As such, AEV and AboitizPower's Whistleblowing Policy ensures the complete anonymity of the whistleblower and that any person raising a serious concern in good faith will be protected from reprisals or retaliation.

2023 Summary of Whistleblowing Reports

	Reports Received	Corruption-Related	Closed	Ongoing Investigation
Groupwide	14	0	11	3
AEV	0	0	0	0
AboitizPower	5	0	4	1

Related Party Transactions (RPT) Policy	In October 2019, the AEV and AboitizPower Boards approved the RPT Policy in compliance with the SEC Memorandum Circular No. 10 series of 2019 (SEC RPT Circular), which focuses and regulates only material RPTs or RPTs amounting to 10% or higher of a company's total assets. The Circular also specifies an approval process for material RPTs and mandated publicly-listed companies to notify the SEC of their RPTs that breach the threshold. The AEV and AboitizPower Board RPT Committees have the mandate to ensure the fairness and arm's-length bases of RPTs, with sufficient documentation, and coursed through all appropriate levels of necessary approvals. In 2023, AEV and AboitizPower did not enter into any material RPTs and there was no reported case of non-compliance with the laws, rules and regulations pertaining to significant or material RPTs. All RPTs were conducted at arm's-length basis.
Conflict of Interest Policy	AEV and AboitizPower believe that it is the duty of the Board of Directors to advance the Group's interests and those of the companies' stakeholders. To this end, both companies have adopted a Policy on Conflict of Interest, which promotes an ethical corporate culture. It prohibits directors, officers, team leaders, and team members from taking advantage of their access to corporate property and proprietary information for personal gain. The policies require the disclosure of relationships, actions, or transactions that may give rise to a conflict of interest. In addition, AEV and AboitizPower Directors are required to abstain or inhibit themselves from any Board discussion or decision that affects or has relevance or relation to their personal, business, or professional interests. The Directors are also prohibited from engaging in any business that competes with or is antagonistic to the Group. In the event of a perceived or actual conflict of interest, the concerned director must notify the Board through the Corporate Secretary. Directors must also notify the Board, through the Corporate Secretary, before accepting any directorship outside the Aboitiz Group during their term. In 2023, there was no reported incident of non-compliance with the Conflict of Interest Policy.
Data Privacy Policy	In 2017, AEV and AboitizPower launched their respective data privacy compliance programs, which include the implementation of the Information Security Management System (ISMS). Since then, both companies have been able to establish a fundamental awareness of data privacy principles and the related ISMS philosophies, through various learning channels including e-learning modules, face-to- face trainings, and forums. They also continue to ensure the implementation of Data Privacy Policies, manuals, and guidelines that are aligned with the Data Privacy Act, including its implementing rules, and supporting National Privacy Commission (NPC) circulars. As the Aboitiz Group continues to operate in a highly digital and fast-changing environment, the Data Protection Teams of its business units will strive to keep up with the expectations of their data subjects, as well as with the evolving guidelines of the NPC. This constant review of requirements, downloading of information, updating of processes, and testing of capabilities aim to ensure that Aboitiz is able to meet stakeholders' expectations. Inquiries or concerns regarding data privacy and/or data subjects' rights may be submitted to the Data Privacy Officer through AEV: *aevdpo@aboitiz.com* and AboitizPower: *apdpo@aboitiz.com*

Disclosure Policy	To supplement the implementation of the Manuals and the Codes and in compliance with laws and regulations, AEV and AboitizPower each have their own Disclosure Policy that requires complete, timely, and accurate disclosures to the SEC, the PSE, and the PDEx. The company's Board Secretariat ensures compliance with the disclosure rules. In 2023, there were no reported cases of non-compliance with the disclosure rules of the SEC, the PSE, and the PDEx.

Transparency, Communication, and Sustainability Reporting

The governance framework of the Aboitiz Group prioritizes the timely, comprehensive, and accurate disclosure of all material information concerning AEV and AboitizPower. This encompasses a wide spectrum of data, ranging from earnings results and acquisitions or disposals of assets to Board changes, related party transactions, , shareholdings of Directors, and alterations in ownership. Further reinforcing transparency, the Group's Annual Integrated Report, aligned with various sustainability reporting standards, articulates the Aboitiz s core values and governance model. This integrated report, which was subjected to external assurance starting in 2023, serves as a key link connecting the Group's strategic vision with its commitment to fostering a sustainable global economy. It enables the Group to gauge, comprehend, and articulate its economic, environmental, social, and governance performance, enhancing credibility through external validation. In turn, this comprehensive understanding informs the establishment of goals and facilitates more effective change management processes.

Rights of Stockholders

Safeguarding the rights of its stockholders stands as a cornerstone principle for AEV and AboitizPower's governance practices. The primary objective is to guarantee the unfettered exercise of stockholder rights, fostering an environment where every shareholder, irrespective of the quantity of shares they own, can actively and freely participate in corporate decision-making processes. This underscores not only a commitment to regulatory compliance but also a proactive approach in cultivating transparency, equity, and shareholder inclusivity within each company's governance principles.

Among the rights of company stockholders are to: (i) receive notices of and to attend stockholders' meetings; (ii) participate and vote on the basis of the one-share, one-vote policy; (ii) call for a special board meeting and propose a meeting agenda; (iii) participate and vote on the basis of the one-share, one-vote policy; (iv) vote in person, in absentia, or through proxy; (v) ratify corporate actions; (vi) nominate, elect, remove, and replace Board members (including via cumulative voting); (vii) inspect corporate books and records; (viii) receive dividends; and (viii) be informed in a timely and regular manner of the state of the company's businesses.

Right to Actively Participate at Stockholders' Meetings

AEV and AboitizPower are dedicated to conducting their Annual and Special Stockholders' Meetings (ASMs) with transparency and fairness, facilitating stockholders' access to accurate and timely information to make informed decisions on matters presented for consideration or approval.

The comprehensive financial, non-financial, and operating performance summaries of AEV, AboitizPower, including their Subsidiaries are detailed in their respective Definitive Information Statements and Annual Reports. These documents, distributed ahead of ASMs and available on the companies' websites. New and returning Directors' profiles, along with a summary of the Board and Board Committee's performance assessments, attendance records, compensation, and notable achievements for the year, are also shared with stockholders.

To enhance accessibility, notices for AEV and AboitizPower ASMs, complete with quick response (QR) codes to the Definitive Information Statements, are published in two widely circulated newspapers within 21 days before the meetings.

The commitment to shareholder engagement is evident in the conduct of stockholder meetings, with notices provided at least 28 days before the meeting, containing all agenda items for discussion. No new agenda items are introduced during the meeting, and the rationale for each item is included in the notices.

AEV and AboitizPower prioritize providing accessible venues for stockholders to exercise their right to attend and participate in shareholder meetings. In 2023, for the fourth consecutive year, AEV and AboitizPower conducted a fully digital stockholders' meeting. Stockholders were given the option to cast votes through non-traditional means such as remote communication or in absentia via an online voting portal.

The open forum during stockholder meetings enables stockholders to voice concerns, ask questions, and comment on the state of the businesses through the ASM online portal or live interaction if time permits. There are no barriers preventing stockholders from communicating with each other, Directors, or the Corporate Secretary.

Commitment to transparency is evident as minutes from meetings, including questions, answers, issues, motions, agreements, and voting results, are reported and made publicly available on the companies' websites under the Investor Relations page on the next working day. AEV and AboitizPower promptly disclose all approved items to the PSE, PDEx, and the SEC by the next business day.

Continuing their commitment, AEV and AboitizPower actively work to expand communication channels with institutional and individual stockholders through their Investor Relations Office and Shareholder Relations Office, respectively.

Right to Dividends

The right to receive dividends is a basic stockholder right. AEV and AboitizPower promote this basic stockholder right by adopting a clear and transparent dividend policy.

Every year, AEV and AboitizPower pay dividends in an equitable and timely manner. All stockholders are treated equally, receiving dividends that are proportionate to their shareholdings. The period for paying the dividends is based on trading requirements or constraints of the SEC and PSE. In 2023, AEV and AboitizPower paid the cash dividends within 26 days from the declaration date.

In the last three years, AEV and AboitizPower have paid the following dividends:

		Declaration Date	Record Date	Payment Date	Dividends per Share	Total Dividends Declared
AEV	2023	March 3, 2023	March 17, 2023	March 30, 2023	₱1.47 (regular)	₱8.28bn
	2022	March 4, 2022	March 18, 2022	March 30, 2022	₱1.62 (regular)	₱9.12bn
	2021	March 5, 2021	March 19, 2021	March 31, 2021	₱0.91 (regular)	₱5.12bn
AboitizPower	2023	March 3, 2023	March 17, 2023	March 30, 2023	₱ 1.87 (regular)	₱13.76bn
	2022	March 4, 2022	March 18, 2022	March 30, 2022	₱1.45 (regular)	₱10.66bn
	2021	March 5, 2021	March 19, 2021	March 31, 2021	₱0.85 (regular)	₱6.25bn

AEV and AboitizPower believe that the rights and interests of minority stockholders are aligned with those of the controlling stockholders, not only in terms of returns on their investments, but also in the sustainability of the Group's businesses. Both companies ensure the timely disclosure to stockholders regarding their respective businesses, and that stockholders receive dividends in accordance with established dividend policies.

The Board Audit Committee Report to the Board of Directors

Aboitiz Equity Ventures Inc.

The Board Audit Committee is pleased to present its report for the financial year ended December 31, 2023.

Audit Committee Responsibility

In giving effect to its duly approved charter, the Audit Committee assisted the Board of Directors in fulfilling its oversight responsibility to the public, governmental and/or regulatory bodies and other stakeholders in helping:

a) Ensure the integrity of the Company's financial reporting processes, including ensuring the integrity of financial reports and other financial information provided by the Company to the public, governmental and/or regulatory bodies;
b) Ensure excellence in the Company's control performance by having an adequate and effective internal control system, governance processes and risk management processes and reviewing the performance on the Company's internal audit function;
c) Review the annual independent audit of the Company's financial statements and the external auditors' qualifications and independence;
d) Ensure compliance with applicable laws and regulations which may represent material financial exposure to the Company; and
e) Provide an avenue of communication among the Company's independent auditors, management, the internal auditing department and the Company.

The Committee has established a constructive and collaborative relationship with the Company's senior leadership to give support, but not to pre-empt any responsibility in making final audit-related decisions.

Committee Membership

The Audit Committee is composed of five (5) members, three (3) of whom are Independent Directors including its Chairman.

Cesar G. Romero, Independent Director, is the Chairman of the Committee. Other members of the Committee are Joanne De Asis (Independent Director), Peter D. Maquera (Independent Director), Erramon I. Aboitiz (Non-Executive Director) and Ana Maria A. Delgado (Non-Executive Director).

In the disclosure to the SEC dated November 23, 2023, Cesar G. Romero was appointed as AEV's Lead independent director and Peter D. Maquera as the incoming independent director replacing Romeo L. Bernardo upon the latter's appointment as a member of the Monetary Board, the policy-making body of the Bangko Sentral ng Pilipinas.

Meetings and Attendance

The Audit Committee carried out its function through its meetings with management, internal auditors, independent external auditors, advisers, and others where appropriate.

The audit charter provides for the Committee to hold at least four (4) regular meetings a year, with the authority to convene special meetings when deemed required.

In 2023, four (4) meetings were held. The attendance by each member of the Committee is as indicated below:

Member	Mar 2, 2023 Regular Meeting*	Apr 27, 2023 Regular Meeting*	July 26, 2023 Regular Meeting*	Oct 25, 2023 Regular Meeting*
CESAR G. ROMERO Chairman, Independent Director	✓	✓	✓	✓
ROMEO L. BERNARDO Independent Director (Until Setempber 2023)	✓	✓	✓	N/A
JOANNE DE ASIS Independent Director	✓	✓	✓	✓
ERRAMON I. ABOITIZ, JR. Non-Executive Director	✓	✓	✓	✓
ANA MARIA A. DELGADO Non-Executive Director	✓	✓	✓	✓

**Attendance via Videocon*

Attendees to these Committee meetings also include the Group Internal Audit Head and, by invitation, the Chief Risk Officer, the Chief Financial Officer, Controller and other key leaders whenever deemed appropriate and necessary.

Executive sessions, without the presence of management, are scheduled after every regular Committee meeting as part of the meeting agenda to allow for open and candid discussions.

One-on-one sessions between the Board Audit Committee Chairman and the AEV Group Internal Audit head are also held regularly as needed.

