

COVER SHEET

3	4	2	1	8					
---	---	---	---	---	--	--	--	--	--

S.E.C. Registration Number

A	Y	A	L	A		C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S
---	---	---	---	---	--	---	---	---	---	---	---	---	---	---	---	---	--	---	---	---	--	---	---	---	---	---	---	---	---	---	---	---	---

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(Company's Full Name)

3	7	F		T	O		3	9	F		A	Y	A	L	A		T	R	I	A	N	G	L	E		G	A	R	D	E	N	S	
---	---	---	--	---	---	--	---	---	---	--	---	---	---	---	---	--	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	--

T	O	W	E	R		2	,		P	A	S	E	O		D	E		R	O	X	A	S		C	O	R	N	E	R		M	A	K
---	---	---	---	---	--	---	---	--	---	---	---	---	---	--	---	---	--	---	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---

A	T	I		A	V	E	N	U	E	,		M	A	K	A	T	I		C	I	T	Y										
---	---	---	--	---	---	---	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---	---	--	--	--	--	--	--	--	--	--	--

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

Josephine G. de Asis

Contact Person

(632) 7908-3000

Company Telephone Number

1	2
---	---

Month

3	1
---	---

Day

Fiscal Year

1	7	-	Q	
---	---	---	---	--

FORM TYPE

0	4
---	---

Month

2	8
---	---

Day

Annual Meeting

--

Secondary License Type, If Applicable

C	F	D
---	---	---

Dept. Requiring this Doc.

--

Amended Articles Number/Section

	6	2	8	6
--	---	---	---	---

Total No. of Stockholders

Total Amount of Borrowings	
₱35.0 billion bonds	-
Domestic	Foreign

To be accomplished by SEC Personnel concerned

--	--	--	--	--	--	--	--	--	--

File Number

LCU

--	--	--	--	--	--	--	--	--	--

Document I.D.

Cashier

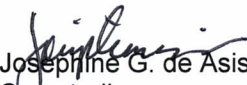
STAMPS

Remarks = pls. use black ink for scanning purposes

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 September 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 September 2023 SEC Form 17-Q dated November 14, 2023 is true and correct to the best of my knowledge.
- 3) I am executing this certification this November 14, 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

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)

September 30, 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: **September 30, 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 September 30, 2023
Preferred A (ACPA)	0*
Preferred A (reissued) (ACPAR)	5,244,515
Preferred B Series 1 (ACPB1)	20,000,000**
Preferred B Series 2 (APB2R)	30,000,000
Voting Preferred	200,000,000
Common	619,807,425***

*net of 6,755,485 treasury shares

**net of 8,000,000 treasury shares

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

Amount of debt outstanding as of September 30, 2023: **₱35.0 billion in bonds******

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

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

As of September 30, 2023, a total of 627,324,878 common shares, 12,000,000 preferred A ("ACPA" and "ACPAR") 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, 6,755,485 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 ☐

TABLE OF CONTENTS

The unaudited interim condensed consolidated financial statements and other parts of the entire SEC 17-Q Report as of September 30, 2023 makes 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 (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 Report should be read in conjunction with the financial information and operating highlights of these investees contained in their respective December 31, 2022 audited financial statements and SEC 17-A reports and September 30, 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 September 30, 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 September 30, 2023, as applicable, of the following companies under the Group are available in the following websites: ALI www.ayalaland.com.ph, IMI www.global-iml.com, ACEIC www.acenergy.com.ph, BPI www.bpi.com.ph, and Globe www.globe.com.ph.*

PART I	FINANCIAL INFORMATION	
Section 1	Financial Statements	
	Unaudited Interim Condensed Consolidated Statements of Financial Position as at September 30, 2023 (with Comparative Audited Figures as at December 31, 2022)	7
	Unaudited Interim Condensed Consolidated Statements of Income for the Periods Ended September 30, 2023 and 2022	9
	Unaudited Interim Condensed Consolidated Statements of Comprehensive Income for the Periods Ended September 30, 2023 and 2022	10
	Unaudited Interim Condensed Consolidated Statements of Changes in Equity for the Periods Ended September 30, 2023 and 2022 (with Comparative Audited Figures for the Year Ended December 31, 2022)	11
	Unaudited Interim Condensed Consolidated Statements of Cash Flows for the Periods Ended September 30, 2023 and 2022	13
	Notes to Unaudited Interim Condensed Consolidated Financial Statements	15
Section 2	Management's Discussion and Analysis (MD&A) of Financial Condition and Results of Operations	94
PART II	OTHER INFORMATION	107
SIGNATURES		

PART I - FINANCIAL INFORMATION

Section 1. Financial Statements

Ayala Corporation and Subsidiaries

**Unaudited Interim Condensed Consolidated Financial Statements
As at September 30, 2023 (with Comparative Audited Figures as at December 31, 2022)
and for the Nine Months Ended September 30, 2023 and 2022**

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS
As at September 30, 2023 (with Comparative Audited Figures as at December 31, 2022)
(Amounts in Thousands)

	September 2023 (Unaudited)	December 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱80,962,112	₱73,847,371
Short-term investments (Note 5)	1,934,972	3,201,800
Accounts and notes receivable (Note 6)	161,669,510	161,601,551
Inventories (Note 7)	208,250,342	201,517,144
Other current assets (Note 8)	93,252,058	89,793,317
	546,068,994	529,961,183
Assets under PFRS 5 (Note 20)	–	11,821,057
Total Current Assets	546,068,994	541,782,240
Noncurrent Assets		
Noncurrent accounts and notes receivable (Note 6)	109,152,164	96,029,149
Investments in associates and joint ventures (Notes 3 and 10)	360,421,138	328,120,295
Investment properties (Note 12)	244,215,375	246,733,570
Property, plant and equipment (Note 12)	137,757,652	114,113,551
Right-of-use assets (Note 9)	25,366,538	22,861,767
Service concession assets (Note 13)	–	1,420,977
Intangible assets (Note 11)	40,852,747	43,536,382
Deferred tax assets - net (Note 11)	17,552,429	18,370,869
Other noncurrent assets (Note 8)	90,608,162	65,576,336
Total Noncurrent Assets	1,025,926,205	936,762,896
Total Assets	₱1,571,995,199	₱1,478,545,136
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Note 16)	₱53,813,859	₱36,526,898
Accounts payable and accrued expenses (Note 14)	191,151,725	203,115,284
Income tax payable	1,120,933	1,272,406
Current portion of:		
Long-term debt (Note 16)	47,217,966	31,496,742
Lease liabilities (Note 9)	3,048,244	2,364,727
Service concession obligation (Note 13)	–	60,280
Other current liabilities (Note 15)	30,590,284	34,178,420
Total Current Liabilities	326,943,011	309,014,757
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 16)	476,983,660	484,464,227
Lease liabilities - net of current portion (Note 9)	29,776,988	27,978,713
Service concession obligation - net of current portion (Note 13)	–	51,515
Deferred tax liabilities - net	10,109,873	9,193,910
Pension liabilities	3,311,761	3,499,705
Other noncurrent liabilities (Note 15)	46,380,038	49,043,265
Total Noncurrent Liabilities	566,562,320	574,231,335
Total Liabilities	₱893,505,331	₱883,246,092

(Forward)

	September 2023 (Unaudited)	December 2022 (Audited)
Equity		
Equity attributable to owners of the parent company:		
Paid-in capital (Note 17)	₱99,187,779	₱86,380,257
Share-based payments	—	38,950
Remeasurement losses on defined benefit plans	(3,549,980)	(4,516,242)
Fair value reserve of financial assets at fair value through other comprehensive income (FVOCI)	(3,055,526)	(3,042,026)
Cumulative translation adjustments	3,913,399	4,344,422
Equity reserve (Note 3)	25,000,208	29,091,712
Retained earnings (Note 17)	296,402,310	267,836,258
Treasury stock (Note 17)	(12,546,350)	(13,070,802)
	405,351,840	367,062,529
Non-controlling interests (Note 3)	273,138,028	228,236,515
Total Equity	678,489,868	595,299,044
Total Liabilities and Equity	₱1,571,995,199	₱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)

	2023		2022	
	July to September	January to September	July to September	January to September
REVENUE (Note 19)				
Rendering of services	₱44,009,986	₱134,054,342	₱42,307,867	₱119,266,562
Sale of goods	25,707,827	74,147,631	26,395,802	66,819,154
Share in net profits of associates and joint ventures	10,518,654	34,049,851	8,545,348	26,052,042
Interest income from real estate	907,344	3,130,824	1,295,710	4,064,185
	81,143,811	245,382,648	78,544,727	216,201,943
COSTS AND EXPENSES				
Costs of rendering services	33,513,576	104,941,754	35,153,144	97,300,187
Costs of goods sold	18,840,600	52,749,969	19,292,982	49,259,279
General and administrative expenses (Notes 3, 6, 7, 11 and 12)	10,517,646	32,736,591	9,088,990	21,578,279
	62,871,822	190,428,314	63,535,116	168,137,745
OTHER INCOME (CHARGES) - net				
Interest income	3,100,438	7,753,267	2,897,150	6,446,726
Other income (Note 3)	8,033,328	10,717,820	2,935,907	6,021,637
Interest and other financing charges (Note 16)	(7,364,293)	(22,262,241)	(6,697,536)	(20,269,421)
	3,769,473	(3,791,154)	(864,479)	(7,801,058)
INCOME BEFORE INCOME TAX	22,041,462	51,163,180	14,145,132	40,263,140
PROVISION FOR INCOME TAX				
Current	2,028,811	5,383,354	3,601,359	5,947,948
Deferred	769,740	1,103,045	(1,857,520)	(1,003,441)
	2,798,551	6,486,399	1,743,839	4,944,507
NET INCOME	₱19,242,911	₱44,676,781	₱12,401,293	₱35,318,633
Net income attributable to:				
Owners of the Parent Company	₱13,903,278	₱32,312,919	₱7,625,338	₱23,895,321
Non-controlling interests	5,339,633	12,363,862	4,775,955	11,423,312
	₱19,242,911	₱44,676,781	₱12,401,293	₱35,318,633
EARNINGS PER SHARE (Note 18)				
Basic	₱21.36	₱50.01	₱11.77	₱36.95
Diluted	₱21.36	₱50.01	₱11.76	₱36.90

