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(Company's Full Name)

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

Josephine G. de Asis

Contact Person

(632) 7908-3000

Company Telephone Number

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Month

3	1
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Day

Fiscal Year

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FORM TYPE

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Month

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Annual Meeting

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Secondary License Type, If Applicable

C	F	D
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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

₱45.0 billion bonds

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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Certification

I, Josephine G. de Asis, Comptroller, a duly authorized representative of Ayala Corporation (Company) with SEC registration number 34218 with principal office at 37F to 39F Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City, do hereby certify and state that:

- 1) In compliance with Securities and Exchange Commission (SEC) Memorandum Circular No. 9, series of 2022, the Company is timely filing its March 2023 SEC Form 17-Q by sending the same (in portable document format) through email to ictdsubmission@sec.gov.ph and by uploading the same through the PSE EDGE in accordance with the relevant PSE rules and procedures.
- 2) The information contained in the March 2023 SEC Form 17-Q dated May 12, 2023 is true and correct to the best of my knowledge.
- 3) I am executing this certification this May 12, 2023 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.


Josephine G. de Asis
Comptroller
Passport No. P0174919B

SEC No. 34218
File No. _____

AYALA CORPORATION

(Company's Full Name)

**37F to 39F, Ayala Triangle Gardens Tower 2
Paseo de Roxas corner Makati Avenue
Makati City**

(Company's Address)

(632) 7908-3000

(Telephone Number)

March 31, 2023

(Fiscal Year Ending)
(Month & Day)

SEC Form 17-Q Quarterly Report

(Form Type)

SECURITIES AND EXCHANGE COMMISSION (SEC)

SEC FORM 17-Q

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

1. For the quarterly period ended: **March 31, 2023**
2. SEC Identification No.: **34218**
3. BIR Tax Identification No.: **000-153-610-000**
4. Exact name of the registrant as specified in its charter: **AYALA CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization: **Makati City, Philippines**
6. Industry Classification Code: _____ (SEC Use Only)
7. Address of principal office: **37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City** Postal Code: **1226**
8. Registrant's telephone number: **(632) 7908-3000**
9. Former name, former address, former fiscal year: **Former address at 32F to 35F, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City**
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA:

Title of each class	Number of shares issued and outstanding As of March 31, 2023
Preferred A	0*
Preferred B Series 1	20,000,000**
Preferred B Series 2	30,000,000
Voting Preferred	200,000,000
Common	619,148,362***

* net of 12,000,000 treasury shares

** net of 8,000,000 treasury shares

*** net of 15,244,852 treasury shares

Amount of debt outstanding as of March 31, 2023: **₱45.0 billion in bonds******

**** amount represents only the debt of Ayala Corporation registered with Philippine SEC. The debt of subsidiaries registered with SEC are reported in their respective SEC 17-Q Report.

11. Are any or all of these securities listed in the Philippine Stock Exchange? Yes ☒ No ☐

As of March 31, 2023, a total of 634,393,214 common shares, 12,000,000 preferred A ("ACPA") shares, 28,000,000 preferred B series 1 ("ACPB1") shares, and 30,000,000 preferred B series 2 ("APB2R") shares are listed in the Philippine Stock Exchange ("PSE"). A total of 15,244,852 common shares, 12,000,000 ACPA shares, and 8,000,000 ACPB1 shares are held in Treasury by the Company.

12. Check whether the registrant:
 - a. has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11 (a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 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 ☐

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The unaudited interim condensed consolidated financial statements and other parts of the entire SEC 17-Q report as of March 31, 2023 make reference to certain financial information and disclosures in the December 31, 2022* annual audited consolidated financial statements. This SEC 17-Q report should be read in conjunction with that Group's financial statements*.

This SEC 17-Q Report also includes financial and operating data with respect to Ayala's material subsidiaries [Ayala Land, Inc. (ALI), Integrated Micro-Electronics, Inc. (IMI), and AC Energy and Infrastructure Corporation, Inc. (ACEIC) with key subsidiary AC Energy Corporation (ACEN)], associates [Bank of the Philippine Islands (BPI) and joint venture [Globe Telecom, Inc. (Globe)]. This SEC 17-Q should be read in conjunction with the financial information and operating highlights of these investees as contained in their respective December 31, 2022 audited financial statements and SEC 17-A Reports and March 31, 2023 SEC 17-Q reports, as applicable.**

** The audited consolidated financial reports and SEC 17-A Report of Ayala Corporation and Subsidiaries (the Group) as of December 31, 2022 and the SEC 17-Q report as of March 31, 2023 are available at the Parent Company's website www.ayala.com.ph. Also, the Group's Sustainability Report is posted in the Parent Company's official website with the following link: <https://ayala.com/investors/annual-reports>.*

*** The audited consolidated financial reports and SEC 17-A Reports as of December 31, 2022 as well as SEC 17-Q report as of March 31, 2023, as applicable, of the following companies under the Group are available in the following websites: ALI www.ayalaland.com.ph, IMI www.global-imi.com, ACEIC www.acenergy.com.ph, BPI www.bpi.com.ph, and Globe www.globe.com.ph*

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PART I - FINANCIAL INFORMATION

Section 1. Financial Statements

Ayala Corporation and Subsidiaries

**Unaudited Interim Condensed Consolidated Financial Statements
As at March 31, 2023 (with comparative audited figures as at December 31, 2022)
and for the Three Months Period Ended March 31, 2023 and 2022**

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS
As at March 31, 2023 (with Comparative Audited Figures as at December 31, 2022)
(Amounts in Thousands)

	March 2023 (Unaudited)	December 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱74,027,846	₱73,847,371
Short-term investments (Note 5)	1,699,423	3,201,800
Accounts and notes receivable (Note 6)	171,497,062	161,601,551
Inventories (Note 7)	196,160,165	201,517,144
Other current assets (Note 8)	95,842,770	89,793,317
	539,227,266	529,961,183
Assets under PFRS 5 (Note 20)	11,821,057	11,821,057
Total Current Assets	551,048,323	541,782,240
Noncurrent Assets		
Noncurrent accounts and notes receivable (Note 6)	93,937,492	96,029,149
Investments in associates and joint ventures (Note 10)	339,763,783	328,120,295
Investment properties (Note 12)	247,048,505	246,733,570
Property, plant and equipment (Note 12)	119,697,254	114,113,551
Right-of-use assets (Note 9)	23,313,320	22,861,767
Service concession assets (Note 13)	1,488,391	1,420,977
Intangible assets (Note 11)	42,897,975	43,536,382
Deferred tax assets - net (Note 11)	18,451,173	18,370,869
Other noncurrent assets (Note 8)	64,581,011	65,576,336
Total Noncurrent Assets	951,178,904	936,762,896
Total Assets	₱1,502,227,227	₱1,478,545,136
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Note 16)	₱55,852,583	₱36,526,898
Accounts payable and accrued expenses (Note 14)	194,030,497	203,115,284
Income tax payable	1,594,877	1,272,406
Current portion of:		
Long-term debt (Note 16)	24,009,426	31,496,742
Lease liabilities (Note 9)	2,518,212	2,364,727
Service concession obligation (Note 13)	-	60,280
Other current liabilities (Note 15)	31,146,287	34,178,420
Total Current Liabilities	309,151,882	309,014,757
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 16)	489,230,449	484,464,227
Lease liabilities - net of current portion (Note 9)	28,037,460	27,978,713
Service concession obligation - net of current portion (Note 13)	111,795	51,515
Deferred tax liabilities - net	9,237,611	9,193,910
Pension liabilities	3,328,651	3,499,705
Other noncurrent liabilities (Note 15)	48,950,333	49,043,265
Total Noncurrent Liabilities	578,896,299	574,231,335
Total Liabilities	₱888,048,181	₱883,246,092

(Forward)

	March 2023 (Unaudited)	December 2022 (Audited)
Equity		
Equity attributable to owners of the parent company:		
Paid-in capital (Note 17)	₱86,472,052	₱86,380,257
Share-based payments	24,953	38,950
Remeasurement losses on defined benefit plans	(3,596,015)	(4,516,242)
Fair value reserve of financial assets at fair value through other comprehensive income (FVOCI)	(1,926,930)	(3,042,026)
Cumulative translation adjustments	1,179,956	4,344,422
Equity reserve	28,195,444	29,091,712
Retained earnings (Note 17)	277,742,783	267,836,258
Treasury stock (Note 17)	(13,070,802)	(13,070,802)
	375,021,441	367,062,529
Non-controlling interests	239,157,605	228,236,515
Total Equity	614,179,046	595,299,044
Total Liabilities and Equity	₱1,502,227,227	₱1,478,545,136

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, except Earnings per Share Figures)

	For the Periods Ended March 31	
	2023	2022
REVENUE (Note 19)		
Rendering of services	₱43,634,523	₱36,464,369
Sale of goods	22,379,675	18,786,448
Share in net profits of associates and joint ventures	12,004,231	9,058,612
Interest income from real estate	954,361	1,669,704
	78,972,790	65,979,133
COSTS AND EXPENSES		
Costs of rendering services	35,813,843	31,750,022
Costs of goods sold	15,928,522	13,613,482
General and administrative expenses (Notes 6 and 7)	7,254,974	5,746,778
	58,997,339	51,110,282
OTHER INCOME (CHARGES) - Net		
Interest income	2,153,268	1,709,439
Other income (Note 3)	1,041,963	1,240,903
Interest and other financing charges (Note 16)	(7,179,601)	(6,976,832)
	(3,984,370)	(4,026,490)
INCOME BEFORE INCOME TAX	15,991,081	10,842,361
PROVISION FOR INCOME TAX		
Current	1,494,920	2,379,074
Deferred	305,594	(1,567,125)
	1,800,514	811,949
NET INCOME	₱14,190,567	₱10,030,412
Net income attributable to:		
Owners of the Parent Company	₱10,218,577	₱7,811,575
Non-controlling interests	3,971,990	2,218,837
	₱14,190,567	₱10,030,412
EARNINGS PER SHARE (Note 18)		
Basic	₱15.97	₱12.05
Diluted	₱15.97	₱12.03

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	For the Periods Ended March 31	
	2023	2022
NET INCOME	₱14,190,567	₱10,030,412
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>		
Exchange differences arising from translations of foreign investments	(2,736,892)	(12,395)
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>		
Remeasurement gains (losses) on defined benefit plans	210,650	(176,906)
Changes in fair values of financial assets at FVOCI - net	(113,428)	(95,929)
	(2,639,670)	(285,230)
SHARE IN OTHER COMPREHENSIVE INCOME (LOSS) OF ASSOCIATES AND JOINT VENTURES		
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>		
Exchange differences arising from translations of foreign investments	(629,381)	472,498
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>		
Remeasurement gains (losses) on defined benefit plans	696,012	582,372
Changes in fair values of financial assets at FVOCI - net	1,232,534	(831,949)
	1,299,165	222,921
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	(1,340,505)	(62,309)
TOTAL OTHER COMPREHENSIVE INCOME	₱12,850,062	₱9,968,103
Total comprehensive income attributable to:		
Owners of the Parent Company	₱9,089,434	₱7,878,529
Non-controlling interests	3,760,628	2,089,574
	₱12,850,062	₱9,968,103

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Periods Ended March 31, 2023 and 2022 (with Comparative Audited Figures for the Year Ended December 31, 2022)
(Amounts in Thousands)

	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY									Non-controlling Interests	Total Equity
	Other Comprehensive Income							Treasury Stock	Total		
	Paid-in Capital	Share-based Payments	Remeasurement	Fair Value	Cumulative Translation Adjustments	Equity Reserve	Retained Earnings				
			Gains (Losses) on Defined Benefit Plans	Reserve of Financial Assets at FVOCI							
	For the Period Ended March 31, 2023 (Unaudited)										
As of January 1, 2023 (Audited)	₱86,380,257	₱38,950	(₱4,516,242)	(₱3,042,026)	₱4,344,422	₱29,091,712	₱267,836,258	(₱13,070,802)	₱367,062,529	₱228,236,515	₱595,299,044
Net income	—	—	—	—	—	—	10,218,577	—	10,218,577	3,971,990	14,190,567
Share in other comprehensive income (loss) of associates and joint ventures	—	—	696,012	1,232,534	(629,381)	—	—	—	1,299,165	—	1,299,165
Other comprehensive income (loss)	—	—	224,215	(117,438)	(2,535,085)	—	—	—	(2,428,308)	(211,362)	(2,639,670)
Total comprehensive income (loss)	—	—	920,227	1,115,096	(3,164,466)	—	10,218,577	—	9,089,434	3,760,628	12,850,062
Exercise of ESOP/ESOWN	15,485	(13,997)	—	—	—	—	—	—	1,488	—	1,488
Cash dividends	—	—	—	—	—	—	(312,052)	—	(312,052)	(1,109,467)	(1,421,519)
Collection of subscription receivable	76,310	—	—	—	—	—	—	—	76,310	—	76,310
Change in non-controlling interests	—	—	—	—	—	(896,268)	—	—	(896,268)	8,269,929	7,373,661
At March 31, 2023 (Unaudited)	₱86,472,052	₱24,953	(₱3,596,015)	(₱1,926,930)	₱1,179,956	₱28,195,444	₱277,742,783	(₱13,070,802)	₱375,021,441	₱239,157,605	₱614,179,046

	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY										
	Other Comprehensive Income										
	Paid-in Capital	Share-based Payments	Remeasurement Gains (Losses) on Defined Benefit Plans	Fair Value Reserve of Financial Assets at FVOCI	Cumulative Translation Adjustments	Equity Reserve	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total Equity
	For the Period Ended March 31, 2022 (Unaudited)										
As of January 1, 2022 (Audited)	₱86,075,527	₱44,664	(₱4,798,349)	(₱1,720,601)	₱1,137,912	₱34,262,567	₱260,112,458	(₱12,382,517)	₱362,731,661	₱202,581,107	₱565,312,768
Net income	—	—	—	—	—	—	7,811,575	—	7,811,575	2,218,837	10,030,412
Share in other comprehensive income (loss) of associates and joint ventures	—	—	582,372	(831,949)	472,498	—	—	—	222,921	—	222,921
Other comprehensive income (loss)	—	—	(189,725)	(54,607)	88,365	—	—	—	(155,967)	(129,263)	(285,230)
Reclassification of fair value loss on investment in equity securities in FVOCI	—	—	—	(3,217)	—	—	3,217	—	—	—	—
Total comprehensive income (loss)	—	—	392,647	(889,773)	560,863	—	7,814,792	—	7,878,529	2,089,574	9,968,103
Exercise of ESOP/ESOWN	63,057	—	—	—	—	—	—	—	63,057	—	63,057
Cash dividends	—	—	—	—	—	—	(312,052)	—	(312,052)	(1,075,047)	(1,387,099)
Change in non-controlling interests	—	—	—	—	—	(1,960,617)	—	—	(1,960,617)	11,291,836	9,331,219
At March 31, 2022 (Unaudited)	₱86,138,584	₱44,664	(₱4,405,702)	(₱2,610,374)	₱1,698,775	₱32,301,950	₱267,615,198	(₱12,382,517)	₱368,400,578	₱214,887,470	₱583,288,048

	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY										
	Other Comprehensive Income								Total	Non-controlling Interests	Total Equity
	Paid-in Capital	Share-based Payments	Remeasurement Gains (Losses) on Defined Benefit Plans	Fair Value Reserve of Financial Assets at FVOCI	Cumulative Translation Adjustments	Equity Reserve	Retained Earnings	Treasury Stock			
	For the year ended December 31, 2022 (Audited)										
As of January 1, 2022 (Audited)	₱86,075,527	₱44,664	(₱4,798,349)	(₱1,720,601)	₱1,137,912	₱34,262,567	₱260,112,458	(₱12,382,517)	₱362,731,661	₱202,581,107	₱565,312,768
Net income							27,397,791		27,397,791	18,476,140	45,873,931
Share in other comprehensive income (loss) of associates and joint ventures	–	–	72,780	(2,292,480)	1,138,436	–	–	–	(1,081,264)	–	(1,081,264)
Other comprehensive income (loss)	–	–	209,327	1,089,589	2,068,074	–	–	–	3,366,990	617,883	3,984,873
Reclassification of fair value loss on investment in equity securities at FVOCI	–	–	–	(118,534)	–	–	118,534	–	–	–	–
Total comprehensive income (loss)	–	–	282,107	(1,321,425)	3,206,510	–	27,516,325	–	29,683,517	19,094,023	48,777,540
Exercise of ESOP/ESOWN	107,071	(5,714)	–	–	–	–	–	–	101,357	–	101,357
Buy-back of common shares	–	–	–	–	–	–	–	(688,285)	(688,285)	–	(688,285)
Property dividends	–	–	–	–	–	–	(14,147,901)	–	(14,147,901)	–	(14,147,901)
Cash dividends	–	–	–	–	–	–	(5,544,226)	–	(5,544,226)	(2,145,814)	(7,690,040)
Collection of subscription receivables	197,659	–	–	–	–	–	–	–	197,659	–	197,659
Change in non-controlling interests	–	–	–	–	–	(5,170,855)	–	–	(5,170,855)	8,606,801	3,435,946
Reclassification/Others	–	–	–	–	–	–	(100,398)	–	(100,398)	100,398	–
At December 31, 2022 (Audited)	₱86,380,257	₱38,950	(₱4,516,242)	(₱3,042,026)	₱4,344,422	₱29,091,712	₱267,836,258	(₱13,070,802)	₱367,062,529	₱228,236,515	₱595,299,044

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Periods Ended March 31, 2023 and 2022
(Amounts in Thousands)

	For the Periods Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱15,991,081	₱10,842,361
Adjustments for:		
Interest and other financing charges - net of amount capitalized	7,179,601	6,976,832
Depreciation and amortization	3,654,172	3,782,760
Provision for impairment/ losses on:		
Receivables (Note 6)	128,771	81,204
Inventory obsolescence (Note 7)	35,432	9,375
Intangibles, property, plant and equipment and other provisions	287,212	54,443
Mark to market gain on financial assets at fair value through profit or loss (FVTPL) and derivative contracts	(137,894)	(61,341)
Dividend and other investment income	(187,896)	(416,527)
Loss (gain) on sale of:		
Investments	(19,248)	21,491
Other assets	(14,695)	(20,682)
Interest income from real estate and others	(3,107,629)	(3,379,143)
Share in net profit of associates and joint ventures	(12,004,231)	(9,058,612)
Operating income before changes in operating assets and liabilities	11,804,676	8,832,161
Decrease (increase) in:		
Accounts and notes receivable - trade	(2,441,936)	(477,495)
Inventories	5,321,547	1,691,711
Service concession asset	(93,159)	—
Other current assets	(6,954,579)	(553,097)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,064,352	(4,722,466)
Net pension liabilities	(45,391)	(146,738)
Other current liabilities	(4,671,403)	2,102,487
Cash generated from operations	4,984,107	6,726,563
Interest received	1,929,659	2,462,856
Interest paid	(5,126,281)	(5,117,721)
Income tax paid	(1,172,450)	(2,075,618)
Net cash provided by operating activities	615,035	1,996,080
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Sale/maturities of financial assets at FVOCI	—	260,761
Sale/maturities of financial assets at FVTPL	—	20,421
Sale/redemptions of investments in associates and joint ventures	66,407	—
Disposals of:		
Property, plant and equipment	79,884	94,067
Additions to short-term investments	1,502,378	(2,156,656)
Deductions/transfers (Additions) to:		
Service concession assets	—	(993)
Investments in associates and joint ventures	(1,672,422)	(9,165,171)
Property, plant and equipment	(7,218,310)	(4,262,777)
Investment properties	(2,249,549)	(3,365,789)
Financial assets at FVTPL (Note 8)	(46,910)	(188,279)
Financial assets at FVOCI (Note 8)	(374,744)	(161,775)
Financial assets at amortized cost (Note 8)	(315,597)	(2,717,508)
Accounts and notes receivable - non-trade	(3,485,669)	(4,405,653)
Intangible assets	49,567	(229,475)
Dividends received from associates, joint ventures and investments in equity securities	1,476,309	1,368,244
Decrease (increase) in other noncurrent assets	(3,421,703)	1,075,760
Net cash used in investing activities	(15,610,359)	(23,834,823)

	For the Periods Ended March 31	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Availments of short-term and long-term debt (Note 16)	44,030,000	35,878,134
Issuance/subscription of common shares	1,487	—
Payments of short-term and long-term debt (Note 16)	(23,290,779)	(20,763,302)
Dividends paid	(3,860,516)	(3,832,633)
Payment of lease liabilities	(612,039)	(527,284)
Collections of subscriptions receivable	76,310	63,057
Interest paid	(1,172,486)	(887,977)
Increase in:		
Other noncurrent liabilities	(4,963)	719,506
Non-controlling interests in consolidated subsidiaries	8,785	9,331,221
Net cash provided by financing activities	15,175,799	19,980,722
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 180,475	 (1,858,021)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	73,847,371	90,483,909
 CASH AND CASH EQUIVALENTS AT END OF PERIOD	 P74,027,846	 P88,625,888

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

1. Corporate Information

Ayala Corporation (the Parent Company, Ayala, or AC) is the holding company of one of the oldest and largest business groups in the Philippines that traces its history back to the establishment of the Casa Roxas business house in 1834. The Parent Company was incorporated on January 23, 1968, and its Class A Shares and Class B Shares were first listed on the Manila and Makati Stock Exchanges (the predecessors of the PSE) in 1976. In 1997, the Parent Company's Class A and Class B Shares were declassified and unified as Common Shares.

The Parent Company is a corporation having a perpetual corporate term pursuant to Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines. As of March 31, 2023, the Parent Company is 47.91% owned by Mermac, Inc. (Mermac) and the rest by the public. Mermac, a private holding company incorporated in the Philippines is the dominant shareholder of Ayala. Ayala's new registered office address and principal place of business is at the 37F to 39F Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City.

The Parent Company is organized as a holding company holding equity interests in the Ayala Group (the Group), one of the largest and most diversified groups in the Philippines. Ayala's business activities are divided into: real estate and hotels, financial services, telecommunications, water, infrastructure, industrial technologies and automotives, power, healthcare, business process, outsourcing, air charter, consulting services, investment holdings, agriculture, and technology services.

Ayala's real estate business is primarily conducted through its subsidiary, Ayala Land, Inc. (Ayala Land or ALI), a diversified real estate company in the Philippines. Its involvement in financial services is through an affiliate, the Bank of the Philippine Islands (BPI), which, together with its subsidiaries (collectively, the BPI Group), form a universal banking group in the Philippines. Ayala's telecommunications business is carried out through an affiliate, Globe Telecom, Inc. (Globe), a leading telecommunications company in the Philippines. Ayala's investments in the power sector are held under AC Energy and Infrastructure Corporation (ACE, ACEIC, or AC Energy), which owns 57.7% of ACEN Corporation (ACEN), one of the fastest growing energy companies in the region and Ayala's main platform for its energy investments.

Ayala's emerging businesses in healthcare is conducted through Ayala Healthcare Holdings (AC Health), and logistics operations are housed under AC Logistics Holdings Corporation (AC Logistics).

In portfolio investments, Ayala's international business in electronics manufacturing services and vehicle distribution and retail are under AC Industrial Technology Holdings Inc. (AC Industrials or ACI). Ayala's investments in water infrastructure are under Manila Water Company, Inc. (Manila Water or MWC). Its investments in infrastructure are housed under AC Infrastructure Holdings Corporation (AC Infra). Ayala's interest in education is conducted through iPeople, Inc. (iPeople), where it owns a 33.5% stake while its investments in technology ventures are in AC Ventures Holding Corporation (AC Ventures).

Certain members of the Ayala Group, namely ALI, BPI, Globe, ACEN, MWC, iPeople, Integrated Micro-Electronics, Inc. (IMI), AREIT, Inc. (AREIT), AyalaLand Logistics Holdings Corp. (ALLHC or formerly known as Prime Orion Philippines Inc. (POPI)) and ENEX Energy Corp. (ENEX or formerly known as ACE Enexor, Inc. (ACEX)) are likewise publicly listed corporations. Some of Ayala's subsidiaries, associates and joint ventures have holdings in the equity of other subsidiaries, associates and joint ventures.

On May 5, 2023, the Parent Company's Audit Committee of the Board of Directors (BOD) approved and authorized the release of the accompanying unaudited interim condensed consolidated financial statements of Ayala Corporation and Subsidiaries.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*, as modified by the application of the reporting reliefs issued and approved by SEC and discussed under Statement of Compliance. Accordingly, the unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 2022 annual audited consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2022.

The accompanying unaudited interim condensed consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at FVTPL, financial assets at FVOCI, and derivative financial instruments that have been measured at fair value. The unaudited interim condensed consolidated financial statements include the accounts of the Parent Company and its subsidiaries and are presented in Philippine Peso (₱), and all values are rounded to the nearest thousand Pesos (₱000) except when otherwise indicated.

The unaudited interim condensed consolidated financial statements provide comparative information in respect of the previous period. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that the impact of the COVID 19 situation will remain and that recovery is going to be gradual.

Statement of Compliance

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with PAS 34 as modified by the application of the financial reporting relief on the accounting for significant financing components as issued and approved by the SEC in response to the COVID-19 pandemic.

The Group has availed of the relief granted by the SEC under Memorandum Circular (MC) No. 34-2020 which further extended the deferral of Philippine Interpretations Committee (PIC) Q&A 2018-12-D (assessment if the transaction price includes a significant financing component) until December 31, 2023.

The details and the impact of the adoption of the above financial reporting relief are discussed below.

PFRSs include Philippine Financial Reporting Standards (PFRS), PAS, and Interpretations issued by the PIC.

Basis of Consolidation

The unaudited interim condensed consolidated financial statements comprise the statement of financial position of the Group as at March 31, 2023 with comparative audited figures as at December 31, 2022 and unaudited statements of income for the periods ended March 31, 2023 and 2022.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- a. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- b. Exposure, or rights, to variable returns from its involvement with the investee; and
- c. The ability to use its power over the investee to affect its 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:

- a. The contractual arrangement with the other vote holders of the investee;
- b. Rights arising from other contractual arrangements; and
- c. The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and recognize gain or loss, if any in profit or loss (under other income).

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 or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions, and dividends are eliminated in full.

Non-controlling interests pertain to the equity in a subsidiary not attributable, directly or indirectly to the Parent Company. Any equity instruments issued by a subsidiary that are not owned by the Parent Company are non-controlling interests including preferred shares and options under share-based transactions. The portion of profit or loss and net assets in subsidiaries not wholly-owned are presented separately from the Parent Company's equity in the consolidated statement of income, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statement of financial position. Non-controlling interests are net of any outstanding subscription receivable.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

In accounting for call and put options over non-controlling interests, management determines whether it has present access to the returns associated with the non-controlling interests. If the options give the Group access to the returns over the non-controlling interests, the Group consolidates the acquiree as if it acquired a 100.0% interest.

If the options does not give the Group present access to the returns over the non-controlling interests, the Group takes the view that the non-controlling interests should be accounted for in accordance with PFRS 10, *Consolidated Financial Statements*, and must be presented within equity separate from the equity of the Parent Company, until the option is exercised.

For the periods ended March 31, 2023 and 2022, the call options are accounted for in accordance with PFRS 9, *Financial Instruments*, as a derivative asset or liability carried at FVTPL.

The financial liability for the put option is accounted for under PFRS 9 like any other written put option on equity instruments. On initial recognition, the corresponding debit is made to a component of equity attributable to the parent, not to the non-controlling interest. All subsequent changes in the carrying amount of the financial liability that result from the remeasurement of the present value payable on exercise are recognized in profit or loss also attributable to the parent.

If the put option is exercised, the entity accounts for an increase in its ownership interest. At the same time, the entity derecognizes the financial liability and reverses the component of equity that was reduced on initial recognition. If the put option expires unexercised, the financial liability is reclassified to the same component of equity that was reduced on initial recognition.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity as "Equity reserve" and attributed to the owners of the Parent Company.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities of the subsidiary, non-controlling interest and the cumulative translation adjustments recorded in equity, recognizes the fair value of the consideration received and any investment retained, while the resulting gain or loss is recognized in profit or loss. It also reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual audited consolidated financial statements for the year ended December 31, 2022 except for the new PFRS, amended PFRS, improvements to PFRS and interpretations which were adopted beginning January 1, 2023. The nature and the impact of each new standard and interpretation that have been issued but are not yet effective are listed below. Unless otherwise indicated, the Group does not expect the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- 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. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

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

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

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

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

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such

deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

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

Effective beginning on or after January 1, 2024

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

The amendments clarify:

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

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

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

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

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

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 FRSC 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.

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.

The Group is currently assessing the impact of adopting these amendments.

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, SEC issued SEC Memorandum Circular (MC) No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	Deferral Period
Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

- a. The accounting policies applied.
- b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
- c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
- d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

ALI Group availed of the SEC relief on the accounting for significant financing component of PIC Q&A No. 2018-12. Had this provision been adopted, ALI Group assessed that the impact would have been as follows:

The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in

restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. These would have impacted the cash flows from operations and cash flows from financing activities for all years presented. While there maybe instances that the performance obligation differs from the buyer's amortization schedule, initial calculation showed SFC but the consolidated impact is expected to be not material to the Group. Assumptions are still under assessment and evaluation, and the refinement to the calculation to determine the SFC is ongoing.