Financial Reports

The Board Audit Committee reviewed, discussed, and approved for public disclosure the 2022 quarterly unaudited consolidated financial statements. The Committee endorsed for approval by the full Board the 2023 annual audited financial statements of AEV, its Subsidiaries and Associates. Included in the review were the Management Discussion and Analysis of Financial Condition and Results of Operations following prior review and discussion with Management, accounting, and the Company's independent external auditor, Sycip Gorres Velayo & Co. (SGV)—member practice of Ernst & Young (EY) in the Philippines.

The activities of the Audit Committee are performed in the context—

- That Management has the primary responsibility for the financial statements and the financial reporting process; and
- That the Company's independent external auditor is responsible for expressing an unqualified opinion on the conformity and consistency of application of the Company's audited financial statements with Philippine Financial Reporting Standards.

External Auditors

The 2023 overall scope and audit plan of SGV were reviewed and approved during the October 25, 2022 regular Audit Committee meeting. The audit plan, fees and terms of engagement which covers audit-related services provided by SGV were also reviewed and found to be reasonable.

The results of the SGV audits and its assessment of the overall quality of the financial reporting process were presented and discussed during the first Audit Committee meeting the following year, March 4, 2024.

Non-audit services (NAS) were provided by SGV in 2023. The bulk of the fees were related to the Aboitiz Infracapital Inc and AboitizPower. Minimal fees were paid for financial, tax and transfer pricing consulting activities including the conduct of trainings with regard to the adoption of new accounting standards and regulations.

All NAS provided by SGV has been approved in compliance with the new IESBA requirement for pre-concurrence for all proposed NAS before it is entered into or the provision of the services begin from those charged with governance, which in the case of AEV is its Board Audit Committee.

The Board Audit Committee, after evaluation of the performance of the external auditor in 2023 and finding it to be in accordance with the Standards, favorably endorsed to the full Board the re-appointment of SGV as external auditor for 2024. The full board, in its special meeting held March 5, 2024 approved the re-appointment of SGV with Jhoanna Feliza C. Go as the signing partner for AEV.

This re-appointment of SGV as the independent external auditor is subject to the final approval of the stockholders of AEV during the Annual General Stockholders meeting scheduled on April 22, 2024.

Internal Auditors

The Committee is satisfied with the internal audit function and has assessed that it is operating effectively and generally covers the risks pertinent to the Company in its audits. The Committee has reviewed and approved the annual audit program for the year which also covers the adequacy of resources, qualifications and competency of the staff and independence of the internal auditor.

With reference to the IPPF Attribute Standard 1100 which states that *"The Internal Audit Activity must be independent, and internal auditors must be objective in performing their work."*, the Committee confirms that the function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner. The Committee further confirms that, to the best of its knowledge and belief, the auditors have no personal or other impediments that would prevent them from objectively planning, conducting, reporting, or otherwise participating and reaching independent conclusions in their audit assignments in 2023. Internal audit is organizationally positioned to be independent— functionally reporting to the Committee and administratively to the President and Chief Executive Officer.

The Committee is satisfied with the content and quality of reports prepared and issued by the internal auditors during the year under review.

The Group Internal Audit team (GIA) remains to be the single-point-of-contact for the Audit Committee. It takes the lead in setting the standards, initiatives and overall direction of the group audit teams which, in turn, focus their reviews on the top risks of their respective business units. Except for the banks and other financial business units, information systems and technology-related risks however, still remain to be an area covered by AEV information systems auditors including the management of its outsourcing/co-sourcing activities.

Based on audit reports and highlights presented to the Committee and with the contribution provided by Management and other key leaders on the issues raised to their attention, the Committee concurs with internal audit's assessment that, generally, there is reasonable assurance that the existing system of internal controls, risk management and governance allow for a generally adequate management of identified risks and effectively supports the improvement of the management of the Company as a whole.

With cybersecurity risk still considered as one of the top risks of the Company, continuous focus is given to continuously improve and further strengthen governance and controls over the implementation of security standards for information systems and related technologies. Internal audit prioritized business unit compliance reviews to the minimum information technology and operational technology security standards set and agreed upon at corporate level.

External Quality Assessment

After undergoing an External Quality Assessment (EQA) review by the Institute of Internal Auditors (IIA) Philippines, the duly accredited validators of the Institute of Internal Auditors (IIA) International, the Internal Audit team of AEV "Generally Conforms" to the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics for Internal Audit Practitioners. Generally Conforms is the highest rating awarded in connection with an EQA and the Internal Audit Team has been commended for this achievement.

The EQA, much like any global certification is not required. Obtaining the EQA certification not only helps build the reputation of the Internal Audit Team but also of Aboitiz as a company. It gives credibility that AEV not only conforms, complies and follows but adopts and implements the standards and best practices of the internal audit function. The EQA certification, received in 2017, is valid for 5 years or until 2022.

EQA was not done in 2023 in view of the ongoing federalization in the internal audit function. The focus in 2023 was on setting-up a new resident internal audit team for Aboitiz InfraCapital Inc. and assisting in building the audit team of One Food Group. Transitioning was also done for the information technology audit function for the Aboitiz Power's internal audit group.

The AEV Internal Audit Team continually works on its Internal Quality Assurance Improvement Program and encourages its adoption especially to the newly organized resident internal audit teams.

Review of the Audit Charters

Annual review of the audit charters—Board Audit Committee charter and Internal Audit charter—was conducted. Proposed changes to the charters were presented, discussed and endorsed for full board approval during the October 25, 2023 Board Audit Committee meeting.

Proposed revisions to the Board Audit Committee charter were subsequently approved during the full board meeting dated January 24, 2024. An update on page 6, Section B.1. under Independent External Auditors was added as follows: *The SEC Oversight Assurance Review (SOAR) results at the firm level shall be disclosed to the Audit Committee including the remediation updates. This will be part of the independent auditor's annual evaluation.* Further, on page 6, Section B.2. it was made clear that all non-audit services shall be disclosed and approved by the Committee. This is in accordance with the new IESBA requirement of pre-approval of all NAS as earlier mentioned under the section on "External Auditors".

Self-Assessment

The Committee conducted its annual self-assessment in accordance with the guidelines of SEC Memo Cir. No. 19, series of 2016 and the Company's Revised Manual. The assessment result showed that it fully complied with the requirements set forth in the Audit Charter and met the necessary and most important requirements set by global standards and best practices.

Risk Management

The partnership between the risk management team and internal audit has remained solid and vital in continuously providing objective assurance to the board on the effectiveness of the risk management function in the Company.

The top strategic risks, emerging risks and project risks are key inputs in the preparation and prioritization of internal audit's master plan for the following year. The risk management plan, presented, discussed and approved by the Board Risk and Reputation Committee empowers the business to adequately identify and address the risks to ensure that the organization's plans, strategies and business objectives are achieved.

The internal audit team presents to the Board Risk and Reputation Committee the results of the annual Strategic Risk Management Plan validation reviews conducted across the different business units. The reviews give an assurance to management and the Board on the existence status and effectiveness assessment, where verifiable, of the risk treatments plans to address the identified risks for the year.

After considering, analyzing and reviewing all pertinent information on the integrity of financial reporting, effectiveness of internal controls, risk management, governance and compliance within the Aboitiz group of companies, the Committee is of the view that, in all material aspects, the duties and responsibilities as so outlined in its Charter have been satisfactorily performed.

In behalf of the Board Audit Committee,

(SGD)
Cesar G. Romero
Independent Director
Board Audit Committee Chairman

Internal Control and Compliance System Attestation

For the year ended, December 31, 2023

Aboitiz Equity Ventures Inc.'s (AEV) corporate governance system includes a combination of internal and external mechanisms such as the structure of the board of directors and our committees, the oversight it exercises over management, and the formulation of sound policies and effective controls.

- The Board of Directors is responsible for providing governance and overseeing the implementation of adequate internal control mechanisms and risk management processes;
- Management is primarily responsible for designing and implementing an adequate (effective and efficient) internal control system and risk management processes as well as in ensuring compliance with statutory and regulatory requirements of the law;
- Management is responsible for developing a system to monitor and manage risks;
- SGV & Co., the Company's external auditor is responsible for assessing and expressing an opinion on the conformity of the audited financial statements with the Philippine Financial Reporting Standards and the overall quality of the financial reporting process;
- Internal Audit adopts a risk-based audit approach in developing an annual audit master plan and conducts reviews to assess the adequacy of the Company's internal control system; and
- The Company's Group Internal Audit Head that acts as the equivalent of a Chief Audit Executive reports functionally to the Board Audit Committee to ensure independence and objectivity, allowing Internal Audit to fulfill its responsibilities.

Based on the above assurance provided by the internal auditors as well as the external auditors as a result of their reviews, we attest that AEV's internal control and compliance system, which covers governance, risk management, and control processes, are generally adequate.

(SGD) **Sabin M. Aboitiz**
President & Chief Executive Officer

(SGD) **Maria Lourdes Y. Tanate**
Group Internal Audit Head

(SGD) **Connie G. Chu**
SVP Chief Legal and Compliance Officer

(SGD) **Christine C. Kempeneers**
AVP Risk Management

The Board Audit Committee Report to the Board of Directors

Aboitiz Power Corporation

The Board Audit Committee is pleased to present its report for the financial year ended December 31, 2023.

Board Audit Committee Responsibility

The primary purpose of the Audit Committee is to assist the full Board in fulfilling its responsibility to the public, governmental and/or regulatory bodies in:

a) Ensuring the integrity of the Company's financial reporting processes, including ensuring the integrity of financial reports and other financial information provided by the Company to the public, governmental and/or regulatory bodies;
b) Ensuring excellence in the Company's control performance by having an adequate and effective internal control system, governance and risk management processes and reviewing the performance of the Company's internal audit function;
c) Reviewing the annual independent audit of the Company's financial statements and the external auditors qualifications and independence;
d) Ensuring compliance with applicable laws and regulations which may represent material financial exposure to the Company; and
e) Providing an avenue of communication among the Company's independent auditors, the management, the internal audit department and the Company.

The Committee in fulfilling its purpose will establish a constructive and collaborative relationship with the Company's senior leadership especially the Company CEO, COOs, CFO and the heads of the different departments.

Committee Membership

The Board Audit Committee is composed of five (5) Directors, four (4) of whom are independent directors and non-executive directors including the Chairman, Eric Ramon O. Recto (Independent Director). Other members of the committee are Cesar G. Romero (Independent Director), Edwin R. Bautista (Non-Executive Director), Luis Miguel O. Aboitiz (Non-Executive Director), and Danel C. Aboitiz (Director).

Meetings and Attendance

The Board Audit Committee carried out its function through its meetings with management, internal auditors, independent external auditors, advisers and others, where appropriate.

The Audit Committee Charter provided for the committee to hold at least four (4) regular meetings a year, with the authority to convene special meetings, when deemed required.

In 2023, four (4) meetings were held via videoconferencing. The attendance of the committee members is indicated below:

Member	**Mar 1, 2023** Regular Meeting	**Apr 26, 2023** Regular Meeting	**July 21 & 25, 2023** Regular Meeting	**Oct 24, 2023** Regular Meeting
ERIC RAMON O. RECTO Chairman, Independent Director	✓	✓	✓	✓
CESAR G. ROMERO** Member, Independent Director	✓	✓	✓	✓
EDWIN R. BAUTISTA Member, Non-Executive Director	✓	✓	✓	✓
LUIS MIGUEL O. ABOITIZ Member, Non-Executive Director	✓	✓	✓	✓
DANEL C. ABOITIZ Member, Director	✓	✓	✓	✓

Attendees to these meetings also include the 1AP Internal Audit Group Head, Aboitiz Group Internal Audit Head, and, by invitation, the Chief Risk Officer, Chief Financial Officer and other key leaders when deemed appropriate.

Regular one-on-one sessions of 1AP Internal Audit Head with the Chairman of the Board Audit Committee prior to every scheduled Board Audit Committee meeting are also conducted.

Financial Reports

The Board Audit Committee reviewed, discussed, and endorsed for approval by the full board *(public disclosure)* the 2023 quarterly unaudited consolidated financial statements as well as the 2023 annual audited financial statements of Aboitiz Power Corp., its subsidiaries and alliances. Included in the review were the Management Discussion and Analysis of Financial Condition and Results of Operations following prior review and discussion with management, accounting, and the company's independent external auditor, SyCip Gorres Velayo & Co. (SGV) – a member practice of Ernst & Young (EY) in the Philippines.

The activities of the Board Audit Committee are performed in the context –

- That management has the primary responsibility for the financial statements and the financial reporting process; and
- That the company's independent external auditor is responsible for expressing an unqualified opinion on the conformity and consistency of application of the Company's audited financial statements with Philippine Financial Reporting Standards.