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)

	2023		2022	
	July to September	January to September	July to September	January to September
NET INCOME	₱19,242,911	₱44,676,781	₱12,401,293	₱35,318,633
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	1,951,125	(1,033,960)	337,672	392,654
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>				
Remeasurement gains (losses) on defined benefit plans	(24,571)	251,697	(190,929)	(538,190)
Changes in fair values of financial assets at FVOCI - net	147,314	(101,197)	19,179	285,093
	2,073,868	(883,460)	165,922	139,557
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	440,637	388,426	1,708,423	3,809,502
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>				
Remeasurement gains (losses) on defined benefit plans	5,271	741,755	240,299	642,203
Changes in fair values of financial assets at FVOCI - net	(702,434)	52,996	(392,104)	(2,542,498)
	(256,526)	1,183,177	1,556,618	1,909,207
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) NET OF TAX	1,817,342	299,717	1,722,540	2,048,764
TOTAL COMPREHENSIVE INCOME	₱21,060,253	₱44,976,498	₱14,123,833	₱37,367,397
Total comprehensive income attributable to:				
Owners of the Parent Company	₱15,615,083	₱32,732,232	₱9,168,620	₱25,790,983
Non-controlling interests	5,445,170	12,244,266	4,955,213	11,576,414
	₱21,060,253	₱44,976,498	₱14,123,833	₱37,367,397

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 September 30, 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												
Other Comprehensive Income											Non-controlling Interests (Note 3)	Total Equity
Paid-in Capital (Note 17)	Share-based Payments	Remeasurement Gains (Losses) on Defined Benefit Plans	Fair Value Reserve of Financial Assets at FVOCI	Cumulative Translation Adjustments	Equity Reserve (Note 3)	Retained Earnings (Note 17)	Treasury Stock (Note 17)	Total				
For the Period Ended September 30, 2023 (Unaudited)												
At 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	-	-	-	-	-	-	32,312,919	-	32,312,919	12,363,862	44,676,781	
Share in other comprehensive income (loss) of associates and joint ventures	-	-	741,755	52,996	388,426	-	-	-	1,183,177	-	1,183,177	
Other comprehensive income (loss)	-	-	224,507	(168,922)	(819,449)	-	-	-	(763,864)	(119,596)	(883,460)	
Reclassification of fair value gain of investment in equity securities of FVOCI	-	-	-	102,426	-	-	(102,426)	-	-	-	-	
Total comprehensive income (loss)	-	-	966,262	(13,500)	(431,023)	-	32,210,493	-	32,732,232	12,244,266	44,976,498	
Exercise of ESOP/ESOWN	126,386	(38,950)	-	-	-	-	-	-	87,436	-	87,436	
Reissuance of preferred shares	12,476,035	-	-	-	-	-	-	524,452	13,000,487	-	13,000,487	
Property dividends distributed	-	-	-	-	-	-	-	-	-	12,472,916	12,472,916	
Cash dividends	-	-	-	-	-	-	(3,644,441)	-	(3,644,441)	(1,184,187)	(4,828,628)	
Collection of subscription receivable	205,101	-	-	-	-	-	-	-	205,101	-	205,101	
Change in non-controlling interests	-	-	-	-	-	(4,091,504)	-	-	(4,091,504)	21,368,518	17,277,014	
At September 30, 2023 (Unaudited)	₱99,187,779	₱-	(₱3,549,980)	(₱3,055,526)	₱3,913,399	₱25,000,208	₱296,402,310	(₱12,546,350)	₱405,351,840	₱273,138,028	₱678,489,868	

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY												
Other Comprehensive Income											Non-controlling Interests	Total Equity
Paid-in Capital (Note 17)	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 (Note 17)	Treasury Stock (Note 17)	Total				
For the Period Ended September 30, 2022 (Unaudited)												
At 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	-	-	-	-	-	-	23,895,321	-	23,895,321	11,423,312	35,318,633	
Share in other comprehensive income (loss) of associates and joint ventures	-	-	642,203	(2,542,498)	3,809,502	-	-	-	1,909,207	-	1,909,207	
Other comprehensive income (loss)	-	-	(565,613)	170,148	284,722	-	-	-	(110,743)	253,499	142,756	
Reclassification of fair value loss on investment in equity securities in FVOCI	-	-	-	93,981	-	-	(97,180)	-	(3,199)	-	(3,199)	
Total comprehensive income (loss)	-	-	76,590	(2,278,369)	4,094,224	-	23,798,141	-	25,690,586	11,676,811	37,367,397	
Exercise of ESOP/ESOWN	265,078	(5,713)	-	-	-	-	-	-	259,365	-	259,365	
Buy-back of common shares	-	-	-	-	-	-	-	(688,285)	(688,285)	-	(688,285)	
Property dividends	-	-	-	-	-	-	(14,147,901)	-	(14,147,901)	-	(14,147,901)	
Cash dividends	-	-	-	-	-	-	(3,089,938)	-	(3,089,938)	(1,137,084)	(4,227,022)	
Change in non-controlling interests	-	-	-	-	-	(3,600,561)	-	-	(3,600,561)	19,482,229	15,881,668	
At September 30, 2022 (Unaudited)	₱86,340,605	₱38,951	(₱4,721,759)	(₱3,998,970)	₱5,232,136	₱30,662,006	₱266,672,760	(₱13,070,802)	₱367,154,927	₱232,603,063	₱599,757,990	

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY											
	Paid-in Capital (Note 17)	Share-based Payments	Other Comprehensive Income			Equity Reserve	Retained Earnings (Note 17)	Treasury Stock (Note 17)	Total	Non- controlling Interests	Total Equity
			Remeasurement Gains (Losses) on Defined Benefit Plans	Fair Value Reserve of Financial Assets at FVOCI	Cumulative Translation Adjustments						
At 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 gain 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 September 30, 2023 and 2022
(Amounts in Thousands)

	For the Periods Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱51,163,180	₱40,263,140
Adjustments for:		
Interest and other financing charges - net of amount capitalized	22,262,241	20,269,421
Depreciation and amortization	11,626,022	12,594,112
Cost of share-based payments	—	58,800
Provision for impairment/ losses on:		
Investments in associates and joint ventures	20,000	2,329,210
Receivables (Note 6)	4,268,739	127,735
Inventory obsolescence (Note 7)	956,301	89,180
Intangibles, property, plant and equipment and other provisions (Notes 3, 11 and 12)	4,903,235	128,566
Mark-to-market gain on financial assets at fair value through profit or loss (FVTPL) and derivative contracts	(80,468)	(145,007)
Dividend and other investment income	(4,727,437)	(1,684,342)
Remeasurement gain on previously held interest	(3,433,328)	—
Loss (gain) on sale of:		
Investments	(19,248)	119,336
Other assets	(53,921)	(45,009)
Interest income from real estate and others	(10,884,091)	(10,510,911)
Share in net profit of associates and joint ventures	(34,049,851)	(26,052,042)
Operating income before changes in operating assets and liabilities	41,951,374	37,542,189
Decrease (increase) in:		
Accounts and notes receivable - trade	(6,468,238)	(10,928,223)
Inventories	(8,090,842)	(13,892,275)
Service concession asset	(212,334)	—
Other current assets	(9,253,019)	4,021,562
Increase (decrease) in:		
Accounts payable and accrued expenses	2,279,239	5,820,378
Net pension liabilities	(65,478)	(32,360)
Other current liabilities	(3,581,434)	(1,049,518)
Cash generated from operations	16,559,268	21,481,753
Interest received	8,477,887	6,343,405
Interest paid	(17,942,637)	(14,353,884)
Income tax paid	(5,533,080)	(5,942,912)
Net cash provided by operating activities	1,561,438	7,528,362
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Sale/maturities of financial assets at FVOCI	2,938	2,014,205
Sale/maturities of financial assets at FVTPL	2,436,586	194,864
Sale/maturities of financial assets at amortized cost	828,964	—
Sale of investments in associates and joint ventures	7,815,971	(43,894)
Disposals of:		
Property, plant and equipment	977,304	237,073
Maturities of (additions to) short-term investments	1,237,870	(2,930,845)
Deductions/transfers (Additions) to:		
Service concession assets	—	(2,978)
Investments in associates and joint ventures	(6,899,919)	(11,324,542)
Property, plant and equipment	(24,682,063)	(14,042,379)
Investment properties	(7,522,229)	(7,858,077)
Financial assets at FVTPL (Note 8)	(2,906,084)	(5,061,817)
Financial assets at FVOCI (Note 8)	(2,384,580)	(1,259,018)
Financial assets at amortized cost (Note 8)	(1,514,286)	(7,642,379)
Accounts and notes receivable - non-trade	5,133,686	(11,644,402)
Intangible assets	558,372	274,482