3. Group Information

The unaudited interim condensed consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries of the Group:

Subsidiaries	Nature of Business	% of Economic Ownership Interest held by the Group	
		March 2023 (Unaudited)	December 2022 (Audited)
AC Energy and Infrastructure Corporation (ACEIC)	Power	100.0	100.0
AC Infrastructure Holdings Corporation (AC Infra)	Infrastructure	100.0	100.0
AC International Finance Limited (ACIFL)*	Investment Holding	100.0	100.0
AG Counselors Corporation (AGCC)	Consulting Services	100.0	100.0
AC Industrial Technology Holdings Inc. (AC Industrial/ ACI)	Industrial Technology and Automotive	100.0	100.0
Ayala Aviation Corporation (AAC)	Air Charter	100.0	100.0
Ayala Land, Inc. (ALI)	Real Estate and Hotels	50.8	50.6
AYC Finance Limited (AYCFL)*	Investment Holding	100.0	100.0
Azalea International Venture Partners Limited (AIVPL)**	Business Process Outsourcing	100.0	100.0
Ayala Healthcare Holdings, Inc. (AC Health)	Healthcare	100.0	100.0
Bestfull Holdings Limited (BHL)***	Investment Holding - International	100.0	100.0
Integrated Microelectronics, Inc. (IMI)	Industrial Technologies	52.1	52.1
Michigan Holdings, Inc. (MHI)	Investment Holding	100.0	100.0
Philwater Holdings Company, Inc. (Philwater)	Investment Holding	100.0	100.0
Purefoods International Limited (PFIL)**	Investment Holding	100.0	100.0
Technopark Land, Inc. (TLI)	Real Estate	78.8	78.8
AC Ventures Holding Corp. (AC Ventures)	Investment Holding	100.0	100.0
AC Logistics Holdings Corporation (AC Logistics)	Logistics	100.0	100.0
MCX Project Company, Inc. (MCXPCI)	Infrastructure	100.0	100.0

*Incorporated in the Cayman Islands

**Incorporated in the British Virgin Islands

***Incorporated in Hong Kong

Unless otherwise indicated, the principal place of business and country of incorporation of the Parent Company's investments in subsidiaries, associates and joint ventures is the Philippines.

Except as discussed below, the voting rights held by the Parent Company in its investments in subsidiaries are in proportion to its economic ownership interest.

The following are the highlights of significant transactions of the Parent Company and subsidiaries, part of which affected the Parent Company's investments in its subsidiaries:

Parent Company

1. Capital infusions

a. AC Infra

On March 27, 2023, the Parent Company infused a total of ₱384.0 million to AC Infra to fund AC Infra's share in the capital calls of LRMC amounting to ₱349.0 million and of AF Payments, Inc. (AFPI) amounting to ₱35.0 million. AC Infra will issue 384.0 million

redeemable preferred shares to the Parent Company with par value of ₱1.00 per share from its unsubscribed authorized capital stock.

b. *AC Logistics*

On January 25, 2023, the Parent Company infused ₱853.1 million to AC Logistics to fund the latter's operating expenses, infusion to Entrego and the first tranche of the purchase of Metropac Movers, Inc. (MMI) shares in Air21 Group. AC Logistics will issue 404.3 million common shares for a subscription price of ₱2.11 per share when their application for increase in authorized capital stock is approved by SEC.

In February 2023, the Parent Company infused an additional ₱197.5 million to AC Logistics to fund the second tranche of the purchase of MMI shares in Air21 Group. The infusion will be issued for 93.59 million common shares for a subscription price of ₱2.11 per share.

c. *AAC*

On February 10, 2023, the Parent Company infused ₱38.0 million to AAC to fund its operating requirements for the first quarter of 2023. The additional investment will be issued for 190.0 million common shares for a subscription price of ₱20.00 per share and will come from the planned increase in authorized capital stock.

d. *Globe STT*

On March 27, 2023, the Parent Company made an additional equity investment to Globe STT GDC, Inc. (formerly Karmanedge Inc.) amounting to ₱352.1 million as part of the committed deferred equity consideration (see Note 10).

2. *Property-for share swap*

On January 12, 2023, AC, ALI, and Mermac received SEC's approval for the property-for-share swap transaction issued on December 29, 2022. With the SEC's approval, the closing condition for the transaction had been met and the parties closed the transaction.

This transaction is aligned with the Group's strategic direction to increase its stake in ALI, which will consequently improve equity earnings and cashflows from dividends, as well as with the Group's goal to value ₱50.0 billion by 2023. It resulted in Parent Company's effective ownership in ALI of 50.60%.

This transaction is a tax-free exchange transaction under Section 40(C)(2) of the National Internal Revenue Code, as amended. AC and ALI are working on the requirements for the issuance of the Certificates Authorizing Registration (CAR) over the AC assets and for the additional listing of the ALI Shares.

As of the date of this Report, issuance of CARs and additional listing are pending regulatory approvals.

3. *MCX operations*

On January 26, 2023, the Certificate of Approval of Valuation was issued by the SEC in relation to the assignment of the MCX assets. The approved valuation amounting to ₱3.19 billion shall be applied as payment for the Parent Company's subscription to 309,000,0000 Class A common shares at ₱1.00 per share par value, and 2,881,000,0000 Class B common shares at ₱1.00 per share par value, of MCXPCI. On February 1, 2023, MCXPCI waived the full satisfaction of the Parent Company's receipt of the third-party consents. Consequently, the transition of MCX operations and transfer of its assets and liabilities from the Parent Company to MCXPCI was completed on February 1, 2023 (see Note 13). This transaction resulted to a ₱1,590.9 million gain for the Parent Company which was eliminated in the consolidated statement of income for the period ended March 31, 2023.

4. *Shareholders advances*

On February 21, 2023, the Parent Company made a short-term shareholder advance to AVHC to fund the full payment of its unpaid subscription to 63.7 million common shares equivalent to 25.5% stake in Cartera Interchange Corporation as the first step in divestment.

ACEIC

1. *ACEN's acquisition of subscription rights in Sinocalan Solar Power Corp.(SSPC)*

On January 10, 2023, ACEN signed the Deed of Assignment of Subscription Rights with Sungrow Power Renewables Corp. (SPRC) for the acquisition by ACEN of SPRC's subscription rights to 400,000 Redeemable Preferred Shares A ("RPS A") to be issued out of the increase in ACS of SSPC.

2. *ACEN and BIM Group's Vietnam wind farm gets US\$107 million financing boost*

ACEN and the BIM Group, through their respective subsidiaries, recently announced that the companies' joint venture development, the 88 MW Ninh Thuan wind farm located in South Central Vietnam, received an innovative US\$107.0 million financing package from the Asian Development Bank (ADB) and parallel lenders in support of the plant's operations and the partners' common goal to aid the country reach its climate action targets.

ADB will also grant Ninh Thuan Wind farm an additional US\$5.0 million grant from the Goldman Sachs and Bloomberg Philanthropies-backed Climate Innovation and Development Fund. The grant will be used for initiatives to safeguard environmental and social risk.

3. *ACEN Australia welcomes NSW Government support for long duration renewable energy storage facility*

ACEN Australia, with the support of the NSW Government, is thrilled to be progressing feasibility studies for the proposed Phoenix Pumped Hydro Project, a large-scale, long duration renewable energy storage facility.

Following a competitive selection process, Phoenix Pumped Hydro has been selected by EnergyCo and WaterNSW to receive feasibility funding to determine if it can support NSW energy security, help replace retiring coal-fired generation capacity, and support the achievement of the NSW Government's renewable energy objectives outlined in the NSW Electricity Strategy.

The project is being supported by the NSW Government through WaterNSW's Renewable Energy and Storage Program, and also through AU\$7.0 million in feasibility study funding by EnergyCo under its Pumped Hydro Recoverable Grants Program.

The 800 MW, 12-hour duration storage project is proposed within NSW's Central-West Orana Renewable Energy Zone and, if found feasible and constructed, will offer energy storage solutions to support several nearby wind and solar assets.

4. *ACEN adds 300 MW renewables capacity in Palauig Solar*

On January 24, 2023, ACEN, boosts its renewable energy portfolio in the Philippines, with the start of construction of the 300 MW Palauig 2 Solar farm located in Zambales, an area with one of the country's highest irradiance zones and solar energy potential.

5. *₱1.0 billion Omnibus Loan and Security Agreement (OLSA) with Provincial Investments Corporation (PIC) and Solar Philippines Power Project Holdings, Inc. (Solar PH)*

On January 25, 2023, ACEN, Provincia Investments Corporation (Provincia), and Solar Philippines Power Project Holdings, Inc. (Solar PH) entered into definitive agreements whereby ACEN receives 500 million shares in of SP New Energy Corporation (SPNEC), a listed company which is an affiliate of Solar PH (which SPNEC shares have a market value of approximately ₱660.0 million as of January 24, 2023) as (a) pre-payment for part of the development loan principal, (b) payment of interest and arrangement and security amendment in consideration for ACEN releasing its pledge over shares owned by Solar PH in SPNEC, and (c) allow further drawdown by Provincia from the existing ₱1,000.0 million loan facility. Consequently, on January 25, 2023, Provincia drew additional ₱125.0 million from its development loan facility (see Note 6 and Section 2).

ACEN recognized a ₱515.0 million gain from the partial settlement of development loan for the three-month period ended March 31, 2023 (unaudited) (see Section 2.8).

6. *ACEN set to commence construction of 60 MW Pangasinan Solar*

On January 26, 2023, ACEN, is set to begin the construction of the 60 MW Pangasinan Solar farm, the first development of ACEN in Pangasinan, and the Group's second solar farm to commence major construction works this year, bringing the Group's attributable renewables capacity in the Philippines to ~1,600 MW for projects in operation and under construction.

The ₱2.8 billion project will utilize ground-mounted solar photovoltaic panels, and will be directly connected to the grid through a 2-km transmission line to the NGCP 69kV San Manuel Substation.

7. *Acquisition by ACEN of the effective ownership interest of UPC Renewables Asia Pacific Holdings Pte Limited (UPCAPH) and Mr. Anton Rohner ("Rohner") in ACEN Australia (formerly, UPC-AC Renewables Australia)*

On February 1, 2023, ACRI and UPCAPH signed an Instrument of Transfer for the transfer to ACRI of UPCAPH's remaining 4,766 ordinary shares in UPC-AC Energy Australia (HK) Limited, which completes the second and final tranche of ACRI's acquisition of ACEN Australia, through ACRI, is now a wholly owned subsidiary of ACEN.

	In US\$	In PHP
	(in Thousands)	
Total consideration	\$85,391	₱4,724,682
Carrying amount of NCI	33,618	1,860,077
Excess of consideration	\$51,773	₱2,864,605

The transaction resulted into the acquisition of the remaining 20% ownership interest in UPC-ACE Australia. The excess of consideration over the carrying amount of the non-controlling interest is recognized under equity reserves (see Section 2.8).

The acquisition resulted in the full ownership by ACEN of the 521 MW New England solar farm and the 520 MW Stubbo solar farm in Australia, as well as the development pipeline of ACEN Australia spanning New South Wales, Tasmania, Victoria, and South Australia.

8. *ACEN Amendment to its Articles of Incorporation*

On March 7, 2023, the BOD of ACEN, approved the amendment of the Seventh Article of its Articles of Incorporation to create preferred shares via reclassification of 100.0 million unissued common shares into preferred shares. The proposed amendment was presented to and approved by its stockholders at their annual meeting on April 24, 2023.

9. *Partnership with BrightNight*

On March 10, 2023, ACEN signed a partnership with US-based renewable power company, BrightNight, to develop, construct, and operate large-scale hybrid wind-solar and round-the-clock renewable power projects in India. ACEN, through its subsidiaries, ACEN Renewables International and ACEN International, will support the accelerated buildout of BrightNight's existing development pipeline of over 1.2GW of hybrid portfolio in India, including a differentiated 100 MW co-located, wind-solar project in the resource-rich state of Maharashtra.

10. *Purchase and Sale Agreement with GlidePath*

On March 16, 2023, ACEN, through its joint-venture company, UPC Power Solutions LLC, signed a Purchase and Sale Agreement with GlidePath for the acquisition of a portfolio of eight operating wind projects located in northern Texas, USA.

ACEN, through its subsidiary ACEN USA LLC, formed a strategic partnership with Pivot Power Management (PivotGen) and UPC Solar & Wind Investments LLC to pursue opportunities to acquire operating wind projects in the US, and explore strategies for extending their useful life through preventative maintenance and repowering. This sale will be subject to regulatory approvals including the Federal Energy Regulatory Commission (FERC), an independent agency that regulates the interstate transmission of electricity, natural gas, and oil.

11. *Opening of Stage 1 of ACEN Australia's New England Solar Project*

On March 16, 2023, Stage 1 of ACEN Australia's New England Solar project was officially opened. The New England Solar project with an estimated 936 MWdc (720 MWac) is being

developed in two stages, with Stage 1 expected to be generating at full nameplate capacity of 521 MWdc (400 MWac) in the coming months.

12. *Subscription to Santa Cruz Solar Energy Inc. (SCSEI)*

On March 29, 2023, ACEN signed a subscription agreement with its wholly-owned subsidiary, SCSEI, for the subscription by ACEN to 49,997,367 Common A Shares and 449,976,319 Redeemable Preferred A Shares (RPS A) of SCSEI for the total subscription price of ₱4,999.64 million.

13. *Announcement of Net Zero Roadmap*

On March 31, 2023, ACEN announced its Net Zero roadmap that includes near-term emission reduction targets aligned with the GHG Protocol and the latest climate-science and long-term targets that are consistent with the deep decarbonization of the power sector. ACEN is the first energy company in Southeast Asia to take this critical step towards achieving Net Zero, providing an accountable and transparent framework for monitoring progress.

As part of its transition plan, ACEN aims to deliver reduction-led decarbonization by 2040, with an interim target for 2030, and a Net Zero status (including neutralization) by 2050. This 2050 goal is in line with the broader Ayala group net zero target, while ACEN will continue to explore opportunities to further accelerate these targets in future.

14. *Subscription to Bayog Wind Power Corp. (BWPC)*

On April 4, 2023, ACEN signed a subscription agreement with its wholly-owned subsidiary, BWPC, for the subscription by ACEN to 3,608,515 Redeemable Preferred D Shares (RPS D), 2,965,722 Redeemable Preferred E Shares (RPS E), and 199,399 Redeemable Preferred G Shares (RPS G) of BWPC for the total subscription price of ₱677.36 million. BWPC is developing the 160MW Pagudpud Wind Project located in Barangays Balaoi and Caunayan, Pagudpud, Ilocos Norte, Philippines.

15. *Signing of Project Financing for Monsoon Wind*

On April 10, 2023, ACEN, through its subsidiary ACEN Renewables International Pte. Ltd., signed the financing documents for the non-recourse project financing for the Monsoon Wind.

Monsoon Wind will construct, own, and operate a 600 MW wind power plant and its 500 kV transmission line in the Sekong and Attapeu provinces located in southeastern provinces of the Lao PDR. Monsoon Wind is also the first cross-border wind project in Southeast Asia.

Under the 25-year power purchase agreement, the electricity generated will be sold to Vietnam Electricity (EVN) through the Project Company's 500 kV transmission line. The Monsoon Wind project is a partnership with ACEN, BCPG Public Company Limited, Impact Electronics Siam Limited, Mitsubishi Corporation and SMP Consultation and STP&I Public Company Limited. The project will be co-financed by the Asian Development Bank as lead arranger, Asia Infrastructure Investment Bank, Japan International Corporation Agency, the Export-Import Bank of Thailand, Hong Kong Mortgage Corporation Limited, Sumitomo Mitsui Banking Corporation, Kasikornbank, and Siam Commercial Bank.

16. *Issuance of Corporate Guarantee in Support of the ACEIC Group's Australia Projects; ACEN secures its largest syndicated green term loan facility for Australia platform*

On January 6, 2023, ACEN, as Guarantor to its subsidiary ACEN Australia Pty Ltd. (ACEN Australia), executed a Syndicated Facility Agreement with ACEN Australia, Bank of China (Hong Kong) Limited (BOC HK), Bank of China (Hong Kong) Limited – Manila Branch (BOC Manila), CTBC Bank Co., Ltd, Singapore Branch (CTBC SG), CTBC Bank (Philippines) Corporation (CTBC PH), Standard Chartered Bank – Australia Branch (SCB), (collectively the "Lenders") and Commonwealth Bank of Australia (as agent) for AU\$277.0 million syndicated green term loan facility. The Lenders and ACEN Australia also entered into an Accession Letter to include BOC HK, BOC Manila, CTBC SG, CTBC PH, and SCB as Lenders under the Common Provisions Agreement dated August 18, 2022, as amended through an Amending Deed on January 6, 2023 among the Company, ACEN Australia, DBS Bank Ltd., Australia Branch, MUFG Bank, Ltd. – Sydney Branch, and Clean Energy Finance Corporation.

ACEN secures its largest syndicated green term loan facility for Australia platform.

ALI

1. *Decrease in authorized capital stock, 2023 ESOWN, and dividend declaration*

On February 24, 2023, ALI's BOD approved the following:

- a. The decrease in authorized capital stock by ₱62.4 million from ₱21,500.0 million to ₱21,437.6 million, through the retirement of redeemed voting preferred shares as of January 31, 2023, and any additional redeemed voting preferred shares until April 25, 2023, as well as the corresponding amendment of the Seventh Article of the Articles of Incorporation. The decrease in authorized capital stock and the amendment of the Seventh Article will be presented to the stockholders for approval at their annual meeting on April 26, 2023.
- b. The 2023 stock option program pursuant to ALI's ESOWN which authorizes the grant to qualified executives, in accordance with the terms of the ESOWN, of stock options covering up to a total of 20.2 million common shares at a subscription price of ₱24.68 per share, which is the average price of common shares at the PSE over the last 5-day trading as of February 13, 2023, less a prescribed discount.
- c. The declaration of cash dividends of ₱0.1495 per outstanding common share paid on March 23, 2023 to stockholders of common shares as of record date March 7, 2023.

2. *Property-for-share swap with AREIT*

On March 7, 2023, the Executive Committee of ALI approved the subscription of ALI and its subsidiaries, Ayala Land Malls, Inc. (ALMI), and Northbeacon Commercial Corporation (NBCC) to 607.6 million primary common shares of AREIT, Inc. (AREIT), in exchange for flagship offices and malls with an aggregate value of ₱22,479.7 million, as validated by a third-party fairness opinion.

The proposed property-for-share swap is for approval of AREIT shareholders at their annual meeting on April 26, 2023 and pertinent regulatory bodies.

On March 29, 2023, ALI sold 205.0 million shares (Offer Shares) of AREIT at a transaction price of ₱32.10 per share, equivalent to ₱6,580.5 million (exclusive of fees and taxes), in relation to its ₱22.5 billion property-for-share swap transaction with AREIT.

3. *2023 common share buybacks*

For the three-month period ended March 31, 2023, ALI purchased its own common shares in accordance with its share buyback program.

IMI

1. *Announcement of strategic manufacturing collaboration with Zero Motorcycles*

On March 29, 2023, IMI, a leading global technology and electronics manufacturing solutions expert based in the Philippines, and Zero Motorcycles, a world leader in electric motorcycles and power trains based in California, USA have forged a partnership to increase access to the world's leading full-sized all-electric motorcycles.

IMI has the expertise in both electronics manufacturing and motorcycle assembly all located under one roof. The strategic manufacturing collaboration involves both the full assembly of the motorcycles as well as partial, modular assemblies. IMI will assemble Zero's electric motorcycle models and other assemblies in their facility in Laguna in conjunction with the manufacturing facilities for Zero in Scott's Valley, California. Mass production is projected to start as early as the second quarter of 2023.

AC Health

Capital infusion

On February 1, 2023, Ayala Health, through its fully owned subsidiary Vigos Ventures, Inc., infused ₱52.7 million to Global Telehealth, Inc. (KMD) in the form of additional paid-in capital to fund its working capital requirements.

AC Infra

1. *Decrease in authorized capital stock*

On January 13, 2023, the SEC approved the decrease in the authorized capital stock of AC Infra thereby decreasing the preferred shares with ₱1.00 par value by ₱300.0 million from 4.7 billion shares to 4.4 billion shares.

The decrease in authorized capital stock is in relation to AC Infra's redemption last October 21, 2021 of its preferred shares held by the Parent Company amounting to ₱300.0 million.

AC Logistics

1. *Capital infusions*

On January 9 and February 3, 2023, AC Logistics released the proceeds of its short-term advance to Entrego Fulfillment Solutions, Inc., amounting to ₱70.0 million and ₱295.0 million, respectively. The short-term advance is for a period of 60 days, commencing from release of the proceeds, and subject to an interest rate of 8% per annum.

On January 31, 2023, AC Logistics infused ₱68.1 million to Air21 in exchange for 34.0 million common shares of the latter.

2. *Share purchase agreement with MMI*

On January 20, 2023, Air21 executed a Share Purchase Agreement with MMI for the purchase by Air21 of 12% equity interest of MMI in each of Airfreight 2100, Inc., Air 2100, Inc., Integrated Waste Management Inc. (IWMI), and Waste and Resources Management, Inc. (WARM) for a total purchase price of ₱442.6 million. The breakdown of the total purchase price is as follows:

Company	% of Equity Ownership	Number of Shares	Purchase Price (in Thousands)
Airfreight 2100, Inc.	12%	16,749,846	₱329,110
Air 2100, Inc.	12%	57,955	8,213
IWMI	12%	104,831	69,049
WARM	12%	588	36,174
Total		16,913,220	₱442,546

On February 1, 2023, the Deeds of Assignment of Shares of Stock for the shares of Air 2100, Inc., IWMI, and WARM were executed between Air21 and MMI to implement the acquisition of the respective shares.

3. *Increase in authorized capital stock*

On March 3, 2023, AC Logistics' increased its authorized capital stock from ₱2,200.0 million, divided into 2,200.0 million common shares with a par value of ₱1.00 per common share, to ₱5,974.2 million, divided into 5,974.2 million common shares with a par value of ₱1.00 per common share, was approved by the SEC. Accordingly, the balance of the deposit for future stock subscription of AC Logistics, as of March 3, 2023, were converted into capital.

4. *Capital infusions*

On January 9 and February 3, 2023, ACL released the proceeds of its short-term advance to Entrego Fulfillment Solutions, Inc., amounting to ₱70.0 million and ₱295.0 million, respectively. The short-term advance is for a period of 60 days, commencing from release of the proceeds, and subject to an interest rate of 8% per annum.

On January 31 and February 28, 2023, AC Logistics infused AIR21 with ₱68.1 million in exchange for 34.0 million AIR21 common shares and ₱57.8 million for 28.9 million AIR21 common shares, respectively. Also on February 28, 2023, AC Logistics subscribed to 69.9 million common shares of AIR21 for ₱139.7 million.

Material subsidiaries with material economic ownership interest

The summarized financial information of subsidiaries that have material non-controlling economic interest is provided below. This information is based on amounts before intercompany eliminations and consolidation adjustments.

	March 2023 (Unaudited)	December 2022 (Audited)
(in Millions)		
Ayala Land, Inc. and Subsidiaries		
Current assets	₱373,044	₱359,857
Non-current assets	420,438	419,797
Current liabilities	209,012	202,524
Non-current liabilities	283,684	283,466
Equity		
Attributable to owners of the parent	260,267	255,252
Attributable to non-controlling interest	40,519	38,412
Revenue	30,907	24,617 *
Net income		
Attributable to owners of the parent	4,513	3,168 *
Attributable to non-controlling interest	677	893 *
Other comprehensive income	(208)	(21) *
Integrated Microelectronics, Inc. and Subsidiaries		
Current assets	US\$816	US\$777
Non-current assets	334	327
Current liabilities	550	515
Non-current liabilities	172	174
Equity		
Attributable to owners of the parent	387	377
Attributable to non-controlling interest	41	38
Revenue	347	334 *
Net loss		
Attributable to owners of the parent	(1)	(2) *
Attributable to non-controlling interest	(1)	(2) *
Other comprehensive income (loss)	15	(6) *
AC Energy and Infrastructure Corporation and Subsidiaries¹		
Current assets	₱82,668	₱85,511
Non-current assets	200,292	196,054
Current liabilities	16,717	19,060
Non-current liabilities	127,051	119,881
Equity		
Attributable to owners of the parent	65,873	74,890
Attributable to non-controlling interest	73,319	67,734
Revenue	13,902	10,962 *
Net income		
Attributable to owners of the parent	2,708	1,076 *
Attributable to non-controlling interest	977	108 *
Other comprehensive loss	(117)	(7) *

*Based on unaudited March 31, 2022.

¹Formerly AC Energy, Inc. (AC Energy or ACEI)

As of March 31, 2023 (unaudited), the proportion of economic ownership held by material non-controlling interest of ALI and IMI are 49.2% and 47.9%, respectively, while the voting rights held are 72.1% and 52.1%, respectively. While ACEIC is a wholly-owned subsidiary of the Parent Company, the material non-controlling interests within the ACEIC Group is generally attributable to the 42.3% ownership of the non-controlling interest in ACEN.

4. Cash and Cash Equivalents

This account consists of the following:

	March 2023 (Unaudited)	December 2022 (Audited)
(in Thousands)		
Cash on hand and in banks	₱38,243,886	₱32,065,171
Cash equivalents	35,783,960	41,782,200
	₱74,027,846	₱73,847,371

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term rates.

The Group maintains cash and cash equivalents with Bank of the Philippine Islands (BPI), an associate of the Parent Company and related party of the Group, amounting to ₱30.4 billion and ₱22.7 billion, as of March 31, 2023 (unaudited) and December 31, 2022 (audited), respectively (see Note 23).

5. Short-term Investments

This account consists of the following:

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Money market placements	₱1,699,423	₱3,201,800

Short-term investments pertain to money market placements made for varying periods of more than three months but less than one year and earn interest at the respective short-term investment rates.

The Group maintains short-term investments with BPI amounting to ₱574.3 million and ₱861.6 million, as of March 31, 2023 (unaudited) and December 31, 2022 (audited), respectively (see Note 23).

6. Accounts and Notes Receivable

This account consists of the following:

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Trade:		
Real estate and hotels	₱133,700,595	₱127,639,320
Industrial technologies	16,984,801	16,345,497
Power	5,795,781	9,584,245
Logistics	3,552,782	3,143,373
Automotive	3,048,381	3,690,126
International and others	1,980,569	2,232,589
Receivable from related parties (Note 23)	711,094	592,830
Outsourcing	453,531	510,508
Non-trade:		
Receivable from related parties (Note 23)	50,163,711	48,968,604
Advances to other companies	30,953,649	29,049,083
Receivable from officers and employees (Note 23)	1,979,017	1,806,097
Dividend receivable (Note 23)	972,050	–
Others (Note 23)	20,597,175	19,495,245
	270,893,136	263,057,517
Less allowance for expected credit losses	5,458,582	5,426,817
	265,434,554	257,630,700
Less noncurrent portion	93,937,492	96,029,149
	₱171,497,062	₱161,601,551

The aging analysis of accounts and notes receivables that are past due but not impaired as of March 31, 2023 (unaudited) and December 31, 2022 (audited) follows:

		Trade Receivable							
	Contract Assets	Days Past Due							
		Current	<30 days	31-60 days	61-90 days	91-120 days	>120 days	Total	Total
(in Thousands)									
March 31, 2023 (Unaudited)									
Expected credit loss rate	0.00%	0.16%	0.06%	0.49%	0.17%	0.06%	4.44%		
Trade:									
Real estate and Hotels	P—	P93,796,936	P6,861,683	P1,872,100	P1,183,486	P3,350,580	P26,635,810	P39,903,659	P133,700,595
Industrial technologies	3,744,580	10,718,077	1,628,823	676,176	3,425,719	94,172	441,834	6,266,724	20,729,381
Automotive	—	1,128,041	583,991	430,939	219,632	215,669	470,109	1,920,340	3,048,381
Power	—	3,974,099	184,226	400,689	62,501	254,795	919,471	1,821,682	5,795,781
Logistics	88,074	—	102,557	306,852	—	—	3,143,373	3,552,782	3,640,856
Outsourcing	—	249,277	73,349	67,895	17,022	45,988	—	204,254	453,531
International and others	—	886,791	457,130	92,196	60,549	98,918	384,985	1,093,778	1,980,569
Receivable from related parties	—	167,782	179,095	168,258	53,338	42,721	99,900	543,312	711,094
Total	P3,832,654	P110,921,003	P10,070,854	P4,015,105	P5,022,247	P4,102,843	P32,095,482	P55,306,531	P170,060,188
Expected credit loss	P—	P178,047	P6,432	P19,607	P8,493	P2,304	P1,425,030	P1,461,866	P1,639,913
December 31, 2022 (Audited)									
Expected credit loss	P—	P174,677	P6,432	P19,607	P8,493	P2,304	P1,372,454	P1,409,290	P1,583,967

The classes of trade receivables of the Group are follows:

Real estate and hotels

Real estate receivables consist of:

- Residential, commercial and office development - pertain to receivables from the sale of high-end, upper middle-income and affordable residential lots and units; economic and socialized housing units and sale of commercial lots; sale of office units; and leisure community developments.
- Corporate business - pertain to lease receivables from office and factory buildings and receivables from sale of industrial lots
- Shopping centers - pertain to lease receivables from retail spaces
- Construction contracts - pertain to receivables from third party construction projects
- Management fees - pertain to receivables from facilities management services
- Others - pertain to receivables from hotel operations and other support services

Residential, commercial and office development receivables are collectible in monthly installments over a period of one (1) to ten (10) years. These are carried at amortized cost using the EIR method with annual interest rates ranging from 5.50% to 16.00%. Titles to real estate properties are transferred to the buyers only once full payment has been made.