External Auditors

Upon endorsement of the Board Audit Committee to the full Board which, in turn, sought the approval of the shareholders of Aboitiz Power Corp., during its Annual General Stockholders Meeting held last April 24, 2023, SyCip Gorres Velayo & Co. (SGV) was re-appointed as the independent external auditor for 2023 with Jhoanna Feliza C. Go as the signing partner for SGV.

The overall scope and audit plan of SGV were reviewed and approved during the October 24, 2023 regular Board Audit Committee meeting. The audit plan, fees and terms of engagement which covers audit-related services provided by SGV were also reviewed and found to be reasonable.

The results of the SGV audits and its assessment of the overall quality of the financial reporting process were presented and discussed during the first Audit Committee meeting the following year, March 4, 2024.

In 2023, the Company also engaged SGV on non-audit related services which are now also reviewed and approved by the Board Audit Committee.

Internal Auditors

The Board Audit Committee is satisfied with the internal audit function and has assessed that it is operating effectively and is able to generally cover the relevant risks pertinent to the company in its audits. The Committee has reviewed and approved the annual audit program for the year which also covers the adequacy of resources, qualifications and competencies of the staff, and independence of the internal auditor.

With reference to the International Professional Practices Framework (IPPF) Attribute Standard 1100 which states that "The Internal Audit Activity must be independent, and internal auditors must be objective in performing their work.", the Board Audit Committee confirms that the function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner. The Committee further confirms that, to the best of its knowledge and belief, the auditors have no personal or other impairments that would prevent them from objectively planning, conducting, reporting, or otherwise participating and reaching independent conclusions in their audit assignments in 2023. Internal audit is organizationally positioned to be independent – functionally reporting to the Board Audit Committee and administratively to the President and Chief Executive Officer.

The Board Audit Committee is satisfied with the content and quality of reports prepared and issued by the internal auditors during the year under review.

The 1AP Group Internal Audit remains to be the single-point-of-contact for the Board Audit Committee. It takes the lead in setting the standards, initiatives, and overall direction of the audit team which, in turn, focuses its reviews on the top risks of respective business units.

Information systems and technology-related risks, however, still remain to be an area mostly covered by the Aboitiz Equity Ventures' information systems auditors in 2023. In 2024 and as part of the federalization initiative of the Group, the 1AP IT and IS engagements will be fully under the responsibility of 1AP Internal Audit Group.

Based on audit reports and highlights presented to the Board Audit Committee and with the contribution provided by management and other key leaders on the issues raised to their attention, the Board Audit Committee concurs with the internal audit's assessment that, generally, there is a reasonable assurance that the existing system of internal controls, risk management, and governance allow for generally adequate management of identified risks and effectively supports the improvement of the management of the Company as a whole.

External Quality Assessment

The 1AP Internal Audit Group (IAG), after undergoing the External Quality Assessment (EQA) review by the authorized validator of the Institute of Internal Auditors (IIA) Australia that are duly accredited by the Institute of Internal Auditors (IIA) International, received the official EQAR results in October 2022.

Acquiring the EQA global certification helps build the reputation not just of internal audit but of Aboitiz Power Corp. as a company that not only conforms, complies, and follows but adopts and implements the International Standards for the Professional Practice of Internal Auditing. **The EQA certification is valid for 5 years until 2027**. Until then, 1AP Internal Audit Group ensures that it continually works on its Quality Assurance Improvement Program by doing its interim self-assessment annually.

Review of the Audit Charters

Annual review and updating of the Board Audit Committee Charter was conducted. Changes were effected in 2023. The existing Board Audit Committee Charter reinforced the oversight responsibilities of the Board Audit Committee in ensuring excellence of external auditor performance by including SEC Oversight Assurance Review Resolution Results as part of the evaluation criteria.

The review and updating of the Internal Audit Team Charter are also done annually, and approved by the Board Audit Committee.

Self-Assessment

The Board Audit Committee conducted its annual self-assessment in accordance with the guidelines of SEC Memo Circular No. 4, series of 2012. The assessment results showed that it fully complied with the requirements set forth in the Audit Charter and met the necessary and most important requirements set by global standards and best practices.

Risk Management

The partnership between the functions of risk management and audit has remained solid. In order to continuously provide objective assurance to the Board on the adequacy (effectiveness and efficiency) of the internal control system, the top strategic risks that present a significant impact to the Company's ability to execute its plans and strategies as well as to achieve its business objectives are prioritized. These top risks are among the relevant factors in consideration for the preparation of the internal audit's master plan for the following year.

After considering, analyzing and reviewing all pertinent information to the integrity of financial reporting, adequacy of internal controls, risk management, governance and compliance within Aboitiz Power Corp. and its affiliated companies, the Committee is of the view that, in all material aspects, the duties and responsibilities as so outlined in its Charter have been satisfactorily performed.

In behalf of the Board Audit Committee,

(SGD) **Eric Ramon O. Recto**
Chairman, Independent Director
Board Audit Committee

Aboitiz Power Corporation

Internal Control and Compliance System Attestation

For the year ended, December 31, 2023

Aboitiz Power Corporation (AP) corporate governance system includes a combination of internal and external mechanisms such as the structure of the board of directors and our committees, the oversight it exercises over management, and the formulation of sound policies and controls.

- The Board of Directors is responsible for providing governance and in overseeing the effective implementation of adequate internal control mechanism and risk management processes;
- Management is primarily responsible for designing and implementing an adequate (effective and efficient internal control system and risk management processes as well as in ensuring compliance with legal requirements (statutory and regulatory);
- Management is responsible for developing a system to monitor and manage risks;
- SGV & Co., the Company's external auditor is responsible for assessing and expressing an opinion on the conformity of the audited financial statement with Philippine Financial Reporting Standards and the overall quality of the financial reporting process;
- Internal Audit adopts a risk-based audit approach in developing an annual audit master plan and conducts reviews to assess the adequacy of the Company's internal control system;
- The Company's Internal Audit Group Head that acts as the equivalent of a Chief Audit Executive and reports functionally to the Board Audit Committee. This is to ensure independence and objectivity, allowing internal audit to fulfil its responsibilities; and
- Internal Audit activities conform to the International Standards for the Professional Practice of Internal Auditing as re-assessed in November 2022 as "generally conforming" with "Optimising" maturity level assessment. This assessment is valid for S years (until 2027). Also, the Internal Audit Team is continuously evaluated annually through self- assessment and peer reviews.

Based on the above assuranceoprovided by the Internal auditors as well as the external auditors as a result of their reviews, we attest that Aboitiz Power Corporation's internal control and compliance system, wh ch covers governance, risk and control processes, are generally adequate.

(SGD) **Emmanuel V. Rubio**
President & Chief Executive Officer

(SGD) **Juan Pascual C. Cosare**
AP Internal Audit Head

Conglomerate Map

Aboitiz Equity Ventures Inc. and Subsidiaries

aboitiz
Equity Ventures

POWER

- Aboitiz Power Corporation 53.09%
  - DISTRIBUTION
    - Davao Light & Power Company, Inc. 99.93%
    - Visayan Electric Company, Inc. 55.26%
    - Cotabato Light & Power Company 99.94%
      - Cotabato Ice Plant, Inc. 100%
    - San Fernando Electric Light & Power Co., Inc. 20.29% (D) 43.78% (B)
    - Subic EnerZone Corporation 99.98% (B)
    - Mactan EnerZone Corporation 100%
    - Balamban EnerZone Corporation 100%
    - LiMA EnerZone Corporation 100%
    - Malvar EnerZone Corporation 100%
  - GENERATION
    - Aboitiz Renewables, Inc. 100%
      - AP Renewables, Inc. 100%
      - Luzon Hydro Corp. 100%
      - Hedcor, Inc. 100% (B)
      - Hedcor Sibulan, Inc. 100%
      - Hedcor Tudaya, Inc. 100% (B)
      - Hedcor Sabangan, Inc. 100% (B)
      - Hedcor Bukidnon, Inc. 100% (B)
      - Aseagas Corporation 100%
      - Maaraw Holdings San Carlos, Inc. 100% (B)
      - San Carlos Sun Power, Inc. 100% (B)
      - AboitizPower Distributed Energy, Inc. 100% (B)
      - AboitizPower Distributed Renewables, Inc. 100%
      - PV Sinag Power, Inc. 100%
      - RE Resources, Inc. 100%
      - AP Renewables Energy Corporation 100%
      - Cornerstone Energy Development, Inc. 60%
      - Manila-Oslo Renewable Enterprise, Inc. 83.33%
        - SN Aboitiz Power - Magat, Inc. 60%
        - SN Aboitiz Power - Benguet, Inc. 60%
        - SN Aboitiz Power - Generation, Inc. 60%
        - SN Aboitiz Power - Res, Inc. ** 60%
    - Cebu Private Power Corp. 60%
      - East Asia Utilities Corp. 50% (D) 100% (B)
      - STEAG State Power, Inc. 69.4%
      - Southern Philippines Power Corp. 20%
      - Western Mindanao Power Corp. 20%
      - Therma Power, Inc. 100%
        - Therma Luzon, Inc. 100%
        - Therma South, Inc. 100% (B)
        - Therma Marine, Inc. 100%
        - Therma Mobile, Inc. 100% (B)
        - Therma Power Visayas, Inc. 100%
        - Therma Visayas, Inc. 80% (B)
        - GNPower Mariveles Energy Center LTD. Co. 78.33% (B)
        - AA Thermal, Inc. 49% (Voting) 60% (Economic)
        - GNPower Dinginin Ltd. Co. 70% (B)
        - Pagbilao Energy Corporation* 50%
        - Redondo Peninsula Energy, Inc. 25%
        - Abovant Holdings, Inc. 60%
          - Cebu Energy Devt. Corp. 44%
  - RETAIL ELECTRICITY SUPPLY
    - Aboitiz Energy Solutions, Inc. 100%
    - Advent Energy, Inc. 100%
    - Prism Energy, Inc. 60%
    - Mazzaraty Energy Corporation 44.87%
  - OTHERS
    - AboitizPower International Pte. Ltd. 100%

BANKING AND FINANCIAL SERVICES

- Union Bank of the Philippines 49.94%
  - UnionDigital Bank Inc. 100%
  - UnionBank Investment Management and Trust Corporation 100%
  - UnionBank Financial Services and Insurance Brokerage, Inc. 100%
  - UBX Philippines Corporation 100%
    - UBX Private Limited 100%
    - UBX Remit Pte. Ltd. 100%
    - Shiptek Solutions PTE. LTD. 60% 30% [UBX PH]; 30% [UBX PL]
  - City Savings Bank 99.79%
  - PETNET, Inc. 51% 40% [CSB]; 11% [UIC]
  - Bangko Kabayan, Inc. 97.52% 49% [CSB]; 24% (UIC); 25% (UBP)
  - UBP Investments Corp. 100%
    - First Union Insurance & Financial Agencies, Inc. 100%
    - First Union Direct Corp. 100%
    - First Union Plans, Inc. 100% 97.22% [UIC]; 2.78% [UBP]

FOOD

- Pilmico FeedAll Holdings, Inc. 100%
  - Pilmico Foods Corporation 100%
    - Pilmico Animal Nutrition Corp. 100% (B)
    - Fil-Agri Holdings, Inc. 100%
      - Fil-Agri, Inc. 100% (B)
- Pilmico International Pte. Ltd. 100% ***
  - ABAQA International Pte. Ltd. 100%
  - Pilmico Vietnam Company Ltd. 100%
  - Gold Coin Management Holdings Pte. Ltd. 100%
    - GC Investment Holdings Ltd. 100%
      - Gold Coin (Zhangzhou) Company Ltd. 100%
      - Gold Coin (Zhuhai) Company Ltd. 100%
      - Gold Coin Feedmill (Kunming) Company Ltd. 100%
        - Jin Fu Boar Stud Farm (Mengzi) Co., Ltd 20%
      - Gold Coin Feedmill (Dongguan) Company Ltd. 100%
      - Gold Coin Agriculture (Guangxi) Company Ltd. 100%
      - Gold Coin (Yunnan) Company Ltd. 100%
      - Gold Coin Management (Shenzhen) Company Ltd. 100%
    - Gold Coin Sabah Sdn. Bhd. 100%
      - Gold Coin Feedmill (Dong Nai) Company Ltd. 100%
        - American Feeds Company Ltd. 100%
        - Gold Coin Feedmill Ha Nam Company Ltd. 100%
      - Gold Coin Holdings SDN. BHD. 100%
      - P.T. Gold Coin Indonesia 100% (B)
        - P.T. Gold Coin Specialities 100% (B)
        - P.T. Ayam Unggul 60%
      - FEZ Animal Nutrition PTE. LTD. 100%
        - FEZ Animal Nutrition Pakistan (Private) Limited 100% (B)
    - Klean Greentech Co. Ltd. 100% (B)
      - Gold Coin Feedmill Binh Duong Company Ltd. 100%
      - Gold Coin Vietnam Holdings Pte. Ltd. 100%
    - Gold Coin Aqua Feed Incorporated 100%
      - Gold Coin Aqua Feed (Singapore) Pte. Ltd. 100%
        - Gold Coin Specialities Sdn. Bhd. 100% (B)
        - Gold Coin Specialities (Thailand) Co. Ltd. 100% (B)
        - P.T. Gold Coin Trading Indonesia 100% (B)
    - Gold Coin Malaysia Group Sdn. Bhd. 100%
      - Gold Coin Feedmills (Malaysia) Sdn. Bhd. 100%
      - Gold Coin Feedmill (Sabah) Sdn. Bhd. 100%
      - Gold Coin Sarawak Sdn. Bhd. 72.8%
      - Gold Coin Feedmill (Brunei) Sdn. Bhd. 20%
      - Golden Livestock Sdn. Bhd. 100%
        - K&L Farming Industries Sdn. Bhd. 30%