(Forward)

	For the Periods Ended September 30	
	2023	2022
Dividends received from associates, joint ventures and investments in equity securities	₱9,689,866	₱5,752,175
Acquisitions through business combinations - net of cash acquired	(278,130)	1,174,087
Change due to loss of control over a subsidiary	(227,890)	—
Decrease (increase) in other noncurrent assets	(21,030,600)	8,562,251
Net cash used in investing activities	(38,764,224)	(43,601,194)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Availments of short-term and long-term debt (Note 16)	132,077,907	256,098,278
Issuance of common shares	87,768	7,583
Issuance of preferred shares (Note 17)	13,111,288	—
Payments of short-term and long-term debt (Note 16)	(107,737,416)	(201,326,943)
Acquisition of treasury shares - common	—	(688,286)
Dividends paid	(7,061,348)	(6,907,727)
Payment of principal portion of lease liabilities	(1,553,097)	(2,105,360)
Collections of subscriptions receivable	205,101	193,302
Cost of issuance/reissuance of shares	(111,132)	(318)
Interest paid	(3,057,666)	(3,221,565)
Increase (decrease) in:		
Other noncurrent liabilities	(2,758,686)	(1,997,643)
Non-controlling interests in consolidated subsidiaries	21,384,460	(1,354,966)
Net cash provided by financing activities	44,587,179	38,696,355
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	(269,652)	—
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,114,741	2,623,523
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	73,847,371	90,483,909
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱80,962,112	₱93,107,432

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 September 30, 2023, the Parent Company is 47.86% 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, power, healthcare, logistics, industrial technologies and automotives, water, infrastructure, education, technology services, business process outsourcing, air charter, consulting services, and investment holdings.

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 joint venture, 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 (ACEIC or AC Energy), which owns 57.74% 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 Industrial 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 November 9, 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 amounts 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.

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 statements of financial position of the Group as at September 30, 2023 with comparative audited figures as at December 31, 2022 and consolidated statements of income, comprehensive income, and cash flows for the periods ended September 30, 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 recognizes a 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 unaudited interim condensed consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements 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 do 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 September 30, 2023 and 2022, 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 Company, 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 Company.

If the put option is exercised, the Group accounts for an increase in its ownership interest. At the same time, the Group 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 as at and 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. Unless otherwise indicated, the adoption of these new pronouncements did not have a significant impact on the Group's unaudited interim condensed consolidated financial statements.

- *Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.

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

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

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

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

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

New Standards and Interpretations that have been Issued but are not yet Effective

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, 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 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 that the ALI Group availed follow:

	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 percentage of completion (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 significant financing component 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 significant financing component 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	
		September 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	50.9	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

*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 Health

On April 17 and May 8, 2023, the Parent Company infused a total amount ₱702.3 million to AC Health to fund the construction cost and working capital of Healthway Cancer Care Center (₱597.0 million) and to fund Vigos Ventures, Inc. (₱105.3 million) for Global Telehealth, Inc. (KMD). AC Health issued ₱140.46 million preferred shares at a subscription price of ₱5.00 per share.

b. 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 Light Rail Manila Corporation (LRMC) amounting to ₱349.0 million and of AF Payments, Inc. (AFPI) amounting to ₱35.0 million. AC Infra issued 384.0 million redeemable preferred shares to the Parent Company with par value of ₱1.00 per share from its unsubscribed authorized capital stock.

On May 24, 2023, the Parent Company infused ₱145.6 million to AC Infra to fund the capital call of LRMC in exchange for 145.6 million redeemable preferred shares with a par value of ₱1.00 per share.

On July 21, 2023, the Parent Company infused ₱617.8 million to AC Infra to fund its share in LRMC capital call in exchange for 617.8 million redeemable preferred shares with a par value of ₱1.00 per share.

c. 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 Fulfillment Solutions, Inc. (Entrego) and the first tranche of the purchase of Metropac Movers, Inc. (MMI) shares in Air21 Group. AC Logistics issued 404.3 million common shares for a subscription price of ₱2.11 per share when AC Logistics' application for increase in authorized capital stock was 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. AC Logistics issued 93.6 million common shares for a subscription price of ₱2.11 per share.

On June 5, 2023, the Parent Company infused ₱350.0 million to AC Logistics to fund infusion in Entrego. AC Logistics issued 165.9 million common shares with a par value of ₱2.11 per share for the said infusion.

On August 2, 2023, the Parent Company infused ₱150.0 million to AC Logistics to fund its infusion in Entrego in exchange for 71.1 million common shares with par value of ₱2.11 per share.

d. AAC

On February 13, 2023, the Parent Company infused ₱38.0 million to AAC to fund its operating requirements for the first quarter of 2023. The additional investment was issued for 0.2 million common shares for a subscription price of ₱200.00 per share and will come from the planned increase in authorized capital stock.

On May 8, 2023, the Parent Company infused ₱36.0 million to AAC to cover its operating expenses for the remaining three quarters of the year. AAC will issue 0.2 million common shares with a par value of ₱20.00 per share at a subscription price of ₱200.00 per share. The shares will come from the planned increase in authorized capital stock of AAC.

2. *Property-for-share swap*

On January 12, 2023, the Parent Company, 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% as of December 31, 2022.

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

3. *Sale of investment in MCXPCI*

On December 6, 2021, the Parent Company and MCXPCI signed an Investment Agreement (AC – MCXPCI Investment Agreement) relating to the Muntinlupa-Cavite Expressway Project (MCX Project).

On January 26, 2023, the SEC issued its Certificate of Approval of Valuation to MCXPCI certifying and approving that the valuation of rights, assets and contracts of the Parent Company in the total amount of ₱3.2 billion be applied as payment for the Parent Company's subscription to MCXPCI's 309.0 million Class A common shares with ₱1.00 par value per share and 2,881.0 million Class B common shares with ₱1.00 par value per share (see Note 13).

On February 1, 2023, MCXPCI waived the satisfaction of the Parent Company's receipt of the remaining third-party consents contemplated in the Deed of Assignment executed between the Parent Company and MCXPCI. Consequently, the transition of MCX operations and transfer of its assets and liabilities from the Parent Company to MCXPCI commenced on February 1, 2023. This resulted to the Parent Company recognizing a ₱1.6 billion gain on transfer of net assets to MCXPCI. This latter transaction is a non-event in the Group's consolidated financial statements (see Note 13).

On April 5, 2023, in accordance with the provisions of the AC – MCXPCI Investment Agreement, MCXPCI redeemed 277.3 million preferred shares held by the Parent Company at ₱1.00 per share or at a total redemption amount of ₱277.3 million. The redeemed preferred shares were retired by MCXPCI to treasury shares and will not be re-issued.

On June 2, 2023, consents were received from the DPWH (see Note 13) for the following matters:

- Assignment of the Reimbursement Agreement dated July 31, 2013 between the DPWH and the Parent Company to MCXPCI, thereby entitling MCXPCI to receive the payment under the Reimbursement Agreement;
- Assignment of the Memorandum of Agreement for Toll Collection Interoperability dated September 15, 2017 to MCXPCI and execution of amendment agreement to reflect MCXPCI as new concessionaire of the MCX Project;
- Execution of an amendment agreement to the MCX Concession Agreement to reflect MCXPCI as the new concessionaire of the MCX Project, among others.

On August 8, 2023, the Parent Company signed definitive agreements (AC – PAVI agreements) with Prime Asset Ventures, Inc., (PAVI) for the sale of the Parent Company's 100.0% stake in MCXPCI representing 369.0 million Class A common shares for ₱3.8 billion in accordance with both the provisions of the Concession Agreement for the MCX Project and also the Investment Agreement signed by the Parent Company and PAVI (see Note 13). The proceeds from the sale were received by the Parent Company on September 28, 2023.

The DPWH, as the Grantor of the MCX Project Concession, confirmed its concurrence on July 19, 2023 and signified that it interposed no objection to the transfer by the Parent Company of its equity interest in MCXPCI to PAVI.

On August 8, 2023, MCXPCI and PAVI executed a Loan Agreement for a ₱2.85 billion loan amount and on September 28, 2023, PAVI released the loan amount to MCXPCI. The loan has a term of one (1) year from the signing of the Loan Agreement and subject to interest at a rate equivalent to one (1)-year tenor Bloomberg Valuation Reference Rate plus 325 basis points. The interest shall be due semi-annually. On the same date, MCXPCI converted 2.9 billion Class B common shares held by the Parent Company into 2.9 billion of its redeemable preferred shares at par value of ₱1.00 per share or a total redemption price of ₱2.9 billion.