Corporate business receivables are collectible on a monthly or quarterly basis depending on the terms of the lease contracts.

Receivables from shopping centers, construction contracts and management fees are due within 30 days upon billing.

Receivables from hotel operations and other support services are normally due within 30 to 90 days upon billing.

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1 Act") was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2 Act"), was enacted. Under Bayanihan 2 Act, a one-time sixty (60)-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other charges.

In 2020, ALI Group provided reliefs under Bayanihan 1 Act and Bayanihan 2 Act, which offered financial reliefs to its borrowers/counterparties as a response to the effect of the COVID-19 pandemic. These relief measures included the restructuring of existing receivables including extension of payment terms. Based on ALI Group's assessment, the modifications in the contractual cash flows as a result of the reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets.

ALI Group from time to time sells its residential receivables on a without recourse basis to partner mortgage banks, which include BPI Family Savings Bank, a related party. No receivable sale transactions occurred during the first three months of 2023.

Industrial technologies

Pertain to receivables arising from manufacturing and other related services for electronic products and components and have credit terms averaging 70 days from invoice date.

Power

Power generation receivables pertain to ACEIC Group's receivable from Independent Electricity Market Operator of the Philippines, National Grid Corporation of the Philippines (NGCP), National Transmission Corporation (TransCo) for the FIT and from the Group's bilateral customers. Significant portion of outstanding balance pertains to receivables from MERALCO Baseload, Mid-Merit PSAs and FIT system adjustments. It consists of both noninterest-bearing and interest-bearing receivables. The term is generally 30 to 60 days. Due to the impact of the COVID 19 pandemic, the terms of some of the receivables has been extended.

Noncurrent trade receivables which consist of refundable amount from Philippine Electric Market Corporation (PEMC) and FIT system adjustments that are expected to be realized beyond 12 months after end of reporting period. FIT system adjustments are discounted using the PHP BVAL Reference rates on transaction date ranging from 5.21%-6.47%.

Automotive

Automotive receivables relate to sale of passenger cars, motorcycles and commercial vehicles and are collectible within 30 to 90 days from date of sale.

Logistics

Pertain to AC Logistics' Group trade receivables which are noninterest-bearing and are generally 30 to 120 days' terms.

International and others

International and other receivables arose from investments in overseas property companies and projects, charter services, agri-business and others and are generally on 30- to 60- day terms.

Outsourcing

Outsourcing receivables arise from venture capital for technology businesses; provision of value-added content for wireless services, online business-to-business and business-to-consumer services; electronic commerce; technology infrastructure sales and technology services; and onshore- and offshore-outsourcing services and are normally collected within 30- to 60- days from invoice date.

The nature of the Group's other receivables follows:

Receivable from related parties

ACEIC receivables from related parties and selected third parties bear interest ranging from 2.00% to 12.50% annually. Interests are payable upon maturity of the interest-bearing loan.

On December 22, 2020, ACEIC signed the Affiliated Subordinated Indebtedness (ASI) agreement with GN Power Kauswagan Ltd. Co. (GNPK) for US\$200.0 (₱9,607.2 million). The ASI loan is subject to interest rate compounding semi-annually ranging from 5.00% to 12.50% which shall accrue starting January 1, 2021. The maturity date of the loan is the later of the (1) the final maturity date of the GNPK Senior Loans (due 2031); and (2) the full payment on, and redemption of full interest of a partner in GNPK and in GNPK's Parent Company, KPHLC under the limited partnership

agreements. GNPK's payment of the interest on the ASI loan and the principal shall follow the repayment waterfall stipulation in the ASI loan agreement. Any unpaid interest shall accrue interest.

Advances to other companies

ALI

Advances to other companies includes ALI's advances to joint venture partners that have been made in consideration of project costs and purchases of land that are still subject to completion. The documentation for these advances provides that these will be payable over a fixed term or on demand in order to allow for repayment of the advances when closing does not occur. The advances are liquidated when proceeds from the sale of the related projects are applied.

Advances to other companies also includes receivables from MRT Development Corporation (MRTDC) shareholders which pertains to interest-bearing advances made by North Triangle Depot Commercial Corporation (NTDCC) to MRTDC equivalent to the Pre-2006 Development Rights Payment (DRP) Payables and the Residual Depot DRP which is due more than one year, in relation to the funding and repayment agreement.

On December 17, 2014, NTDCC and MRTDC shareholders executed a "funding and repayment agreement" wherein the latter agrees to repay NTDCC, for the account of MRTDC, its respective pro rata share in the Total Depot DRP Advances (the Pre-2006 DRP Payables and the Residual Depot DRP, including 15% interest rate accrued on such DRP payables).

Commencing on January 1, 2015, the MRTDC Shareholders shall effect the repayment of their respective pro rata share in the Total Depot DRP Payables, through a set-off against their respective share in the commercial center royalties to be received from ALI Group.

Set off shall be effective as of the beginning of every calendar month, commencing January 30, 2015 and shall result in the settlement of the portion of the Total DRP Payables to the extent of the amount of the commercial center royalties then the balance will fall due to the relevant MRTDC Shareholders.

AC Industrial

In 2019, AC Industrial extended a loan to Roadworthy Cars, Inc. (RCI) amounting to ₱1,605.0 million which bears interest at the rate of 16% per annum and which accrue from, and shall be paid by RCI, beginning on the second anniversary of the commencement of business of KPMC. For the succeeding years until the repayment date, interest on the principal amount of the loan shall accrue with respect to the outstanding amount of the loan at the rate of 8% per annum and is payable for a period of 10 years. As of March 31, 2023 (unaudited) and December 31, 2022 (audited), loans receivable from RCI amounted to ₱2,105.1 million. As of December 31, 2022, ₱104 million allowance was provided.

ACEIC

In 2022, ACEIC Group and UPC Renewables Asia Pacific Holdings Limited (URAPHL) entered into loan facility agreement to fund the development of renewable energy and energy storage projects in Asia Pacific. The interest-bearing loan has a total facility of US\$85.4 (₱5,010.0 million) and bears annual fixed rate interest and payable upon maturity.

As of March 31, 2023 (unaudited) and December 31, 2022 (audited), outstanding balance of the interest-bearing loan amounted to nil and US\$85.4 million (₱4,761.0 million). Interest income amounted to US\$0.06 million (₱3.1 million) and US\$0.02 million (₱1.00 million) for the periods ended March 31, 2023 and 2022 (both unaudited), respectively.

Receivables from PEMC Multilateral Agreements

In December 2013, there were elevated WESM prices because of a Malampaya outage. As a result, ERC issued an Order imposing Administered/Regulated Pricing, which was lower than the WESM rates at the time. The receivables from PEMC Multilateral Agreements is the refundable amount from the PEMC arising from recalculation of November and December 2013 spot prices as directed by the ERC. In 2014, ACEN, PEMC, and other WESM participants signed a Multilateral Agreement pending the resolution of cases filed by WESM participants in the Supreme Court. On various dates in 2014 to 2016, ACEN Group recorded collections in relation to the Multilateral Agreement amounting to ₱1,123.5 million. Collections are presented as "Trade payables" under

“Other noncurrent liabilities”.

In July 2022, the Supreme Court declared the administered regulated pricing void and upheld the December 2013 Meralco hike for recovery costs. In October 2022, the Supreme Court denied all Motions for Reconsideration.

The ERC has not yet issued guidance on the method of implementation of these adjustments. Consequently, the Group has reversed its receivables amounting to ₱1,123.5 million and recorded additional cost of purchased power of equivalent amount. The unpaid cost of purchased power is presented as “Trade payables” under accounts payable and other current liabilities.

In 2020, ACEIC, BIM Energy Holdings Corporation (BIMEH) and BEHS Joint Stock Company (BEHS) entered into an extended short-term loan facility for the purpose of implementing the business plans of these companies. The short-term loan has a total facility of \$21.00 million and \$9.00 million for BIMEH and BEHS, respectively. The loans bear fixed rate, drawable in tranches and maturing within 11 months from the first drawdown date on June 8, 2020. In May 2021, the short-term loan facility was refined by a term loan facility, with the same aggregate principal amount and with a new maturity date of June 2023.

As of March 31, 2023 (unaudited), outstanding receivable from BIMEH and BEHS are US\$3.3 million (₱177.56 million) and US\$9.0 million (₱489.24 million), respectively. As of December 31, 2022 (audited), outstanding receivable from BIMEH and BEHS are US\$6.5 million (₱364.2 million) and US\$10.2 million (₱570.6 million), respectively. Interest income amounted to US\$0.30 million (₱18.14 million) and US\$0.20 million (₱10.11 million) for the periods ended March 31, 2023 and 2022 (both unaudited), respectively.

Receivables from NGCP are non-interest-bearing receivables from NGCP arising from (1) the sale of transmission assets, which are collectible annually within 3 years, discounted using the PHP BVAL reference rates on transaction date ranging from 2.14% to 4.56%; and (2) SLTEC's receivable from NGCP for the remaining uncollected consideration for the sale of the 230KV Salong Switching Station and related assets.

Development loans are provided to third parties and related parties to fund development of renewable energy projects in various locations. Development loan bear interest ranging from 4.00% to 10.85% per annum.

On January 25, 2023, ACEN, Provincia Investments Corporation (Provincia), and Solar Philippines Power Project Holdings, Inc. (Solar PH) entered into definitive agreements that covered development loans and SPNEC common shares (see Note 3, Section 2 and Section 2.8).

Receivables from officers and employees

Receivable from officers and employees pertain to housing, car, salary and other loans granted to the Group's officers and employees which are collectible through salary deduction, are interest bearing (6.0% to 10.0% annum) and have various maturity dates.

Dividend receivable

Dividends receivable pertain to dividends receivable from subsidiaries, associates and joint ventures. These receivables are non-interest bearing and collectible within the year.

Others

Other receivables include accrued interest receivable from cash in bank and cash equivalents and short-term investment and other nontrade receivables from non-related entities which are non-interest bearing and are due and demandable. This also includes receivable from the DPWH pertaining to the additional costs incurred by the Parent Company in the construction of the Daang Hari-South Luzon Expressway (SLEX) Link Road arising from the government directive to revise the interconnection design of the road amounting to ₱215.9 million and ₱259.8 million as of March 31, 2023 (unaudited) and December 31, 2022 (audited), respectively. Other receivable also includes the following:

On March 5, 2021, ACEIC, PPLC and certain of their affiliated companies, signed a Divestment Agreement for the transfer by ACEIC of its indirect ownership interest in GNPK in favor of PPLC

and its affiliates. The transfer was implemented in tranches with the purchase price to be paid on a deferred basis. On September 30, 2021, after all conditions precedent have been met, ACEIC executed the divestment. The receivables from PPLC and affiliates arising from the first tranche sale amounted to ₱9,638.6 million. The receivable from PPLC is subject to interest rate compounding semi-annually ranging from 5.00% to 12.50%. The maturity date of the loan is December 31, 2031. The amount and timing of collection is based on the priority payment waterfall provisions of the divestment agreement. Any unpaid interest shall accrue interest. As at March 31, 2023 and 2022, receivable from PPLC amounted to ₱10,382.67 million and ₱10,718.8 million, respectively.

Receivable from the sale of MWC preferred shares amounted to ₱3,388.3 million and ₱3,439.6 million as of March 31, 2023 (unaudited) and December 31, 2022 (audited), respectively.

Impairment of financial assets

In general, the Group applies a simplified approach in calculating expected credit losses (ECL). Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Provisions for ECL amounted to ₱28.2 million (provisions on related parties is nil) and ₱88.6 million for the periods ended March 31, 2023 and 2022 (both unaudited), respectively, which form part of the Group's General and Administrative Expenses.

7. Inventories

This account consists of the following:

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
At cost:		
Real estate inventories	₱174,024,836	₱180,348,474
Materials and supplies	15,851,976	15,075,559
Vehicles	1,471,549	1,488,136
Work-in-process	1,394,442	1,322,984
Finished goods	921,663	1,227,536
Others	747,254	859,565
	194,411,720	200,322,254
At NRV:		
Materials and supplies	1,133,700	519,863
Work-in-process	366,968	389,087
Finished goods	247,777	285,940
	1,748,445	1,194,890
	₱196,160,165	₱201,517,144

The Group recognized provision for and reversal of inventory obsolescence amounting to ₱35.4 million and ₱9.4 million for the periods ended March 31, 2023 and 2022 (both unaudited), respectively. The provision is included under General and Administrative Expenses account.

8. Other Current Assets and Other Noncurrent Assets

Other current assets consist of the following:

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Advances to contractors and suppliers	₱22,619,219	₱19,133,285
Prepaid expenses	22,029,744	20,704,180
Input VAT	16,439,663	15,928,699
Creditable withholding tax	12,570,401	11,933,595

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Financial assets at FVTPL (Note 23)	10,812,517	11,676,375
Contract assets	3,992,426	3,605,938
Investment in bonds	2,309,440	2,309,440
Deposits in escrow	1,456,107	1,446,112
Derivative assets	578,115	679,434
Others	3,035,138	2,376,259
	₱95,842,770	₱89,793,317

Other noncurrent assets consist of the following:

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Investment in bonds and other securities:		
Financial assets at amortized cost	₱22,292,360	₱21,260,907
Financial assets at FVOCI	6,584,418	5,724,798
Financial assets at FVTPL (Note 23)	1,178,054	3,243,806
Deferred charges	13,744,338	13,478,639
Advances to contractors	8,038,152	9,256,936
Deferred input VAT	4,716,817	4,364,555
Creditable withholding taxes	2,407,807	2,388,428
Deposits - others	2,018,813	1,115,316
Pension assets	160,167	140,689
Others	3,440,085	4,602,262
	₱64,581,011	₱65,576,336

Other current assets include the following:

- a) Advances to contractors and suppliers
Advances to contractors and suppliers represent prepayments for the construction of inventories. These are recouped from billings which are expected to occur in a short period of time.
- b) Prepaid expenses
Prepaid expenses mainly include prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance. In line with ALI Group's accounting policy, if a contract or specific performance obligation exhibited marginal profitability or other indicators of impairment, judgment was applied to ascertain whether or not the future economic benefits from these contracts were sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract specific key performance indicators that could trigger variable consideration, or service credits.
- c) Input VAT
Input VAT is applied against output VAT. The remaining balance is recoverable in future periods.
- d) Creditable withholding tax
The Group will be able to apply the creditable withholding taxes against income tax payable.
- e) Financial assets at FVTPL
The Group's financial assets at FVTPL pertains to investment securities which includes the Compulsory convertible debenture of Masaya Solar Energy Private Limited; common and preferred shares of The Rohatyn Group (TRG) Allocation LLC and TRG Management LP (collectively TRG investments); Unit Investment Trust Fund (UITF) investments; ARCH Funds, Alibaba Group's new Retail Strategic Opportunities Fund; Indies Pelago Investments, L.P.; Ikhlas Capital Fund, L.P.; promissory notes issued by CLOUSE S.A-Class C ordinary shares in Ant International Co. Limited; TRG Global Opportunity Fund and TRG Special Opportunity

Fund; Sares-Regis Investments; RETC, LLC; TPA Ventures Pte. Ltd.; and Tikehau (TKS I, LP), among others.

This account includes investment in shares in SPNEC acquired by ACEIC Group (Note 3 and Section 2.8).

Total mark-to-market gain for FVTPL accounts amounted to ₱136.3 million and ₱61.3 million for the three-month period ending March 31, 2023 and 2022, respectively (all figures unaudited). The 2023 gain pertains to investment in SPNEC (see Note 3 and Section 2.8).

- f) Contract assets
Contract assets are initially recognized for revenue earned from manufacturing of goods as receipt of consideration is conditional on successful completion of the services. When goods are shipped or goods are received by the customer, depending on the corresponding agreement with the customers, the amounts recognized as contract assets are reclassified to trade receivables. Payments are received from customers depending on the credit terms.
- g) Deposits in escrow
Deposits in escrow pertain to the proceeds from the sale of ALI Group that have been only granted with a temporary License To Sell (LTS) by the Housing and Land Use Regulatory Board (HLURB). For projects with temporary LTS, all payments, inclusive of down payments, reservation, and monthly amortization, among others, made by the buyer within the selling period shall be deposited in an escrow account.
- h) Others
Others mainly include deferred charges and accrued liquidated damages.

Other noncurrent assets include the following:

- a) Investments in debt and equity securities
This account consists of debt and equity investments, which are classified as financial assets at amortized cost, financial assets at FVOCI, and financial assets at FVTPL. These accounts are classified according to underlying conditions or terms of investments.

Financial assets at amortized cost includes investments in redeemable preferred shares and subscription deposits and convertible loans. These are attributed to AC Energy group.

Financial assets at FVOCI includes investment in bonds, quoted and unquoted equity investments.

Financial assets at FVTPL includes the convertible loans in First Myanmar Investment Public Co. (FMI). On November 8, 2019, the Parent Company signed definitive agreements to acquire a 20% stake in FMI.

The investment in FMI via US\$82.5 million convertible loan, which was made by VIP Infrastructure Holdings Pte. Ltd. (VIP), on January 23, 2020. VIP disbursed US\$82.5 million into FMI after securing approval from the Central Bank of Myanmar. The transaction forms part of the VIP's US\$237.5 million investment in Yoma Group.

- b) Deferred charges
Deferred charges include ALI's project costs incurred for unlaunched projects of the group, advance rental payments, and noncurrent prepaid management fees. This also includes ALI's noncurrent portion of cost to obtain contracts which includes prepaid commissions and advances to brokers.

Deferred charges also include IMI's tooling items customized based on the specifications of the customers and to be repaid as part of the price of the manufactured items.
- c) Advances to contractors
Advances to contractors represents prepayments for the construction of investment properties, property and equipment and service concession assets.

- d) Deferred input VAT
Deferred input VAT pertains to unamortized VAT portion from purchases of capital goods.
- e) Creditable Withholding Tax
The Group will be able to apply the creditable withholding taxes against income tax payable or can be claimed as tax refund from the BIR.
- f) Deposits - others
This includes deposits and advances for projects which include escrow deposits and security deposits on land leases, electric and water meter deposits.
- g) Others
Others pertain to prepayments for expenses that is amortized for more than one year, marketable securities and customers and tenants deposits to affiliates. As of March 31, 2023 (unaudited) and December 31, 2022 (audited), this includes restricted cash amounting to ₱14.0 million and nil, respectively, that is not available for use by the Group.

9. Right-of-Use Assets and Lease Liabilities

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Right-of-use assets	₱23,313,320	₱22,861,767
Lease liabilities - current and noncurrent	₱30,555,672	₱30,343,440

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

Except for short-term leases and leases of low-value assets, the Group applies a single recognition and measurement approach for all leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. 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). 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 and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

ii. 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 a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (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 that are considered of low value as defined in the accounting policies of subsidiaries. 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 is accounted on a straight line basis over the lease term 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.

Lease concessions

The Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. Where the Group has evaluated that the rent concessions do not qualify as a lease modification, the Group accounts for the lease concessions in the form of negative variable rent which the Group records when the concession is granted, regardless of the period to which the concession pertains.

10. Investments in Associates and Joint Ventures

Investments in associates and joint ventures are accounted for under the equity method of accounting. Major associates and joint ventures and the related percentages of economic ownership as of March 31, 2023 (unaudited) and December 31, 2022 (audited) are as follows:

	% of Economic Ownership		Carrying Amounts	
	March 2023 (Unaudited)	December 2022 (Audited)	March 2023 (Unaudited)	December 2022 (Audited)
	(in Millions)			
Domestic:				
Bank of the Philippine Islands (BPI)	32.7	32.9	₱128,185	₱123,621
Liontide Holdings, Inc. (LHI)*	93.4	78.1	61,247	59,079
Globe Telecom, Inc. (Globe)*	30.7	30.7	42,430	40,477
Manila Water Company, Inc. (MWC)	30.4	30.4	20,950	20,728
AA Thermal, Inc. (AA Thermal)	40.0	40.0	12,127	10,824
Ortigas Land Corporation (OLC)	21.0	21.0	9,696	9,525
ALI-ETON Property Development Corporation (ALI-ETON)*	50.0	50.0	7,616	7,616
Light Rail Manila Holdings, Inc. (LRMHI)	50.0	50.0	6,605	6,285
Philippine Wind Holdings Corporation (Philwind)*	40.3	40.3	4,830	4,763
Emerging City Holdings, Inc. (ECHI)*	50.0	50.0	3,862	4,000
iPeople, Inc. (IPO)	33.5	33.5	3,995	3,756
AKL Properties, Inc. (AKL)*	50.0	50.0	3,231	3,231
North Luzon Renewable Energy Corporation (NLR)*	33.3	33.3	2,306	2,306
Berkshires Holdings, Inc. (BHI)*	50.0	50.0	1,912	1,971

	% of Economic Ownership		Carrying Amounts	
	March 2023 (Unaudited)	December 2022 (Audited)	March 2023 (Unaudited)	December 2022 (Audited)
			(in Millions)	
Cebu District Property Enterprise, Inc. (CDPEI)*	50.0	50.0	1,729	1,735
Asiacom Philippines, Inc. (Asiacom)*	60.0	60.0	1,621	1,599
Bonifacio Land Corporation (BLC)	10.0	10.0	1,452	1,452
Globe STT GDC Inc. (formerly KarmanEdge Inc.)*	10.0	10.0	1,685	1,319
Globe Fintech Innovations, Inc. (Mynt)	5.2	5.2	1,912	1,837
Ingrid Power Holdings, Inc. (Ingrid)	50.0	50.0	1,131	1,169
Alveo-Federal Land Communities, Inc. (Alveo-Federal)*	50.0	50.0	957	947
Foreign:				
Star Energy Geothermal Salak-Darajat B.V. (Salak-Darajat) (incorporated in Netherlands)	19.8	19.8	11,569	11,551
BIM Renewable Energy Joint Stock Company (BIME) (incorporated in Vietnam)*	30.0	30.0	1,832	1,803
Others - net	Various	Various	6,884	6,526
			₱339,764	₱328,120

*Joint ventures

Unless otherwise indicated, the principal place of business and country of incorporation of the Group's investments in associates and joint ventures is the Philippines.

Except as discussed in subsequent notes, the voting rights held by the Group in its investments in associates and joint ventures are in proportion to its economic ownership interest.

The following are financial highlights and significant transactions of associates and joint ventures, part of which affected the Parent Company's investments in its associate and joint venture:

BPI Group

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Millions)	
Total resources	₱2,674,201	₱2,603,961
Total liabilities	2,340,362	2,284,157
Equity		
Attributable to owners of the parent	331,650	317,722
Attributable to non-controlling interest	2,189	2,082
Revenue	32,429	22,411 *
Net income		
Attributable to owners of the parent	12,134	7,984 *
Attributable to non-controlling interest	71	73 *
Other comprehensive income (loss)	1,738	(1,129) *

*Based on unaudited March 31, 2022

1. *Issuance of the 1st Tranche of the ₱100.0 billion Bond Program*

On January 30, 2023, the BPI Group issued the first tranche of the ₱100 billion Bond Program called BPI Reinforcing Inclusive Support for MSMEs Bonds ("BPI RISE Bonds") with a par value amounting to ₱5,000.0 million, with the option to upsize. These bonds are issued at a fixed rate of 5.75% per annum, payable quarterly. These bonds are unconditional, unsecured and unsubordinated, and are expected to mature within 1.5 years from issuance.

2. *Shareholders' approval on the increase in authorized capital stock and allocation of ESOP and Executive Stock Purchase Plan (ESPP)*

On January 17, 2023, the shareholders of the Parent Bank approved the following:

- Increase in the Parent Bank's authorized capital stock in the amount of ₱4.0 billion divided into 400.0 million common shares with a par value of ₱10.0 per share;
- Combination of the allocation of authorized common shares for ESOP and ESPP into a three percent (3%) allocation for all employee stock incentive plans; and

- Denial of the pre-emptive rights over the 406,179,276 treasury shares which shall be disposed of by the Parent Bank in accordance with Republic Act No. 8791, otherwise known as the General Banking Law of 2000.

3. *BPI-RBC merger*

On January 17, 2023, at BPI's Special Stockholders' Meeting, stockholders representing at least two-thirds of the outstanding shares of BPI approved the merger between BPI and Robinsons Bank Corporation, with BPI as the surviving bank.

To date, the Plan of Merger indicating the details of the merger are still being finalized. Both banks shall secure necessary approvals for the transaction from regulatory agencies such as Philippine Deposit Insurance Corporation, Monetary Board, Bangko Sentral ng Pilipinas, SEC, among others.

4. On March 15, 2023, the BOD approved the following:

- a. Declaration of property dividends consisting of 406,179,276 common shares held in treasury, to be distributed to all eligible stockholders of BPI as of record date of March 29, 2023, which property dividends shall be paid at a future date to be determined subject to regulatory approvals.

The property dividends shall be paid at an entitlement ratio of 0.0896395563 common share for every one (1) common share of BPI held by the stockholder. Any resulting fractional share shall be paid in cash.

- b. Amendment of its Amended By-Laws with changes on:

- i. Article IV – changes in the provision to: (1) align with the practice of holding the annual stockholders' meeting in April; (2) align with SEC MC No. 7, S. of 2021, which grants shareholders holding at least ten percent (10%) of the outstanding capital stock of a Publicly Listed Company the right to call for a Special Stockholders' Meeting.
- ii. Article V – to align with Section 29 of the Revised Corporation Code, which disallows directors from deciding on their own per diems or compensation.

The amendments to the By-Laws are in line with the regulatory requirements under the Manual of Regulations for Banks (MORB), the Revised Corporation Code and the best-practice recommendations under the ASEAN Corporate Governance Scorecard. The amendments was presented to and approved by the shareholders in the 2023 Annual Stockholders' Meeting on April 27, 2023.

LHI

On January 13, 2023, Arran Investment Pte. Ltd. (Arran) completed the redemption of 31,154,709 redeemable preferred shares in LHI, a joint venture company between the Parent Company and Arran, and the sale of its remaining 10,384,903 redeemable preferred shares in LHI to Robinsons Retail Holdings, Inc. (RRHI). Effective on the same date, Arran, LHI, and the Parent Company terminated their existing Shareholders' Agreement while RRHI, LHI and Ayala entered into a new Shareholder's Agreement to govern their relationship as well as the conduct of the business and management of LHI, resulting in LHI becoming a joint venture company between the Parent Company and RRHI. This transaction did not affect the Parent Company's 15.6% effective economic interest in BPI held indirectly through LHI.

This transaction resulted in a ₱4.0 billion dilution gain in the LHI financials; while a ₱3.6 billion computed dilution loss was booked at AC consolidated financials for a resulting net gain of ₱462.0 million in the AC Group's consolidated statement of income for the period ended March 31, 2023 (all figures unaudited).

As of March 31, 2023 (unaudited) and December 31, 2022 (audited), LHI owns 755.5 million and 904.2 million common shares of BPI representing a direct ownership interest in BPI of 16.7% and 20.0%, respectively. The Parent Company and GIC Special Investments Pte. Ltd., the entity controlling Arran Investment Pte. Ltd., as joint venture partners, agreed to vote its BPI shares based on the common position reached jointly by them as shareholders. The fair value of BPI shares held by LHI amounted to ₱77,438.3 million and ₱92,227.9 million as of March 31, 2023 (unaudited) and

December 31, 2022 (audited), respectively. The effective voting rights held by the Group in LHI is equal to 95.5% and 84.2% as of March 31, 2023 (unaudited) and December 31, 2022 (audited).

Globe Group

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Millions)	
Current assets	₱100,049	₱100,528
Non-current assets	481,464	455,150
Current liabilities	168,541	153,466
Non-current liabilities	256,173	249,679
Equity		
Attributable to owners of the parent	156,429	152,190
Attributable to non-controlling interest	370	343
Revenue	45,030	43,557 *
Net income		
Attributable to owners of the parent	7,254	13,645 *
Attributable to non-controlling interest	19	17 *
Other comprehensive income (loss)	517	(203) *

*Based on unaudited March 31, 2022

1. *Sale of tower assets*

On February 11, 2023, Globe closed 578 towers to be acquired by PhilTower for approximately ₱8.55 billion. Cumulatively, Globe has closed 578 towers out of 1,350 towers to be acquired by PhilTower. There will be multiple closing dates which will happen as and when closing conditions are met.