INFRASTRUCTURE

- Aboitiz InfraCapital, Inc. 100%
  - Apo Agua Infrastructura, Inc. 70% (B)
  - LiMA Water Corp. 100%
  - Balibago Water Systems, Inc. 15.94%
  - Unity Digital Infrastructure, Inc. 50%
  - Lima Land, Inc. 100%
  - GMR Megawide Cebu Airport Corporation 33.33%
- AEV CRH Holdings, Inc. 60%
  - Republic Cement & Building Materials, Inc. 99.40%
    - Republic Cement Mindanao, Inc. 99.72% (B)
    - Republic Cement Land and Resources, Inc. 100%
- CRH Aboitiz Holdings, Inc. 45%
  - Republic Cement Services, Inc. 100%

LAND

- Aboitiz Land, Inc. 100%
  - Cebu Industrial Park Developers Inc. 60%
    - Cebu Industrial Park Services Inc. 100%
  - Cebu District Property Enterprise, Inc. 50%
  - Propriedad Del Norte 100%
  - Misamis Oriental Land Development Corp. 60%
  - Allrise Development Corp. 100%
    - Triplecrown Properties, Inc. 100%
    - 78 Pointblue, Inc. 100%
    - Firmwall Systems, Inc. 100%

OTHERS

- AEV Aviation, Inc. 73.31% (D) 93.86% (B)
- Cebu Praedia Development Corp. 100.00%
- Advance Data Innovation Inc. 100%
- Archipelago Insurance Pte. Ltd. 100%
- Singapore Life (Philippines), Inc. 15%
- AEV International Pte. Ltd. 100%
  - Aboitiz Data Innovation Pte. Ltd. 100%

Legend:
B - beneficial ownership
D - direct ownership

* Joint Operations
** Engages in retail electricity supply business
*** 100% owned by AEV International

As of December 31, 2023

Statement of Management's Responsibility for Financial Statements

Aboitiz Equity Ventures Inc.

SECURITIES & EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Aboitiz Equity Ventures, Inc.** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2023** and **2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

(sgd.)
ENRIQUE M. ABOITIZ JR.
Chairman of the Board

(sgd.)
SABIN M. ABOITIZ
President & Chief Executive Officer

(sgd.)
JOSE EMMANUEL U. HILADO
Senior Vice President - Chief Financial Officer

Signed this **5th day of March, 2023.**

Republic of the Philippines)
Taguig City) S.S.

Before me, a notary public in and for the city named above, personally appeared:

Name	Passport/CTC	Date/Place Issued
Enrique M. Aboitiz Jr.	P	
Sabin M. Aboitiz	P	
Jose Emmanuel U. Hilado	P	

who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this **19th** day of **March 2024**.

Doc. No. 108;
Page No. 107;
Book No. 21;
Series of 2023.

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115 (2023-2024)
Roll of Attorney No. 72376
MCLE Compliance VIII NO. 0031393-
Jan. 07, 2023 Until Apr. 14, 2028
PTR No.10075945/ Jan.02.2024/Makati City
IBP No.330740/ Jan.02.2024/Pasig City
1107 D Bataan St., Guadalupe Nuevo, Makati City

Independent Auditor's Report

Aboitiz Equity Ventures Inc.

The Stockholders and the Board of Directors
Aboitiz Equity Ventures, Inc.
32nd Street, Bonifacio Global City,
Taguig City, Metro Manila
Philippines

Opinion

We have audited the consolidated financial statements of Aboitiz Equity Ventures, Inc. and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2023 and 2022 and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment Testing of Goodwill

Under PFRSs, the Group is required to annually test the amount of goodwill for impairment. As of December 31, 2023, the goodwill attributable to the cash-generating units (CGUs) of GNPower Mariveles Energy amounted to Center Ltd. Co. and Gold Coin Management Holdings Pte. Ltd. amounted to ₱57.9 billion or 7% of total consolidated assets, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to estimation uncertainty, specifically discount and growth rates, revenue assumptions, and material price inflation.

The Group's disclosures about goodwill are included in Note 14 to the consolidated financial statements.

Audit Response
We involved our internal specialist in assessing the methodologies and assumptions used. We compared the key assumptions used, such as growth rate and revenue assumptions against the historical performance of the CGUs, industry outlook and other relevant external data. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Revenue Recognition of Distribution Utilities

The distribution utilities' revenue from the sale of electricity amounting to ₱53.4 billion accounts for 17% of the Group's consolidated revenues and is material to the Group. This matter is significant to the audit because the revenue recognized depends on the electric consumption captured, the rates applied across different customers, and the systems involved in the billing process. Electric consumption captured is based on the meter readings taken on various dates for the different types of customers (i.e., industrial, commercial, and residential customers) within the franchise areas of operations of the distribution utilities.

The Group's disclosures related to this matter are provided in Notes 2 and 26 to the consolidated financial statements.

Audit Response
We obtained an understanding and evaluated the design and tested the controls over the billing and revenue process which includes the capture and accumulation of meter data in the billing system and calculation of billed amounts, and uploading of billed amounts from the billing system to the financial

reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in billing statements.

Accounting for Investment in an Associate

The Group has an investment in Union Bank of the Philippines (UBP), which is a universal bank that is publicly listed in the Philippine Stock Exchange and accounted for under the equity method. For the year ended December 31, 2023, the Group's share in the net income of UBP amounted to ₱4.5 billion and accounts for 10% of the Group's consolidated net income. The Group's share in UBP's net income is significantly affected by the level of provisioning of its loans and receivables applying the expected credit loss (ECL) model. This matter is significant to our audit because the application of the ECL model requires significant management judgment and estimates.

The Group's disclosures on investments in associates are in Notes 2 and 10 to the consolidated financial statements.

Audit Response
We obtained the financial information of UBP for the year ended December 31, 2023 and recomputed the Group's share in net income of UBP and assessed the disclosures of the investment in associate in the consolidated financial statements.

We obtained an understanding of the methodologies and models used for UBP's different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments*, to reflect an unbiased and probability-weighted outcome, and to consider the time value of money and the best available forward-looking information. We also inspected and considered the results of the model validation on the risk rating performed by management's specialist.

We (a) assessed UBP's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place; (c) tested UBP's application of internal credit risk rating system, by reviewing the ratings of sample credit exposures; (d) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and the effects of credit enhancements provided by any party; (e) tested exposure at default considering outstanding commitments and repayment scheme; (f) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of UBP's lending portfolios and broader industry knowledge; and (g) tested the effective interest rate used in discounting the ECL.

Further, we checked the data used in the ECL models by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis.

We recalculated impairment provisions on a sample basis. We involved our internal specialists in the performance of the above procedures.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jhoanna Feliza C. Go.

SYCIP GORRES VELAYO & CO.

SGD.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079942, January 5, 2024, Makati City

March 5, 2024

A member firm of Ernst & Young Global Limited

Independent Auditor's Report on Supplementary Schedules

Aboitiz Equity Ventures Inc.

The Stockholders and the Board of Directors
Aboitiz Equity Ventures, Inc.
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Equity Ventures, Inc. and Subsidiaries as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

SGD.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079942, January 5, 2024, Makati City

March 5, 2024

Independent Auditor's Report on Components of Financial Soundness Indicators

Aboitiz Equity Ventures Inc.

The Stockholders and the Board of Directors
Aboitiz Equity Ventures, Inc.
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Equity Ventures, Inc. and Subsidiaries as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

SGD.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079942, January 5, 2024, Makati City

March 5, 2024

Consolidated Balance Sheets

Aboitiz Equity Ventures Inc.

(Amounts in Thousands)

	December 31, 2023	December 31, 2022 (As Restated - Note 2)	January 1, 2022 As Restated - Note 2)
ASSETS			
Current Assets			
Cash and cash equivalents (Note 4)	**₱112,293,582**	₱101,526,260	₱147,534,035
Trade and other receivables (Note 5)	**58,202,031**	61,319,148	48,020,420
Inventories (Note 6)	**45,569,654**	46,161,542	31,992,459
Derivative asset (Note 37)	**355,510**	2,669,218	1,383,903
Other current assets (Notes 7 and 8)	**37,963,070**	46,282,770	25,418,264
Total Current Assets	**254,383,847**	257,958,938	254,349,081
Noncurrent Assets			
Property, plant and equipment (Notes 13 and 19)	**229,700,594**	224,711,720	220,018,207
Investments and advances (Note 10)	**224,141,125**	195,855,745	154,815,613
Intangible assets (Note 14)	**81,887,996**	78,375,252	74,338,411
Investment properties (Notes 15 and 31)	**14,077,502**	14,423,957	12,227,553
Deferred income tax assets - net (Note 32)	**1,830,300**	1,519,532	1,742,644
Trade receivables - net of current portion (Note 5)	**377,214**	329,538	366,651
Derivative asset - net of current portion (Note 37)	**—**	395,644	75,718
Net pension assets (Note 30)	**262,814**	487,129	293,168
Other noncurrent assets (Notes 8 and 16)	**27,213,267**	33,720,624	15,145,672
Total Noncurrent Assets	**579,490,812**	549,819,141	479,023,637
TOTAL ASSETS	**₱833,874,659**	₱807,778,079	₱733,372,718
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables (Notes 17, 35 and 40)	**₱56,145,901**	₱59,347,137	₱45,779,404
Bank loans (Note 18)	**41,040,449**	45,367,586	35,415,424
Current portions of:			
Long-term debts (Note 19)	**15,218,412**	17,926,663	18,608,778
Long-term obligation on Power Distribution System (PDS) (Note 14)	**40,000**	40,000	40,000
Lease liabilities (Notes 13 and 22)	**245,762**	9,420,133	8,291,721
Derivative liability (Note 37)	**506,335**	330,809	1,180,048
Income tax payable	**724,243**	555,580	382,223
Total Current Liabilities	**113,921,102**	132,987,908	109,697,598

(Forward)

	December 31, 2023	December 31, 2022 (As Restated - Note 2)	January 1, 2022 As Restated - Note 2)
Noncurrent Liabilities			
Noncurrent portions of:			
Long-term debts (Note 19)	**₱316,356,779**	₱285,612,355	₱253,069,865
Lease liabilities (Notes 22)	**3,101,890**	18,440,790	25,964,507
Trade payables (Notes 17 and 35)	**1,185,415**	1,107,359	982,617
Long-term obligation on PDS (Note 14)	**82,730**	105,390	125,532
Customers' deposits (Note 20)	**9,112,905**	8,314,885	7,374,767
Decommissioning liability (Note 21)	**7,363,729**	5,654,234	5,686,224
Deferred income tax liabilities - net (Note 32)	**6,234,460**	4,310,881	2,533,306
Net pension liability (Note 30)	**1,169,205**	756,404	493,293
Derivative liability - net of current portion (Note 37)	**—**	330,592	174,664
Total Noncurrent Liabilities	**344,607,113**	324,632,890	296,404,775
Total Liabilities	**458,528,215**	457,620,798	406,102,373
Equity Attributable to Equity Holders of the Parent			
Capital stock (Note 23)	**5,694,600**	5,694,600	5,694,600
Additional paid-in capital (Note 23)	**13,013,197**	13,013,197	13,013,197
Equity reserve (Notes 2, 9 and 10)	**29,423,103**	29,491,200	29,491,200
Accumulated other comprehensive income (Note 25)	**(2,306,957)**	(4,424,925)	(235,375)
Retained earnings (Notes 10 and 24)			
Appropriated	**88,800,000**	79,800,000	9,200,000
Unappropriated	**138,476,219**	132,206,361	187,906,486
Treasury stock at cost (Note 23)	**(1,145,431)**	(647,672)	(647,672)
	271,954,731	255,132,761	244,422,436
Non-controlling Interests	**103,391,713**	95,024,520	82,847,909
Total Equity	**375,346,444**	350,157,281	327,270,345
TOTAL LIABILITIES AND EQUITY	**₱833,874,659**	₱807,778,079	₱733,372,718

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

Aboitiz Equity Ventures Inc.