On September 28, 2023, MCXPCI redeemed 2.9 billion redeemable preferred shares held by the Parent Company for a total consideration of ₱3.4 billion resulting in a ₱0.5 billion gain on redemption. The redeemed preferred shares were retired to treasury and will not be re-issued. On the same date, PAVI subscribed to 1.0 million redeemable preferred shares of MCXPCI with par value of ₱1.00 per share. at a total subscription price of ₱581.0 million. As a result, as of September 28, 2023, full ownership of MCXPCI has been transferred to PAVI. Post this

transaction, MCXPCI's assets and liabilities were deconsolidated from the Group's unaudited interim condensed consolidated statement financial statements as at September 30, 2023.

As of September 30, 2023, the Group has recognized a total of ₱2.2 billion gain before taxes on the MCX divestment.

All contracts pertaining to the MCX operations are in the process of being amended/assigned from the Parent Company to MCXPCI.

As of September 30, 2023, the following major contracts were already amended/assigned and/or the amendment agreements already executed:

- Amendment Agreement for the Concession Agreement for the Muntinlupa-Cavite Expressway Project dated June 23, 2023
- Amendment Agreement for the Amended and Restated Operation and Maintenance Agreement dated September 27, 2023
- Amendment Agreement for the Memorandum of Agreement on the Interoperability of the South Luzon Expressway and the Muntinlupa-Cavite Expressway dated September 13, 2023
- Amendment Agreement for the Contract of Lease with Premier Petrol Distributors, Inc. dated September 15, 2023
- Amendment Agreement for the Contract of Lease with AC Infrastructure Holdings Corporation dated September 22, 2023
- Amendment Agreement for the Novated and Restated Operation Advisory Contract dated September 28, 2023
- Amendment Agreement for the Novated and Restated Maintenance Contract dated September 28, 2023

The remaining major contracts are being routed for execution by the Parties.

The sale of MCXPCI is aligned with Ayala's strategic priority to realize value from certain non-core assets and sharpen its focus on the continued expansion of its core businesses in real estate, banking, telecommunications, and power, and scaling up its emerging businesses in healthcare and logistics. In addition, the transaction supports Ayala's target to raise US\$1.0 billion from value realization initiatives by 2023, which is executed through a combination of strategic partnerships and divestment of certain non-core assets. The proceeds will be used to fund future investments and further strengthen the company's balance sheet.

4. *Shareholders advances*

On February 21, 2023, the Parent Company made a short-term shareholder advance to AC Ventures 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.

This account has been fully settled in March 2023.

5. *Distribution Agreement between the Parent Company and BYD Philippines Corp.*

On August 11, 2023, the Parent Company and BYD Philippines Corp. (BYD PH) executed a Distribution Agreement (the "Agreement"), which grants the Parent Company the right to distribute BYD passenger electric vehicles in the Philippines.

BYD Co. Ltd. is the world's largest electric vehicle manufacturer, producing nearly 1.9 million battery and plug-in hybrid electronic vehicles (EVs) in 2022. It is also a major manufacturer of electric industrial equipment, batteries, and solar panels. Listed on both the Hong Kong and Shanghai stock exchanges, BYD is represented in the Philippines by its local subsidiary, which manages the importation of vehicles and parts.

As distributor, the Parent Company, through AC Mobility Holdings, Inc. (AMHI) (see Note 10), will oversee the sale of BYD's passenger vehicles through its existing dealer network, drive the expansion of the brand's footprint in the country, and support customers' aftersales requirements through the provision of parts and technical support, both to new buyers as well as existing BYD owners.

AMHI is the newly incorporated electric vehicle arm of AC Motors, a subsidiary of AC Industrial, which will house the Group's investment in BYD distribution as well as other electric vehicle initiatives

Ayala's long-term vision is for AC Motors to become the leading platform for EVs and other new energy vehicles in the Philippines. Ayala has been prioritizing electric mobility vehicles as the enabler of Ayala's ecosystem. The Group is uniquely positioned to provide long-term value to EV customers, given its assets in renewable power generation, automotive distribution and dealerships, property development and management, manufacturing, financing and insurance, and digital connectivity – all of which are critical components of the EV ecosystem.

6. On May 10, 2023, Ayala reported its net income for the first quarter of 2023. Ayala's 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. 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.

On August 11, 2023, Ayala reported its net income for the second quarter of 2023. Ayala's core net income in the first half of 2023 grew 55 percent to ₱20.5 billion, anchored by solid contributions from BPI, Ayala Land, and ACEN. Ayala's strong earnings momentum pushed core earnings 38 percent ahead of pre-COVID levels. Including one-off items, Ayala's net income was up 13 percent to ₱18.4 billion.

ACEIC

1. *Amendment of Articles of Incorporation*

On March 7, 2023, ACEN BOD, during its regular meeting, approved the amendment to the Seventh Article of the Articles of Incorporation to create Preferred Shares via the reclassification of 100.0 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.

On May 23, 2023, ACEN filed the Registration Statement with the SEC for the Shelf Registration of up to 50.0 million preferred shares and the proposed public offer and sale of up to 25.0 million of such preferred shares. This was approved by the SEC on August 10, 2023.

On June 9, 2023, the SEC approved ACEN's Amended Articles of Incorporation.

2. *Issuance and listing of ACEN preferred shares*

On September 1, 2023, ACEN marked the issuance of its ₱25.0 billion perpetual preferred shares which were listed on the Main Board of the PSE on September 1, 2023 under the trading symbols "ACENA" for the Series A preferred shares and "ACENB" for the Series B preferred shares.

Of the total proceeds from the issuance of Series A and B preferred shares, ₱18,381.98 million is held in an escrow account (see Note 8). Pursuant to the Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies of the PSE, all funds to be raised by an applicant company must be held in escrow and shall not be released for any purpose other than the disclosed intended purpose and in accordance with the timetable of expenditures. This resulted to an increase in noncontrolling interests of ₱24.8 billion in the

unaudited interim condensed statements of changes in equity for the period ended September 30, 2023 (see Section 2.8).

3. *ACEN cash dividends*

On August 7, 2023, the BOD of ACEN approved the declaration of cash dividends of ₱0.04 per share on the 39,677,394,773 outstanding shares of ACEN, or a total dividend amounting to ₱1,587.10 million. This was paid to ACEN stockholders on record as of August 22, 2023 on September 18, 2023.

4. *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.

5. *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 authorized capital stock of Sinocalan Solar Power Corp. (SSPC). ACEN subscribed to the shares on June 14, 2023 with total cost of ₱278.4 million, resulting to goodwill on acquisition amounting to ₱114.0 million.

6. *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.

7. *₱1.0 billion Omnibus Loan and Security Agreement (OLSA) with Provincial Investments Corporation (Provincia) and Solar Philippines Power Project Holdings, Inc. (Solar PH)*

On January 25, 2023, ACEN, 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).

ACEN recognized a ₱515.0 million gain from the partial settlement of development loan for the period ended September 30, 2023 (unaudited) (see Section 2.8).

8. *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 ACEN Group's second solar farm to commence major construction works this year, bringing the ACEN 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.

9. *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, ACEN Renewables International (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. ACEN Australia, through ACRI, is now a wholly owned subsidiary of ACEN. The total consideration amounted to US\$85.4 million (P4.7 billion) including excess consideration or goodwill of USD 51.8 million (P2.9 billion).

The transaction acquisition of 20% ownership interest resulted to 100% 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).

10. *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.

11. *Purchase and Sale Agreement with GlidePath Power Solutions LLC*

On March 16, 2023, ACEN, through its joint-venture company, UPC Power Solutions LLC (UPC Power), signed a Purchase and Sale Agreement with GlidePath Power Solutions LLC (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 is 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.

On June 1, 2023, FERC authorized ACEN's acquisition, through its joint-venture company, UPC Power, of a total of 136 MW of wind assets from GlidePath.

With the FERC approval, UPC Power and GlidePath will proceed to complete the acquisition pursuant to their Purchase and Sale Agreement.

As of September 30, 2023, ACEIC has infused US\$10.4 million (P584.0 million) for the repowering of wind projects.

12. *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.

13. *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 P4,999.64 million.

14. *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.

15. *Completion of acquisition of UPC Philippines*

On March 31, 2023, ACEN finalized the accounting for the acquisition of UPC Philippine companies. The fair values of assets and liabilities approximate their carrying values. Goodwill arising from the acquisition amounted to ₱118.4 million.

16. *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.

17. *ACEN Australia secures two long-term energy service agreements for its solar projects in New South Wales ("NSW") Government's first renewable energy and storage auction*

On May 2, 2023, ACEN Australia secured a 20-year Long Term Energy Service Agreements (LTESAs) for two of its solar projects at the NSW Government's first renewable energy and storage auction.

LTESAs for ACEN Australia's 720 MW (936 MWdc) New England Solar project and 400 MW (520 MWdc) Stubbo Solar project were secured through the NSW Consumer Trustee's inaugural tender for renewable generation and long duration storage.

18. *ACEN subscription 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 ₱187.48 million, 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 ₱125.01 million 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.