2. *Partnership with Gogoro Smartscooters®*

In February 2023, Globe's 917Ventures and Ayala brought into the country an initial batch of Gogoro Smartscooters®, batteries and swapping stations in preparation for its rollout of a sustainable transport system.

An initial batch of 100 Smartscooters®, 400 smart batteries and seven GoStations® from Gogoro, a Taiwan-based global leader in two-wheel electric vehicle (EV) and battery-swapping technology, have arrived in the country in a drive to reduce the use of fossil fuel in the country's transportation industry.

3. *SIM Registration Act*

Republic Act No. 11934, or the SIM Registration Act, was signed into law by President Ferdinand "Bongbong" Marcos Jr. on October 10, 2022. This Act, which is a consolidation of Senate Bill No. 1310 and House Bill No. 14, was passed by the Senate of the Philippines and the House of Representatives on September 28, 2022.

The SIM Registration Act aims to provide accountability for those using SIMs and aid law enforcement in tracking perpetrators of crimes committed through phones. This law is seen as one way to boost government initiatives against scams perpetrated through text and online messages, which have become more prevalent in recent years.

On December 12, 2022, the National Telecommunications Commission released the Implementing Rules and Regulations (IRR) of the SIM Registration Act.

Following the law's passing and effectivity of the IRR, users must register their new SIMs with the relevant Public Telecommunications Entity to activate them. Meanwhile, all existing SIM subscribers must register with PTEs within 180 days of the law's implementation.

Failure to register the SIM within the prescribed period will result in automatic deactivation, and telecommunication companies can only reactivate this after proper registration has been completed.

Users must also present valid government-issued IDs or similar documents with a photograph to verify their identity. The law details penalties for violations ranging from ₱100,000 to ₱1 million.

4. *Dividend declaration*

On February 6 and 8, 2023, the BOD of Globe approved the declaration of the first quarter cash dividend of ₱25.00 and ₱27.00 per common share, payable to common stockholders of record as of February 20 and 22, 2023, respectively. Total dividends amounting to ₱3.6 billion was paid on both March 8 and 10, 2023. The dividends received by the Parent Company from Globe amounted to ₱1.1 billion for the periods ended March 31, 2023 and 2022 (both unaudited).

The fair value of Globe shares held by the Parent Company amounted to ₱82,513.0 million and ₱96,501.3 million as of March 31, 2023 (unaudited) and December 31, 2022 (audited), respectively. The effective voting rights held by the Group in Globe is 46.6% as of March 31, 2023 (unaudited) and December 31, 2022 (audited).

MWC Group

1. *Supreme Court Decision in Relation to the Philippine Clean Water Act of 2004*

This case arose from a complaint filed by the OIC Regional Director Roberto D. Sheen of the Environmental Management Bureau-National Capital Region (EMB-NCR) before the Pollution Adjudication Board (PAB) against MWC, Maynilad, and MWSS for alleged violation of Philippine Clean Water Act of 2004 (RA No. 9275, the "Clean Water Act"), particularly the five (5)-year deadline imposed in Section 8 thereof for connecting the existing sewage line found in all subdivisions, condominiums, commercial centers, hotels, sports and recreational facilities, hospitals, market places, public buildings, industrial complex and other similar establishments including households, to an available sewerage system. Two (2) similar complaints against Maynilad and MWSS were consolidated with this case.

On September 18, 2019, the MWC received a copy of the Decision of the Supreme Court on the case 'Manila Water Company, Inc. vs. The Secretary of the Department of Environment and Natural Resources, et.al.' with G.R. No. 206823 and promulgated on August 6, 2019. In the Decision, the Supreme Court found MWC liable for fines in violation of Section 8 of the Clean Water Act in the following manner:

- a. MWC shall be jointly and severally liable with MWSS for the total amount of ₱921.46 million covering the period starting from May 7, 2009 to the date of promulgation of the Decision, August 6, 2019, to be paid within fifteen (15) days from finality of the Decision.
- b. From finality of the Decision until full payment of the ₱921.46 million fine, MWC shall be fined in the initial amount of ₱322,102.00 per day, subject to a further 10.00% increase every two (2) years as provided under Section 28 of the Clean Water Act, until full compliance with Section 8 of the same law.
- c. The total amount of fines imposed by the Decision shall earn legal interest of six percent (6.00%) per annum from finality and until full satisfaction thereof.

On October 2, 2019, MWC filed a Motion for Reconsideration with the Supreme Court.

On July 1, 2020, MWC received a copy of the Consolidated Comment (on the separate Motions for Reconsideration filed by petitioners MWSS, Maynilad Water Services, Inc. and MWC) filed by the Office of the Solicitor General in behalf of the adverse parties.

On August 17, 2020, MWC filed with the Supreme Court a Motion for Leave to file and admit its Reply.

On November 3, 2020, MWC received a Resolution dated September 8, 2020 issued by the Supreme Court, which relevantly (i) noted the Consolidated Comment; (ii) granted the Motion for Leave and Admit Attached Reply; and (iii) noted the Reply filed by MWC.

On January 26, 2022, MWC filed a Manifestation to inform the Supreme Court of certain developments (i.e., the execution of the Revised Concession Agreement (RCA) and the grant of a legislative franchise to MWC) which it deems relevant in the resolution of its 2019 Motion for Reconsideration.

On October 21, 2022, MWC received a resolution dated July 19, 2022 issued by the Supreme Court which modified the dispositive portion of the Court's August 6, 2019 decision. Accordingly, MWC is liable for fines in violation of Section 8 of the Clean Water Act in the following manner:

- a. MWC shall be jointly and severally liable with MWSS for the total amount of ₱202.26 million covering the period starting from May 7, 2009 until January 21, 2022 (date before the effectivity of RA 11601), to be paid within fifteen (15) days from the receipt of the Resolution.
- b. The total amount of fines imposed by the Decision shall earn legal interest of six percent (6.00%) per annum from finality and until full satisfaction thereof.

On November 2, 2022, the Office of the Solicitor General filed for DENR, a Motion for Partial Reconsideration related to the resolution issued by the Supreme Court dated July 19, 2022.

On January 17, 2023, the Supreme Court denied with finality the Motion for Partial Reconsideration filed by the Office of the Solicitor General for DENR, in relation with the lowering of fines imposed against MWC and MWSS. The Supreme Court also ruled that no further pleadings or motions will be entertained, and that entry of judgment will be made immediately. Accordingly, in 2022, MWC recognized a ₱450.26 million net reduction of its prior years' provision for the Clean Water Act in Other Income.

On February 9, 2023, MWC paid in full the fines amounting to ₱202.26 million, the payment of which did not have an impact on MWC's profit or loss for the period ended March 31, 2023.

2. *Declaration of cash dividends*

On March 28, 2023, the BOD approved the declaration of cash dividends amounting to ₱0.619 per outstanding common shares, ₱0.062 per outstanding unlisted participating preferred shares, and accumulated fixed cash dividends of ₱0.01 per share on the outstanding unlisted participating preferred shares. The dividends are applicable to both common and preferred stockholders of record as of April 14, 2023 with and payment date on April 28, 2023. The dividends received by the Parent Company from MWC amounted to ₱536.0 million and nil for the periods ended March 31, 2023 and 2022 (both unaudited), respectively.

The fair value of the MWC shares held by the Group amounted to ₱17,079.8 million and ₱16,559.6 million as of March 31, 2023 (unaudited) and December 31, 2022 (audited), respectively. The voting rights held by the Group in MWC is 31.6% as of March 31, 2023 (unaudited) and December 31, 2022 (audited).

IPO

On March 31, 2023, the BOD approved the declaration of a ₱0.19 per common share cash dividend, for a total amount of ₱198.41 million from the Company's unrestricted retained earnings as of December 31, 2022, to all stockholders of record as of April 28, 2023, and payable on or before May 19, 2023.

The fair value of IPO shares held by the Parent Company amounted to ₱2,515.3 million and ₱2,424.3 million as of March 31, 2023 (unaudited) and December 31, 2022 (audited), respectively. The effective voting rights held by the Group in IPO is 33.5% as of March 31, 2023 (unaudited) and December 31, 2022 (audited). The dividends received from IPO amounted to ₱66.5 million and nil for the periods ended March 31, 2023 and 2022 (both unaudited), respectively.

NLR

On March 18, 2022, ACEN and UPC Philippines Holdco I BV executed a Deed of Absolute Sale of Shares covering 16,668 common shares and 740 preferred shares representing 33% ownership in NLR for ₱2,385.27 million.

PhilWind directly and indirectly owns 67% of NLR through its 38.00% direct interest and 28.70% indirect interest through its 100.00% owned subsidiary, Ilocos Wind Energy Holding Co., Inc.

The ACEN Group's investment in NLR is comprised of 42.96% direct interest in PhilWind, 26.80% indirect interest in PhilWind through wholly owned subsidiary, Giga Ace 1, Inc., and 33.00% direct interest in NLR.

11. Intangible Assets and Deferred Tax Assets

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Intangible assets	₱42,897,975	₱43,536,382
Deferred tax assets - net	₱18,451,173	₱18,370,869

Intangible assets include goodwill, customer relationships, unpatented technology, intellectual properties, developed software, licenses, trademarks, project development cost, and leasehold and other rights.

Goodwill pertains to the excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group and are tested for impairment annually.

Deferred tax assets (DTA) includes DTA on difference between tax and book basis of accounting for real estate transactions, lease liability, accrued expense, among others.

12. Investment Properties and Property, Plant and Equipment

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Investment properties ¹	₱247,048,505	₱246,733,570
Property, plant and equipment – net ¹	₱119,697,254	₱114,113,551

Investment properties

- a) Certain parcels of land are leased to several individuals and corporations. Some of the lease contracts provide, among others, that within a certain period from the expiration of the contracts, the lessee will have to demolish and remove all improvements (such as buildings) introduced or built within the leased properties. Otherwise, the lessor will cause the demolition and removal thereof and charge the cost to the lessee unless the lessor occupies and appropriates the same for its own use and benefit.
- b) Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion. The development and construction period normally range from three years to five years and depends heavily on the size of the assets.

The account consists of investments in land, building, and construction-in-progress, net of accumulated depreciation and amortization and impairment loss:

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Land	₱69,388,018	₱68,736,165
Building	100,395,967	110,739,266
Construction-in-progress	77,264,520	67,258,139
	₱247,048,505	₱246,733,570

Property, plant and equipment

¹ The Group performs regular valuation of Investment Properties and Property, Plant and Equipment by professional independent appraiser namely: Cuervo Appraisers, Inc., Santos Knight Frank, Asian Appraisal, Colliers International and Aviso Valuation & Advisory Corp.

Property, plant and equipment includes land, buildings and improvement, plant machinery and equipment, hotel property and equipment, furniture and fixtures, transportation, and construction-in-progress.

Total additions to property, plant and equipment and investment properties amounted to ₱7.2 billion and ₱2.2 billion, respectively, for the period ended March 31, 2023. Meanwhile proceeds from disposal of property, plant and equipment and investment properties amounted to ₱79.9 million for the same period.

The Group recognized gains from disposal and retirement of certain machineries and facilities equipment, furniture and fixtures, and tools and instruments and booked under Other income account.

As of March 31, 2023 (unaudited) and December 31, 2022 (audited), ACEIC's property, plant, and equipment with carrying value of ₱3,448.26 million and ₱3,500.05 million, respectively, were mortgaged as security for the long-term loan of the ACEN Group (see Note 16).

13. Service Concession Assets and Service Concession Obligation

Service concession assets (SCA)

SCA pertains to the Parent Company's concession agreement with the DPWH.

Variation Order

On February 25, 2013, the DPWH sent a Variation Notice to Pertconsult International, the Project's Independent Consultant (IC), instructing the IC to advise the Parent Company to submit a request for Prior Clearance and Variation Proposal in connection with TRB's directive to include in the Project's design a provision for future expansion of SLEX to accommodate possible fifth lane for both directions at the Filinvest to Susana Heights Section. IC, in its letter to the Project's Management Consultant dated March 4, 2013, effectively directed the Parent Company to comply with the DPWH letter dated February 25, 2013.

Such proposal was made in accordance with the Concession Agreement which provides that in the event the DPWH initiates a variation, the Parent Company as concessionaire, shall prepare a proposal setting out the necessary details and additional cost estimates.

On April 10, 2014, the Parent Company submitted a variation proposal to the DPWH and sought for approval of (1) Direct payment of the construction cost for the works related to the provisioning of the SLEX future expansion amounting to ₱251.2 million inclusive of VAT, and (2) Extension of the concession period by 3 ½ years due to the delays encountered as a result of the variation order.

DPWH, in its letter to IC dated February 6, 2015, advised the same that it has issued the approved Prior Clearance/Authority to Issue Variation Order No. 1 with a cap of ₱223.0 million.

On May 27, 2015, the DPWH approved the adjusted cost of the variation order in the amount of ₱223.0 million (which was rectified by the Bureau of Construction as a result of the review conducted) variation proposal and endorsed it to the National Economic and Development Authority (NEDA) for information and appropriate action. Accordingly, the Parent Company reclassified the amount of ₱223.0 million from service concession account to receivables from the Government upon DPWH's approval of the variation order.

NEDA in its meeting held on July 15, 2015 confirmed the recommendation of the variation order.

On May 31, 2016, variation order for the project amounting to ₱16.6 million was reclassified to SCA under investment in toll road. In 2016, the Parent Company received reimbursement from the DPWH for the various expenses incurred during the acquisition of the right of way (ROW) amounting to ₱1.1 million under the Reimbursement Agreement.

On November 21, 2016, the IC recommended to the DPWH that a Certificate of Final Completion be issued for the project. Subsequently, DPWH, in its letter dated December 21, 2016, issued the certificate of completion

As of March 31, 2023, all the relevant documents have been submitted by the Parent Company and the variation order claim is still being evaluated by the DPWH.

As of March 31, 2023 and December 31, 2022, the Parent Company's other receivables include receivable from DPWH amounting to ₱215.9 million pertaining to the variation order and reimbursement of right-of-way acquisition claims.

Deed of Assignment of Rights

On November 10, 2021, the Company agreed to transfer to MCX Project Company, Inc. (MCXPCI) its rights and obligations under the MCX Concession Agreement, all of its MCX SCA, and all its rights and obligations under the MCX third party contracts in exchange for shares of MCXPCI, subject to (i) the DPWH's consent, (ii) approval and confirmation by the SEC of the valuation of the transferred assets, and (iii) certain third-party consents.

On December 6, 2021, the Company agreed to sell its 100% ownership stake in MCXPCI to Prime Asset Ventures, Inc. (PAVI), subject to the grant of consents by the DPWH. As of date of this Report, the consents of the relevant government agencies on the assignment of certain contracts to MCXPCI and the consent of the DPWH on the sale of the Company's shares in MCXPCI are not yet issued.

On March 10, 2022, DPWH granted its consent to the assignment of the MCX assets. On January 26, 2023, the Certificate of Approval of Valuation was issued by the SEC in relation to the assignment of the MCX assets. The approved valuation amounting to ₱3.19 billion shall be applied as payment for the Parent Company's subscription to 309,000,000 Class A common shares at ₱1.00 per share par value, and 2,881,000,000 Class B common shares at ₱1.00 per share par value, of MCXPCI. On February 1, 2023, MCXPCI waived the full satisfaction of the Parent Company's receipt of the third-party consents. Consequently, the transition of MCX operations and transfer of its assets and liabilities from the Parent Company to MCXPCI was completed on February 1, 2023.

To date, the Group is awaiting the issuance of consents from the Department of Transportation, Transportation Regulatory Board and DPWH, on the assignment of certain contracts to MCX Project Co; and issuance of consent from the DPWH on the sale of MCX Project Co shares held by AC to PAVI.

Service concession obligation

Provision for maintenance obligation of MCX

Provision for maintenance obligation pertains to the present value of the estimated contractual obligations of the Parent Company to undertake the financing of the Project's periodic maintenance, which includes renewal and restoration of toll roads and toll road facilities prior to turnover of the asset to DPWH, the grantor.

Under the Minimum Performance Standards and Specifications (MPSS), the Parent Company has the obligation to perform routine and periodic maintenance. Routine maintenance pertains to day-to-day activities to maintain the road infrastructures while periodic maintenance comprises of preventive activities against major defects and reconstruction. Moreover, the Parent Company is required to perform maintenance and repair work in a manner that complies with the MPSS once it hands the asset back to the DPWH. The provision is a product of the best estimate of the expenditure required to settle the obligation based on the usage of the road during the operating phase. The amount is reduced by the actual obligations paid for heavy maintenance of the SCA.

14. Accounts Payable and Accrued Expenses

This account consists of the following:

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Accounts payable	₱123,832,055	₱121,330,129
Accrued expenses		

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Personnel costs	6,356,875	11,137,549
Professional and management fees	2,686,575	2,420,059
Rental and utilities	1,367,008	854,224
Advertising and promotions	1,015,913	1,054,365
Repairs and maintenance	651,337	798,077
Various operating expenses	5,948,179	6,367,802
Taxes payable	25,302,623	21,415,573
Liability for purchased land	7,487,483	8,136,983
Property dividends payable	6,401,877	14,147,901
Interest payable	4,894,431	4,612,411
Retentions payable	4,592,712	5,107,216
Related parties (Note 23)	3,315,890	3,497,607
Dividends payable (Note 17 and 20)	177,539	2,235,388
	₱194,030,497	₱203,115,284

Accounts payable and accrued expenses are non-interest bearing and are normally settled on 15- to 60-day terms. Other payables are non-interest bearing and are normally settled within one year. Accrued project costs are billings not yet received from suppliers for direct materials and services from subcontractors. These are accruals of project costs such as equipment charges, materials, labor, overhead and provision for repairs and maintenance.

Accrued various operating expenses include accruals for supplies, commissions, transportation and travel, insurance, representation, dues and fees and others.

Taxes payable consists of output VAT, withholding taxes, business taxes, capital gains tax and other statutory payables,

Property dividends pertain to the declaration of property dividends in 2022 consisting of the ACEN shares acquired from ACEIC by the Parent Company to be distributed to common shareholders (see Note 17).

Liability for purchased land pertains to the current portion of unpaid unsubdivided land acquired payable during the year. These are normally payable in quarterly or annual installment payments or upon demand.

Interest payable pertains to interest incurred on bank loans and fixed bonds but not yet paid.

Retention payable pertains to the amount withheld by ALI Group on contractor's billings to be released after the guarantee period, usually one (1) year after the completion of the project or upon demand. The retention serves as a security from the contractor should there be defects in the project.

Dividends payable pertains to dividend declared but not yet paid.

15. Other Current and Noncurrent Liabilities

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Other current liabilities	₱31,146,287	₱34,178,420
Other noncurrent liabilities	₱48,950,333	₱49,043,265

Other current liabilities consist of:

- a. Deposits pertain to security and customers' deposits. Security deposits are normally equivalent to three (3) to six (6) months' rent of tenants with cancellable lease contracts and whose lease term will end in the succeeding year. This will be refunded to the lessees at the end of the lease term or be applied to the last months' rentals on the related contracts. Customers'

deposits consist of collections from real estate customers which have not reached the 10% threshold to qualify for revenue recognition and excess of collections over the recognized receivables based on percentage of completion.

- b. Nontrade payables pertain mainly to non-interest-bearing real estate-related payables to contractors and various non-trade suppliers which are due within one year.
- c. Contract liabilities include short-term advances received to render manufacturing services. Contract liabilities are recognized as revenue when the Group performs under the contract.
- d. Financial liabilities on put option relate to the acquisition of VIA, STI, and C-CON.

VIA

The put options of VIA pertain to the right of the non-controlling shareholder to sell to IMI a portion of its shareholding that is approximately 5% of the issued and outstanding nominal share capital of VIA within the first and third anniversary of the agreement (5% put option) and all remaining shares held by the non-controlling shareholder upon the happening of certain trigger events (exit put options). The 5% put option is exercisable any time between the 1st and 3rd anniversary of the agreement or if prior to the 3rd anniversary, the share capital of VIA is increased, the 5% put option may be exercised within three months from registration of the capital increase. The exit put options are exercisable when there is a termination for a cause of the service agreement or the share capital of VIA is increased that will dilute the holding of non-controlling interest to below 10%.

In 2020, the put options of VIA was terminated in accordance with the amendment in the shareholders' agreement. Triggered by VIA's initial public offering, the balance of US\$15.3 million liability before the termination was closed to equity under Additional paid-in capital account of IMI.

STI

The put option of STI pertains to the right of the non-controlling shareholder to sell to IMI all noncontrolling interests held upon the happening of certain trigger events as specified in the shareholders agreement. The put option of STI is exercisable during the period commencing upon the earlier of: (1) No Fault Leaver Event (i.e., First Founder of STI ceases to be an employee of a member of the STI Group) occurring in respect of a Founder, (2) the aggregate relevant proportion of the Founders falling to less than 5%, or (3) the fifth anniversary of the service agreement.

C-CON

Minority shareholder of C-CON Group have the right to require MT Technologies to purchase and acquire all its shares. The option can be exercised after the holding period, which is defined as the 8th anniversary year after the acquisition date, April 1, 2019. Based on the management's judgment, the put options will be exercised by the minority shareholders on April 1, 2027 or the 8th anniversary year after the acquisition date.

Other noncurrent liabilities include the following:

a) Deposits and deferred credits

Deposits include security deposits from tenants of retail and office spaces and deferred credits arising from sale of real estate properties. Security deposits are equivalent to three (3) to six (6) months' rent of long-term tenants with non-cancellable leases. This will be refunded to the lessees at the end of the lease term or be applied to the last months' rentals on the related contracts. This also includes customers' deposits which consist of excess of collections over the recognized receivables based on percentage of completion. Deferred credits pertain to advances from buyers of real estate properties to cover various processing fees including, but not limited to, fees related to transfer of title such as registration fees, documentary taxes and transfer taxes. Payments made by ALI Group for the processing of title are charged to this account.

b) Liability for purchased land

Liability for purchased land pertains to the portion of unpaid unsubdivided land acquired during

the year. These are normally payable in quarterly or annual installment payments within three (3) or five (5) years.

- c) Contractors payable
Contractors payable represents accrued costs incurred for property development that are not yet billed.
- d) Retentions payable
Retentions payable pertains to amount withheld by the Group from the contractors' billings to be released after the guarantee period, usually one (1) year after the completion of the project or upon demand. The retention serves as a security from the contractor should there be defects in projects requiring rework.
- e) Deferred output VAT
Deferred output VAT pertains to output VAT on receivables for which sales recognition has been deferred based on sales collection threshold for VAT recognition purposes.
- f) Subscriptions payable
Subscription payable mainly pertains to ALLHC's investment in Cyber Bay.
- g) Others
Others include nontrade payables. This includes provision for unresolved claims and assessment, accrued and warranty payables and installment payable. This includes nontrade payables from over remittance of business interruption claims and environmental laws compliance of the power sector.

16. Short-term and Long-term Debt

These accounts consist of the following:

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Short-term debt:		
Philippine Peso debt with various interest rates	₱42,502,724	₱24,025,523
Foreign currency debt with various interest rates	13,349,859	12,501,375
	₱55,852,583	₱36,526,898
Long-term debt:		
The Parent Company:		
Philippine Peso debt with various interest rates	₱47,841,153	₱48,033,649
Philippine Peso bonds	44,743,465	44,720,404
	92,584,618	92,754,053
Subsidiaries:		
Loans from banks & other institutions:		
Philippine Peso with various interest rates	129,484,444	127,879,071
Foreign currency with various interest rates	37,332,321	33,887,167
Philippine Peso bonds	129,390,465	129,325,793
Foreign currency bonds	124,448,027	127,614,885
Fixed Rate Corporate Notes (FXCNs)	—	4,500,000
	420,655,257	423,206,916
	513,239,875	515,960,969
Less current portion	24,009,426	31,496,742
Noncurrent portion	₱489,230,449	₱484,464,227

For the three-month period ending March 31, 2023 (unaudited), total proceeds from availment of short-term and long-term debt amounted to ₱44.0 billion which consists mainly of proceeds from loans of AC (₱12.5 billion), ALI (₱18.7 billion), ACEIC (₱11.8 billion), and IMI (₱0.9 billion), while payments of short-term and long-term debt amounted to ₱23.3 billion which mainly pertains to loan payment of AC (₱8.4 billion), ALI (₱10.2 billion), ACEIC (₱3.1 billion), IMI (₱0.2 billion), AC Logistics (₱1.0 billion), and AC Industrials (₱0.3 billion).

The Group has short-term and long-term debt payable to BPI amounting to ₱50.6 billion and ₱45.5 billion as of March 31, 2023 (unaudited) and December 31, 2022 (audited), respectively (see Note 23). Interest expense incurred from these debts amounted to ₱455.6 million and ₱555.2 million for the periods ended March 31, 2023 and 2022 (both unaudited), respectively (see Note 23).

Loans availed during the three-month period ending March 31, 2023 have varying interest rates and maturity dates. Proceeds of loans were used for operating requirements, capital expenditures and certain investment acquisitions (see Note 3).

Parent Company

The Parent Company positions its deals across various currencies, maturities, and product types to provide utmost flexibility in its financing transactions.

Generally, the Parent Company's long-term loans are unsecured. Due to certain regulatory constraints in the local banking system regarding loans to directors, officers, stockholders and related interest, some of the Parent Company's credit facilities with a local bank are secured by shares of stock of a subsidiary in accordance with BSP regulations. All credit facilities of the Parent Company outside of this local bank are unsecured, and their respective credit agreements provide for this exception.

Below is the summary of the outstanding Peso bonds issued by the Parent Company:

Year Issued	Term	Interest Rate	Principal Amount	Carrying Value		Features
				March 2023 (Unaudited)	December 2022 (Audited)	
(in Thousands)						
2016	7 years	3.9200%	₱10,000,000	₱9,995,441	₱9,991,254	Callable from the 5.5th anniversary issue until every year thereafter until the 7th anniversary issue date.
2017	8 years	4.8200%	10,000,000	9,972,079	9,969,578	Callable from the 6.5th anniversary issue until every year thereafter.
2021	3 years	3.0260%	4,000,000	3,978,044	3,974,957	3-year fixed coupon Series A bond with no call option.
2021	5 years	3.7874%	6,000,000	5,948,981	5,945,629	5-year fixed coupon Series B bond callable on the 12th to 19th interest payment date with a call option price of 101.0% on the 12th to 15th interest payment date and 100.5% on the 16th to 19th interest payment date.
2022	3 years	4.4542%	5,000,000	4,955,081	4,950,039	3-year fixed coupon Series C bond with no call option.
2022	5 years	5.6239%	7,500,000	7,421,809	7,417,729	5-year fixed coupon Series D bond callable on the 12th to 19th interest payment date with a call option price of 101.0% on the 12th to 15th interest payment date and 100.5% on the 16th to 19th interest payment date.
2022	7 years	6.1351%	2,500,000	2,472,030	2,471,218	7-year fixed coupon Series E bond callable on the 16th to 27th interest payment date with a call option price of 102.0% on the 16th to 19th interest payment date, a call option price of 101.0% on the 20th to 23rd interest payment date and 100.5% on the 24th to 27th interest payment date.
			₱45,000,000	₱44,743,465	₱44,720,404	

The outstanding Peso bonds of the Parent Company have been rated "PRs Aaa" by PhilRatings.

- On March 10, 2022, the BOD approved the issuance of the Parent Company's Philippine Peso Fixed Rate Bonds in the aggregate principal amount of up to ₱10.0 billion with an Oversubscription Option of up to an additional ₱5.0 billion.

On April 12, 2022, Ayala has filed with the SEC a Registration Statement for the proposed issuance of Philippine Peso Fixed Rate Bonds in the aggregate principal amount of up to ₱10.0 billion with an oversubscription option of up to ₱5.0 billion, consisting of Series C Bonds

due 2025, Series D Bonds due 2027, and Series E Bonds due 2029 (together, the Bonds). Upon issuance, the Bonds will constitute the second tranche of Ayala's ₱30 billion shelf registered debt securities program which was rendered effective by the SEC on May 12, 2021. The proposed issuance of the Bonds obtained the highest issue credit rating of PRS Aaa from the Philippine Rating Services Corporation. Obligations rated as PRS Aaa are of the highest quality with minimal credit risk. A PRS Aaa rating likewise signifies that Ayala's capacity as an obligor to meet its financial commitment vis-à-vis the obligation is extremely strong.

On May 11, 2022, Ayala received the Certificate of Permit to Offer Securities for Sale from the SEC. The second tranche consists of 4.4542% Series C Bonds due 2025, 5.6239% Series D Bonds due 2027, and 6.1351% Series E Bonds due 2029. Interest on the Bonds will be payable quarterly. The minimum investment amount is set at ₱50,000.00 and in additional increments of ₱10,000.00 thereafter.