(Amounts in Thousands, Except Earnings Per Share Amounts)

	Years Ended December 31		
	2023	2022 (As Restated - Note 2)	2021 (As Restated - Note 2)
REVENUES			
Sale of:			
Power (Note 26)	**₱205,818,244**	₱193,625,879	₱134,043,812
Goods	**91,737,828**	103,562,218	83,065,597
Real estate (Notes 15 and 26)	**9,476,487**	7,442,270	5,234,842
Service fees (Note 40)	**1,379,309**	1,373,478	716,387
Sale of swine at fair value (Note 8)	**585,893**	532,453	578,149
Others (Notes 16 and 35)	**1,621,328**	325,075	290,632
	310,619,089	306,861,373	223,929,419
COSTS AND EXPENSES			
Cost of generated and purchased power (Notes 27, 28, 35 and 40)	**135,433,770**	129,998,462	74,996,207
Cost of goods sold (Notes 6 and 28)	**81,329,202**	93,365,449	73,589,095
Operating expenses (Notes 28, 35, 38 and 39)	**50,806,725**	44,344,870	39,896,091
Cost of real estate sales (Note 6)	**5,004,708**	4,057,279	2,346,942
	272,574,405	271,766,060	190,828,335
OPERATING PROFIT	**38,044,684**	35,095,313	33,101,084
Share in net earnings of associates and joint ventures (Note 10)	**23,637,125**	20,781,865	17,245,643
Interest income (Notes 4, 7, 35 and 36)	**4,301,426**	1,867,224	530,851
Interest expense (Notes 22 and 36)	**(20,528,967)**	(17,856,684)	(17,042,156)
Other income (expense) - net (Notes 5, 31 and 35)	**6,060,374**	4,138,884	3,142,294
INCOME BEFORE INCOME TAX	**51,514,642**	44,026,602	36,977,716
PROVISION FOR INCOME TAX (Note 32)	**8,593,435**	5,366,748	4,561,177
NET INCOME	**₱42,921,207**	₱38,659,854	₱32,416,539
ATTRIBUTABLE TO:			
Equity holders of the parent	**₱23,546,289**	₱24,020,840	₱26,083,441
Non-controlling interests	**19,374,918**	14,639,014	6,333,098
	₱42,921,207	₱38,659,854	₱32,416,539
EARNINGS PER SHARE (Note 33)			
Basic and diluted, for net income for the year attributable to equity holders of the parent	**₱4.19**	₱4.27	₱4.63

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

Aboitiz Equity Ventures Inc.

(Amounts in Thousands)

	Years Ended December 31		
	2023	2022 (As Restated – Note 2)	2021 (As Restated – Note 2)
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	**₱23,546,289**	₱24,020,840	₱26,083,441
Non-controlling interests	**19,374,918**	14,639,014	6,333,098
	42,921,207	38,659,854	32,416,539
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified to consolidated statements of income:			
Movement in cumulative translation adjustments	**474,598**	1,357,951	2,534,198
Movement in cash flow hedges, net of tax	**(3,523,081)**	1,807,349	2,416,469
Share in movement in cumulative translation adjustments of associates and joint ventures (Note 10)	**(523,502)**	910,902	809,328
Share in movement in net unrealized mark-to-market gains (losses) on FVOCI investments of associates (Note 10)	**5,920,629**	(6,299,539)	(734,752)
Revaluation surplus, net of tax (Note 13)	**—**	642,672	—
Movement in net unrealized mark-to-market gains (losses) on FVOCI investments (Note 25)	**95,640**	(31,263)	(3,127)
	2,444,284	(1,611,928)	5,022,116
Items that will not be reclassified to consolidated statements of income:			
Share in movement in actuarial gains (losses) on defined benefit plans of associate and joint ventures, net of tax (Note 10)	**(227,641)**	250,113	235,055
Movement in actuarial gains (losses) on defined benefit plans, net of tax (Note 30)	**(436,800)**	266,598	333,096
	(664,441)	516,711	568,151
TOTAL COMPREHENSIVE INCOME	**₱44,701,050**	₱37,564,637	₱38,006,806
ATTRIBUTABLE TO:			
Equity holders of the parent	**₱25,664,257**	₱19,831,290	₱30,295,550
Non-controlling interests	**19,036,793**	17,733,347	7,711,256
	₱44,701,050	₱37,564,637	₱38,006,806

See accompanying Notes to Consolidated Financial Statements.

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to equity holders of the parent									
					Retained Earnings					
	Capital Stock: Common (Note 23)	Additional Paid-in Capital (Note 23)	Equity Reserve (Notes 2 and 9)	Accumulated Other Comprehensive Income (Notes 10 and 25)	Appropriated (Note 24)	Unappropriated (Note 24)	Treasury Stock (Note 23)	Total	Non-controlling Interest	Total
Balances at January 1, 2023, as previously reported	**₱5,694,600**	**₱13,013,197**	**₱29,491,200**	**(₱4,424,925)**	**₱79,800,000**	**₱133,269,226**	**(₱647,672)**	**₱256,195,626**	**₱96,007,011**	**₱352,202,637**
Effects of adoption of PAS 12 (Note 2)	**—**	**—**	**—**	**—**	**—**	**(1,062,865)**	**—**	**(1,062,865)**	**(982,491)**	**(2,045,356)**
Balances at January 1, 2023, as restated	**5,694,600**	**13,013,197**	**29,491,200**	**(4,424,925)**	**79,800,000**	**132,206,361**	**(647,672)**	**255,132,761**	**95,024,520**	**350,157,281**
Net income for the year	**—**	**—**	**—**	**—**	**—**	**23,546,289**	**—**	**23,546,289**	**19,374,918**	**42,921,207**
Other comprehensive income (loss)	**—**	**—**	**—**	**2,117,968**	**—**	**—**	**—**	**2,117,968**	**(338,125)**	**1,779,843**
Total comprehensive income for the year	**—**	**—**	**—**	**2,117,968**	**—**	**23,546,289**	**—**	**25,664,257**	**19,036,793**	**44,701,050**
Cash dividends - ₱1.47 per share (Note 24)	**—**	**—**	**—**	**—**	**—**	**(8,276,431)**	**—**	**(8,276,431)**	**—**	**(8,276,431)**
Acquisition of treasury shares (Note 23)	**—**	**—**	**—**	**—**	**—**	**—**	**(497,759)**	**(497,759)**	**—**	**(497,759)**
Appropriation during the year - net (Note 24)	**—**	**—**	**—**	**—**	**9,000,000**	**(9,000,000)**	**—**	**—**	**—**	**—**
Cash dividends paid to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(13,065,431)**	**(13,065,431)**
Acquisition of non-controlling interests	**—**	**—**	**(68,097)**	**—**	**—**	**—**	**—**	**(68,097)**	**—**	**(68,097)**
Changes in non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,395,831**	**2,395,831**
Balances at December 31, 2023	**₱5,694,600**	**₱13,013,197**	**₱29,423,103**	**(₱2,306,957)**	**₱88,800,000**	**₱138,476,219**	**(₱1,145,431)**	**₱271,954,731**	**₱103,391,713**	**₱375,346,444**
Balances at January 1, 2022, as previously reported	₱5,694,600	₱13,013,197	₱29,491,200	(₱235,375)	₱9,200,000	₱188,162,793	(₱647,672)	₱244,678,743	₱83,088,015	₱327,766,758
Effects of adoption of PAS 12 (Note 2)	—	—	—	—	—	(256,307)	—	(256,307)	(240,106)	(496,413)
Balances at January 1, 2022, as restated	5,694,600	13,013,197	29,491,200	(235,375)	9,200,000	187,906,486	(647,672)	244,422,436	82,847,909	327,270,345
Net income for the year, as restated	—	—	—	—	—	24,020,840	—	24,020,840	14,639,014	38,659,854
Other comprehensive income (loss)	—	—	—	(4,189,550)	—	—	—	(4,189,550)	3,094,333	(1,095,217)
Total comprehensive income (loss) for the year	—	—	—	(4,189,550)	—	24,020,840	—	19,831,290	17,733,347	37,564,637
Cash dividends - ₱1.62 per share (Note 24)	—	—	—	—	—	(9,120,965)	—	(9,120,965)	—	(9,120,965)
Appropriation during the year (Note 24)	—	—	—	—	70,600,000	(70,600,000)	—	—	—	—
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	(6,128,351)	(6,128,351)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	571,615	571,615
Balances at December 31, 2022	₱5,694,600	₱13,013,197	₱29,491,200	(₱4,424,925)	₱79,800,000	₱132,206,361	(₱647,672)	₱255,132,761	₱95,024,520	₱350,157,281
Balances at January 1, 2021, as previously reported	₱5,694,600	₱13,013,197	(₱6,215,026)	(₱3,959,403)	₱9,200,000	₱165,976,675	(₱647,672)	₱183,062,371	₱40,537,628	₱223,599,999

	Attributable to equity holders of the parent									
					Retained Earnings					
	Capital Stock: Common (Note 23)	Additional Paid-in Capital (Note 23)	Equity Reserve (Notes 2 and 9)	Accumulated Other Comprehensive Income (Notes 10 and 25)	Appropriated (Note 24)	Unappropriated (Note 24)	Treasury Stock (Note 23)	Total	Non-controlling Interest	Total
Effects of adoption of PAS 12 (Note 2)	—	—	—	—	—	969,875	—	969,875	286,636	1,256,511
Balances at January 1, 2021, as restated	5,694,600	13,013,197	(6,215,026)	(3,959,403)	9,200,000	166,946,550	(647,672)	184,032,246	40,824,264	224,856,510
Net income for the year, as restated	—	—	—	—	—	26,083,441	—	26,083,441	6,333,098	32,416,539
Other comprehensive income	—	—	—	4,212,109	—	—	—	4,212,109	1,378,158	5,590,267
Total comprehensive income for the year	—	—	—	4,212,109	—	26,083,441	—	30,295,550	7,711,256	38,006,806
Cash dividends - ₱0.91 per share (Note 24)	—	—	—	—	—	(5,123,505)	—	(5,123,505)	—	(5,123,505)
Sale of non-controlling interest	—	—	35,498,196	(488,081)	—	—	—	35,010,115	36,987,711	71,997,826
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	(1,624,383)	(1,624,383)
Acquisition of non-controlling interests	—	—	208,030	—	—	—	—	208,030	(1,105,703)	(897,673)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	54,764	54,764
Balances at December 31, 2021	₱5,694,600	₱13,013,197	₱29,491,200	(₱235,375)	₱9,200,000	₱187,906,486	(₱647,672)	₱244,422,436	₱82,847,909	₱327,270,345

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Aboitiz Equity Ventures Inc.