19. *Sale of shares in ACEHI Netherlands B.V.*

On July 10, 2023, ACRI completed the sale of 2,424 ordinary shares representing 24.24% of the outstanding capital stock of ACEHI Netherlands B.V. (ACEHI Netherlands), a subsidiary of ACRI/ACEIC group, to Star Energy Oil & Gas Pte Ltd. (SEOG, a third party) for US\$69.80 million which is a commercially agreed price between a willing buyer and seller. ACEHI Netherlands is a Dutch holding company that has a 19.80% ownership interest in Star Energy Geothermal Salak-Darajat B.V. (Salak-Darajat) owner operator of a 655.5 MW geothermal power plants in West Java, Indonesia. Prior to the transaction, the interests in Salak-Darajat was an investment in associate of ACEIC. On the other hand, SEOG is part of the Star Energy Group, which is ACRI's current partner for the Salak-Darajat.

As of September 30, 2023, ACEIC's 75.76% retained interest in ACEHI Netherlands was accounted for as a joint venture where both ACRI and SEOG are equally represented in ACEHI Netherlands' BOD and all matters shall be approved unanimously by both shareholders. ACEIC's indirect interest in Salak-Darajat decreased from 19.80% to 15.00% (see Note 10).

The sale transaction resulted in ACEIC's loss of control over ACEHI Netherlands. ACEIC remeasured its 75.76% retained interest in ACEHI Netherlands using the fair market value of the sale transaction with SEOG which gave rise to the preliminary remeasurement gain as of September 30, 2023 which will be finalized by the end of the year.

ACEIC received ₱3.9 billion consideration for the sale and resulted in a ₱1.1 billion gain on deconsolidation of Salak-Darajat and a ₱3.4 billion remeasurement gain for ACEHI Netherlands, both presented under “Other income” in the unaudited interim condensed statement of income.

20. *ACEN to develop its first large-scale floating solar project in Laguna Lake*

On August 8, 2023, ACEN, through its subsidiaries, signed a Renewable Energy Contract Area Utilization (RECAU) agreement with the Laguna Lake Development Authority (LLDA) to lease 800 hectares of Renewable Energy Areas (REAs) in Laguna, Philippines. ACEN will develop large-scale floating solar project which will be situated on Laguna Lake.

Following an invitation to develop floating solar renewable energy projects on Laguna Lake, ACEN, through its subsidiaries, received Notices of Award from LLDA in July. Solar Energy Operating Contracts (SEOCs) for eight blocks of hundred hectares each in the southern and eastern sections of the lake have been applied with the Department of Energy.

ALI

1. *Decrease in authorized capital stock*

On February 24, 2023, ALI's BOD approved 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 were approved by the stockholders during the annual stockholders' meeting on April 26, 2023.

2. *Cash dividends*

On February 21, 2023, ALI's BOD approved the declaration of cash dividends of ₱0.1495 per outstanding common share. The dividend was paid on March 23, 2023 to stockholders of common shares as of record date of March 7, 2023.

On May 30, 2023, ALI's BOD approved the declaration of cash dividends to all stockholders of unlisted voting preferred shares of ₱0.006 per share. The dividend was paid on June 27, 2023 to stockholders of voting preferred shares as of record date of June 13, 2023.

3. *2023 ESOWN*

On February 24, 2023, ALI's BOD approved its 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.

4. *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. This was approved by AREIT stockholders at the annual stockholders' meeting on April 26, 2023.

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. As a result, ALI's holdings in AREIT was reduced from 66.0% to 54.4%, resulting to an increase in noncontrolling interests of ₱4.2 billion and equity reserve of ₱2.2 billion in the unaudited interim condensed statements of changes in equity for the period ended September 30, 2023 (see Section 2.8).

On September 20, 2023, ALI and AREIT received the SEC's approval of its property-for-share swap involving identified prime flagship offices and malls with an aggregate value of ₱22.5 billion in exchange for 607.6 million primary common shares of AREIT, pursuant to the Deed of Exchange executed last June 2, 2023. Consequently, ALI's holdings in AREIT

increased to 66.0%. This transaction did have any impact on the unaudited interim condensed statements of changes in equity for the period ended September 30, 2023.

5. *Avida Land Corporation merger*

The merger of Avida Land Corporation (Avida) and its subsidiaries namely: Buklod Bahayan Realty and Development Corp. and Avida Sales Corp. was approved by the SEC on April 20, 2023 with Avida as the surviving entity. Consequently, the companies' operations and its assets and liabilities have been absorbed by Avida effective May 1, 2023.

As of September 30, 2023, the merger had no impact on the AC Group and ALI Group's consolidated financial position and results of operations.

6. *2023 common share buybacks*

For the period ended September 30, 2023, ALI purchased a total of 130.4 million of its common shares at an average price of ₱26.85 per share for a total consideration of ₱3.5 billion under its share buyback program. This resulted to an increase in ownership interest of Parent Company from 50.60% as of December 31, 2022 to 50.99% as of September 30, 2023.

7. *Vesta Property Holdings, Inc. share buyback*

In July 2023, ALI acquired additional 175,778 common shares and 139,332 preferred shares of Vesta Property Holdings, Inc. for a value of ₱31.51 million. As a result, ALI's ownership interest in Vesta increased from 84% as of December 31, 2022 to 88% as of September 30, 2023. The acquisition was accounted as one involving entities under common control. As a holder of preferred shares, ALI has voting rights same as those attached to common shares. This transaction resulted to ₱351.13 million equity reserve as of September 30, 2023.

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 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 IMI's facility in Laguna for Zero in Scott's Valley, California. Mass production started in August 2023.

2. *Sale of STI Enterprise Limited*

On June 30, 2023, IMI performed an impairment test, based on the preliminary indicative price discussions with Rcapital, a London-based private investment firm, and determined a one-time loss of approximately US\$84 million (₱4.7 billion), which includes the impairment of goodwill amounting to US\$55 million (₱3.0 billion), and the remaining allocated proportionately to certain assets. This impairment amount is reported under "General and administrative expenses" in the Group's unaudited interim consolidated statements of income (see Note 11 and Section 2.8).

On August 3, 2023, IMI announced the sale of its 80.0% stake in STI Enterprises Limited (STI) to Rcapital, a private investment firm based in London, with closing to take place after satisfaction of the condition precedent. The parties have agreed on an enterprise valuation of GBP7.5 million (see Notes 3 and 25 and Section 2).

Various geopolitical issues including Brexit, COVID-19, and supply chain issues have delayed STI's ability to achieve the targets we set during its acquisition in 2017. Realizing these targets will require more time, additional funding, and resources that an alternative partner may be able to better provide.

This divestment initiative is in line with IMI's ongoing strategy to sharpen its portfolio, focusing on its growth and profitability within its priority markets of mobility, connectivity, and smart energy. The rationalization of IMI's operations will allow for tighter management focus and

capital allocation as the company navigates today's challenging macroeconomic and geopolitical environment.

MCXPCI

1. *Toll adjustment*

On May 25, 2023, the Toll Regulatory Board (TRB) issued the order directing the publication of the provisional adjusted toll rates matrix and posting of a surety bond for a period of one (1) year covering the amount equivalent to the projected one (1) year revenue collection of the incremental toll rate adjustments pursuant to the TRB's approval of the 2018 and 2020 petitions for toll rate adjustments filed by MCX. The increased toll rates will be implemented in two (2) phases as follows:

Vehicle Class	Existing Rate (as of July 1, 2019)	Authorized Toll Fee (VAT Inclusive)	
		Year 2023	Year 2024
Class 1	₱17.00	₱18.00	₱19.00
Class 2	35.00	37.00	39.00
Class 3	52.00	55.00	58.00

The implementation of the 1st phase should not be earlier than July 1, 2023. The required publication and surety bond were complied with and the TRB issued the notice to start collecting the 1st phase of the increase on July 31, 2023.

As of September 30, 2023, the 1st phase of the increase has not yet been implemented. The implementation of the 1st phase of the toll rate adjustment was deferred to November 3, 2023, pending SLEX's schedule of toll rate adjustment implementation for a seamless toll rate increase implementation.

2. *Sale of investment in MCXPCI*

Refer to the discussion above in Parent Company.

AC Health

1. *Equity restructuring*

On August 31, 2023, AC Health secured from the SEC its certification for equity restructuring to partially wipe-out the deficit as of December 31, 2023 amounting to ₱1,881.9 million against additional paid-in capital of ₱5,190.5 million.

2. *Capital infusions from the Parent Company*

On April 17 and May 8, 2023, the Parent Company infused a total amount ₱702.3 million to AC Health to fund the construction cost and working capital of Healthway Cancer Care Center (₱597.0 million) and to fund Vigos Ventures, Inc. (₱105.3 million) for Global Telehealth, Inc. (KMD). AC Health issued ₱140.46 million preferred shares at a subscription price of ₱5.00 per share.

3. *Capital infusions of AC Health*

For the period ended September 30, 2023, AC Health made various infusions to its subsidiaries, namely, ₱105.4 million to Vigos, ₱105.3 million to Global Telehealth, Inc. (KMD), ₱597.0 million to Healthway Philippines, Inc. (HPI), and ₱562.4 million to Zodiac Health Ventures, Inc. (Zodiac).

AC Industrial

1. *Plan of merger*

On September 20, 2022, AC Industrial's BOD and shareholders approved the Plan of Merger for its merger with Honda Cars Makati, Inc. (HCMI), Honda Cars Cebu, Inc. (HCCI), Isuzu Automotive Dealership, Inc. (IADI), Isuzu Cebu, Inc. (ICI), and Isuzu Benguet Corporation (IBC), with the AC Industrial as the surviving entity. The Articles and Plan of Merger of these entities were executed and filed with the SEC on September 28, 2022 and approved on July 11, 2023 with effectivity date on August 1, 2023 (see Note 25).