The Bonds were issued and listed on the Philippine Dealing Exchange (PDEX) on May 26, 2022. Proceeds will be used to refinance select Philippine Peso-denominated obligations and partially to finance capital expenditures.

The long-term debt of the Parent Company provides for certain restrictions and requirements with respect to maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Parent Company as of March 31, 2023 and December 31, 2022 (see Compliance with debt covenants portion). The Parent Company aims to maintain for its debt-to-equity ratio not to exceed 3:1 in compliance with loan covenants of AYCFL.

ALI

In compliance with BSP rules on directors, officers, stockholders and related interests, certain short-term and long-term debt with a carrying value of ₱2,999.0 million and ₱4,623.2 million as of March 31, 2023 (unaudited) and December 31, 2022 (audited) are secured by real estate mortgages dated September 2, 2014 and March 14, 2016 covering both land and building of the Greenbelt Mall. Net book value of the property amounted to ₱2,995.4 million and ₱2,974.7 million as of March 31, 2023 (unaudited) and December 31, 2022 (audited), respectively, which is accounted as part of the Investment properties account.

Philippine Peso 7-year Bonds due 2023

In October 2016, ALI issued and listed on the PDEX a total of ₱7,000.0 million fixed rate bonds due 2023 at a rate equivalent to 3.89% p.a. The Bonds represent the third tranche of ALI's ₱50,000.0 million Debt Securities Program registered and rendered effective by the SEC on March 8, 2016 (the "2016 Program"). The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 5-year Bonds due 2024

In September 2019, ALI issued and listed on the PDEX its ₱3,000.0 million bonds due 2024 at a fixed rate equivalent to 4.76% p.a. The Bonds represent the second tranche of debt securities issued under ALI's 2019 Program, and were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 9-year and 6-month Bonds due 2025

In April 2016, ALI issued and listed on the PDEX a total of ₱7,000.0 million bonds due 2025 at a fixed rate equivalent to 4.75% p.a. The Bonds is the second tranche of debt securities issued under ALI's 2016 Program. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.

Philippine Peso 5-year Bonds due 2025

In September 2020, ALI issued and listed on the PDEX its ₱6,250.0 million fixed rate bonds due 2025 at a rate equivalent to 3.86% p.a. The Bonds represent the fifth tranche of debt securities issued under ALI's 2019 Program. The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 4-year Bonds due 2025

In May 2021, ALI issued and listed on the PDEX its ₱10,000.0 million fixed rate bonds due 2025 at a rate equivalent to 3.63% p.a. The Bonds represent the sixth tranche of debt securities issued under ALI's 2019 Program. The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 7-year and 10-year Bonds due 2026

In March 2016, ALI issued and listed on the PDEX a total of ₱8,000.0 million bonds due 2026 at a fixed rate equivalent to 4.85% p.a. This is the first tranche of the tranche of debt securities issued under ALI's 2016 Program. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings. In May 2019, ALI issued and listed on the PDEX ₱8,000.0 million fixed rate bonds due 2026 at a rate equivalent to 6.37% p.a. The Bonds, the first tranche of ALI's 2019 Program, were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 7-year and 3-month and 10-year Bonds due 2027

In May 2017, ALI issued its ₱7,000.0 million fixed rate bond due 2027 at a rate equivalent to 5.26% p.a. The Bonds, the fourth tranche of ALI's 2016 Program, were listed on the PDEX and were rated PRS Aaa with a Stable Outlook by PhilRatings. In November 2019, ALI issued a ₱1,000.0 million fixed rate bond due 2027 at a rate equivalent to 4.99% p.a. The Bonds, the third tranche of bonds issued under ALI's 2019 Program, were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 10-year Bonds due 2028

In April 2018, ALI issued and listed on the PDEX a total of ₱10,000.0 million fixed rate bonds due 2028 at a rate equivalent to 5.92% p.a. and subject to repricing on April 27, 2023, the fifth anniversary of the Issue Date, at the higher of 5.92% p.a. or the prevailing 5-year benchmark plus 75 bps. The Bonds represent the fifth tranche of the of debt securities issued under ALI's 2016 Program. The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 6-year Bonds due 2028

In May 2022, ALI issued a total of ₱12,000.0 million bonds due 2028 at a fixed rate equivalent to 5.81% p.a. The offering is composed of ₱9,500.0 million as the second tranche of debt securities issued under ALI's ₱50,000.0 million Debt Securities Program registered and rendered effective by the SEC on October 11, 2021 (the "2021 Program") while ₱2,500.0 million represent the eighth and final tranche of debt securities that were issued under the 2019 Program. The Bonds were listed on the PDEX and were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.

Philippine Peso 2-Year, 5-Year and 7-year Bonds due 2024, 2027 and 2029

In July 2022, ALI issued a total of ₱33,000.0 million fixed rate bonds, broken down into ₱12,000.0 million bonds due 2024 at a rate equivalent to 4.40% p.a., ₱7,000.0 million bonds due 2027 at a rate equivalent to 6.21% p.a. and a ₱14,000.0 million bond due 2029 at a rate equivalent to 6.81% p.a. The offering is the third tranche of debt securities issued under ALI's 2021 Program. The Bonds were listed on the PDEX and were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.

Philippine Peso 10-year Bonds due 2031

In October 2021, ALI issued a total of ₱3,000.0 million bonds due 2031 at a fixed rate equivalent to 4.08% p.a. and subject to repricing on October 26, 2026, the fifth anniversary of the Issue Date, at the higher of 4.08% p.a. or the prevailing 5-year benchmark plus 70 bps. The offering which was listed on the PDEX is composed of ₱2,750.0 million issued as the first tranche of ALI's 2021 Program while ₱250.0 million representing the seventh tranche of debt securities were issued under ALI's 2019 Program. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.

Philippine Peso 7-Year and 20-year Bonds due 2020 and 2033

In October 2013, ALI issued a total of ₱6,000.0 million bonds, broken down into a ₱4,000.0 million bonds due 2020 at a fixed rate equivalent to 4.63% p.a. and a ₱2,000.0 million bond due 2033 at a fixed rate equivalent to 6.0% p.a. CRISP assigned a "AAA" rating on the bonds indicating that it has a minimal credit risk owing to ALI's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP. ALI fully paid the ₱4,000.0 million bonds that matured in October 2020 while the ₱2,000.0 million bonds is due 2033.

AYCFL

2019 AYCFL US\$400.0 Million Senior Unsecured and Guaranteed Fixed For Life Perpetual Notes (Fixed For Life)

On October 23, 2019, the Parent Company announced that AYCFL had successfully priced a similar US dollar denominated fixed-for-life senior perpetual issuance at an aggregate principal amount of US\$400 million (₱20,118.9 million) with an annual coupon of 4.85% for life with no reset and step-up. The issuer, AYCFL, may redeem the Notes in whole but not in part on October 30, 2024 (first redemption date) or any interest payment date falling after the first redemption date at 100% of the principal amount of the Notes plus any accrued but unpaid interest. The Parent Company unconditionally guarantees the due and punctual payment of this note if, for any reason AYCFL does not make timely payment of the amount due.

In September 2021, the aggregate principal amount of US\$35 million of this 4.85% Undated Notes was tendered and the aggregate amount of US\$365 million remained outstanding as of March 31, 2023.

2021 AYCFL US\$400 Million Senior Fixed-for-Life Perpetual Notes (the Notes)

On September 16, 2021, the Parent Company announced that it had successfully set the terms for a US dollar-denominated fixed-for-life (non-deferrable) senior perpetual issuance. The Notes have an aggregate principal amount of US\$400 million with a fixed coupon of 3.90% for life, with no step-up and no reset, payable semi-annually. The issuer, AYCFL, may redeem the Notes in whole but not in part on September 23, 2026 (first redemption date) or any interest payment date falling after the first redemption date at 100% of the principal amount of the Notes plus any accrued but unpaid interest. The transaction was settled on September 23, 2021, and the Notes are unconditionally and irrevocably guaranteed by the Parent Company.

AYCFL Social Bond

On November 11, 2021, AYCFL signed a 10-year Social Bond through private placement by the International Finance Corporation (“IFC”) amounting to \$100 million (the “Social Bond”), which will be used for the sustainable and resilient growth and capacity building of the Group’s healthcare arm, AC Health. The Social Bond will be unconditionally and irrevocably guaranteed by the Parent Company.

The transaction was settled on January 14, 2022 at a rate of 2.99%. Sustainalytics was engaged to provide a second party opinion on the Ayala Health Social Bond Framework which aligns with the Social Bond Principles and Social Loans Principles published by the International Capital Market Association.

The loan agreements on long-term debt of the Parent Company and certain subsidiaries provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Group as of March 31, 2023 and December 31, 2022. The Parent Company aims to maintain for its debt-to-equity ratio not to exceed 3:1 in compliance with loan covenants of AYCFL.

ACEIC

Philippine Peso 10.0 Billion Fixed Rate Bonds due 2027

On September 22, 2022, ACEN issued an unsecured fixed-rate bonds with an aggregate principal of ₱10,000.00 million. The proceeds will be used to finance investments in various solar farms. There are no securities pledged as collateral for these bonds. The issue cost amounted to ₱126.28 million.

The offer is comprised of 5-year bonds due on September 22, 2027 with interest rate of 6.0526% per annum. This issuance is ACEN’s first tranche offered out of the shelf registration of debt securities of ₱30,000.00 million to be offered within a period of three (3) years. Interest on the bonds is payable quarterly in arrears starting on December 22, 2022, for the first interest payment date and on March 22, June 22, September 22, and December 22 each year for each subsequent payment date.

Fixed Rate Corporate Note (FXCN)

Philippine Peso 10-year Note due 2023

In December 2012, ALI executed a ₱5,000.0 million committed Corporate Note facility with a local bank, of which an initial ₱3.5 billion was drawn in 2012. The balance of ₱1,500.0 million was subsequently drawn in January 2013. The Corporate Notes currently bear a fixed interest rate of 4.500% and will mature on the third month succeeding the tenth anniversary of the initial drawdown date. In 2015, the ₱50.0 million was prepaid by ALI. In 2017, another ₱50.0 million was prepaid by ALI. In 2017, ALI paid another ₱50.0 million. In 2018, another ₱50.0 million was prepaid by ALI. In 2019, ALI paid another amortization in the amount of ₱50.0 million. As of December 31, 2022 and 2021, the remaining balance of the note amounted to ₱4,500.0 million and ₱4,650.0 million, respectively.

The loan agreements contain some or all of the following restrictions: material changes in nature of business; maintenance of debt-to-equity ratio; payment of dividends and additional loans maturing beyond a year which will result to non-compliance of the required debt-to-equity ratios; merger or consolidation where the Company/subsidiary is not the surviving corporation; guarantees or advances; encumbrance for borrowed money; and sale of substantially all assets. These restrictions and requirements were complied with by the Group as of December 31, 2022 and 2021.

Certain credit facilities with BPI with a total carrying value of ₱4,623.2 million and ₱6,368.9 million as of December 31, 2022 and 2021, respectively, are secured by a real estate mortgage. This is in compliance with BSP ruling on directors, officers, stockholders and related interests.

The ALI Group is required to maintain a debt-to-equity ratio not exceeding 3:1. ALI Group has complied with the debt covenant as of March 31, 2023 and December 31, 2022.

FFL Bonds / Green Bonds

Green bonds

ACEFIL - Medium Term Note (MTN) Programme

On January 16, 2019, ACEFIL established its MTN Programme with an aggregate amount of US\$1,000.00 million (₱48,470.0 million). The proceeds from each issue under the MTN Programme will be used for general corporate purposes, including eligible green projects and other use of proceeds under ACEFIL's green bond framework.

On November 17, 2020, ACEFIL amended the MTN Programme to increase the aggregate amount to US\$2,000.0 million (₱94,960.0 million) and allow the issuance of senior undated guaranteed notes under the MTN Programme.

ACEFIL - Senior guaranteed notes due 2024 and 2029 and Senior undated guaranteed notes under the MTN Programme

On January 29, 2019, ACEFIL issued US\$225.0 million (₱11,417.4 million) senior guaranteed notes due 2024 guaranteed by ACEIC with a fixed coupon of 4.75%. The notes were priced at 99.45.

On the July 9, 2020, ACEFIL issued US\$60.00 million (₱2,908.2 million) senior guaranteed notes due 2029 guaranteed by ACEIC with a fixed coupon of 4.75%. The notes were priced at 104.75.

On November 25, 2020, ACEFIL issued US\$300.0 million (₱14,541.0 million) senior undated guaranteed notes with a fixed coupon of 5.10% for life. The notes were priced at par. The new issue was used to finance the successful tender of US\$186.9 million (₱9,058.5 million) of the US\$400.0 million (₱19,388.0 million) 5.65% senior undated guaranteed notes at a tender price of US\$104.6.

At any time, ACEFIL may on any one or more occasions redeem all or part of the "notes under the MTN Programme", by giving notice, at redemption price equal to 100% of the principal amount of the "notes under the MTN Programme" redeemed, plus the applicable premium (as defined in the respective pricing supplements) as of date, and accrued and unpaid interest, if any, to the date of redemption, subject to the rights of the person in whose name the "notes under the MTN

Programme” is registered on the relevant record date to receive interest due on the relevant interest payment date.

The unsecured US dollar-denominated senior Green Bonds requires ACEN to comply with certain covenants including among others, limitations on the incurrence or guarantee of additional indebtedness, creation or incurrence of certain liens, creation or permission of any restrictions on the payment of dividends to ACEN by certain of the ACEN's subsidiaries, entering into unrelated businesses or engagement in certain activities, and limitations on the consolidation, merging or selling of all or substantially all of ACEN's properties and assets with other entities if the ACEN's Parent Company is not the surviving entity. The incurrence test for additional debt requires ACEN to maintain a Net Debt to Total Equity ratio not exceeding 2.5 to 1.0. These were complied with by ACEN as of March 31, 2023 and December 31, 2022.

ACEN Finance - Medium Term Note (MTN) Programme

On August 31, 2021, ACEN Finance Limited (ACEN Finance) established its MTN Programme with an aggregate amount of US\$1,500.0 million. The proceeds from each issue under the MTN Programme will be used for general corporate purposes, including but not limited to, working capital, funding investment activities, development of projects, refinancing and/or repayment of indebtedness and on-lending activities within the ACEN Group. Notes to be issued out of the MTN Programme designated as Green Bonds may be allocated towards the financing and/or refinancing of Eligible Green Projects in accordance with certain prescribed eligibility criteria described under ACEN's Green Bond Framework.

The Notes to be issued by ACEN Finance under its medium-term note program; may be distributed by way of private or public placement; and will be listed on the Singapore Exchange Securities Trading platform (SGX-ST).

As of March 31, 2023 and December 31, 2022, ACEN Finance has issued US\$400.0 million senior guaranteed undated notes under the MTN Programme.

ACEN Finance - Senior guaranteed undated FFL notes (Notes) under the MTN Programme

On September 8, 2021, ACEN Finance issued US\$400.0 million senior undated fixed-for-life (non-deferrable) Notes guaranteed by ACEN with a fixed coupon of 4% for life, with no step-up and no reset, priced at par. An amount equal to the net proceeds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects in accordance with ACEN's Green Bond Framework. On September 9, 2021, the Notes were listed with the SGX-ST.

The unsecured US dollar-denominated senior Green Bonds requires ACEIC Group to comply with certain covenants including among others, limitations on the incurrence or guarantee of additional indebtedness, creation or incurrence of certain liens, creation or permission of any restrictions on the payment of dividends to ACEIC Group by certain of ACEIC Group's subsidiaries, entering into unrelated businesses or engagement in certain activities, and limitations on the consolidation, merging or selling of all or substantially all of ACEIC Group's properties and assets with other entities if ACEIC is not the surviving entity. The incurrence test for additional debt requires the Group to maintain a Net Debt to Total Equity ratio not exceeding 2.5 to 1.0. These were complied with by ACEIC Group as of March 31, 2023 and December 31, 2022.

Compliance with debt covenants

The loan agreements on long-term debt of the Parent Company and some subsidiaries provide for certain restrictions and requirements with respect to, among others, declaration and/or payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Group as of March 31, 2023 and December 31, 2022. For the Parent Company, these covenants include, among others, certain ratios like:

- Debt to equity ratio of not to exceed 3:1
- Net debt to tangible networth ratio of not to exceed 3:1
- Current ratio of not lower than 0.5:1

17. Equity

Details of the Parent Company's paid-in capital follow:

	Preferred Shares - A	Preferred Shares - B	Voting Preferred Shares	Common Shares	Subscribed	Additional Paid-in Capital	Subscriptions Receivable	Total Paid-in Capital	Treasury Shares
					(in Thousands)				
At January 1, 2023 (Audited)	₱1,200,000	₱5,800,000	₱200,000	₱31,460,875	₱258,521	₱49,981,886	(₱2,521,025)	₱86,380,257	(₱13,070,802)
Exercise/ cancellation/ subscription of ESOP/ESOWN	–	–	–	506	–	14,979	–	15,485	–
Collection of subscription receivables	–	–	–	–	–	–	76,310	76,310	–
At March 31, 2023 (Unaudited)	₱1,200,000	₱5,800,000	₱200,000	₱31,461,381	₱258,521	₱49,996,865	(₱2,444,715)	₱86,472,052	(₱13,070,802)
	Preferred Shares - A	Preferred Shares - B	Voting Preferred Shares	Common Shares	Subscribed	Additional Paid- in Capital	Subscriptions Receivable	Total Paid-in Capital	Treasury Shares
					(in Thousands)				
At January 1, 2022 (Audited)	₱1,200,000	₱5,800,000	₱200,000	₱31,450,770	₱244,154	₱49,543,741	(₱2,363,138)	₱86,075,527	(₱12,382,517)
Exercise/ cancellation/ subscription of ESOP/ESOWN	–	–	–	756	23,716	438,145	(355,546)	107,071	–
Issuance of shares upon full payment of subscription	–	–	–	9,349	(9,349)	–	–	–	–
Collection of subscription receivables	–	–	–	–	–	–	197,659	197,659	–
Buyback of common shares	–	–	–	–	–	–	–	–	(688,285)
At December 31, 2022 (Audited)	₱1,200,000	₱5,800,000	₱200,000	₱31,460,875	₱258,521	₱49,981,886	(₱2,521,025)	₱86,380,257	(₱13,070,802)

Preferred shares

Preferred A shares

On March 9, 2023, the BOD approved the re-issuance of Preferred "A" Shares with a base amount of 10.0 billion up to ₱15.0 billion, with an oversubscription option of up to an additional ₱10.0 billion, subject to regulatory requirements.

On March 23, 2023, AC filed a Registration Statement with respect to the re-issuance of the Preferred "A" Shares with the SEC and has also simultaneously submitted the corresponding Application for Listing of Stocks with the PSE. The Preferred "A" Shares pertain to the proposed offer and re-issuance of Preferred "A" Shares with a base amount of up to ₱15.0 billion with an oversubscription option of up to ₱10.0 billion as approved by the BOD last March 9, 2023.

See Note 25 on subsequent related transaction.

Employee Stock Option Plan (ESOP)/ Employee Stock Ownership Plan (ESOWN)

On April 28, 2023, the BOD, during its organization board meeting approved the 2023 stock option program pursuant to the Employee Stock Ownership Plan (the Plan), authorizing the grant to 81 executives, in accordance with the terms of the Plan, stock options covering up to a total of 632,500 common shares at a subscription price of ₱635.74 per share, which is the rounded off volume-weighted average prices of our common shares at the PSE over the last 5-day trading days from April 20, 2023 to April 27, 2023.

Treasury shares

In June 2022, the Parent Company purchased its 40,000 common shares at ₱625.00 price per share, 450,000 common shares at ₱697.00 price per share, and 310,000 common shares at ₱634.1158 price per share, respectively, pursuant to the share buyback program approved by the BOD on December 5, 2019 and December 10, 2021.

On July 14, 2022, the Parent Company purchased its 250,000 common shares at ₱607.9301 price per share pursuant to the share buyback program approved by the BOD on December 5, 2019 and December 10, 2021.

Retained earnings

The reconciliation of the Parent Company's retained earnings available for dividend declaration shows the following as of March 31, 2023 (unaudited) and December 31, 2022 (audited):

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning*	₱57,122,962	₱41,615,365
Add: Net income actually earned/ realized during the period - Parent Company	2,395,934	35,879,213
Add (Less):		
Dividend declarations during the period	(312,052)	(19,692,127)
PFRS adjustments in retained earnings	—	30,165
Treasury shares	—	(688,285)
Deferred tax asset during the period - net	—	(21,369)
Retained earnings available for dividends	₱59,206,844	₱57,122,962

**Reconciliation of Beginning Retained earnings to Retained earnings available for dividend follows:*

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Unappropriated retained earnings, beginning	₱70,232,785	₱54,015,534
Less:		
Treasury shares	(13,070,802)	(12,382,517)
Deferred tax asset during the period	(39,021)	(17,652)
Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning	₱57,122,962	₱41,615,365

Cash dividends

On January 16, 2023, the BOD approved the declaration of the first quarter cash dividends on the Parent Company's outstanding Preferred "B" Series 1 shares at $\frac{1}{4}$ of 5.250% p.a. or ₱6.5625 per share, payable to stockholders of record as of January 30, 2023. Total dividends declared amounted to ₱131.3 million and paid on February 15, 2023.

On January 30, 2023, the BOD approved the declaration of first quarter cash dividends on the Parent Company's outstanding Preferred "B" Series 2 shares at $\frac{1}{4}$ of 4.8214% p.a. or ₱6.02675 per share, payable to stockholders of record as of February 13, 2023. Total dividends declared amounted to ₱180.8 million and paid on February 28, 2023.

In January 2022, the Parent Company declared cash dividends to its Preferred B Series 1 and 2 shareholders amounting to ₱131.3 million and ₱180.8 million, respectively.

There were no dividends declared to the common shareholders of the Parent Company for the period ended March 31, 2023 and 2022 (both unaudited).

Property dividend

On April 29, 2022, the BOD, during an organization board meeting, approved the acquisition of 1,861,000,000 common shares of ACEN from ACEIC, a wholly owned subsidiary of the Parent Company, via block sale at prevailing market prices (AC-ACEI Transaction). This transaction was completed on May 10, 2022, at the purchase price of ₱7.60 per ACEN share.

On May 12, 2022, BOD confirmed the declaration of property dividends consisting of the ACEN shares acquired from ACEI to the Parent Company's common shareholders at a ratio of three (3) ACEN shares per one (1) parent company common share, subject to: (a) completion of the AC-ACEI Transaction, and (b) applicable regulatory approvals. The record date is May 27, 2022, with distribution or settlement date of the dividends payable to be determined by the management after applicable regulatory approvals have been obtained. No shareholder shall be entitled to fractional shares.

On October 24, 2022, the SEC approved the property dividends and issued a Certificate of Filing Notice of the Property Dividend declaration.

As of March 31, 2023, the Parent Company has distributed a total of 1,018,677,535 ACEN shares or ₱7,364.9 million, net of final tax of ₱381.1 million, to stockholders who have been issued with Certificates Authorizing Registration (CAR) by the BIR (see Note 14).

As of the date of this Report, BIR's issuance of CAR is ongoing.

The details on the cash dividends declared by the Parent Company for the periods ended March 31, 2023 and 2022 (both unaudited) are shown below.

	Per Share		Amount	
	March 2023 (Unaudited)	March 2022 (Unaudited)	March 2023 (Unaudited)	March 2022 (Unaudited)
Cash dividends			(In Thousands)	
Dividends to equity preferred shares declared during the year				
Preferred B - Series 1	6.56250	6.56250	₱131,250	₱131,250
Preferred B - Series 2	6.02675	6.02675	180,803	180,802

Capital management

The primary objective of the Parent Company's capital management policy is to ensure that it maintains a robust statement of financial position in order to support its business and maximize shareholder value.

The Parent 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 Parent Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the periods ended March 31, 2023 and December 31, 2022.

The Parent Company monitors capital using a gearing ratio of debt to equity and net debt to equity. Debt consists of short-term and long-term debt of the Group. Net debt includes short-term and long-term debt less cash and cash equivalents, short-term investments, and restricted cash of the Group. The Parent Company considers as capital the total equity.

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Short-term debt	₱55,852,583	₱36,526,898
Long-term debt	513,239,875	515,960,969
Total debt	569,092,458	552,487,867
Less:		
Cash and cash equivalents	74,027,846	73,847,371
Short-term investments	1,699,423	3,201,800
Restricted cash	14,000	—
Net debt	493,351,189	475,438,696
Total equity	₱614,179,046	₱595,299,044
Debt to equity	92.7%	92.8%
Net debt to equity	80.3%	79.9%

The loan agreements on long-term debt of the Parent Company and some subsidiaries provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Group as of March 31, 2023 and December 31, 2022.

The Parent Company also monitors capital through return-to-common equity ratio. For this ratio, the Parent Company considers as capital the average amount of equity with the exclusion of accounts pertaining to preferred shares and the non-controlling interests.

	March 2023 (Unaudited)	March 2022 (Unaudited)
	(in Thousands)	
Net income attributable to owners of the parent	₱10,218,577	₱7,811,575
Less: Dividends to equity preferred shares	312,052	312,052
Net income attributable to common shares owners of the parent	₱9,906,525	₱7,499,523
Average common equity attributable to owners of the parent	₱346,145,263	₱340,669,398
Return to common equity	2.9%	2.2%

18. Earnings Per Share

The following table presents information necessary to calculate earnings per share (EPS) on net income attributable to owners of the Parent Company:

	March 2023 (Unaudited)	March 2022 (Unaudited)
	(in Thousands, except EPS figures)	
Net income attributable to the owners of the Parent Company	₱10,218,577	₱7,811,575
Less: Dividends on preferred stocks	(312,053)	(312,053)
	9,906,525	7,499,523
Less: Profit impact of assumed conversions of potential ordinary shares of investees	(16,900)	(31,169)
	₱9,889,624	₱7,468,354
Weighted average number of common shares	619,147	619,704

	March 2023 (Unaudited)	March 2022 (Unaudited)
	(in Thousands, except EPS figures)	
Dilutive shares arising from stock options	3	1,119
	619,150	620,822
EPS		
Basic	P15.97	P12.05
Diluted	P15.97	P12.03

19. Revenue

This account consists of:

	March 2023 (Unaudited)	March 2022 (Unaudited)
	(in Thousands)	
Revenue from contracts with customers:		
Manufacturing services	P19,159,029	P17,055,907
Real estate	18,602,593	15,054,621
Power generation	7,903,222	8,111,128
Automotive	6,043,147	5,173,918
Others	5,028,600	3,837,094
	56,736,591	49,232,668
Rental income	9,277,607	6,018,149
Sale of goods and rendering of services	66,014,198	55,250,817
Share in net profits of associates and joint ventures	12,004,231	9,058,612
Interest income from real estate	954,361	1,669,704
	P78,972,790	P65,979,133

Disaggregated revenue information

Set out below is the disaggregation of revenue from contracts with customers of the material subsidiaries of the Group:

ALI Group

Revenue from contracts with customers of ALI Group consists of:

	March 2023 (Unaudited)	March 2022 (Unaudited)
	(in Thousands)	
Revenue from contracts with customers:		
Residential development	P15,759,751	P13,369,657
Construction	1,511,303	715,082
Hotels and resorts	2,285,899	969,882
	P19,556,954	P15,054,621

ALI Group derives revenue from the transfer of goods and services over time and at a point in time, in different product types. ALI Group's disaggregation of revenue from contracts with customers from Residential development, the biggest revenue segment, are presented below:

	March 2023 (Unaudited)	March 2022 (Unaudited)
	(in Thousands)	
<i>Type of product</i>		
Middle income housing	P5,807,314	P6,116,520
Condominium	3,651,522	2,651,367
Coremid	4,227,898	2,444,845
Lot only	2,073,017	2,156,925
	P15,759,751	P13,369,657

All of ALI Group's real estate sales from residential development are revenue from contracts with customers recognized over time.

IMI Group

The following table presents revenue of IMI Group per market segment:

	March 2023 (Unaudited)	March 2022 (Unaudited)
	(in Thousands)	
Automotive	₱10,848,500	₱9,408,724
Industrial	5,861,423	5,215,344
Consumer	591,035	972,356
Aerospace/defense	654,716	597,080
Telecommunication	397,986	480,406
Medical	376,644	330,304
Multiple market/others	428,725	51,693
	₱19,159,029	₱17,055,907

Translated using the weighted average exchange rate for the period (US\$1: ₱54.75 and ₱52.10 in March 31, 2023 and 2022, respectively).

20. Assets and Liabilities and Operations of Segment under PFRS 5

Assets and liabilities under PFRS 5 consist of the following:

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Assets under PFRS 5:		
Investment in KPHLC	₱11,821,057	₱11,821,057

GN Power Kauswagan Ltd. Co. (GNPK)

In accordance with PFRS 5, since the ACEIC Group is committed to a sale plan, the ACEIC Group classifies its retained investment in KPHLC, which owns GNPK, as held for sale.