(Amounts in Thousands)

	Years Ended December 31		
	2023	2022 (As Restated - Note 2)	2021 (As Restated - Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱51,514,642**	₱44,026,602	₱36,977,716
Adjustments for:			
Interest expense (Note 36)	**20,528,967**	17,856,684	17,042,156
Depreciation and amortization (Note 28)	**15,127,901**	13,778,454	12,962,612
Net unrealized foreign exchange losses (gains)	**125,684**	(1,546,712)	281,255
Impairment loss on property, plant and equipment, goodwill and other assets (Notes 13, 14 and 16)	**224,774**	1,224,108	340,597
Write-off of project development costs (Note 31)	**308,871**	314,490	369,918
Loss (gain) on sale/disposal of:			
Property, plant and equipment and other assets (Notes 13 and 31)	**(90,108)**	158,832	(560,857)
Fair value through profit or loss (FVTPL) and FVOCI investments (Note 3)	**(61,408)**	(31,283)	(120,941)
Investment in a subsidiary and associate (Notes 9 and 10)	**—**	(183,299)	44,258
Unrealized mark-to-market losses (gains) on derivatives	**74,766**	(11,105)	851,375
Unrealized mark-to-market loss (gains) on FVTPL investments	**(84,425)**	191,710	4,727
Dividend income (Note 31)	**(8,107)**	(3,379)	(2,984)
Net unrealized valuation gains on investment property (Notes 15 and 31)	**(781,512)**	(527,154)	(976,228)
Interest income (Note 36)	**(4,301,426)**	(1,867,224)	(530,851)
Share in net earnings of associates and joint ventures (Note 10)	**(23,637,125)**	(20,781,865)	(17,245,643)
Gain from bargain purchase and remeasurement of previously held interest (Notes 9 and 29)	**(1,745,655)**	—	—
Operating income before working capital changes	**57,195,839**	52,598,859	49,437,110
Decrease (increase) in:			
Trade and other receivables	**2,433,677**	(16,881,735)	(9,466,903)
Inventories	**3,517,994**	(15,567,048)	(7,327,478)
Contract asset	**497,397**	—	—
Pension asset	**(97,263)**	8,292	2,348
Other current assets	**7,140,780**	(6,200,945)	(1,132,632)
Increase (decrease) in:			
Trade and other payables	**(7,204,104)**	18,938,169	7,773,934
Pension liability	**40,648**	183,342	65,169
Customers' deposits	**795,777**	980,007	401,496
Net cash flows generated from operations	**64,320,745**	34,058,941	39,753,044
Income and final taxes paid	**(6,494,082)**	(3,878,267)	(3,434,010)
Net cash flows from operating activities	**57,826,663**	30,180,674	36,319,034
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received (Note 10)	**4,491,446**	5,737,663	10,491,079
Interest received	**4,392,197**	1,543,936	528,326
Proceeds from sale of:			
FVTPL and FVOCI investments	**2,640,588**	151,289	800,415
Property, plant and equipment	**593,585**	119,332	89,136

(Forward)

	Years Ended December 31		
	2023	2022 (As Restated - Note 2)	2021 (As Restated - Note 2)
Acquisition through business combination, net of cash acquired (Note 9)	**(₱570,098)**	**₱**—	**₱**—
Disposal of a subsidiary, net of cash disposed (Note 9)	**—**	(190,312)	—
Additions to:			
Short-term cash deposits	**19,372,653**	(13,929,164)	(6,026,045)
FVTPL, including exchangeable notes and FVOCI investments (Notes 10 and 16)	**(406,902)**	(16,644,751)	(1,805,670)
Property, plant and equipment and investment properties (Notes 13 and 15)	**(21,762,234)**	(16,238,852)	(10,484,632)
Investments in and advances to associates (Note 10)	**(7,508,169)**	(30,731,074)	(2,678,043)
Increase in intangible assets (Note 14)	**(3,616,171)**	(2,540,531)	(4,297,612)
Decrease (increase) in other noncurrent assets	**177,158**	(1,755,165)	2,695,661
Proceeds from sale of common shares and redemption of preferred shares of associates and joint ventures (Note 10)	**—**	—	609,000
Net cash flows used in investing activities	**(2,195,947)**	(74,477,629)	(10,078,385)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of long-term debts - net of transaction costs (Note 19)	**49,326,661**	63,063,047	54,556,816
Net proceeds from (settlements of) bank loans	**(4,327,137)**	9,952,162	4,554,571
Acquisition of treasury shares (Note 23)	**(497,759)**	—	—
Proceeds from sale of non-controlling interest (Note 9)	**—**	—	71,997,886
Acquisition of non-controlling interests (Note 9)	**(128,882)**	—	(897,673)
Cash dividends paid to non-controlling interest	**(13,065,431)**	(6,128,351)	(1,624,383)
Cash dividends paid to equity holders of the parent (Note 24)	**(8,276,431)**	(9,120,965)	(5,123,505)
Interest paid	**(20,767,307)**	(14,785,307)	(13,242,432)
Payments of:			
Long-term debts (Note 19)	**(23,646,382)**	(37,113,280)	(47,621,110)
Lease liabilities, including accretion of interest	**(22,899,469)**	(10,232,070)	(9,611,197)
Net cash flows from (used in) financing activities	**(44,282,137)**	(4,364,764)	52,988,973
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**11,348,579**	(48,661,719)	79,229,622
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(581,257)**	2,653,944	2,338,002
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**101,526,260**	147,534,035	65,966,411
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱112,293,582**	₱101,526,260	₱147,534,035

See accompanying Notes to Consolidated Financial Statements.

Investor Information

Aboitiz Equity Ventures Inc.

Head Office:
NAC Tower, 32nd Street, Bonifacio Global City,
Taguig City, Metro Manila 1634 Philippines
Tel (632) 8886-2800 | Fax (632) 8886-2407

Cebu Office:
Aboitiz Corporate Center,
Gov. Manuel A. Cuenco Avenue,
Kasambagan, Cebu City 6000 Philippines
Tel (6332) 411-1800 | Fax (6332) 231-4037

Common Stock
The Company's common stock is listed and traded in the Philippine Stock Exchange.

Stockholders' Meeting
The Company's regular stockholders' meeting is held on the fourth Monday of April of every year.

Stockholder Services and Assistance
Stock Transfer Service, Inc. (STSI) serves as the Company's stock transfer agent.

For matters concerning dividend payments, account status, lost or damaged stock certificates, change of address, please write or call:

STOCK TRANSFER SERVICE, INC.
Unit 34-D Rufino Pacific Tower,
6784 Ayala Avenue, Makati City 1226, Philippines
Telephone No.: (632) 8403-3798 | (632) 8403-2410
(632) 85310-1351
Contact Person:
Mr. Michael C. Capoy
mccapoy@stocktransfer.com.ph
aboitiz.shareholder.services@aboitiz.com

Vincent Michael G. Mendoza
vgmendoza@stocktransfer.com.ph

AEV welcomes inquiries from institutional investors, analysts, and the financial community.

Please call or write:

Investor Relations
Aboitiz Equity Ventures Inc.
Jacqui De Jesus
Email: aev_investor@aboitiz.com

Website: www.aboitiz.com

Statement of Management's Responsibility for Financial Statements

Aboitiz Power Corporation

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Aboitiz Power Corporation** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2023, 2022** and **2021** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

(sgd.)
SABIN M. ABOITIZ
Chairman of the Board

(sgd.)
EMMANUEL V. RUBIO
President & Chief Executive Officer

(sgd.)
JUAN ALEJANDRO A. ABOITIZ
SVP & Chief Financial Officer/Corporate Information Officer

Signed this 5th day of March 2024

Republic of the Philippines)
Makati City) S.S.

Before me, a notary public in and for the city named above, personally appeared:

Name	Passport	Date/Place Issued
SABIN M. ABOITIZ	P	July 19, 2021; DFA Manila
EMMANUEL V. RUBIO	P	September 13, 2019; DFA Manila
JUAN ALEJANDRO A. ABOITIZ	P	February 5, 2021; DFA Manila

who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this MAR 13 2024.

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Page No. 59;
Book No. VII;

Series of 2024

ATTY. CZAR AUGUSTUS C. COLINA
Notary Public for Taguig City
Notarial Commission No. 76 (2023-2024)
Until 31 December 2024
AC Tower, 32nd Street, Bonifacio Global City, Taguig City
Roll No. 70362, Admitted to the Bar 02 June 2017
PTR No. A-6155015, 09 January 2024, Taguig City
IBP No. 414728, 10 January 2024, Makati City
MCLE Compliance No. VII-0011495

Independent Auditor's Report

Aboitiz Power Corporation

The Board of Directors and Stockholders
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

Opinion

We have audited the consolidated financial statements of Aboitiz Power Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment Testing of Goodwill

Under PFRSs, the Group is required to annually test the amount of goodwill for impairment. As of December 31, 2023, the goodwill attributable to the cash-generating unit (CGU) of GNPower Mariveles Energy Center Ltd. Co. amounted to ₱43.74 billion or 9% of total consolidated assets, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to estimation uncertainty, specifically discount and growth rates, revenue assumptions, and material price inflation.

The Group's disclosures about goodwill are included in Note 13 to the consolidated financial statements.

Audit Response
We involved our internal specialist in assessing the methodologies and assumptions used. We compared the key assumptions used, such as growth rate and revenue assumptions against the historical performance of the CGU, industry outlook and other relevant external data. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Revenue Recognition of Distribution Utilities

The distribution utilities' revenue from the sale of electricity amounting to ₱53.36 billion for the year ended December 31, 2023 accounts for 26% of the Group's consolidated revenues and is material to the Group. This matter is significant to the audit because the revenue recognized depends on the electric consumption captured, the rates applied across different customers, and the systems involved in the billing process. Electric consumption captured is based on the meter readings taken on various dates for the different types of customers (i.e., industrial, commercial, and residential customers) within the franchise areas of operations of the distribution utilities.

The Group's disclosures related to this matter are provided in Notes 3 and 21 to the consolidated financial statements.

Audit Response
We obtained an understanding and evaluated the design and tested the controls over the billing and revenue process which includes the capture and accumulation of meter data in the billing system and calculation of billed amounts, and uploading of billed amounts from the billing system to the financial reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in billing statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jhoanna Feliza C. Go.

SYCIP GORRES VELAYO & CO.

SGD.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079942, January 5, 2024, Makati City

March 5, 2024

Independent Auditor's Report on Supplementary Schedules

Aboitiz Power Corporation

The Board of Directors and Stockholders
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Power Corporation (the Company) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 5, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

SGD.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079942, January 5, 2024, Makati City

March 5, 2024

Independent Auditor's Report on Components of Financial Soundness Indicators

Aboitiz Power Corporation

The Board of Directors and Stockholders
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Power Corporation (the Company) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 5, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

SGD.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079942, January 5, 2024, Makati City

March 5, 2024

Consolidated Balance Sheets

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands)

	December 31, 2023	December 31, 2022 (As Restated - Note 3)	January 1, 2022 (As Restated - Note 3)
ASSETS			
Current Assets			
Cash and cash equivalents (Note 5)	**₱54,538,784**	₱64,763,642	₱57,130,243
Trade and other receivables (Note 6)	**34,247,542**	35,342,951	26,820,071
Inventories (Note 7)	**13,675,531**	16,123,700	9,574,613
Derivative assets (Note 34)	**355,308**	2,666,226	1,383,903
Other current assets (Note 8)	**12,986,262**	14,079,868	9,511,109
Total Current Assets	**115,803,427**	132,976,387	104,419,939
Noncurrent Assets			
Investments and advances (Note 10)	**91,640,709**	77,928,459	64,952,728
Property, plant and equipment (Notes 12 and 35)	**209,726,892**	206,857,588	203,239,825
Intangible assets (Note 13)	**49,757,097**	49,771,385	46,015,495
Derivative assets - net of current portion (Note 34)	**–**	245,801	75,718
Net pension assets (Note 27)	**40,459**	83,438	87,146
Deferred income tax assets (Note 29)	**1,337,626**	1,125,235	1,198,107
Other noncurrent assets (Note 14)	**18,717,096**	8,387,477	7,183,001
Total Noncurrent Assets	**371,219,879**	344,399,383	322,752,020
TOTAL ASSETS	**₱487,023,306**	₱477,375,770	₱427,171,959
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term loans (Note 16)	**₱19,959,100**	₱21,402,715	₱18,625,546
Current portions of:			
Long-term debts (Note 17)	**10,730,454**	10,279,212	18,419,227
Lease liabilities (Note 35)	**81,964**	9,288,292	8,106,781
Long-term obligation on power distribution system	**40,000**	40,000	40,000
Derivative liabilities (Note 34)	**481,595**	116,672	219,030
Trade and other payables (Note 15)	**32,868,673**	32,948,328	22,744,322
Income tax payable	**472,703**	492,656	264,647
Total Current Liabilities	**64,634,489**	74,567,875	68,419,553

(Forward)