As a result of merger, AC Industrial shall by operation of law, become the owner of all the rights, assets, privileges and other properties of the constituent corporations and shall assume all the debts and liabilities of the constituent corporations in the same manner as if AC Industrial had itself incurred such liabilities and obligations and any such claim or action or proceeding against

AC Industrial, HCMI, HCCI, IADI, ICI, and IBC shall be prosecuted by or against AC Industrial; provided, however, that AC Industrial may avail of all the defenses, rights, privileges, set offs and counterclaims which HCMI, HCCI, IADI, ICI, and IBC may have had.

2. *Investment in AC Mobility Holdings, Inc.*

On August 8, 2023, AC Industrial subscribed to 1.0 million common shares at ₱1.00 par value of AC Mobility Holdings, Inc. (AMHI) representing 100% ownership. AMHI is the holding company of the investments in electric vehicle distribution and infrastructure of the Ayala Group.

3. *Sale of MT Technologies GmbH*

On June 30, 2023, based on the preliminary assessment and an ongoing review of strategic options, AC Industrial performed an impairment test and determined a loss of approximately EUR37 million (₱2.2 billion) due to the muted outlook of the business and its sector. The impairment loss is included under “General and administrative expenses” in the Group’s unaudited interim consolidated statements of income (see Section 2.8).

On August 18, 2023, AC Industrial entered into and completed a Sale and Purchase Agreement for the sale of its 92.45% stake (held through its Singaporean subsidiary, AC Industrial (Singapore) Pte. Ltd.) in MT Technologies GmbH (MT Technologies) to Munich, Germany-based Callista Asset Management 18 GmbH, an affiliate of Callista Private Equity (Callista). MT’s minority shareholders also sold their shares, resulting in a 100% transfer of MT Technologies’ ownership to Callista. This transaction resulted to a realization of the loss equivalent to the impairment previously booked.

MT Technologies, a majority-owned entity by Ayala thru AC Industrials (Singapore) Pte. Ltd., is a German auto parts-maker specializing in designing and manufacturing of injection molds for metal and plastic car parts.

The sale of MT Technologies continues Ayala’s strategic priority to realize value through a combination of strategic partnerships and divestments from certain non-core assets. Ayala will sharpen its focus on the continued expansion of its core businesses in real estate, banking, telecommunications, and power, and scaling up its emerging businesses in healthcare and logistics.

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.

2. *Capital infusions from the Parent Company*

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 Light Rail Manila Corporation (LRMC) amounting to ₱349.0 million and of AF Payments, Inc. (AFPI) amounting to ₱35.0 million. AC Infra issued 384.0 million redeemable preferred shares to the Parent Company with par value of ₱1.00 per share from its unsubscribed authorized capital stock.

On May 24, 2023, the Parent Company infused ₱145.6 million to fund the capital call of LRMC in exchange for 145.6 million redeemable preferred shares with a par value of ₱1.00 per share.

On July 26, 2023, the Parent Company infused a total of ₱617.8 million to AC Infra to fund AC Infra’s share in the capital call of LRMC. AC Infra issued 62.8 million redeemable preferred shares of the Parent Company with a par value of ₱1.00 per share while the remaining 555.0 million shares was treated as deposit for future subscription of redeemable preferred shares.

3. *Manila Airport Consortium*

On April 27, 2023, the Manila Airport Consortium (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.

On June 19, 2023, MIAC unveiled the NAIA Masterplan ("Masterplan"), the multi-phased development program at the center of its ₱267.0 billion Unsolicited Proposal (USP) for the rehabilitation and development of the NAIA. With this, MIAC aims to more than double the declared capacity of the airport from 31.0 million passengers per annum to about 70.0 million passengers per annum in the long term.

4. *Fulfillment solutions agreement with BF Jade E-Services Philippines, Inc.*

As of September 30, 2023, Entrego Fulfillment Solutions, Inc. (EFSI) extended until October 31, 2023 its 5-year fulfillment solutions agreement with BF Jade E-Services Philippines, Inc. (Zalora) that became effective on May 1, 2018. The agreement is for the exclusive provision of logistics and fulfillment solutions services of EFSI to Zalora. The parties are currently negotiating for a new agreement.

AC Logistics

1. *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.

2. *Capital infusions from the Parent Company*

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 issued 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. AC Logistics issued 93.6 million common shares for a subscription price of ₱2.11 per share.

On June 5, 2023, the Parent Company infused ₱350.0 million to AC Logistics to fund its infusion in Entrego Fulfillment Solutions, Inc. AC Logistics issued 165.9 million common shares with a par value of ₱2.11 per share for the said infusion.

On August 2, 2023, the Parent Company infused ₱150.0 million to AC Logistics to fund its infusion in Entrego Fulfillment Solutions, Inc. AC Logistics issued 71.0 million common shares with a par value of ₱2.11 per share for the said infusion.

3. Capital infusions of AC Logistics

a. Investment in EFSI

On January 9 and February 3, 2023, AC Logistics released the proceeds of its short-term advance to EFSI, 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 June 6, 2023, AC Logistics released additional short-term advance to EFSI amounting to ₱350.00 million. The short-term advance is for a period of 180 days, commencing from release of the proceeds, and subject to an interest rate of 8% per annum.

On August 4, 2023, AC Logistics released an additional short-term advance to EFSI, amounting to ₱150.0 million. The short-term advance is for a period of 180 days, commencing from release of the proceeds, and subject to an interest rate of 8% per annum.

b. Investment in AIR21

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.

c. Investment in GMAC Logitech Refrigeration Corp (GMAC)

On August 9, 2023, AC Logistics infused GMAC with ₱9.8 million in exchange for 9.8 million GMAC common shares.

4. 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.

On August 4, 2023, the Deed of Assignment of Shares of Stock for the shares of Airfreight 2100, Inc. were executed between AIR21 and MMI to implement the acquisition of the shares.

5. Increase of ownership interest in AIR21 Holdings, Inc. (AIR21)

On March 7, 2023, a Letter of Undertaking (LOU) was issued by Mr. Alberto D. Lina (Mr. Lina) and his Surety Parties (collectively, the "ADL Group") in relation to the Investment Agreement dated November 11, 2021, as amended by the Supplement to the Investment Agreement dated August 30, 2022 (collectively, the "Investment Agreement"), as well as the Exchangeable Note Agreement (ENA) dated August 30, 2022 and other Transaction Documents evenly dated August 30, 2022 executed by AC Logistics, AIR21, ADL Group and Airfreight 2100, Inc., Air2100 Inc., Cargohaus, Inc., Integrated Waste Management Inc., LGC Logistics Inc., U-Freight Phils, Inc., U-Ocean Inc., and Waste & Resources Management, Inc. (collectively, the "AIR21 8"). The LOU contains various terms, supplemental agreements, and undertakings for implementation on or before March 14, 2023.

On March 14, 2023, AC Logistics, AIR21, Mr. Lina, and the AIR21 8 executed the Omnibus Addendum and Supplemental Agreements which contain, among others, the partial exercise

by AC Logistics of its Exchange Right in the ENA whereby ₱4,050.7 million of the Exchangeable Note granted by AC Logistics to Mr. Lina shall be exchanged for common stocks of AIR21 owned by Mr. Lina. Effective on the same date, AC Logistics' voting rights and equity ownership in AIR21 increased to 80.0% and 79.52%, respectively. This resulted to decrease in non-controlling interest and equity reserve amounting to ₱1.5 billion and ₱2.8 billion, respectively (see Section 2.8).

The ₱506.3 million balance of the Exchangeable Note shall continue to earn interest pursuant to the provisions of the ENA and shall be settled, including any interest accrued thereon, in accordance with the relevant provisions of the ENA and the LOU. In the LOU, Mr. Lina shall no longer have the option to pay the primary and secondary coupons through an exchange of his shares in AIR21.

6. *GMAC Logitech Refrigeration Corp.*

On June 19, 2023, GMAC Logitech Refrigeration Corp (GMAC) inaugurated and officially opened its Cold Storage Facility in Cagayan de Oro.

GMAC is a joint venture between AC Logistics and Glacier Megafridge, Inc., a leading cold storage facility provider.

AAC

1. *Capital infusions from the Parent Company*

On February 13, 2023, the Parent Company infused ₱38.0 million to AAC to fund its operating requirements for the first quarter of 2023. The additional investment was issued for 1.9 million common shares for a subscription price of ₱20.00 per share and will come from the planned increase in authorized capital stock.

On May 8, 2023, the Parent Company infused ₱36 million to AAC to cover its operating expenses for the remaining three quarters of the year. AAC will issue 1.8 million common shares with a par value of ₱20.00 per share. The shares will come from the planned increase in authorized capital stock of AAC.

Subsidiaries with material non-controlling 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.