As of March 31, 2023, ACEIC management continues to classify the retained interest as held for sale even after the one-year period because of the following factor:

- There is an executed divestment agreement;
- The Group is actively undertaking activities to finalize the divestment, including the plan to issue a notice of divestment to the buyers;
- On February 23, 2023, the Group has issued a Second Sale Tranche Notice to PPLC confirming the intent to execute and complete the Sale Tranche covering the balance of the Group's interests in KPHLC within 2023.

21. Segment Information

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. Accordingly, the primary segment reporting format is by business segment.

For management purposes, the Group is organized into the following business units:

- Parent Company - represents operations of the Parent Company including its financing entities such as ACIFL, AYCFL, PFIL and MHI.
- Real estate and hotels - planning and development of large-scale fully integrated mixed-used communities that become thriving economic centers in their respective regions. These include development and sale of residential, leisure and commercial lots and the development and leasing of retail and office space and land in these communities; construction and sale of

residential condominiums and office buildings; development of industrial and business parks; development and sale of high-end, upper middle-income and affordable and economic housing; strategic land bank management; hotel, cinema and theater operations; and construction and property management.

- Financial services and insurance - commercial banking operations with expanded banking license. These include diverse services such as deposit taking and cash management (savings and time deposits in local and foreign currencies, payment services, card products, fund transfers, international trade settlement and remittances from overseas workers); lending (corporate, consumer, mortgage, leasing and agri-business loans); asset management (portfolio management, unit funds, trust administration and estate planning); securities brokerage (on-line stock trading); foreign exchange and capital markets investments (securities dealing); corporate services (corporate finance, consulting services); investment banking (trust and investment services); a fully integrated bancassurance operations (life, non-life, pre-need and reinsurance services); and other services (internet banking, foreign exchange and safety deposit facilities).
- Telecommunications (Telecoms) - provider of digital wireless communications services using a fully digital network; domestic and international long distance communication services or carrier services; broadband internet and wireline voice and data communication services; also licensed to establish, install, operate and maintain a nationwide local exchange carrier (LEC) service, particularly integrated local telephone service with public payphone facilities and public calling stations, and to render and provide international and domestic carrier and leased line services. In recent years, operations include developing, designing, administering, managing and operating software applications and systems, including systems designed for the operations of bill payment and money remittance, payment facilities through various telecommunications systems operated by telecommunications carriers in the Philippines and throughout the world and to supply software and hardware facilities for such purposes.
- Industrial Technologies - global provider of electronics manufacturing services (EMS) and power semiconductor assembly and test services with manufacturing facilities in Asia, Europe, and North America. It serves diversified markets that include those in the automotive, industrial, medical, telecommunications infrastructure, storage device, and consumer electronics industries. Committed to cost-development to manufacturing and order fulfillment), the company's comprehensive capabilities and global manufacturing presence allow it to take on specific outsourcing needs.
- Power - unit that will build a portfolio of power generation assets using renewable and conventional technologies which in turn will operate business of generating, transmission of electricity, distribution of electricity and supply of electricity, including the provision of related services.
- Automotive and Others - includes operations of the following:
 - Automotive/ Motors – business on manufacturing, distribution and sale plus providing repairs and services for passenger cars, commercial vehicles, motorcycles. Initiatives include industrial manufacturing activity for long-term synergy and integration with automotive business.
 - Healthcare – catering to accessible, affordable, and quality healthcare for all Filipinos by building, investing, and connecting various businesses into an integrated and seamless ecosystem of services across the continuum of care.
 - Infrastructure - development arm for various types of infrastructure
 - Logistics – business unit provides end-to-end logistics solutions to cater to all customers across the value chain.
 - Water - water delivery, sewerage, sanitation, distribution services, pipeworks, used water management and management services; also exclusively provides water services, facilities to all property development projects of major real estate companies.
 - Education - delivering accessible, quality education that enables significantly improved employability for our high school and college graduates; with mission to transform lives and society by innovating Philippine education and research.
 - Venture capital - platform for peeking into new technologies and business models that are relevant to the group; aims to be an enabler by investing in adjacent businesses that are

- complementary to Ayala's existing business units and a pathfinder by investing in new sectors, emerging trends, and innovative businesses. International unit - strategic investments in overseas property companies and projects
- Others - includes outsourcing services unit (onshore and offshore outsourcing services in the research, analytics, legal, electronic discovery, document management, finance and accounting); aviation (air-chartered services); consultancy, and other operating companies

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

For the periods ended March 31, 2023 and 2022 and December 31, 2022, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

Intersegment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Segment revenue, segment expense and segment results include transfers between operating segments. Those transfers are eliminated in consolidation.

The various business segments in the Group are not affected by seasonality in operations.

The following tables regarding operating segments present revenue and income information for the periods ended March 31, 2023 and 2022 (both unaudited), and assets and liabilities as of March 31, 2023 (unaudited) and December 31, 2022 (audited).

March 31, 2023 (Unaudited)
(in Millions)

	Parent Company	Real Estate and Hotels	Financial Services & Insurance	Telecoms	Industrial Technologies (in Thousands)	Power Generation	Automotive and Others	Intersegment Eliminations / Consolidation Adjustments	Consolidated
Revenue									
Sales to external customers	P32	P28,838	P—	P—	P19,449	P7,949	P9,747	P—	P66,015
Intersegment	24	234	—	—	22	—	90	(370)	—
Share of profit of associates and joint ventures	—	430	6,233	2,252	—	2,291	798	—	12,004
Interest income from real estate	—	954	—	—	—	—	—	—	954
	56	30,456	6,233	2,252	19,471	10,240	10,635	(370)	78,973
Costs and expenses									
Costs of sales and services	3	18,972	—	—	17,743	6,794	8,487	(257)	51,742
General and administrative	717	2,078	—	—	1,410	1,118	2,112	(180)	7,255
	720	21,050	—	—	19,153	7,912	10,599	(437)	58,997
Other income (charges) - net									
Interest income	152	43	—	—	7	1,892	164	(105)	2,153
Other income	(47)	196	—	—	174	356	362	1	1,042
Interest and other financing charges	(2,070)	(3,225)	—	—	(273)	(1,323)	(394)	105	(7,180)
	(1,965)	(2,986)	—	—	(92)	925	132	1	(3,985)
Net income (loss) before income tax	(2,629)	6,420	6,233	2,252	226	3,253	168	68	15,991
Provision for (benefit from) income tax	6	1,200	—	—	109	(320)	788	17	1,800
Net income (loss)*	(P2,635)	P5,220	P6,233	P2,252	P117	P3,573	(P620)	P51	P14,191
<i>*NIAT slightly different vs. the reported NIAT of certain business units due to prior year cut-off adjustments taken up at AC consolidated FS. Along with other cut-off adjustments, the net effect to prior year consolidated NIAT is less than 5%.</i>									
Other information									
Segment assets	P59,446	P743,794	P—	P—	P62,448	P232,341	P83,030	(P48,868)	P1,132,191
Investments in associates and joint ventures	256,466	31,800	—	—	—	36,522	14,976	—	339,764
Deferred tax assets	113	14,384	—	—	117	2,176	956	705	18,451
Assets under PFRS 5	—	—	—	—	—	—	—	11,821	11,821
Total assets	P316,025	P789,978	P—	P—	P62,565	P271,039	P98,962	(P36,342)	P1,502,227
Segment liabilities	P214,861	P486,925	—	—	P39,193	P143,003	P44,056	(P49,228)	P878,810
Deferred tax liabilities	73	5,823	—	—	59	765	2,518	—	9,238
Total liabilities	P214,934	P492,748	P—	P—	P39,252	P143,768	P46,574	(P49,228)	P888,048
Depreciation & amortization	P52	P2,378	P—	P—	P437	P440	P441	(P94)	P3,654
Non-cash expenses other than depreciation & amortization	P—	P121	P—	P—	P53	P265	P12	P—	P451
Segment additions to property, plant and equipment and investment properties	P53	P3,213	P—	P—	P323	P4,964	P688	P227	P9,468
Cash flows provided by (used in):									
Operating activities	(P1,693)	(P7,925)	P—	P—	P16	(P218)	P158	P10,277	P615
Investing activities	P767	(P2,841)	P—	P—	P1,231	(P2,556)	(P1,112)	(P11,099)	(P15,610)
Financing activities	(P380)	P10,447	P—	P—	P472	P2,854	P822	P961	P15,176

March 31, 2022 (Unaudited)
(in Millions)

	Parent Company	Real Estate and Hotels	Financial Services & Insurance	Telecoms	Industrial Technologies (in Thousands)	Power Generation	Automotive and Others	Intersegment Eliminations / Consolidation Adjustments	Consolidated
Revenue									
Sales to external customers	₱69	₱22,411	₱—	₱—	₱16,798	₱8,155	₱7,817	₱—	₱55,250
Intersegment	27	150	—	—	13	—	82	(272)	—
Share of profit of associates and joint ventures	—	249	3,796	3,929	—	799	286	—	9,059
Interest income from real estate	—	1,670	—	—	—	—	—	—	1,670
	96	24,480	3,796	3,929	16,811	8,954	8,185	(272)	65,979
Costs and expenses									
Costs of sales and services	—	14,101	—	—	15,745	8,688	6,998	(168)	45,364
General and administrative	632	1,503	—	—	1,532	378	1,765	(63)	5,747
	632	15,604	—	—	17,277	9,066	8,763	(231)	51,111
Other income (charges) - net									
Interest income	62	39	—	—	6	1,598	43	(39)	1,709
Other income	26	101	—	—	291	410	305	108	1,241
Interest and other financing charges	(1,591)	(3,873)	—	—	(167)	(1,124)	(228)	7	(6,976)
	(1,503)	(3,733)	—	—	130	884	120	76	(4,026)
Net income (loss) before income tax	(2,039)	5,143	3,796	3,929	(336)	772	(458)	35	10,842
Provision for (benefit from) income tax	2	1,079	—	—	72	(413)	81	(9)	812
Net income (loss)*	(₱2,041)	₱4,064	₱3,796	₱3,929	(₱408)	₱1,185	(₱539)	₱44	₱10,030
<i>*NIAT slightly different vs. the reported NIAT of certain business units due to prior year cut-off adjustments taken up at AC consolidated FS. Along with other cut-off adjustments, the net effect to prior year consolidated NIAT is less than 1%.</i>									
Other information									
Depreciation and amortization	₱67	₱1,968	₱—	₱—	₱721	₱651	₱380	(₱5)	₱3,782
Non-cash expenses other than depreciation & amortization	₱—	₱14	₱—	₱—	₱7	₱37	₱12	₱—	₱70
Segment additions to property, plant and equipment and investment properties	₱46	₱3,401	₱—	₱—	₱167	₱5,609	₱485	(₱2,079)	₱7,629
Cash flows provided by (used in):									
Operating activities	(₱2,047)	₱3,184	₱—	₱—	(₱451)	₱3,632	₱220	(₱2,542)	₱1,996
Investing activities	(₱50)	(₱7,890)	₱—	₱—	(₱1,970)	(₱10,551)	(₱2,040)	(₱1,334)	(₱23,835)
Financing activities	₱1,070	₱4,421	₱—	₱—	₱481	₱9,975	(₱52)	₱4,086	₱19,981

December 31, 2022 (Audited)
(in Millions)

	Parent Company	Real Estate and Hotels	Financial Services & Insurance	Telecoms	Industrial Technologies (in Thousands)	Power Generation	Automotive and Others	Intersegment Eliminations / Consolidation Adjustments	Consolidated
Assets and liabilities									
Segment assets	₱62,801	₱730,544	₱—	₱—	₱61,971	₱233,227	₱81,380	(₱49,690)	₱1,120,233
Investments in associates and joint ventures	246,931	31,908	—	—	—	34,584	14,697	—	328,120
Deferred tax assets	124	13,894	—	—	196	1,833	1,729	595	18,371
Assets under PFRS 5	—	—	—	—	—	—	—	11,821	11,821
Total assets	309,856	776,346	—	—	62,167	269,644	97,806	(37,274)	1,478,545
Segment liabilities	223,987	480,337	—	—	38,770	138,276	42,730	(50,048)	874,052
Deferred tax liabilities	85	5,849	—	—	61	664	2,535	—	9,194
Total liabilities	₱224,072	₱486,186	₱—	₱—	₱38,831	₱138,940	₱45,265	(₱50,048)	₱883,246
Other information									
Depreciation and amortization	₱273	₱9,689	₱—	₱—	₱2,836	₱2,501	₱727	(₱354)	₱15,672
Non-cash expenses other than depreciation & amortization	₱—	₱374	₱—	₱—	₱256	₱1,346	₱5,272	₱—	₱7,248
Segment additions to property, plant and equipment and investment properties	₱253	₱—	₱—	₱—	₱2,031	₱27,776	₱791	(₱2,287)	₱52,685
Cash flows provided by (used in):									
Operating activities	(₱11,762)	₱26,348	₱—	₱—	(₱2,238)	₱4,185	(₱1,586)	₱3,772	₱18,719
Investing activities	(₱20,319)	(₱22,925)	₱—	₱—	(₱1,073)	(₱38,086)	(₱20,641)	₱34,232	(₱68,812)
Financing activities	₱23,016	(₱5,537)	₱—	₱—	₱1,054	₱29,313	₱22,623	(₱35,788)	₱34,681

22. Fair Value Measurement and Derivative Instruments and Financial Instruments

A. Fair Value Measurement and Derivative Instruments

Fair Value of Financial and Nonfinancial Instruments

The carrying amounts approximate fair values for the Group's financial assets and liabilities due to its short-term maturities except for the following financial instruments as of March 31, 2023 (unaudited) and December 31, 2022 (audited):

	March 2023 (Unaudited)		December 2022 (Audited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
(in Thousands)				
FINANCIAL ASSETS AT FVTPL				
Held for trading - current	₱10,812,517	₱10,812,517	₱11,676,375	₱11,676,375
Convertible loans - noncurrent	1,178,054	1,178,054	3,243,806	3,243,806
Derivative assets - freestanding	578,115	578,115	679,434	679,434
Total financial assets at FVTPL	12,568,686	12,568,686	15,599,615	15,599,615
FINANCIAL ASSETS AT AMORTIZED COST				
Accounts and notes receivables				
Noncurrent trade receivables				
Real estate	48,955,633	48,955,633	48,264,026	50,491,887
Nontrade receivables				
Receivable from officers and employees	1,979,017	1,945,919	1,806,097	1,792,182
Financial assets at amortized cost	22,292,360	18,795,835	21,260,907	17,764,383
Total financial assets at amortized cost	73,227,010	69,697,387	71,331,030	70,048,452
FINANCIAL ASSETS AT FVOCI				
Investment in bonds	2,316,918	2,316,918	2,309,440	2,309,440
Quoted equity investments	1,529,292	1,529,292	1,219,970	1,219,970
Unquoted equity investments	2,738,208	2,738,208	4,504,828	4,504,828
Total financial assets at FVOCI	6,584,418	6,584,418	8,034,238	8,034,238
OTHER FINANCIAL ASSETS				
Deposits	3,474,921	3,474,920	2,561,428	2,568,292
Total other financial assets	3,474,921	3,474,920	2,561,428	2,568,292
Total financial assets	₱95,855,035	₱92,325,411	₱97,526,311	₱96,250,597
FINANCIAL LIABILITIES AT FVTPL				
Financial liabilities on put option	₱124,219	₱124,219	₱124,456	₱124,456
Derivative liabilities	360,352	360,352	366,921	366,921
Total financial liabilities at FVTPL	484,571	484,571	491,377	491,377
OTHER FINANCIAL LIABILITIES				
Long-term debt	513,239,874	502,127,065	515,960,969	501,883,793
Service concession obligation	—	—	111,794	111,794
Deposits and other noncurrent liabilities	51,197,432	51,273,213	58,929,201	59,488,687
Total other financial liabilities	564,437,306	553,400,278	575,001,964	561,484,274
Total financial liabilities	₱564,921,877	₱553,884,849	₱575,493,341	₱561,975,651

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Financial assets at FVTPL – Fair values of investment securities are based on quoted prices as of the reporting date. For other investment securities such as FVTPL with no reliable measure of fair value, these are carried at its last transaction price. For convertible loan, the fair values of the investments are determined using the applicable discount rate for similar type of instruments.

The fair value of the investment in UITF is based on net asset values as of reporting dates.

The fair value of the investment in ARCH Capital Fund is determined using the discounted cash flow (DCF) method. Under the DCF method in fund fair valuation, it is estimated using assumptions regarding the benefits and liabilities of ownership over the underlying asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest.

To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream, associated with the underlying asset. The exit yield is normally separately determined and differs from the discount rate. Significant inputs considered were rental, growth and discount rates. The higher the rental and growth rates, the higher the fair value. The higher the discount rates, the lower the fair value.

The fair value of other unquoted financial assets at FVTPL is determined using Weighted Average Cost of Capital using market comparable.

Derivative instrument – The fair value of the freestanding currency forwards is based on counterparty valuation.

Noncurrent trade and nontrade receivables – The fair values are based on the discounted value of future cash flows using the applicable rates for similar types of instruments.

Financial assets at amortized cost includes investments in redeemable preferred shares and convertible loans. For investment in redeemable preferred shares and convertible loan, the fair values of the investments are determined using the applicable discount rate for similar type of instruments.

Financial assets at FVOCI investment in bonds - fair value of the bonds is based on binomial lattice approach.

Financial assets at FVOCI quoted equity securities – fair values are based on quoted prices published in markets.

Financial assets at FVOCI unquoted equity securities – fair values are based on the latest selling price available.

Deposits include security deposits from tenants of retail and office spaces and deferred credits arising from sale of real estate properties.

Derivative liability the fair value of the derivative liability is determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for risks existing at the end of each reporting period.

Financial liabilities on put options – These pertain to the liabilities of IMI Group arising from the written put options over the non-controlling interest of VIA and STI. The fair value of the financial liabilities is estimated using the discounted, probability-weighted cash flow method. The future cash flows were projected using the equity forward pricing formula with reference to the current equity value of the acquiree and the forecasted interest rate which is the risk-free rate in Germany and UK. Management applied weights on the estimated future cash flows, based on management's judgment on the chance that the trigger events for the put option will occur.

The current equity value of VIA is determined using the discounted cash flow approach. The future cash flows are projected using the projected revenue growth rate of VIA. The discount rate represents the current market assessment of the risk specific to the acquiree, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the acquiree and is derived from its weighted average cost of capital.

For STI, management used the market approach by approximating the EBITDA multiple taken from comparable companies of STI that are engaged in providing electronics services solutions to derive its current equity value. Management computed EBITDA as the difference of forecasted gross profit and selling and administrative expenses before depreciation and amortization. Another significant assumption is the probability of trigger event occurring within the put option period.

Other financial liabilities - noncurrent - The fair values are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued.

For variable rate loans that reprice every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates.

The following table shows the fair value hierarchy of the Group's assets and liabilities as at March 31, 2023 (unaudited) and December 31, 2022 (audited):

March 31, 2023 (Unaudited)				
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
(in Thousands)				
Recurring financial assets measured at fair value:				
Financial assets at FVTPL - current	P-	P187,351	P10,625,166	P10,812,517
Convertible loans - noncurrent	-	-	1,178,054	1,178,054
Derivative assets - Freestanding	-	-	578,115	578,115
Total financial assets at FVTPL	-	187,351	12,381,335	12,568,686
Financial assets at FVOCI				
Investment in bonds	P-	P-	P2,316,918	P2,316,918
Quoted equity investments	605,405	923,887	-	1,529,292
Unquoted equity investments	-	-	2,738,208	2,738,208
	P605,405	P1,111,238	P17,436,461	P19,153,104
Recurring financial assets for which fair values are disclosed:				
Noncurrent trade and nontrade receivables	P-	P-	P50,901,552	P50,901,552
Financial assets at amortized cost	-	-	18,795,835	18,795,835
Deposits	-	-	3,474,920	3,474,920
	P-	P-	P73,172,307	P73,172,307
Recurring financial liabilities measured at fair value				
Financial liabilities on put option	P-	P-	P124,219	P124,219
Derivative liabilities	-	-	360,352	360,352
	P-	P-	P484,571	P484,571
Recurring financial liabilities for which fair values are disclosed:				
Long-term debt	P-	P-	P502,127,065	P502,127,065
Deposits and other noncurrent liabilities	-	-	51,273,213	51,273,213
	P-	P-	P553,400,278	P553,400,278
Nonfinancial assets for which fair values are disclosed:				
Investment properties	P-	P1,903,712	P492,888,354	P494,792,065
Investments in associates and joint ventures*	326,495,565	-	-	326,495,565
	P326,495,565	P1,903,712	P492,888,354	P821,287,630

*Fair value of investments in listed associates and joint ventures for which there are published price quotations

December 31, 2022 (Audited)				
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
(in Thousands)				
Recurring financial assets measured at fair value:				
Financial assets at FVTPL - current	P-	P55,593	P11,620,782	P11,676,375
Convertible loans - noncurrent	-	-	3,243,806	3,243,806
Derivative assets - Freestanding	-	679,434	-	679,434
Total financial assets at FVTPL	-	735,027	14,864,588	15,599,615
Financial assets at FVOCI				
Investment in bonds	P-	P-	P2,309,440	P2,309,440
Quoted equity investments	430,688	789,282	-	1,219,970
Unquoted equity investments	-	-	4,504,828	4,504,828
	P430,688	P1,524,309	P21,678,856	P23,633,853

December 31, 2022 (Audited)				
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Recurring financial assets for which fair values are disclosed:				
Noncurrent trade and nontrade receivables	P-	P-	P52,284,069	P52,284,069
Financial assets at amortized cost	-	-	17,764,383	17,764,383
Deposits	-	-	2,568,292	2,568,292
	P-	P-	P72,616,744	P72,616,744
Recurring financial liabilities measured at fair value				
Financial liabilities on put option	P-	P-	P124,456	P124,456
Derivative liabilities	-	366,921	-	366,921
	P-	P366,921	P491,377	P491,377
Recurring financial liabilities for which fair values are disclosed:				
Long-term debt	P-	P-	P501,883,793	P501,883,793
Service concession obligation	-	-	111,794	111,794
Deposits and other noncurrent liabilities	-	-	59,488,687	59,488,687
	P-	P-	P561,484,274	P561,484,274
Nonfinancial assets for which fair values are disclosed:				
Investment properties	P-	P2,012,901	P491,540,730	P493,553,631
Investments in associates and joint ventures*	338,778,095	-	-	338,778,095
	P338,778,095	P2,012,901	P491,540,730	P832,331,726

*Fair value of material investments in listed associates and joint ventures for which there are published price quotations, including the BPI shares held by Liontide Holdings, Inc.

There was no change in the valuation techniques used by the Group in determining the fair market value of the assets and liabilities.

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.

ACEIC Group categorizes equity instruments at FVOCI, loans payable and notes payable under Level 3 valuation techniques:

Equity instruments at FVOCI

Estimated fair value is based on the discounted value of future cash flows using the applicable discount rates relevant to the industry of investee companies. This is a Level 3 valuation technique.

Loans and Notes payable

Estimated fair values are based on the discounted value of future cash flows using the applicable rates for similar types of loans and liabilities. This is a Level 3 valuation technique.

ALI Group categorizes trade receivable, receivable from employees, long-term debt and deposits and other noncurrent liabilities under Level 3. The fair value of these financial instruments is determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

A reconciliation of the beginning and closing balances of Level 3 financial assets and liabilities at FVTPL are summarized below:

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Financial assets at FVTPL		
Balance at beginning of year	P14,864,588	P11,043,351
Additions (disposals)	(3,645,917)	6,253,685
Recognized in consolidated statement of income	53,755	(2,441,041)
Exchange difference and others	530,794	8,593
Balance at end of period	P11,803,220	P14,864,588

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Financial liabilities at FVTPL		
Balance at beginning of year	₱124,456	₱119,665
Recognized in consolidated statement of income	—	—
Exchange difference and others	(237)	4,791
Balance at end of period	₱124,219	₱124,456

B. Derivatives

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Derivative assets		
Call option of AC Industrial and AC Health	₱62,176	₱62,295
Forward contract of the Parent Company, ACEIC, IMI, AIVPL	515,939	617,139
	₱578,115	₱679,434
Derivative liabilities		
Put option and forward contract of Parent Company, ACEIC, and IMI	₱360,352	₱366,921

Fair Value Changes on Derivatives

The net movements in fair values of the Group's derivative instruments as of March 31, 2023 (unaudited) and December 31, 2022 (audited) follow:

Derivative Assets

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Balance at beginning of year	₱679,434	₱442,242
(Disposals) additions during the period	(101,319)	237,192
Balance at end of period	₱578,115	₱679,434

Derivative Liabilities

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Balance at beginning of year	₱366,921	₱241,744
Net changes in fair value of derivatives	(6,569)	125,177
Balance at end of period	₱360,352	₱366,921

No other financial assets or liabilities are carried at fair value as of March 31, 2023 (unaudited) and December 31, 2022 (audited).

Net changes in fair value of derivative assets and liabilities were recognized in the unaudited interim condensed consolidated statement of income under "Other Income". However, the net changes in fair value of IMI Group's freestanding currency forward are recognized in the consolidated income under "Foreign exchange gains (losses)".

C. Financial Instruments

Financial Risk Management

General

Like any other risks, financial risks are inherent in the business activities and are typical of any large holding company. The financial risk management of the Parent Company seeks to effectively contribute to better decision making, enhance performance, and satisfy compliance demands.

The Parent Company defines financial risks as risk that relates to the Parent Company's ability to meet financial obligations and mitigate funding risk, credit risk and exposure to broad market risks, including volatility in foreign currency exchange rates and interest rates. Funding risk refers to the potential inability to meet contractual or contingent financial obligations as they arise and could potentially impact the Parent Company's financial condition or overall financial position. Credit risk is the risk of financial loss arising from a counterparty's failure to meet its contractual obligations or non-payment of an investment. These exposures may result in unexpected losses and volatilities in the Parent Company's profit and loss accounts.

The Parent Company maintains a strong focus on its funding strategy to help provide access to sufficient funding to meet its business needs and financial obligations throughout business cycles. The Parent Company's plans are established within the context of our annual strategic and financial planning processes. The Parent Company also take into account capital allocations and growth objectives, including dividend pay-out. As a holding company, the Parent Company generates cash primarily on dividend payments of its subsidiaries, associates and joint ventures and other sources of funding.

The Parent Company also establishes credit policies in setting up limits for counterparties that are reviewed quarterly and monitoring of any changes in credit standing of counterparties.

The Parent Company has a formal foreign exchange and interest rate risk management policy. The Parent Company actively monitors foreign exchange exposure and interest rate changes. And in addition, the Parent Company ensures that all loan covenants and regulatory requirements are complied with.

The Ayala Group continues to monitor and manage its financial risk exposures in accordance with Board approved policies. The succeeding discussion focuses on Ayala Group's financial risk management.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise financial assets at amortized cost, FVTPL and FVOCI, bank loans, corporate notes and bonds. The financial debt instruments were issued primarily to raise financing for the Group's operations. The Group has various financial assets such as cash and cash equivalents, short-term investments, accounts and notes receivables, and accounts payable and accrued expenses which arise directly from its operations.

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

The Group also uses hedging instruments, the purpose of which is to manage the currency and interest rate risks arising from its financial instruments.

The Group's risk management policies relevant to financial risks are summarized below:

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Parent Company's and its subsidiaries' obligations. The policy is to keep a certain level of the total obligations as fixed to minimize earnings volatility due to fluctuation in interest rates.

Foreign exchange risk

The Group's foreign exchange risk results primarily from movements of the PHP against other currencies. The Group's consolidated statements of income can be affected significantly by movements in the USD and other currencies versus the PHP. The Group entered into currency forward contracts to hedge its risks associated with foreign currency fluctuations.

The second and third columns of the table below summarize the Group's exposure to foreign exchange risk as of March 31, 2023 (unaudited) and December 31, 2022 (audited). The fourth and fifth columns of the table demonstrates the sensitivity to a reasonably possible change in the exchange rate, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity as of March 31, 2023 (unaudited) and December 31, 2022 (audited).