	December 31, 2023	December 31, 2022 (As Restated - Note 3)	January 1, 2022 (As Restated - Note 3)
Noncurrent Liabilities			
Noncurrent portions of:			
Long-term debts (Note 17)	**₱203,540,676**	₱189,172,706	₱163,618,747
Lease liabilities (Note 35)	**2,832,881**	18,253,664	25,667,098
Long-term obligation on power distribution system	**82,730**	105,390	125,532
Derivative liabilities - net of current portion (Note 34)	**–**	330,592	174,664
Customers' deposits (Note 18)	**8,861,811**	8,144,054	7,200,341
Decommissioning liability (Note 19)	**7,363,729**	5,654,234	5,686,224
Deferred income tax liabilities (Note 29)	**4,829,487**	2,415,245	847,229
Net pension liabilities (Note 27)	**903,138**	599,491	302,812
Other noncurrent liabilities (Note 40j)	**–**	–	54,505
Total Noncurrent Liabilities	**228,414,452**	224,675,376	203,677,152
Total Liabilities	**293,048,941**	299,243,251	272,096,705
Equity Attributable to Equity Holders of the Parent			
Paid-in capital (Note 20a)	**19,947,498**	19,947,498	19,947,498
Share in other comprehensive income of associates and joint ventures (Note 10)	**651,102**	1,220,171	185,183
Cumulative translation adjustments (Note 34)	**5,764,141**	5,462,557	1,917,151
Cash flow hedge reserve (Note 34)	**(269,282)**	2,646,733	917,353
Actuarial losses on defined benefit plans (Note 27)	**(1,283,856)**	(1,095,697)	(1,072,629)
Equity reserve	**(7,175,742)**	(7,175,742)	(7,175,742)
Treasury stock - at cost (Note 20)	**(4,891,831)**	**–**	**–**
Retained earnings (Note 20b)			
Appropriated	**11,900,000**	20,060,000	20,060,000
Unappropriated (Notes 10 and 20c)	**155,496,036**	127,994,906	112,666,214
	180,138,066	169,060,426	147,445,028
Non-controlling Interests	**13,836,299**	9,072,093	7,630,226
Total Equity (Note 20)	**193,974,365**	178,132,519	155,075,254
TOTAL LIABILITIES AND EQUITY	**₱487,023,306**	₱477,375,770	₱427,171,959

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands, Except Earnings Per Share Amounts)

	Years Ended December 31		
	2023	2022 (As Restated - Note 3)	2021 (As Restated - Note 3)
OPERATING REVENUES			
Sale of power (Notes 21 and 32):			
Generation	**₱106,795,878**	₱101,500,632	₱70,008,135
Distribution	**53,362,657**	57,235,327	44,375,529
Retail electricity supply	**46,123,403**	35,179,570	19,874,964
Interest income on concession contract asset (Note 14)	**716,218**	–	–
Technical, management and other fees (Note 32)	**101,741**	78,059	100,593
OPERATING REVENUES	**207,099,897**	193,993,588	134,359,221
OPERATING EXPENSES			
Cost of purchased power (Notes 22 and 32)	**71,460,870**	69,379,333	41,496,499
Cost of generated power (Note 23)	**63,972,900**	60,619,129	33,499,708
Depreciation and amortization (Notes 12, 13 and 35)	**13,109,562**	11,863,670	11,202,273
General and administrative (Note 24)	**13,109,311**	10,194,903	9,540,775
Operations and maintenance (Note 25)	**13,662,175**	12,133,579	10,410,170
	175,314,818	164,190,614	106,149,425
FINANCIAL INCOME (EXPENSES)			
Interest income (Notes 5 and 32)	**1,667,278**	678,696	343,233
Interest expense and other financing costs (Notes 16, 17, 33 and 35)	**(14,161,646)**	(13,420,348)	(13,590,365)
	(12,494,368)	(12,741,652)	(13,247,132)
OTHER INCOME			
Share in net earnings of associates and joint ventures (Note 10)	**19,817,774**	15,134,970	9,479,696
Other expenses - net (Note 28)	**4,633,814**	515,330	213,565
	24,451,588	15,650,300	9,693,261
INCOME BEFORE INCOME TAX	**43,742,299**	32,711,622	24,655,925
PROVISION FOR INCOME TAX (Note 29)	**7,276,865**	4,701,005	3,862,403
NET INCOME	**₱36,465,434**	₱28,010,617	₱20,793,522

(Forward)

	Years Ended December 31		
	2023	2022 (As Restated - Note 3)	2021 (As Restated - Note 3)
ATTRIBUTABLE TO:			
Equity holders of the parent	**₱33,101,720**	₱25,998,668	₱19,085,669
Non-controlling interests	**3,363,714**	2,011,949	1,707,853
	₱36,465,434	₱28,010,617	₱20,793,522
EARNINGS PER COMMON SHARE (Note 30)			
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	**₱4.52**	₱3.53	₱2.59

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands)

	Years Ended December 31		
	2023	2022 (As Restated - Note 3)	2021 (As Restated - Note 3)
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	**₱33,101,720**	₱25,998,668	₱19,085,669
Non-controlling interests	**3,363,714**	2,011,949	1,707,853
	36,465,434	28,010,617	20,793,522
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:			
Movement in cumulative translation adjustments	**369,718**	3,532,388	2,990,011
Movement in cash flow hedges (Note 33)	**(2,949,939)**	1,884,965	2,355,803
Share in movement in cumulative translation adjustment of associates and joint ventures	**(534,264)**	986,012	753,960
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	**(3,114,485)**	6,403,365	6,099,774
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:			
Share in actuarial gain (loss) on defined benefit plans of associates and joint ventures, net of tax	**(34,805)**	48,976	7,915
Actuarial gain (loss) on defined benefit plans, net of tax (Note 27)	**(232,578)**	4,871	168,827
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	**(267,383)**	53,847	176,742
Total other comprehensive income (loss) for the year, net of tax	**(3,381,868)**	6,457,212	6,276,516
TOTAL COMPREHENSIVE INCOME	**₱33,083,566**	₱34,467,829	₱27,070,038
ATTRIBUTABLE TO:			
Equity holders of the parent	**₱29,730,061**	₱32,285,374	₱25,295,804
Non-controlling interests	**3,353,505**	2,182,455	1,774,234
	₱33,083,566	₱34,467,829	₱27,070,038

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

Aboitiz Power Corporation and Subsidiaries

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to Equity Holders of the Parent											
	Paid-in Capital (Note 20a)	Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures (Note 10)	Cumulative Translation Adjustments (Note 34)	Cash Flow Hedge Reserve	Actuarial Losses on Defined Benefit Plans (Note 27)	Equity Reserve	Treasury stock (Note 20)	Retained Earnings (Note 20b) Appropriated	Retained Earnings (Note 20b) Unappropriated	Total Attributable to Equity Holders of the Parent	Non-controlling Interests	Total
Balances at January 1, 2023, as previously stated	₱19,947,498	₱1,220,171	₱5,462,557	₱2,646,733	(₱1,095,697)	(₱7,175,742)	₱–	₱20,060,000	₱130,037,425	₱171,102,945	₱9,071,823	₱180,174,768
Effect of PAS 12 (Note 3)	–	–	–	–	–	–	–	–	(2,042,519)	(2,042,519)	270	(2,042,249)
Balances at January 1, 2023, as restated	19,947,498	1,220,171	5,462,557	2,646,733	(1,095,697)	(7,175,742)	—	20,060,000	127,994,906	169,060,426	9,072,093	178,132,519
Net income for the year	–	–	–	–	–	–	–	–	33,101,720	33,101,720	3,363,714	36,465,434
Other comprehensive income (loss)												
Share in other comprehensive loss of associates and joint ventures	–	(569,069)	–	–	–	–	–	–	–	(569,069)	–	(569,069)
Movement in cumulative translation adjustments	–		301,584	–	–	–	–	–	–	301,584	68,134	369,718
Movement in cash flow hedges	–	–	–	(2,916,015)	–	–	–	–	–	(2,916,015)	(33,924)	(2,949,939)
Actuarial losses on defined benefit plans, net of tax	–	–	–	–	(188,159)		–	–	–	(188,159)	(44,419)	(232,578)
Total comprehensive income (loss) for the year	–	(569,069)	301,584	(2,916,015)	(188,159)		–	–	33,101,720	29,730,061	3,353,505	33,083,566
Reversal of appropriation	–	–	–	–	–	–	–	(8,160,000)	8,160,000	–	–	–
Cash dividends - ₱1.87 per share (Note 20b)	–	–	–	–	–	–	–	–	(13,760,590)	(13,760,590)	–	(13,760,590)
Acquisition of treasury stock (Note 20)	–	–	–	–	–	–	(4,891,831)	–	–	(4,891,831)	–	(4,891,831)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(1,567,246)	(1,567,246)
Change in non-controlling interests (Note 9)	–	–	–	–	–	–	–	–	–	–	2,977,947	2,977,947
Balances at December 31, 2023	₱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

	Attributable to Equity Holders of the Parent										
	Paid-in Capital (Note 20a)	Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures (Note 10)	Cumulative Translation Adjustments (Note 34)	Cash Flow Hedge Reserve	Actuarial Gains (Losses) on Defined Benefit Plans (Note 27)	Equity Reserve	Retained Earnings (Note 20b)t Appropriated	Retained Earnings (Note 20b)t Unappropriated	Total Attributable to Equity Holders of the Paren	Non-controlling Interests l	Total
Balances at January 1, 2022, as previously stated	₱19,947,498	₱185,183	₱1,917,151	₱917,353	(₱1,072,629)	(₱7,175,742)	₱20,060,000	₱113,172,268	₱147,951,082	₱7,629,621	₱155,580,703
Effect of PAS 12 (Note 3)	–	–	–	–	–	–	–	(506,054)	(506,054)	605	(505,449)
Balances at January 1, 2022, as restated	19,947,498	185,183	1,917,151	917,353	(1,072,629)	(7,175,742)	20,060,000	112,666,214	147,445,028	7,630,226	155,075,254
Net income for the year, as restated	–	–	–	–	–	–	–	25,998,668	25,998,668	2,011,949	28,010,617
Other comprehensive income (loss)											
Share in other comprehensive loss of associates and joint ventures	–	1,034,988	–	–	–	–	–	–	1,034,988	–	1,034,988
Movement in cumulative translation adjustments	–	–	3,545,406	–	–	–	–	–	3,545,406	(13,018)	3,532,388
Movement in cash flow hedges	–	–	–	1,729,380	—	–	–	–	1,729,380	155,585	1,884,965
Actuarial gains (losses) on defined benefit plans, net of tax	–	–	–	–	(23,068)	–	–	–	(23,068)	27,939	4,871
Total comprehensive income (loss) for the year, as restated	–	1,034,988	3,545,406	1,729,380	(23,068)	–	–	25,998,668	32,285,374	2,182,455	34,467,829
Cash dividends - ₱1.45 per share (Note 20b)	–	–	–	–	–	–	–	(10,669,976)	(10,669,976)	–	(10,669,976)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(1,380,664)	(1,380,664)
Change in non-controlling interests	–	–	–	–	–	–	–	–	–	640,076	640,076
Balances at December 31, 2022, as restated	₱19,947,498	₱1,220,171	₱5,462,557	₱2,646,733	(₱1,095,697)	(₱7,175,742)	₱20,060,000	₱127,994,906	₱169,060,426	₱9,072,093	₱178,132,519

	Attributable to Equity Holders of the Parent									
					Retained Earnings (Note 20b)		Total Attributable			
	Paid-in Capital (Note 20a)	Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures (Note 10)	Cumulative Translation Adjustments	Cash Flow Hedge Reserve	Equity Reserve	Appropriated	Unappropriated	to Equity Holders of the Parent	Non-controlling Interests	Total
Balances at January 1, 2021, as previously stated	₱19,947,498	(₱576,692)	(₱1,067,593)	(₱1,379,180)	(₱7,175,742)	₱33,660,000	₱84,989,900	₱127,158,579	₱7,426,494	₱134,585,073
Effect of PAS 12 (Note 28)	–	–	–	–	–	–	1,245,459	1,245,459	785	1,246,244
Balances at January 1, 2021, as restated	19,947,498	(576,692)	(1,067,593)	(1,379,180)	(7,175,742)	33,660,000	86,235,359	128,404,038	7,427,279	135,831,317
Net income for the year, as restated	–	–	–	–	–	–	19,085,669	19,085,669	1,707,853	20,793,522
Other comprehensive income										
Share in other comprehensive loss of associates and joint ventures	–	761,875	–	–	–	–	–	761,875	–	761,875
Movement in cumulative translation adjustments	–	–	2,984,744	–	–	–	–	2,984,744	5,267	2,990,011
Movement in cash flow hedges	–	–	–	2,296,533	–	–	–	2,296,533	59,270	2,355,803
Actuarial gains on defined benefit plans, net of tax	–	–	–	–	–	–	–	166,983	1,844	168,827
Total comprehensive income for the year, as restated	–	761,875	2,984,744	2,296,533	–	–	19,085,669	25,295,804	1,774,234	27,070,038
Reversal of appropriation	–	–	–	–	(13,600,000)	13,600,000	–	–	–	–
Cash dividends - ₱1.18 per share (Note 20b)	–	–	–	–	–	–	(6,254,814)	(6,254,814)	–	(6,254,814)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(1,586,998)	(1,586,998)
Change in non-controlling interests	–	–	–	–	–	–	–	–	15,711	15,711
Balances at December 31, 2021, as restated	₱19,947,498	₱185,183	₱1,917,151	₱917,353	(₱7,175,742)	₱20,060,000	₱112,666,214	₱147,445,028	₱7,630,226	₱155,075,254