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Millions)	
Ayala Land, Inc. and Subsidiaries		
Current assets	₱376,707	₱359,857
Non-current assets	428,850	419,797
Current liabilities	212,060	202,524
Non-current liabilities	279,625	283,466
Equity		
Attributable to owners of the parent	271,991	255,252
Attributable to non-controlling interest	41,881	38,412
Revenue	98,916	86,311 *
Net income		
Attributable to owners of the parent	18,392	13,342 *
Attributable to non-controlling interest	2,552	2,962 *
Other comprehensive income	(275)	153 *
Integrated Microelectronics, Inc. and Subsidiaries		
Current assets	US\$779	US\$777
Non-current assets	270	327
Current liabilities	555	515
Non-current liabilities	166	174
Equity		
Attributable to owners of the parent	293	377
Attributable to non-controlling interest	35	38

	September 2023 (Unaudited)	December 2022 (Audited)	
	(in Millions)		
Revenue	351	1,042	*
Net loss			
Attributable to owners of the parent	1	(5)	*
Attributable to non-controlling interest	(1)	(5)	*
Other comprehensive income (loss)	(24)	(60)	*

AC Energy and Infrastructure Corporation and Subsidiaries¹

Current assets	₱76,774	₱85,511	
Non-current assets	259,063	196,054	
Current liabilities	41,356	19,060	
Non-current liabilities	118,100	119,881	
Equity			
Attributable to owners of the parent	83,577	74,890	
Attributable to non-controlling interest	92,805	67,734	
Revenue	34,654	28,248	*
Net income			
Attributable to owners of the parent	10,360	4,842	*
Attributable to non-controlling interest	2,916	1,947	*
Other comprehensive loss	(112)	(32)	*

*Based on unaudited September 30, 2022.

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

As of September 30, 2023 (unaudited), the proportion of economic ownership held by material non-controlling interest of ALI and IMI are 49.1% and 47.9%, respectively, while the voting rights held are 72.2% 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 41.83% ownership of the non-controlling interest in ACEN.

4. Cash and Cash Equivalents

This account consists of:

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Cash on hand and in banks	₱34,889,493	₱32,065,171
Cash equivalents	46,072,619	41,782,200
	₱80,962,112	₱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 ₱27.4 billion and ₱22.6 billion, as of September 30, 2023 (unaudited) and December 31, 2022 (audited), respectively (see Note 23).

5. Short-term Investments

This account consists of the following:

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Money market placements	₱1,934,972	₱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 ₱577.3 million and ₱861.6 million, as of September 30, 2023 (unaudited) and December 31, 2022 (audited), respectively (see Note 23).

6. Accounts and Notes Receivable

This account consists of:

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Trade:		
Real estate and hotels	₱132,796,312	₱127,639,320
Industrial technologies	17,031,596	16,345,497
Power	9,968,259	9,584,245
Logistics	3,593,345	3,143,373
Automotive	3,049,201	3,690,126
International and others	2,319,413	2,232,589
Outsourcing	514,677	510,508
Receivable from related parties (Note 23)	607,047	592,830
Non-trade:		
Receivable from related parties (Note 23)	29,060,666	48,968,604
Advances to other companies	35,815,752	29,049,083
Receivable from officers and employees (Note 23)	2,300,660	1,806,097
Dividend receivable (Note 23)	74,647	–
Others (Note 23)	41,170,542	19,495,245
	278,302,117	263,057,517
Less allowance for expected credit losses	7,480,443	5,426,817
	270,821,674	257,630,700
Less noncurrent portion	109,152,164	96,029,149
	₱161,669,510	₱161,601,551

The aging analysis of accounts and notes receivables that are past due but not impaired as of September 30, 2023 (unaudited) and December 31, 2022 (audited) follows:

	Trade Receivable							
	Days Past Due							
	Current	<30 days	31-60 days	61-90 days	91-120 days	>120 days	Total	Total
	(in Thousands)							
September 30, 2023 (Unaudited)								
Expected credit loss rate	0.18%	0.06%	0.11%	0.30%	0.09%	8.84%	4.80%	1.47%
Trade:								
Real estate and hotels	₱98,615,553	₱6,918,910	₱1,352,578	₱1,324,153	₱4,363,996	₱20,221,122	₱34,180,759	₱132,796,312
Industrial technologies	12,713,023	1,968,018	605,203	316,850	52,415	1,376,087	4,318,573	17,031,596
Automotive	1,434,609	390,795	981,433	30,192	(3,211)	215,383	1,614,592	3,049,201
Power	6,740,763	604,140	934,752	123,831	397,261	1,167,512	3,227,496	9,968,259
Logistics	61,681	145,316	436,724	103,790	114,376	2,731,458	3,531,664	3,593,345
Outsourcing	338,931	70,185	47,544	8,876	49,141	–	175,746	514,677
International and others	1,221,585	453,031	88,764	56,586	95,361	404,086	1,097,828	2,319,413
Receivable from related parties	5,312	63,960	395,794	32,209	29,294	80,478	601,735	607,047
Total trade receivables	₱121,131,457	₱10,614,355	₱4,842,792	₱1,996,487	₱5,098,633	₱26,196,126	₱48,748,393	₱169,879,850
Allowance for expected credit loss	₱217,884	₱6,432	₱5,463	₱6,057	₱4,740	₱2,315,160	₱2,337,852	₱2,555,736
December 31, 2022 (Audited)								
Total trade receivables	₱116,601,477	₱10,317,492	₱3,955,876	₱3,042,455	₱4,118,061	₱25,703,127	₱47,137,011	₱163,738,488
Allowance for expected credit loss	₱174,677	₱6,432	₱19,607	₱8,493	₱2,304	₱1,372,454	₱1,409,290	₱1,583,967

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.

ALI Group, from time to time, sells its residential receivables on a without recourse basis to partner mortgage banks, which include BPI Group, a related party, amounting to ₱5.4 billion and ₱15.3 billion as of September 30, 2023 (unaudited) and December 31, 2022 (audited), respectively. These were sold at a discount with total proceeds of ₱4.8 billion and ₱12.4 billion as of September 30, 2023 (unaudited) and December 31, 2022 (audited), respectively. ALI Group recognized loss on sale, under "Interest and other financing charges" in the unaudited interim consolidated statements of income, amounting ₱0.6 billion and ₱2.9 billion for the nine months ended September 30, 2023 (unaudited) and for the full-year ended December 31, 2022 (audited), respectively (see Section 2.8).

Industrial technologies

Industrial technologies receivables arose 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 Feed-in-Tariff (FIT) and from ACEIC 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 non-interest-bearing and interest-bearing receivables. The term is generally 30 to 60 days.

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 the 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:

Advances to other companies

ACEIC

ACEIC receivables to other companies are interest-bearing and payable based on the respective terms of the loans.

- 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 the 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.
- Debt replacement facilities are provided to related party entities, mostly joint ventures, in order to fund investment requirements for plants while undergoing construction and implementation or release of project financing from bank.

Debt replacement facilities bear interest ranging from 7.00% to 15.00% per annum.

- Development loans are provided by ACEIC, through ACEN, to third parties and related parties to fund the development of renewable energy projects in various locations. Development loans 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 and Section 2.8). Refer to ACEN's 17-Q report for more details of its development loans.

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 September 30, 2023 (unaudited) and December 31, 2022 (audited), loans receivable from RCI amounted to ₱2,105.1 million. As of December 31, 2022 (audited), ₱104.0 million allowance was provided.

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 due from associates and joint ventures. These receivables are non-interest bearing and collectible within the year.

Others

Other receivable also includes the following:

Other receivables include accrued interest receivable from cash in bank and cash equivalents and short-term investment; other non-trade receivables from non-related entities which are non-interest bearing and are due and demandable; and receivable for insurance claims for damages to inventories of IMI. This also includes receivable from the DPWH (transferred by the Parent Company to MCXPCI in February 2023 – see Note 3) 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 nil and ₱259.8 million as of September 30, 2023 (unaudited) and December 31, 2022 (audited), respectively.

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 of September 30, 2023 (unaudited) and December 31, 2022 (audited), receivables from PPLC amounted to ₱25,899.4 million and ₱10,718.8 million respectively.

Receivable from the sale of MWC preferred shares amounted to ₱4,329.4 million and ₱3,439.6 million as of September 30, 2023 (unaudited) and December 31, 2022 (audited), respectively.

Impairment of financial assets

For trade receivables, 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. For other financial assets such as non-trade receivables from related parties, receivables from officers and employees, and advances to other companies and financial assets at amortized cost (debt instruments), ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Provisions for ECL amounted to ₱1,777.1 million (provisions for related parties is nil) and ₱127.7 million (including ₱4.6 million provisions on related parties) for the periods ended September 30, 2023 and 2022 (both unaudited), respectively, which form part of the Group's "General and administrative expenses" in the unaudited interim condensed consolidated statements of income.

7. Inventories

This account consists of:

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
At cost:		
Real estate inventories	₱184,577,672	₱180,348,474
Materials and supplies	16,158,341	15,075,559
Work-in-process	1,296,359	1,322,984
Vehicles	2,960,272	1,488,136
Finished goods	630,384	1,227,536
Others	1,099,042	859,565
	206,722,070	200,322,254
At NRV:		
Materials and supplies	819,788	519,863
Work-in-process	526,076	389,087
Finished goods	182,408	285,940
	1,528,272	1,194,890
	₱208,250,342	₱201,517,144

The Group recognized provision for inventory obsolescence amounting to ₱956.3 million and ₱89.2 million for the periods ended September 30, 2023 and 2022 (both unaudited), respectively. The provision is included under "General and administrative expenses" in the unaudited interim condensed consolidated statements of income.