March 31, 2023 (Unaudited)				
Foreign Currency	Net Assets (Liabilities)	PHP Equivalent	Increase (Decrease) in Peso per Foreign Currency	Increase (Decrease) in Profit before Tax
	(in Thousands)			(in Thousands)
United States Dollar (USD)	USD274,184	₱14,910,256	₱1.00 (1.00)	₱274,184 (274,184)
Japanese Yen (JPY)	JPY121,764	47,696	1.00 (1.00)	121,764 (121,764)
Euro (EUR)	EUR52,950	3,131,973	1.00 (1.00)	52,950 (52,950)
Chinese RMB (RMB)	RMB158,780	1,256,064	1.00 (1.00)	158,780 (158,780)
Vietnam Dong (VND)	(VND6,290,944)	(14,735)	1.00 (1.00)	(6,290,944) 6,290,944
December 31, 2022 (Audited)				
Foreign Currency	Net Assets (Liabilities)	PHP Equivalent	Increase (Decrease) in Peso per Foreign Currency	Increase (Decrease) in Profit before Tax
	(in Thousands)			(in Thousands)
United States Dollar (USD)	(USD41,960)	(₱2,174,765)	₱1.00 (1.00)	(₱41,960) 41,960
Japanese Yen (JPY)	(JPY16,951)	(9,993)	1.00 (1.00)	(16,951) 16,951
Euro (EUR)	EUR37,456	2,220,059	1.00 (1.00)	37,456 (37,456)
Chinese RMB (RMB)	RMB202,887	1,624,209	1.00 (1.00)	202,887 (202,887)
Vietnam Dong (VND)	(VND6,290,944)	(15,113)	1.00 (1.00)	(6,290,944) 6,290,944

There is no other impact on the Group's equity other than those already affecting the profit before tax.

Equity price risk

Financial assets at FVTPL and FVOCI are acquired at certain prices in the market. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers, or factors affecting all instruments traded in the market. Depending on several factors such as interest rate movements, the country's economic performance, political stability, and domestic inflation rates, these prices change, reflecting how market participants view the developments. The Group's investment policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; and limits on investment in each sector and market.

Liquidity risk

Liquidity risk is defined by the Group as the risk of losses arising from funding difficulties due to deterioration in market conditions and/or the financial position of the Group that make it difficult to raise the necessary funds or that forces the Group to raise funds at significantly higher interest rates than usual.

This is also the possibility of experiencing losses due to the inability to sell or convert marketable securities into cash immediately or in instances where conversion to cash is possible but at loss due to wider than normal bid-offer spreads.

The Group seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and capital market issues, both on-shore and off-shore.

Credit risk

Credit risk is the risk that the Group's counterparties to its financial assets will fail to discharge their contractual obligations. The Group's holding of cash and cash equivalents and short-term investments and receivables from customers and other third parties exposes the Group to credit risk of the counterparty. Credit risk management involves dealing with institutions for which credit limits have been established. The Treasury and Financial Policies of the individual subsidiaries set credit limits for their counterparty. The Group trades only with recognized, creditworthy third parties and has a well-defined credit policy and established credit procedures.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

Given the Group's diverse base of counterparties, the Group is not exposed to large concentrations of credit risk.

The maximum exposure to credit risk for the components of the consolidated statement of financial position is equal to the carrying values.

Part of the policies is the performance of impairment analysis for the credit accounts.

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents, short-term investments, financial assets at FVTPL, quoted financial assets at FVOCI, financial assets at amortized cost, advances to other companies, and related party receivables

High grade pertains to cash and cash equivalents and short-term investments, quoted financial assets, financial assets at amortized cost, related party transactions and receivables with high probability of collection.

Medium grade pertains to unquoted financial assets other than cash and cash equivalents, FVTPL financial assets, and short-term investments with nonrelated counterparties and receivables from counterparties with average capacity to meet their obligation.

Low grade pertains to financial assets with the probability to be impaired based on the nature of the counterparty.

Trade receivables

Real estate, power, outsourcing and international and others – high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment in the past; and low grade pertains to receivables with more than 3 defaults in payment.

Industrial technologies – high grade pertains to receivable with favorable credit terms and can be offered with a credit term of 15 to 45 days; medium grade pertains to receivable with normal credit terms and can be offered with a credit term of 15 to 30 days; and low grade pertains to receivables under advance payment or confirmed irrevocable Stand-by Letter of Credit and subjected to semi-annual or quarterly review for possible upgrade or transaction should be under advance payment or confirmed and irrevocable Stand-By Letters of credit; subject to quarterly review for possible upgrade after one year.

Automotive – high grade pertains to receivables from corporate accounts and medium grade for receivables from noncorporate accounts.

Unquoted financial assets at FVOCI – the unquoted investments are unrated.

23. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control 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 which include affiliates. Related parties may be individuals or corporate entities.

All publicly-listed and certain member companies of the Group have Material Related Party Transactions Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirements under the Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

The Parent Company has an approval requirement such that material related party transactions (RPT) shall be reviewed by the Risk Management Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the threshold value as approved by the Committee amounting to ₱50.0 million or five (5) percent of the total assets, whichever is lower and other requirements as may be determined by the Committee upon the recommendation of the Parent Company's Risk Management.

The Group, in its regular conduct of business, has entered into transactions with associates, joint ventures and other related parties principally consisting of deposits/placements, advances, loans and reimbursement of expenses, purchase and sale of real estate properties, various guarantees, construction contracts, and development, management, underwriting, marketing and administrative service agreements. Sales and purchases of goods and services as well as other income and expense to and from related parties are made at normal commercial prices and terms.

Highlights of related party transactions follow:

a. Transactions with BPI, an associate

As of March 31, 2023 (unaudited) and December 31, 2022 (audited), the Group maintains current and savings account, money market placements, other short-term investments and other current assets as well as short-term and long-term debt with BPI broken down as follows:

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Cash in banks (Note 4)	₱18,599,506	₱13,875,407
Cash equivalents (Note 4)	11,821,769	8,796,733
Short-term investments (Note 5)	574,264	861,550
Financial assets at FVTPL (Note 8)	173,034	66,444
Short-term and long-term debt (Note 16)	50,615,263	45,501,855

Cash in banks earn interest at prevailing bank deposit rates while cash equivalents and short-term investment earn interest at the respective short-term placement rate. Investment in FVTPL pertain to MMF which earns interest depending on the duration of time invested in the fund.

The Group's short-term and long-term debts are interest bearing with varying rates, have various maturities starting 2023 and varying schedules of payments for interest (see Note 16).

Transactions with BPI will be settled in cash.

b. Outstanding balances of related party transactions follow:

	March 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Receivable from related parties (Note 6)	₱50,874,805	₱49,561,434
Receivable from officers and employees (Note 6)	1,979,017	1,806,097
Dividend receivable (Note 6)	972,050	—
Payable to related parties (Note 14)	3,315,890	3,497,607

The March 2023 amounts represent 18.8% and 1.7% of the Group's total accounts and notes receivables and total accounts payable and accrued expenses, respectively.

Provision for ECL on related parties amounted to nil for the period ended March 31, 2023 (unaudited).

Receivable from related parties

Receivable from related parties pertains mostly to interest and non-interest bearing advances with various maturities. Advances include certain residential development projects which become due as soon as the projects are completed. The receivables also include ACEIC's receivables from associates and joint venture partners and AC Industrials' certain trade receivables arising from automotive and other sales (see Note 6). This account also includes other receivables relating to reimbursement of operating expenses like management fees, among others. The trade and other receivables are unsecured, will be settled in cash and are due and demandable.

Impairment assessment is undertaken at end of year or anytime during the year when there is a condition that would require such, through examining the financial position of the related parties and the markets in which the related parties operate.

Receivables from officers and employees

These pertain to housing, car, salary and other loans granted to the Group's officers and employees which are collectible through salary deduction, are interest bearing ranging from 6.0% to 10.0% per annum and have various maturity dates.

Dividends receivable

Dividends receivable from related parties pertains to accrued dividend declarations from associates and joint ventures. These are non-interest bearing and usually collectible within one year.

Payables to related parties

These payables include: (a) cost of lots for joint development projects; (b) purchased parts and accessories and vehicles; and (c) advances and reimbursements for operating costs. These are all unsecured, interest free, will be settled in cash and are due and demandable.

c. Revenue and expenses from related parties follow:

	March 2023 (Unaudited)	March 2022 (Unaudited)
	(in Thousands)	
Revenue from related parties	₱2,312,334	₱1,605,142
Expenses from related parties	2,680,611	2,688,519

The March 2023 amounts represent 2.8% and 4.1% of the Group's total income and expenses, respectively. These consist of, among others, income from real estate, power generation, automotive sales, professional services and interest/financing as well as expenses on interest (see Note 16), water utilities, communications and professional fees.

Others

Integrated Micro-Electronics Bulgaria EOOD (IMI BG) has agreed to provide continuing operational, investment and financial assistance to the facilities of C-Con GmbH (C-Con), a related party and an entity under common control of ACI, for C-Con will duly and timely perform all required obligations under contracts to be entered into with a particular customer. In case of C-Con's failure to perform its contractual obligations under the contract including but not limited to failure to perform due to C-Con's insolvency (Breach), IMI BG will indemnify and hold harmless the customer from any and all costs, liabilities, damages, losses, and reasonable amount of actually-incurred out of pocket expenses (including court costs and legal expenses) of the customer occasioned by or arising from such Breach. As consideration for extending said guarantee, IMI BG will be charging C-Con a guarantee fee equivalent to two (2%) of the revenue for the projects won using or relying upon IMI BG's guarantee. Additionally, IMI BG's guarantee to C-Con is backstopped by AC Industrials (Singapore) Pte. Ltd., another related party of IMI BG.

24. Notes to Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities follow:

	December 2022 (Audited)	Cash Flows	Non-cash Changes *	Foreign Exchange Movement	March 2023 (Unaudited)
			(in Thousands)		
Short-term and long-term debt	₱552,487,867	₱20,739,221	₱18,679	(₱4,153,309)	₱569,092,458
Dividend payable	16,383,289	(3,860,516)	(5,943,357)	—	6,579,416
Other noncurrent liabilities	49,043,265	(4,963)	(87,969)	—	48,950,333
Lease liabilities	30,343,440	(612,039)	830,822	(6,551)	30,555,672
Service concession obligation	111,795	—	—	—	111,795
Total liabilities from financing activities	₱648,369,656	₱16,261,703	(₱5,181,825)	(₱4,159,860)	₱655,289,674

* Non-cash changes on:

- Dividends payable pertains to cash dividends declared and property dividends distributed (see Notes 14 and 17) during the year.
- Other noncurrent liabilities mainly pertains to reclassification to other current liabilities
- Lease liabilities pertains to additions and accretion of interest expense during the year.

25. Events After the Reporting Period

Parent Company

1. *Capital infusion*

On April 17, 2023, AC infused additional capital to AC Health amounting to ₱597 million to fund the construction cost and working capital of Healthway Cancer Center (₱563 million) and HPI corporate overhead costs (₱34 million). AC Health will issue 119,400,000 preference shares at a subscription price of ₱5 per share.

2. *Dividend declaration*

On April 17, 2023, the BOD approved the declaration of 2nd quarter cash dividends on AC's outstanding Preferred "B" Series 1 shares at $\frac{1}{4}$ of 5.2500% p.a. or ₱6.56250 per share and payable to stockholders of record as of May 3, 2023 and will be distributable on May 15, 2023.

On April 20, 2023, the BOD approved the declaration of the annual cash dividends on AC's outstanding unlisted voting preferred shares at dividend rate of 4.80960% p.a. or ₱0.048096 per share and payable to stockholders of record as of May 8, 2023 and will be distributable on May 20, 2023.

On May 2, the BOD approved the declaration the second quarter cash dividends on AC's outstanding Preferred "B" Series 2 Shares amounting to $\frac{1}{4}$ of 4.8214% per annum, or ₱6.02675 per share, based on the issue price of the shares, payable to stockholders of record date as of May 16, 2023 and distributable on May 29, 2023.

3. *Issuance of preferred shares*

On April 26, 2023, the SEC favorably considered the updated Registration Statement (SEC Form 12-1) covering the registration and re-issuance of up to 10.0 million Class "A" Preferred shares that will be listed and traded at the Main Board of the PSE on May 29, 2023 as follows:

- Offer price of P2,500 per share
- Base offer of 6,000,000 shares for total value of P15.0 billion
- Over subscription option of 4,000,000 shares for a total value of P10.0 billion

On April 28, 2023, AC's stockholders during its annual stockholders' meeting approved the re-issuance by AC of Philippine Peso Preferred "A" Shares with a base amount of P10.0 billion up to P15.0 billion with an Oversubscription Option for up to an additional P10.0 billion, subject to the requirements for registration under the Securities Regulation Code with the SEC and for listing with the PSE.

On May 5, 2023, AC received the Certificate of Permit to Offer Securities for Sale from the SEC for the offer and re-issuance of 4.0 million Preferred "A" Shares with an aggregate issue value of P10.0 billion and an oversubscription option of up to 4.0 million Preferred "A" Shares with an aggregate issue value of up to P10.0 billion (the "Preferred Shares"). Dividends on the Preferred "A" Shares will be payable quarterly at an initial dividend rate of 6.3587% per annum.

The offer of the Preferred Shares commenced on May 8, 2023 until May 19, 2023. The Preferred "A" Shares are intended to be issued and listed on the Main Board of the PSE on May 29, 2023.

Proceeds will be used to refinance certain Philippine Peso-denominated bonds and short-term loans, funding its capital expenditures, and partially refinance its callable preferred "B" shares due in November 2023.

ACEIC

1. *Subscription by ACEN to shares in BWPC*

On April 4, 2023, ACEN signed a subscription agreement with its wholly-owned subsidiary BWPC, for the subscription by ACEN to 3,608,515 Redeemable Preferred D Shares ("RPS D"), 2,965,722 Redeemable Preferred E Shares ("RPS E"), and 199,399 Redeemable Preferred G Shares ("RPS G") of BWPC for the total subscription price of ₱677,363,600.

2. *Subscription by the Company to additional shares in NAREDCO*

On May 4, 2023, ACEN signed a subscription agreement with NAREDCO for the subscription by ACEN to (a) 66,470 Redeemable Preferred Shares A ("RPS A") with a par value of ₱2,820.51 per share or an aggregate par value of ₱187,479,299.70, and (b) 48,350 Redeemable Preferred Shares C ("RPS C") with a par value of ₱2,585.55 per share or an aggregate par value of ₱125,011,342.50 in NAREDCO. The Subscription Price will be used by NAREDCO to fund the development of the 133MWdc Cagayan North Solar Power Plant Project (Phase 1) in Lal-lo, Cagayan.

3. *Monsoon Wind signs financing for its 600 MW wind project*

On April 10, 2023, ACEN through its subsidiary ACRI, signed the financing documents for the non-recourse project financing for Monsoon Wind, the first wind power project in Lao People's Democratic Republic (PDR).

Monsoon Wind will construct, own, and operate a 600 MW wind power plant and its 500 kV transmission line in the Sekong and Attapeu provinces located in southeastern provinces of the Lao PDR. Monsoon Wind is also the first cross-border wind project in Southeast Asia.

Under the 25-year power purchase agreement, the electricity generated will be sold to Vietnam Electricity (EVN) through the Project Company's 500 kV transmission line.

The Monsoon Wind project is a partnership with ACEN, BCPG Public Company Limited, Impact Electronics Siam Limited, Mitsubishi Corporation and SMP Consultation and STP&I Public Company Limited. The project will be co-financed by the Asian Development Bank as lead arranger, Asia Infrastructure Investment Bank, Japan International Corporation Agency, the Export-Import Bank of Thailand, Hong Kong Mortgage Corporation Limited, Sumitomo Mitsui Banking Corporation, Kasikornbank, and Siam Commercial Bank.

4. *Amendment of Articles of Incorporation*

On March 7, 2023, during the regular meeting, ACEN's BOD approved the amendment to the Seventh Article of the Articles of Incorporation to create Preferred Shares via the reclassification of 100.00 million unissued Common Shares into Preferred Shares, with par value of ₱1.00 per share.

On April 24, 2023, during the annual special stockholder's meeting, the stockholders representing at least 2/3 of ACEN's authorized capital stock approved the amendment.

ALI

1. *2023 common share buybacks*

On various dates from April 1, 2023 to the date of this Report, ALI purchased its own common shares in accordance with its share buyback program.

AC Infra

1. *Manila Airport Consortium (MIAC)*

On April 27, 2023, the MIAC, of which AC Infra is a part of, submitted an unsolicited proposal to the Philippine Government for the upgrade of the Ninoy Aquino International Airport. Other members of MIAC include Aboitiz InfraCapital, Inc., Asia's Emerging Dragon Corporation, Alliance Global – Infracorp Development, Inc., Filinvest Development Corporation, JG Summit Infrastructure Holdings Corporation, and Global Infrastructure Partners. Valued at over ₱100.0 billion, the proposal includes a significant upfront payment to Government and committed investments in new facilities and technology to transform NAIA into a world-class airport.

Cognizant of the pressing need to rehabilitate and upgrade NAIA to meet the growing air traffic demand, some of the country's largest conglomerates have joined forces with Global Infrastructure Partners, one of the leading infrastructure investors and airport operators in the world, to propose this significant endeavor in partnership with the Philippine Government. Airports currently and previously owned or operated by members of the Consortium include Mactan-Cebu, Clark, London Gatwick, Edinburgh, London City and Sydney airports. Together, the consortium has unparalleled scale, track record, resources, and expertise to deliver best-in-class solutions for the transformation of NAIA and aim to set the country's airport infrastructure up for success in line with the government's "Build, Better, More," program.

Globe

1. *Sale and leaseback of telecom towers*

On April 28, 2023, Globe completed the sale of additional 132 telecom towers to Phil-Tower Consortium, Inc. (PhilTower) and received the corresponding ₱2.0 billion cash consideration, and the leaseback arrangements for those telecom towers sold took effect at the date of sale. Cumulatively, Globe has closed 710 out of 1,350 towers to be acquired by PhilTower. To date,

Globe completed the sale of 3,120 telecom towers representing 44% of the total towers portfolio subject to sale.

On May 8, 2023, Globe completed the sale of an additional 160 towers to be acquired by MIESCOR Infrastructure Development Corporation (MIDC) for approximately ₱1.9 billion. Cumulatively, Globe has closed 1,020 out of 2,180 towers to be acquired by MIDC.

2. *Dividend declaration*

On May 4, 2023, the BOD approved the declaration of the second quarter cash dividend of ₱25.00 per common share, payable to common stockholders of record as of May 18, 2023. Total dividends amounting to ₱3.6 billion will be payable on June 2, 2023.

MWC

1. *Revised Concession Agreement (RCA)*

On May 10, 2023, the Parent Company and MWSS executed a seventh Amendment to the RCA (the "Amendment"). The parties agreed that the RCA and the seventh Amendment are deemed to be effective as of June 29, 2022. The Republic also issued a new Undertaking Letter effective as of July 1, 2022, superseding the Undertaking Letter dated June 24, 2022. The revised RCA deemed effective on June 29, 2022 does not have any material impact to the unaudited accounts at March 31, 2023.

The seventh Amendment allows the adjustment for accrued foreign currency losses/gains on the principal of the Parent Company's foreign-denominated loans existing as of June 29, 2022; provides a modified FCDA mechanism for concessionaire loans after June 29, 2022, in case of extraordinary inflation or extraordinary deflation of the Philippine Peso; increases the inflation factor from 2/3 to 75% of the Consumer Price Index adjustments.

Lastly, the provisions on performance bond, material adverse government action (MAGA), and arbitration were updated to align with the Revised Implementing Rules and Regulations of Republic Act No. 6957, as amended by Republic Act No. 7718, which took effect on October 12, 2022.

26. Impact of the Coronavirus Disease 2019 (COVID-19) Outbreak

The declaration last March 2020 by World Health Organization (WHO) of COVID-19 as a pandemic led to government-mandated lockdowns in several countries. The declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country immediately took effect. These factors including immediate action to contain COVID caused disruptions in the Group's business activities – both in local and foreign operations.

2021 saw certain degree of recovery in the operating performance of most business units in the Group. The challenges and prospects brought about by the pandemic continued but was an opportune time to recalibrate Ayala's portfolio strategy. Greater emphasis on portfolio strategy was observed with a sharper focus on optimizing returns from existing businesses and a disciplined process on capital deployment while actively exploring opportunities for value realization to fund future investments of the Group.

In early 2022, the improving business environment demonstrates how organizations have adapted and readjusted themselves almost two years into the pandemic. With the pace of inoculation ramping up, the Group look forward to a further reopening of the economy and sustaining this positive trajectory.

Refer to Section 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations below and to the SEC 17-Q reports of the material subsidiaries, associates and joint ventures for the discussion of specific impact of the COVID-19 to certain financial statement accounts.

Section 2. Management's Discussion and Analysis (MD&A) of Financial Condition and Results of Operations

This section includes financial and operating data with respect to Ayala's subsidiaries (Ayala Land, Inc., Integrated Micro-Electronics, Inc., and AC Energy and Infrastructure Corporation with listed subsidiary ACEN Corporation, previously AC Energy Corporation, (ACEN)), associates (Bank of the Philippine Islands and Manila Water Company, Inc.), and joint venture (Globe Telecom, Inc.). This section should be read in conjunction with the financial highlights of these investees. The financial highlights as contained in their respective December 31, 2022 audited financial statements and SEC 17-A reports of these investees are available for viewing at the office of the Philippine Securities and Exchange Commission located at the Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, or at these companies' official websites, as applicable.

This section also includes discussion of financial ratios. These financial ratios are unaudited and are not measurements of profitability in accordance with PFRS and should not be considered as an alternative to net income or any other measure of performance which are in accordance with PFRS.

1Q23 vs 1Q22 Highlights

- Ayala Corporation's ("Ayala") core net income accelerated 61 percent to ₱9.4 billion in the first quarter of 2023. Growth momentum from the previous quarter was sustained as most key businesses delivered strong earnings.
 - BPI's net earnings were up 52 percent to ₱12.1 billion mainly due to average asset base expansion, sustained margin growth, and lower provisions.
 - Ayala Land's net income grew 42 percent to ₱4.5 billion as its diversified portfolio generated a 26 percent revenue growth on higher contributions across its business lines.
 - Globe's core net income was flat at ₱5.1 billion as higher depreciation expenses offset the rise in data and digital service revenues.
 - ACEN's net income was up 5x to ₱2 billion resulting from higher net generation from wind sources, the commissioning of new power plants, and the company's shift to a modest net selling merchant position and a gain on settlement of a development loans.
 - AC Energy & Infrastructure, the parent company of ACEN, grew its profit by 2.5x to ₱2.7 billion due to improved contributions from ACEN and recognition of pre-operating revenues from GN Power Dinginin.
- Including one-offs, Ayala's net income was up 31 percent to ₱10.2 billion.

"One of our priorities is to end 2023 with profits above pre-COVID levels. Given our first quarter results, our constructive outlook for the year remains intact.", Ayala President and CEO Cezar P. Consing said.

- Ayala continues to make strides in its emerging businesses, AC Health and AC Logistics.
 - AC Health launched its new KonsultaMD superapp in March. The app showcases new capabilities and offers access to a broader and deeper provider network of over 1,000 active healthcare providers covering over 40 specializations. KMD's revenues and ARPU doubled in the first quarter of 2023 versus the same period last year. AC Health is also on track to open this year the country's first dedicated comprehensive cancer hospital.
 - AC Logistics' efforts to integrate its portfolio of assets have begun to bear fruit. It has started the integration process with AIR21's last mile assets. AIR21's Direct Contribution Margin has also improved seven percentage points in the first quarter of 2023 compared to the same period last year. AC Logistics is scheduled to open its first cold storage facility in Cagayan de Oro within the year. The 5,000-pallet facility is through a joint venture with one of the largest pure cold storage players in the country, Glacier Megafridge.

Banking

- BPI's net income surged 52 percent year-on-year to ₱12.1 billion in the first quarter of 2023 on sustained loan and margin growth, increased fee income, and lower loan loss provisions. The bank's solid performance improved return on equity by 434 basis points to 15.4 percent.

- Total revenues increased 25 percent year-on-year to ₱31.7 billion, resulting from improved net interest and non-interest income, which grew 27 percent and 19 percent, respectively.
 - Total loans were up 14 percent to ₱1.7 trillion while net interest margin widened 52 basis points to 3.94 percent.
 - Fee income rose 15 percent to ₱6.3 billion, boosted by increases in customers and volume. Trading income jumped 40 percent to ₱1.3 billion due to securities trading gains as market conditions improved.
- Total deposits increased 14 percent year-on-year to ₱2.1 trillion while maintaining high funding with CASA ratio at 70 percent.
- Asset quality and credit cost continued to improve.
 - NPL ratio improved 55 basis points year-on-year to 1.82 percent.
 - NPL coverage ratio strengthened 27 percentage points year-on-year to 176.71 percent.
 - Total provisions were down 60 percent year-on-year to ₱1 billion.
- Operating expenses increased 20 percent year-on-year to ₱15.1 billion mainly due to broad increases across all categories and lower base effect. BPI's cost-to-income ratio nonetheless improved by two percentage points year-on-year to 47.5 percent due to strong revenue generation and efficiency improvements.

Real Estate

- Ayala Land's net income increased 42 percent year-on-year to ₱4.5 billion in the first three months of 2023. Revenues grew 26 percent to ₱30.9 billion on the back of higher contributions from all its business lines.
- Commercial leasing revenues rose 57 percent year-on-year to ₱10.1 billion driven by improved mall tenant sales lifting occupancy and rents, stable demand for new office spaces in prime locations, and a boost in hotels and resorts due to the resurgence in travel.
 - Shopping center leasing revenues jumped 71 percent year-on-year to ₱5 billion.
 - Office leasing income increased eight percent year-on-year to ₱2.9 billion.
 - Hotel and resorts rental revenues grew 164 percent year-on-year to ₱2.2 billion.
- Property development revenues were up eight percent year-on-year to ₱17.1 billion, mainly driven by higher residential completions, bookings, and the sale of office units.
 - Residential revenues increased 10 percent year-on-year to ₱14.2 billion due to higher completion rates and net bookings.
 - Office for sale revenues surged 43 percent year-on-year to ₱1.1 billion on the back of robust sales in One Vertis Plaza.
 - Commercial and industrial lots declined 19 percent year-on-year to ₱1.8 billion. This is due to sales timing as more commercial lots will be launched in the succeeding quarters.
- Residential sales reservations grew 15 percent year-on-year to ₱27.7 billion on resilient demand despite elevated interest rates. Ayala Land launched three projects worth ₱8.6 billion in the first quarter.
- Capital expenditures reached ₱19.5 billion, 61 percent of which went to the completion of its residential developments.

Telco

- Globe's net income declined 47 percent year-on-year to ₱7.3 billion in the first quarter of 2023 mainly due to a one-time net gain of ₱8.5 billion on the partial sale of Globe's data center business in the same period last year.
 - Globe's core net income, which isolates the impact of non-recurring charges that includes one-off gains from the partial sale of its data center business and tower assets and foreign exchange and mark-to-market charges, was flat at ₱5.1 billion as higher EBITDA from topline growth was offset by depreciation expenses.

- Digital service revenues were up 80 percent year-on-year to ₱1.4 billion, fueled by the strong results of ECPay, Yondu, and Asticom.
 - GCash registered users grew 35 percent year-on-year to 81 million. It has disbursed over ₱74 billion of loans since inception across 2.8 million borrowers. It remains the most dominant e-wallet in the country with 6x more active users than its nearest competitor based on third party provider, data.ai.
- Total service revenues grew two percent year-on-year to ₱40 billion on the back of growing data and digital service revenues.
 - Mobile data revenues increased four percent to a record ₱21.7 billion as mobile data traffic rose 28 percent.
 - Corporate data revenues grew 15 percent to ₱4.5 billion due to strong traction from information and communication technology services which grew 52 percent.
 - Home broadband revenues declined to ₱6.5 billion from ₱7 billion as demand for legacy and fixed wireless products continued to weaken. However, this was partly offset by the 30 percent growth in postpaid fiber revenues. Globe is also delivering home fiber connectivity via a prepaid proposition, which will be launched in 2Q23.
- EBITDA increased four percent year-on-year to ₱20.5 billion as topline expansion outgrew flat OPEX that ended at ₱19.5 billion. EBITDA margin remained stable at 51 percent.
- Capital expenditures decreased 16 percent to ₱17.6 billion as investments wind down from the company's aggressive infrastructure rollout in past years.

Power

- ACEN's net income was up 5x year-on-year to ₱2 billion in the first quarter of 2023 on strong revenue growth driven by higher output and the company's shift to a modest net selling merchant position and a gain from settlement of a development loan. These were tempered by higher borrowing costs and overhead stemming from accelerated renewables expansion.
- Consolidated revenues rose 23 percent year-on-year to ₱9.1 billion because of higher net generation from wind sources and the commissioning of new power plants in the Philippines and Australia.
- Attributable EBITDA, which includes ACEN's shares of EBITDA from non-consolidated associates and joint ventures, jumped 76 percent year-on-year to ₱4.6 billion.
 - Philippine EBITDA jumped 188 percent to ₱1.9 billion without the impact of a customer buyout fee and curtailment in Visayas in 1Q22.
 - International EBITDA rose 38 percent to ₱2.8 billion on the back of stronger wind regime in Vietnam, commissioning of the first phase of New England Solar in Australia, and improved geothermal availability in Indonesia.
- Total attributable renewables output increased 20 percent year-on-year to 1,058 GWh.
 - Philippine renewables output was up 31 percent to 310 GWh.
 - International renewables output was higher by 15 percent to 748 GWh.
- ACEN has ~4,200 MW of attributable capacity from owned facilities in the Philippines, Australia, Vietnam, Indonesia, and India, with a renewable share of 98 percent, which is among the highest in the region.