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱43,742,299**	₱32,711,622	₱24,655,925
Adjustments for:			
Share in net earnings of associates and joint ventures (Note 10)	**(19,817,774)**	(15,134,970)	(9,479,696)
Interest expense and other financing costs (Note 33)	**14,161,646**	13,420,348	13,590,365
Depreciation and amortization (Notes 12 and 13)	**13,109,562**	11,863,670	11,202,273
Gains from bargain purchase and remeasurement of previously held interest (Note 9)	**(1,745,655)**	–	–
Interest income (Notes 5 and 32)	**(1,667,278)**	(678,696)	(343,233)
Impairment loss on property, plant and equipment (Notes 12, 13, 14 and 28)	**220,000**	729,255	340,597
Write-off of project development costs (Notes 13 and 28)	**204,546**	238,021	298,031
Net unrealized foreign exchange loss	**190,424**	1,227,513	1,816,579
Unrealized fair valuation gain on derivatives and financial assets at FVTPL (Note 34)	**(100,968)**	(57,109)	(18,333)
Unrealized fair valuation gain on investment property (Note 28)	**(52,401)**	(78,600)	–
Loss (gain) on disposal of property, plant and equipment (Note 28)	**(12,634)**	34,843	214,032
Operating income before working capital changes	**48,231,767**	44,275,897	42,276,540
Decrease (increase) in:			
Trade and other receivables	**(2,037,646)**	(8,115,523)	(4,134,879)
Inventories	**4,703,018**	(6,549,087)	(3,266,413)
Concession asset	**497,397**	–	–
Other current assets	**5,076,309**	(5,058,887)	1,102,850
Increase (decrease) in:			
Trade and other payables	**(1,500,817)**	11,529,552	2,427,336
Long-term obligation on power distribution system	**(40,000)**	(40,000)	(40,000)
Customers' deposits	**717,757**	943,713	401,496
Net cash generated from operations	**55,647,785**	36,985,665	38,766,930
Income and final taxes paid	**(5,378,806)**	(2,772,328)	(2,439,894)
Net cash flows from operating activities	**50,268,979**	34,213,337	36,327,036
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received (Note 10)	**2,096,560**	3,585,997	8,355,017
Decrease (increase) in other noncurrent assets	**727,213**	(2,053,238)	1,630,833
Interest received	**1,635,332**	634,182	314,490

(Forward)

	Years Ended December 31		
	2023	2022	2021
Proceeds from redemption of shares (Note 10)	**₱6,940**	₱5,605	₱14,413
Proceeds from sale of property, plant and equipment	**282,454**	26,214	10,360
Net collection of advances (Note 10)	**(73,040)**	2,111	5,549
Acquisitions through business combinations, net of cash acquired (Note 9)	**(570,098)**	–	1,251
Additions to:			
Property, plant and equipment (Note 12)	**(17,998,358)**	(12,981,059)	(8,254,307)
Intangible assets (Note 13)	**(1,193,378)**	(662,028)	(105,049)
Additional investments (Note 10)	**–**	–	(954,386)
Net cash flows from (used in) investing activities	**(15,086,375)**	(11,442,216)	1,018,171
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from long-term debt (Note 17)	**24,006,639**	44,745,631	39,737,724
Net availments (payments of) short-term loans (Note 16)	**(1,443,615)**	2,777,169	5,352,163
Cash dividends paid (Note 20b)	**(13,760,113)**	(10,669,606)	(6,254,588)
Payments of:			
Long-term debt (Note 17)	**(11,561,288)**	(30,666,741)	(37,179,837)
Lease liabilities, including interest accretion (Note 35)	**(22,680,908)**	(9,600,853)	(9,401,915)
Interest	**(13,536,378)**	(10,305,062)	(9,770,209)
Additional contributions from non-controlling interests (Note 2)	**–**	624,250	–
Payment of dividends to non-controlling interests	**(1,567,246)**	(1,380,664)	(1,586,998)
Acquisition of treasury shares (Note 20)	**(4,891,831)**	–	–
Net cash flows used in financing activities	**(45,434,740)**	(14,475,876)	(19,103,660)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(10,252,136)**	8,295,245	18,241,547
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	**27,278**	(661,846)	189,151
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**64,763,642**	57,130,243	38,699,545
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱54,538,784**	₱64,763,642	₱57,130,243

See accompanying Notes to Consolidated Financial Statements.

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Common Stock
The Company's common stock is listed and traded in the Philippine Stock Exchange.

Stockholders' Meeting
The Company's regular stockholders' meeting is held on the fourth Monday of April of every year.

Stockholder Services and Assistance
Stock Transfer Service, Inc. (STSI) serves as the Company's stock transfer agent.

For matters concerning dividend payments, account status, lost or damaged stock certificates, change of address, please write or call:

STOCK TRANSFER SERVICE, INC.
Unit 34-D Rufino Pacific Tower,
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AboitizPower welcomes inquiries from institutional investors, analysts, and the financial community.

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GRI Content Index

Aboitiz Equity Ventures, Inc.

Statement of use	Aboitiz Equity Ventures Inc. has reported the information cited in this GRI content index for the period January 1, 2023 to December 31, 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	10-17, 44-47, 228-229, 248
	2-2 Entities included in the organization's sustainability reporting	8-9
	2-3 Reporting period, frequency and contact point	6-9, 248
	2-4 Restatements of information	274
	2-5 External assurance	268-271
	2-6 Activities, value chain and other business relationships	10-17, 192-195
	2-7 Employees	164-165 Aboitiz EESG Data
	2-8 Workers who are not employees	164-165 Aboitiz EESG Data
	2-9 Governance structure and composition	196-200, 10-17 of the SEC Form 20-IS
	2-10 Nomination and selection of the highest governance body	7, 18-19 of the SEC Form 20-IS, AEV Board Charter
	2-11 Chair of the highest governance body	198-200
	2-12 Role of the highest governance body in overseeing the management of impacts	196-197, 206-209
	2-13 Delegation of responsibility for managing impacts	144-149, 156-157, 167-177, 196-197
	2-14 Role of the highest governance body in sustainability reporting	144-149, 196-197, 206-207
	2-15 Conflicts of interest	210-217, 26-27 of the SEC Form 20-IS Board Policy on Conflicsts of Interest
	2-16 Communication of critical concerns	214
	2-17 Collective knowledge of the highest governance body	203-204
	2-18 Evaluation of the performance of the highest governance body	202
	2-19 Remuneration policies	204-205, 28-30 of the SEC Form 20-IS
	2-20 Process to determine remuneration	204-205, 28-30 of the SEC Form 20-IS
	2-21 Annual total compensation ratio	*Information unavailable/incomplete*
	2-22 Statement on sustainable development strategy	22-33
	2-23 Policy commitments	214-216, Aboitiz Policies and Protocols
	2-24 Embedding policy commitments	144-195
	2-25 Processes to remediate negative impacts	192-195, 214-216
	2-26 Mechanisms for seeking advice and raising concerns	192-195, 214-216
	2-27 Compliance with laws and regulations	50-58 of the SEC Form 20-IS
	2-28 Membership associations	Aboitiz EESG Data
	2-29 Approach to stakeholder engagement	144-149, 192-195
	2-30 Collective bargaining agreements	Aboitiz EESG Data
GRI 3: Material Topics 2021	3-1 Process to determine material topics	144-149
	3-2 List of material topics	146-149
	3-3 Management of material topics	144-149
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	240-247, 257-266
	201-2 Financial implications and other risks and opportunities due to climate change	156-157
	201-3 Defined benefit plan obligations and other retirement plans	327, 390 (actual PDF pages) of the SEC Form 20-IS
	201-4 Financial assistance received from government	*No applicable financial assistance received from the government*
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	98-107
	203-2 Significant indirect economic impacts	130-143, Aboitiz EESG Data
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Aboitiz EESG Data
	205-3 Confirmed incidents of corruption and actions taken	214, 168-169 of the SEC Form 20-IS

GRI STANDARD	DISCLOSURE	LOCATION
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	433-434 (actual PDF pages) of the SEC Form 20-IS
GRI 207: Tax 2019	207-1 Approach to tax	Tax Transparency under Governance in the Aboitiz Sustainability Microsite
	207-2 Tax governance, control, and risk management	Tax Transparency under Governance in the Aboitiz Sustainability Microsite
	207-3 Stakeholder engagement and management of concerns related to tax	Tax Transparency under Governance in the Aboitiz Sustainability Microsite
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Aboitiz EESG Data
	301-2 Recycled input materials used	Aboitiz EESG Data
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Aboitiz EESG Data
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	106, 151, Aboitiz EESG Data
	303-2 Management of water discharge-related impacts	Aboitiz EESG Data
	303-3 Water withdrawal	Aboitiz EESG Data
	303-4 Water discharge	Aboitiz EESG Data
	303-5 Water consumption	Aboitiz EESG Data
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	153-155
	304-2 Significant impacts of activities, products and services on biodiversity	153-155
	304-3 Habitats protected or restored	153-155
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	153-155
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Aboitiz EESG Data
	305-2 Energy indirect (Scope 2) GHG emissions	Aboitiz EESG Data
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	151-152
	306-2 Management of significant waste-related impacts	151-152
	306-3 Waste generated	Aboitiz EESG Data
	306-4 Waste diverted from disposal	Aboitiz EESG Data
	306-5 Waste directed to disposal	Aboitiz EESG Data
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Aboitiz EESG Data
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	162-163
	403-2 Hazard identification, risk assessment, and incident investigation	162-163
	403-3 Occupational health services	162-163 AEV is compliant with the Occupational Safety and Health Law, 51-57 of the SEC Form 20-IS
	403-4 Worker participation, consultation, and communication on occupational health and safety	162-163
	403-5 Worker training on occupational health and safety	162-163
	403-6 Promotion of worker health	162-163
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	162-163
	403-8 Workers covered by an occupational health and safety management system	Aboitiz EESG Data
	403-9 Work-related injuries	Aboitiz EESG Data
	403-10 Work-related ill health	Aboitiz EESG Data
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	160-161
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	164-165, 198-200, Aboitiz EESG Data
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Aboitiz EESG Data
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	*No incidents reported for 2023*
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	130-143
GRI 415: Public Policy 2016	415-1 Political contributions	*The company prohibits the influence of any legislators or committees of Congress, to pass or defeat legislation that may be beneficial or in favor of the company, in exchange for money or property.*

Restatements of Information

GRI Disclosure	Reason for Restatement	Overview of Change/s	Effect of Restatement
302-1 Energy consumption within the organization	change in the measurement methodologies or in the definitions used corrections in previous reporting periods	Following a review process after last year's report publication, energy consumption disclosures have been updated . This update was conducted to better align with GRI standards and includes the addition of fuel consumption and purchased steam to energy consumption.	Due to restatements, the Group's total energy consumption have significantly improved from prior disclosures. Please refer to the 2023 AIR Appendix for the improved figures.
303-4 Water discharge	corrections in previous reporting periods	Water discharge has been restated for 2022. Aboitiz conducted a review process following last year's report publication and found calculation errors in our Power subsidiary's total water discharge for 2022.	Due to restatements, 2022 water discharge decreased by 58.5%
305-1 Direct (Scope 1) GHG emissions	disposals, mergers, or acquisitions corrections in previous reporting periods change in the measurement methodologies or in the definitions used	Scope 1 emissions of 2021 and 2022 have been restated to: (1) reflect divestment from a Thailand operation of the Food Group, (2) rectify calculation errors that surfaced following a review process after report publication, (3) inclusion of emissions sources that was not included in previous disclosures, and (4) changes in the methodologies used.	Due to restatements, 2021 emissions decreased by 5% and 2022 emissions decreased by 27.5%. In addition, biogenic emissions decreased by 98.1% for 2022.
305-2 Energy indirect (Scope 2) GHG emissions	corrections in previous reporting periods disposals, mergers, or acquisitions	Scope 2 emissions of 2021 and 2022 have been restated to: (1) reflect divestment from a Thailand operation of the Food Group and (2) rectify calculation errors that surfaced following a review process after report publication, and (3) changes in the methodologies used.	Due to restatements, 2022 emissions decreased by 19.8%. 2021 emissions also decreased but change was minimal (i.e, less than one percent).
306-3 Waste generated 306-3 Waste directed to disposal	corrections in previous reporting periods	Total waste generated and waste directed to disposal has been restated for 2022. Aboitiz conducted a review process following last year's report publication and found calculation errors in our Food subsidiary's waste data for 2022.	Due to restatements, 2022 total generated non-hazardous waste decreased by 67.0% while 2022 total generated hazardous waste decreased by 16.8%

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