Balance Sheet Highlights

- Consolidated cash ended at ₱75.7 billion.
- Consolidated net debt ended at ₱493.4 billion.
- Consolidated net debt-to-equity ratio stood at 0.80, well within the company's covenant of 3.0x.
- Parent level cash ended at ₱10.1 billion.

- Parent net debt increased to ₱152.9 billion with net debt-to-equity ratio at 1.05 from 1.04 in end-2022.
- Loan-to-value ratio, the ratio of its parent net debt (excluding the fixed-for-life perpetuals which have no maturity) to the total value of its assets, increased to 13 percent due to lower asset values, a result of persisting market volatility.
- Parent average cost of debt increased from 4.5 percent to 4.7 percent in the first quarter of 2023. The percentage of Ayala's fixed-rate debt to total debt remained high at 77 percent.
- On May 5, 2023, Ayala received from the SEC the Certificate of Permit to Offer Securities for Sale for the offer and re-issuance of 4,000,000 Preferred "A" Shares with an aggregate issue value of ₱10.0 billion and an oversubscription option of up to 4,000,000 Preferred "A" Shares with an aggregate issue value of up to ₱10.0 billion. The Preferred Shares will be payable quarterly with an initial dividend rate of 6.3587 percent per annum. The offer period will be on May 8 to 19, 2023 with issuance and listing on the Main Board of the PSE on May 29, 2023 (see Note 17 and 25).

Key performance indicators:

The Group maintains healthy financial ratios driven by strong operating performance of major subsidiaries and investees.

The key performance indicators (consolidated figures) that the Group monitors are the following:

Ratio	Formula	March 2023 (Unaudited)	December 2022 (Audited)/ March 2022(Unaudited)	March 2023	December 2022
(In Thousands)					
Liquidity Analysis Ratios					
Liquidity Ratio*	Cash & Cash equivalents + Short-term investments	75,727,269	77,049,171	0.24	0.25
	Current Liabilities	309,151,882	309,014,757		
	Cash & Cash equivalents	74,027,846	73,847,371		
	Short-term investments	1,699,423	3,201,800		
	Total	75,727,269	77,049,171		
Current Ratio*	Current Assets	551,048,323	541,782,240	1.78	1.75
	Current Liabilities	309,151,882	309,014,757		
Quick Ratio*	Quick assets	321,037,357	307,739,859	1.04	1.00
	Current Liabilities	309,151,882	309,014,757		
	Current assets	551,048,323	541,782,240		
	Inventories	(196,160,165)	(201,517,144)		
	Assets under PFRS 5	(11,821,057)	(11,821,057)		
	Prepayments	(22,029,744)	(20,704,180)		
	Quick assets	321,037,357	307,739,859		
Solvency Ratio*	Total Assets	1,502,227,227	1,478,545,136	1.69	1.67
	Total Liabilities	888,048,181	883,246,092		
Financial Leverage Ratios					
Assets- to-Equity Ratio*	Total Assets	1,502,227,227	1,478,545,136	2.45	2.48
	Total Stockholders' Equity	614,179,046	595,299,044		
Interest Rate Coverage Ratio**	Earnings Before Interest and Taxes (EBIT)	23,170,682	17,819,193	3.23	2.55
	Interest and other financing charges	7,179,601	6,976,832		
	Income after income tax from continuing operations	14,190,567	10,030,412		
	Provision for income tax	1,800,514	811,949		
	Interest and other financing charges	7,179,601	6,976,832		
	EBIT	23,170,682	17,819,193		
Debt Ratio*	Short-term debt + Long-term debt	569,092,458	552,487,867	0.38	0.37
	Total Assets	1,502,227,227	1,478,545,136		

Ratio	Formula	March 2023 (Unaudited)	December 2022 (Audited)/ March 2022(Unaudited)	March 2023	December 2022
	Short-term debt	55,852,583	36,526,898		
	Long-term debt (current & noncurrent)	513,239,875	515,960,969		
	Total debt	569,092,458	552,487,867		
Debt-to-Equity Ratio*	Short-term debt + Long-term debt	569,092,458	552,487,867	92.7%	92.8%
	Total Stockholders' Equity	614,179,046	595,299,044		
Net Debt-to-Equity Ratio*	Net debt	493,351,189	475,438,696	80.3%	79.9%
	Total Stockholders' Equity	614,179,046	595,299,044		
	Short-term debt	55,852,583	36,526,898		
	Long-term debt (current & noncurrent)	513,239,875	515,960,969		
	Total debt	569,092,458	552,487,867		
	Less:				
	Cash and cash equivalents	74,027,846	73,847,371		
	Short-term investments	1,699,423	3,201,800		
	Restricted cash	14,000	—		
	Net debt	493,351,189	475,438,696		
Profitability Ratios					
Gross Profit Margin**	Sale of goods & rendering of services - Cost of sales & services	14,271,833	9,887,313	0.22	0.18
	Sale of goods & rendering of services	66,014,198	55,250,817		
	Sale of goods & rendering of services	66,014,198	55,250,817		
	Cost of sales & services	(51,742,365)	(45,363,504)		
	Gross profit	14,271,833	9,887,313		
Net Profit Margin**	Net Profit	7,016,859	4,140,535	0.11	0.07
	Sale of goods & rendering of services	66,014,198	55,250,817		
	Gross profit	14,271,833	9,887,313		
	General and administrative expenses	(7,254,974)	(5,746,778)		
	Net Profit	7,016,859	4,140,535		
Return on Equity**	Net Income to Owners of the Parent	10,218,577	7,811,575	1.7%	1.3%
	Total Stockholders' Equity	614,179,046	583,288,048		
Return on Common Equity***	Net Income to Owners of the Parent (Common)	9,906,525	7,499,523	2.9%	2.2%
	Common Equity Attributable to Owners of the Parent (Average)	346,145,263	340,669,398		
	Net income to owners of the Parent	10,218,577	7,811,575		
	Less: Dividends on preferred stock	(312,052)	(312,052)		
	NIAT to Common	9,906,525	7,499,523		
		March 2023 (Unaudited)	December 2022 (Audited)		
	Equity attributable to owners of the parent	375,021,441	367,062,529		
	Less:				
	Preferred Shares - A	1,200,000	1,200,000		
	Preferred Shares - B	5,800,000	5,800,000		
	Voting Preferred Shares	200,000	200,000		
	Additional paid-in capital - preferred shares	19,696,722	19,696,722		
	Treasury shares - preferred shares	(2,000,000)	(2,000,000)		
		24,896,722	24,896,722		
	Common equity attributable to owners of the Parent	350,124,719	342,165,807		
	Average common equity attributable to owners of the Parent	346,145,263			

Ratio	Formula	March 2023 (Unaudited)	December 2022 (Audited)/ March 2022(Unaudited)	March 2023	December 2022
		March 2022 (Unaudited)	December 2021 (Audited)		
	Equity attributable to owners of the parent	368,400,578	362,731,661		
	Less:				
	Preferred Shares - A	1,200,000	1,200,000		
	Preferred Shares - B	5,800,000	5,800,000		
	Voting Preferred Shares	200,000	200,000		
	Additional paid-in capital - preferred shares	19,696,722	19,696,722		
	Treasury shares - preferred shares	(2,000,000)	(2,000,000)		
		<u>24,896,722</u>	<u>24,896,722</u>		
	Common equity attributable to owners of the Parent	343,503,856	337,834,939		
	Average common equity attributable to owners of the Parent	<u>340,669,398</u>			
Return on Assets**	Net Income	<u>14,190,567</u>	10,030,412	0.9%	0.7%
	Total Assets	<u>1,502,227,227</u>	1,382,518,459		
Price/Earnings Ratio**	Price Per Share	<u>650.00</u>	824.00	40.69	68.37
	Earnings Per Common Share (Basic)	<u>15.97</u>	12.05		
Other Ratio					
Book Value per Share*	Common Equity Attributable to Owners of the Parent	<u>350,124,719</u>	342,165,807	565.49	552.64
	Outstanding Common Shares	<u>619,148</u>	619,143		

* Based on "As at" March 31, 2023 and December 31, 2022 balances.

** Includes both "As at" and "Period ended" March 31, 2023 and 2022 balances.

*** Includes both "As at" and "Period ended" March 31, 2023, December 31, 2022, March 31, 2022, and December 31, 2021 balances.

2.1 Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated trade terms.

The Group does not expect any liquidity problems and is not in default of any financial obligations. The Group complied with the existing loan covenants and restrictions as of March 31, 2023.

2.2 Any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation:

- None

2.3 Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period:

- None

2.4 Any material commitments for capital expenditures (capex), the general purpose of such commitments, and the expected sources of funds for such expenditures.

Parent Company

For 2023, Ayala has budgeted a total of ₱264 billion in capex this year across the Group. Parent-only capex amounted to ₱1.9 billion as of the three-month period ended March 31, 2023 with bulk of the funds used for AC Logistics.

ACEIC

For the three months ended March 31, 2023, ACEIC's total capital expenditure amounted to ₱9.9 billion. For the year 2023, ACEIC is expected to spend ₱50.0-₱70.0 billion primarily for capital spending in solar power and wind farm projects locally, in Australia, Mekong, and India. The amount will be used to fund ACEN's 2.4GW of projects which is expected to come online between now and 2025.

ALI

For the year 2023, ALI is budgeting ₱85 billion in capital expenditures. Of the total amount, ₱19.5 billion has been disbursed as of March 31, 2023. ALI will use the capital expenditure for the construction completion of launched residential projects and investment properties as well as land acquisition.

IMI

Capital expenditures amounted to US\$5.9 million in the first three months of 2023 versus US\$3.2 million in the same period last year. For the full year of 2023, IMI expects to spend US\$30.0 to US\$40.0 million on capital expenditures for existing operations and new expansion projects.

Globe

For the period ended March 31, 2023, Globe's total cash capital expenditures amounted to ₱17.6 billion or 16% lower compared to a year ago.

(Refer to Section – 2 MD&A portion for details).

- 2.5 Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.

The Parent Company's and its subsidiaries' performance will continue to hinge on the overall economic performance of the Philippines and other countries where its subsidiaries operate. Key economic indicators, interest rate and foreign exchange rate movements will continue to impact the performance of the real estate, banking, telecom, water infrastructure, power generation, electronics manufacturing and automotive groups, including the Parent Company.

AC Group shall continue to align our key strategies and adjust our business models to be able to adapt to changing consumption patterns, consumer behaviors, business and regulatory environment as quickly as possible in order to remain relevant, manage execution and expansion risks and to preserve value in the midst of this pandemic.

- 2.6 Any significant elements of income or loss that did not arise from the registrant's continuing operations

- None

- 2.7 There were no material changes in estimates of amounts reported in prior interim period of the current financial year and interim period of the prior financial year, respectively.

- None

2.8 Causes for any material variances

(Increase or decrease of 5% or more in the financial statements)

Balance Sheet Items

As at March 31, 2023 (Unaudited) and December 31, 2022 (Audited)

Other current assets – 7% increase from ₱89,793 million to ₱95,843 million

Increase came from ACEIC's additional investments in SP New Energy Corporation (SPNEC) shares (part of financial assets at FVTPL; see Notes 3 and 6); ALI's higher advances to contractors plus reclassification from the noncurrent portion of the same account; higher prepayments, CWT, and input VAT of both ACEIC and ALI. These were offset by the decline in the value of Bestfull's equity investments at FVTPL. This account is 6% of total assets as of March 31, 2023 and December 31, 2022.

Property, plant and equipment – 5% increase from ₱114,114 million to ₱119,697 million

Increase attributable to ACEIC group's continued investments in solar and wind farm projects; ALI's various purchases; AC Health's ongoing construction of the cancer hospital and refurbishments of Qualimed clinics; offset by IMI's disposals during the period. This account is 8% of total assets as of March 31, 2023 and December 31, 2022.

Service concession assets – 5% increase from ₱1,421 million to ₱1,488 million

Increase pertains to additions during the year. This account is below 1% of total assets as of March 31, 2023 and December 31, 2022.

Short-term debt – 53% increase from ₱36,527 million to ₱55,853 million

Increase due to borrowings of AC, ALI, and IMI; partly offset by net loan settlements by ACEIC, AC Industrial, and AC Logistics (see Note 16). This account is 6% and 4% of total liabilities as of March 31, 2023 and December 31, 2022, respectively.

Income tax payable – 25% increase from ₱1,272 million to ₱1,595 million

Increase attributable to ALI's higher taxable income. This account is below 1% of the total liabilities as of March 31, 2023 and December 31, 2022.

Other current liabilities – 9% decrease from ₱34,178 million to ₱31,146 million

Decrease mainly due to ALI's settlement of customer deposits to sales bookings. This account is 4% of total liabilities as of March 31, 2023 and December 31, 2022.

Pension liabilities – 5% decrease from ₱3,500 million to ₱3,329 million

Decrease attributable to AC's retirement fund contribution¹ countered by retirement expense and interest during the period. This account is below 1% of total liabilities as of March 31, 2023 and December 31, 2022.

Share-based payments – 36% decrease from ₱39 million to ₱25 million

Decrease came from issuance on the exercise of stock option plans of AC (see Note 17). This account is below 1% of total equity as of March 31, 2023 and December 31, 2022.

Remeasurement losses on defined benefit plans – 20% decrease from negative (-)₱4,516 million to negative (-)₱3,596 million

Decrease attributable to AC and Globe's net actuarial gains on pension liabilities as result of changes in actuarial assumptions during the period. This account is below 1% of total equity as of March 31, 2023 and December 31, 2022.

Fair value reserve of financial assets at FVOCI – 37% decrease from negative (-)₱3,042 million to negative (-)₱1,927 million

Decrease due to AC and BPI's marked-to-market valuation gains on its financial assets at FVOCI. This account is below 1% of total equity as of March 31, 2023 and December 31, 2022.

Cumulative translation adjustments (CTA) – 73% decrease from ₱4,344 million to ₱1,180 million

Decrease due to forex translation (movement in forex) of the Ayala group's business units with US Dollar functional currencies. Closing rate of PHP per USD1.00 was ₱54.36 vs. ₱55.76 as of March 31, 2023 and December 31, 2022, respectively. This account is below 1% of total equity as of March 31, 2023 and December 31, 2022.

Non-controlling interests – 5% increase from ₱228,237 million to ₱239,158 million

Increase came from AC's actual distribution of ACEN shares representing property dividends in 2022; higher contributions of ACEIC and ALI subsidiaries net of dividend distributions to non-controlling

¹ The Parent Company's pension fund is known as the AC Employees Retirement Fund (ACERF). ACERF is a legal entity separate and distinct from the Parent Company, governed by a board of trustees appointed pursuant to a Trust Agreement between the Parent Company and the initial trustees. It holds common and preferred shares of the Parent Company in its portfolio. All such shares have voting rights under certain conditions, pursuant to law. ACERF's portfolio is managed by an Executive Committee appointed by the fund's trustees for that purpose. The members of the committee include the Parent Company's Treasurer, Comptroller, and Total Rewards Head. ACERF has not exercised voting rights over any shares of the Parent Company that it owns.

interests. This account is 39% and 38% of total equity as of March 31, 2023 and December 31, 2022, respectively.

Income Statement Items

For the Periods Ended March 31, 2023 and 2022 (Both Unaudited)

The Group's consolidated income statement includes ACEIC, AC Logistics, AC Health Groups' consolidation starting various dates in year 2022 of UPC Australia (see Note 3), Air21 and IE Medica, respectively. This resulted in higher revenues, costs and expenses upon consolidation. On the other hand, in Q4 2022, ACEIC deconsolidated its subsidiary SLTEC which resulted to lower amounts for certain accounts in the consolidated income statement.

Sale of goods and rendering of services – 19% increase from ₱55,251 million to ₱66,014 million

Increase due to ACEIC's improved revenues from sale of electricity driven by higher net generation due to better wind resources, as well as the start of commissioning of new power plants in the Philippines and in Australia; ALI's higher bookings from residential business, incremental construction project activities, improved mall and hotel operations plus leasing businesses; IMI's increase in customer demand from all sites; and AC Industrial's net higher unit automotive sales. These were offset by impact of deconsolidation of SLTEC. As a percentage of total revenue, this account is at 84% for the periods ended March 31, 2023 and 2022, respectively.

Share in net profits of associates and joint ventures (AJVs) – 33% increase from ₱9,059 million to ₱12,004 million

Increase due to BPI's higher net interest and non-interest income and lower provision for losses; MWCI's higher revenues and foreign exchange gains; better results from AJVs of ACEIC and ALI; offset by lower contribution from Globe given last year's gain from sale of data center vs. this year's gain on sale of tower assets (see Note 10). As a percentage of total revenue, this account is at 15% and 14% for the periods ended March 31, 2023 and 2022, respectively.

Interest income:

(in Millions)	March 2023	March 2022	% Inc. (Dec.)
Interest income from real estate	₱954	₱1,670	(43%)
Interest income from non-real estate	2,153	1,709	26%
Total	₱3,108	₱3,379	(8%)

Decrease in real estate interest income was attributed to ALI's lower accretion and absence of sale of trade receivables while increase in non-real estate interest income came from ACEIC's interest from various receivables.

Cost of goods sold and rendering services – 14% increase from ₱45,364 million to ₱51,742 million

Increase resulting from improvements in sales of ALI, IMI, and AC Industrial; impact of generally higher prices for direct costs, overhead of various BUs; offset by ACEIC's lower cost of power operations and impact of deconsolidation of SLTEC. As a percentage of total costs and expenses, this account is at 88% and 89% for the periods ended March 31, 2023 and 2022, respectively.

General and administrative expenses (GAE) – 26% increase from ₱5,747million to ₱7,255 million

Increase from ACEIC's manpower costs driven by higher headcount and the consolidation of UPC Australia in November 2022; also current period provisions for investments in Vietnam Wind; from ALI's manpower costs, contracted services, repairs and maintenance, and provisions; IMI's higher manpower costs, professional fees, research and development, and inventory provisions; AC Industrial's higher taxes and licenses, advertising and promotions; and the GAE's from newly consolidated UPC Australia and Air21. Excluding the impact of consolidation of new subsidiaries and one-off items, normalized increase in GAE stands at 19% year-on-year. As a percentage of total costs and expenses, this account is at 12% and 11% for the periods ended March 31, 2023 and 2022, respectively.

Other income – 16% decrease from ₱1,241 million to ₱1,042 million

Decrease mainly due to AC, ACEIC, and IMI's foreign exchange losses; IMI's one-time gains last year from insurance claims and government incentives; offset by ACEIC's gain on settlement of receivable from Provincia in exchange for SPNEC shares (see Note 3); and ALI's foreign exchange gains and income from marketing and management fees.

Provision for income tax (current and deferred) – 122% increase from ₱812 million to ₱1,801 million

Increase came from AC Industrial's de-recognition of deferred tax asset; and lower income tax benefits from ACEIC and ALI.

Income attributable to owners of the parent – 31% increase from ₱7,812 million to ₱10,219 million

Increase came from better operating results of subsidiaries ACEIC and ALI as well as investee BPI. As a percentage of total net income, this account is at 72% and 78% for the periods ended March 31, 2023 and 2022, respectively.

Income attributable to non-controlling interests – 79% increase from ₱2,219 million to ₱3,972 million

Increase came from the improvement in current period performance of its non-wholly owned subsidiaries, particularly ACEIC, ALI, and IMI. As a percentage of total net income, this account is at 28% and 22% for the periods ended March 31, 2023 and 2022, respectively.

2.9 Any seasonal aspects that had a material effect on the financial condition or results of operations.

A significant majority of the Group's revenues are derived from its real estate and financial services businesses. Traditionally, these industries have been subject to cyclical risks relating to the broader economic environment. As a result, the Group is subject to cyclical risks and its financial condition may be materially and adversely impacted as a result of any economic slowdown or stagnation in growth in the Philippines.

Furthermore, the receivables and inventories of Ayala Land, Ayala's largest subsidiary, have historically exhibited cyclical trends based on the timing and progress of its projects and their respective stages of development. Historically, such cyclical trends have in turn resulted in similar cyclical trends in the cash flows of Ayala. There is no assurance that Ayala Land's receivables and inventories will not continue to fluctuate in the future, which may adversely impact Ayala's financial condition.

The Investment and Finance Committees review the performance of each business unit at least twice a year: a general review, which covers Ayala's portfolio of businesses; and a specific business unit review. In the latter, the business unit's performance is measured against several metrics including the current budget, the latest medium-term plan and often, against competitors. The objective of these reviews is to refine capital allocation depending on performance, and if needed, suggest changes to the business plans or strategies.

3.0 Any material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

- Refer to Note 25 of the Notes to Unaudited Interim Condensed Consolidated Financial Statements.

3.1 Other material events or transactions during the interim period.

- Refer to Notes 3 and 10 of the Notes to Unaudited Interim Condensed Consolidated Financial Statements.

PART II - OTHER INFORMATION

The other major information about the Group are disclosed in the appropriate notes in the previously filed Audited Consolidated Financial Statements for December 31, 2022 or in the SEC 17-A/ SEC 17-Q and SEC 17-C reports for 2022.

In addition, the Group has the following other major information:

- a. On March 9, 2023, the Parent Company's BOD, at its regular meeting, approved the following:
 - a. The issuance of Preferred Shares with a base amount of ₱10.0 billion up to ₱15.0 billion, with an oversubscription option for up to an additional ₱10.0 billion, subject to regulatory requirements (see Notes 17 and 25).
 - b. The provisional hiring of Mr. Francisco Romero Milán as Managing Director for Corporate Resources Group and appointment as Chief Human Resource Officer, of the Corporation effective March 1, 2023.

Francisco Romero Milán, 40, is Strategic Human Resources Adviser at the Corporation and Head of HR Council and the HR Executive Committee of the Ayala Group. He joined the Group in 2019 as Vice President, member of Management Committee and Human Resources Officer of Integrated Micro-Electronics, Inc., a leading global manufacturing solutions expert in the work of manufacturing portfolio of AC Industrial Technology Holdings, Inc. (AC Industrial), a wholly owned subsidiary of the Corporation. He was also the Group Head of Human Resources and Sustainability of AC Industrial. Prior to this, he held increasingly responsible role with A.P. Moller-Maerks, a global shipping and energy conglomerate located in Copenhagen, Denmark, with operations in over 130 countries and around 90,000 employees worldwide. In his last position he was responsible for HR Operations in 15 countries across Asia and the Pacific. He is a Partner, member of the Board and Strategic Advisor of Penbrothers International, a Philippine-based talent management partner for startups and SMEs from all over the world. He is also member of the Board of Trustees of Teach for the Philippines, where he has served for over seven years as a Thought Partner.

- c. The amendments of the Audit Committee Charter, as endorsed by the Audit Committee, to align with the requirements of the ASEAN Corporate Governance Scorecard (ACGS), Integrated Annual Corporate Governance Report (I-ACGR) and reflect current practices, and of the Sustainability Committee Charter, as endorsed by the Sustainability Committee, to update the Committee's roles and responsibilities.
- b. On April 28, 2023, at the Parent Company's annual stockholders meeting, the stockholders approved the following:
 - a. Annual report for calendar year (CY) 2022 including the consolidated audited financial statements for the CY December 31, 2022
Resolution No. S-02-2023: Notation of the Corporation's Annual Report, which consists of the Chairman's Message, the President's Report, and the audio-visual presentation to the stockholders, and approval of the consolidated audited financial statements of the Corporation and its subsidiaries as of December 31, 2022, as audited by the Corporation's external auditor, SyCip Gorres Velayo & Co.
 - b. Ratification of the acts and resolutions of the Board of Directors and Management during the preceding year
Resolution No. S-03-2023: Ratification of each and every act and resolution, from April 29, 2022 to April 28, 2023 (the "Period"), of the Board of Directors (the "Board") and the Executive Committee and other Board committees exercising powers delegated by the Board, and each and every act of the officers of the Corporation, during the Period, performed in accordance with the resolutions of the Board, the Executive Committee and other Board committees as well as with the By-laws of the Corporation.

c. Reissuance of Preferred “A” Shares and delegation of authority on future offers, issuance or reissuance and listing of preferred shares

Resolution No. S-04-2023:

- Approval, ratification, and authorization of the reissuance by Ayala Corporation (the “Corporation” or “AC”) of Philippine Peso Preferred “A” Shares with a base amount of ₱10.0 billion up to ₱15.0 billion with an Oversubscription Option for up to an additional ₱10.0 billion, subject to the requirements for registration under the Securities Regulation Code with the SEC and for listing with the PSE, under the following indicative terms and conditions (the “Offer” see Note 17 and 25)

d. Election of directors

Resolution No. S-05-2023: Election of the following as directors of the Corporation to serve as such beginning April 28, 2023 until their successors are elected and qualified:

Jaime Augusto Zobel de Ayala
Cezar P. Consing
Delfin L. Lazaro
Mercedita S. Nollado
Rizalina G. Mantaring (Independent Director)
Chua Sock Koong (Independent Director)
Cesar V. Purisima (Independent Director)”

e. Election of SyCip Gorres Velayo & Co. as the external auditor of our Company for the year 2023 and fixing of its remuneration

Resolution No. S-06-23: Endorsement by the Board, to approve the election of SyCip Gorres Velayo & Co. as the external auditor of the Corporation for the year 2023 for an audit fee of ₱12,096,000.00, inclusive of value-added tax.”

At its organizational meeting held immediately after the stockholders’ meeting, the Board of Directors considered and approved the following:

- a. Election of Mr. Jaime Augusto Zobel de Ayala as Chairman of the Board;
- b. Election of Chairpersons and Members of the Board Committees:

Executive Committee

Jaime Augusto Zobel de Ayala	Chairman
Delfin L. Lazaro	Vice Chairman
Cezar P. Consing	Member

Audit Committee

Rizalina G. Mantaring	(independent director)	Chairman
Cesar V. Purisima	(independent director)	Member
Chua Sock Koong	(independent director)	Member

Risk Management and Related Party Transactions Committee

Cesar V. Purisima	(independent director)	Chairman
Rizalina G. Mantaring	(independent director)	Member
Mercedita S. Nollado		Member

Corporate Governance and Nomination Committee

Chua Sock Koong	(independent director)	Chairman
Rizalina G. Mantaring	(independent director)	Member
Cesar V. Purisima	(independent director)	Member

Personnel and Compensation Committee

Chua Sock Koong	(independent director)	Chairman
Mercedita S. Nollado		Member
Rizalina G. Mantaring	(independent director)	Member

Finance Committee

Delfin L. Lazaro	Chairman
Jaime Augusto Zobel de Ayala	Member
Cezar P. Consing	Member

Sustainability Committee

Mercedita S. Nollado		Chairman
Cesar V. Purisima	(independent director)	Member
Chua Sock Koong	(independent director)	Member

Committee of Inspectors of Proxies and Ballots

Solomon M. Hermosura		Chairman
Catherine H. Ang		Member
Josephine G. De Asis		Member

- c. Election of Ms. Rizalina G. Mantaring as lead independent director;
- d. Election of Mr. Fernando Zobel de Ayala as the Special Advisor to the Board;
- e. Election of key officers²:

Cezar P. Consing	President and Chief Executive Officer (CEO)
Jose Rene Gregory D. Almendras	Senior Managing Director, Public Affairs Group Head
Alberto M. de Larrazabal	Senior Managing Director, Chief Finance Officer, Chief Risk Officer, Chief Sustainability Officer, and Finance Group Head
Solomon M. Hermosura	Senior Managing Director, Chief Legal Officer, Corporate Secretary, Compliance Officer, Data Protection Officer & Corporate Governance Group Head
Francisco Romero Milan	Managing Director, Chief Human Resource Officer and Corporate Resources Group Head
Catherine H. Ang	Executive Director and Chief Audit Executive
Estelito C. Biacora	Executive Director and Treasurer
Josephine G. De Asis	Executive Director and Controller
Pauline Clarisse K. Feria-Darre	Executive Director and Corporate Strategy Group Co-Head
Jaime Alfonso E. Zobel de Ayala	Executive Director and Corporate Strategy Group Co-Head
Rosario Carmela G. Austria	Assistant Corporate Secretary

- f. The 2023 stock option program pursuant to our Employee Stock Ownership Plan (the "Plan"). The program authorizes the grant to 81 executives, in accordance with the terms of the Plan, stock options covering up to a total of 632,500 common shares at a subscription price of ₱635.74 per share, which is the rounded off volume-weighted average prices of our common shares at the Philippine Stock Exchange over the last 5-day trading days from April 20, 2023 to April 27, 2023.

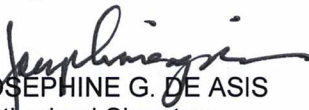
² Excluding seconded officers

SIGNATURES

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

Registrant: **AYALA CORPORATION**

By:


JOSEPHINE G. DE ASIS
Authorized Signatory
Comptroller
Ayala Corporation

Date: May 12, 2023