8. Other Current Assets and Other Noncurrent Assets

Other current assets consist of:

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Advances to contractors and suppliers	₱23,658,550	₱19,133,285
Prepaid expenses	20,580,272	20,704,180
Input VAT	16,242,011	15,928,699
Creditable withholding tax	15,697,295	11,933,595
Financial assets at FVTPL (Note 23)	6,101,605	11,676,375
Contract assets	4,063,316	3,605,938

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Investment in bonds	2,309,440	2,309,440
Deposits in escrow	1,180,829	1,446,112
Derivative assets	739,083	679,434
Others	2,679,657	2,376,259
	₱93,252,058	₱89,793,317

Other noncurrent assets consist of:

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Investment in debt and equity securities:		
Financial assets at amortized cost	₱23,142,170	₱21,260,907
Financial assets at FVOCI	8,970,124	5,724,798
Financial assets at FVTPL (Note 23)	66,131	3,243,806
Deferred charges	17,637,585	13,478,639
Advances to contractors	8,133,786	9,256,936
Deferred input VAT	5,105,838	4,364,555
Deposits - others	3,539,468	1,115,316
Creditable withholding taxes	2,356,230	2,388,428
Pension assets	161,258	140,689
Others	21,495,572	4,602,262
	₱90,608,162	₱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 real estate 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 pertain 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; RETC, LLC; TPA Ventures Pte. Ltd.; and Tikehau (TKS I, LP), among others.

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

Total mark-to-market gain for FVTPL accounts amounted to ₱99.0 million and ₱63.7 million for the periods ended September 30, 2023 and 2022, respectively (both unaudited). The 2023 gain includes gain from the 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 are attributable to the ACEIC Group's investments in redeemable preferred shares, subscription deposits, and convertible loans which are held by ACEIC within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVOCI consists of the Group's unlisted preferred shares in public utility companies which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects, water utilities projects, and to its other operations. This account also includes unquoted equity investments from the ACEIC Group. On various dates in 2023, ACEIC made investments in Impact Wind Investment Limited (IWIL) of US\$19.2 million (₱1,051.9 million), in UPC-AC Energy Solar Limited (UPC Solar) of US\$6.50 million (₱353.34 million), and in NEFIN Limited (NEFIN) of US\$5.41 million (₱300.83 million).

Financial assets at FVTPL include ACEIC and Bestfull's convertible loans with terms exceeding 12 months which were designated at initial recognition to be measured at FVTPL.

- 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 represent 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 are amortized for more than one year, marketable securities and customers and tenants deposits to affiliates. As of September 30, 2023 (unaudited) and December 31, 2022 (audited), this includes restricted cash amounting to ₱18,381.98 million (deposited in a local domestic bank) and nil, respectively, that is not available for use by the Group (see Note 3).

9. Right-of-Use Assets and Lease Liabilities

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Right-of-use assets	₱25,366,538	₱22,861,767
Lease liabilities – current and noncurrent	₱32,825,232	₱30,343,440

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 September 30, 2023 (unaudited) and December 31, 2022 (audited) are as follows:

	% of Economic Ownership		Carrying Amounts	
	September 2023 (Unaudited)	December 2022 (Audited)	September 2023 (Unaudited)	December 2022 (Audited)
	(in Millions)			
Domestic:				
Bank of the Philippine Islands (BPI)	32.7	32.9	₱133,597	₱123,621
Liontide Holdings, Inc. (LHI)*	93.4	78.1	63,826	59,079
Globe Telecom, Inc. (Globe)*	30.7	30.7	43,950	40,477
Manila Water Company, Inc. (MWC)	30.4	30.4	21,774	20,728
AA Thermal, Inc. (AA Thermal)	40.0	40.0	15,028	10,824
Ortigas Land Corporation (OLC)	21.0	21.0	10,047	9,525
ALI-ETON Property Development Corporation (ALI-ETON)*	50.0	50.0	8,487	7,616
Light Rail Manila Holdings, Inc. (LRMHI)	50.0	50.0	7,296	6,285
Philippine Wind Holdings Corporation (PhilWind)*	40.3	40.3	4,832	4,763
Emerging City Holdings, Inc. (ECHI)*	50.0	50.0	4,047	4,000
iPeople, Inc. (IPO)	33.5	33.5	4,041	3,756
AKL Properties, Inc. (AKL)*	50.0	50.0	3,523	3,231
North Luzon Renewable Energy Corp. (NLR)*	33.3	33.3	2,355	2,306
Globe Fintech Innovations, Inc. (Mynt)	5.2	5.2	2,087	1,837
Berkshires Holdings, Inc. (BHI)*	50.0	50.0	1,991	1,971
Globe STT GDC Inc. (formerly KarmanEdge Inc.)*	10.0	10.0	1,720	1,319
Cebu District Property Enterprise, Inc. (CDPEI)*	50.0	50.0	1,713	1,735
Asiacom Philippines, Inc. (Asiacom)*	60.0	60.0	1,648	1,599
Bonifacio Land Corporation (BLC)	10.0	10.0	1,471	1,452
Ingrid Power Holdings, Inc. (Ingrid)	50.0	50.0	1,033	1,169
Alveo-Federal Land Communities, Inc. (Alveo-Federal)*	50.0	50.0	992	947

	% of Economic Ownership		Carrying Amounts	
	September 2023 (Unaudited)	December 2022 (Audited)	September 2023 (Unaudited)	December 2022 (Audited)
			(in Millions)	
Foreign:				
ACEHI Netherlands B.V. (ACEHI Netherlands) (incorporated in Netherlands)	75.8	—	12,658	—
Solar NT Holdings Pte. Ltd. (SUPER) (incorporated in Singapore)	49.0	—	2,653	—
BIM Renewable Energy Joint Stock Company (BIMRE) (incorporated in Vietnam)*	30.0	30.0	1,891	1,803
Star Energy Geothermal Salak-Darajat B.V. (Salak-Darajat) (incorporated in Netherlands)	—	19.8	—	11,551
Others – net	Various	Various	7,761	6,526
			₱360,421	₱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 in 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

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Millions)	
Total resources	₱2,709,938	₱2,603,961
Total liabilities	2,358,267	2,284,157
Equity		
Attributable to owners of the parent	349,613	317,722
Attributable to non-controlling interest	2,058	2,082
Revenue	37,634	26,792
Net income		
Attributable to owners of the parent	13,466	10,099
Attributable to non-controlling interest	47	40
Other comprehensive income (loss)	(294)	(910)

*Based on unaudited September 30, 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. *Amendment of Amended By-Laws*

On March 15, 2023, the BOD approved the Amendment of its Amended By-Laws with changes on:

- a. 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.
- b. 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 were presented to and approved by BPI shareholders in the 2023 Annual Stockholders' Meeting on April 27, 2023.

5. *2023 Executive Stock Option Plan*

Pursuant to the provision of Article Seven of BPI's Articles of Incorporation allocating one and one-half percent (1 ½%) of its total Authorized Common Stock for an Executive Stock Option Plan (ESOP) and another one and one-half percent (1 ½%) of said Authorized Common Stock for Executive Stock Purchase Plan (ESPP), BPI approved the 2023 BPI Executive Stock Purchase (the "BPI ESPP" or "Program") for qualified participants. The grant date of the Program was on April 26, 2023.

6. *Property dividends*

On March 15, 2023, the BOD also approved the 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.

The payment of the property dividend was carried out on June 16, 2023 (the "Payment Date"), and on June 21 (the "Distribution Date") following BPI's receipt of the Certificate of Filing the Notice of Property Dividend Declaration issued by the SEC on June 13, 2023. The Cross Price for the transfer of the property dividend through the PSE is ₱105.00 per share. The property dividend shares were recorded in the name of PCD Nominee Corp. for the account of the Stockholders in the books of BPI on Payment Date. Following such payment, the total outstanding shares of BPI changed from 4,539,018,015 to 4,945,197,291 common shares as of June 16, 2023.

Ayala Group's effective ownership over BPI, post the above property dividends, changed from 48.28% to 48.24%.

7. *Cash dividends*

On May 17, 2023, BPI's BOD approved the declaration of cash dividends of ₱1.68 per share for the first semester of 2023.

The dividends received by the Parent Company from BPI amounted to ₱2.3 billion and ₱1.6 billion for the periods ended September 30, 2023 and 2022 (both unaudited), respectively.

The fair value of BPI shares held by the Parent Company amounted to ₱179,395.0 million and ₱151,288.0 million as of September 30, 2023 (unaudited) and December 31, 2022 (audited), respectively. The effective voting rights held by the Parent Company in BPI is 32.7% and 32.9% as of September 30, 2023 (unaudited) and December 31, 2022 (audited), respectively.

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 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 September 30, 2023 (all figures unaudited).

As of September 30, 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 ₱91,377.2 million and ₱92,227.9 million as of September 30, 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 September 30, 2023 (unaudited) and December 31, 2022 (audited), respectively.

Globe Group

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Millions)	
Current assets	₱95,395	₱100,528
Non-current assets	524,137	455,150
Current liabilities	181,608	153,466
Non-current liabilities	275,143	249,679
Equity		
Attributable to owners of the parent	160,364	152,190
Attributable to non-controlling interest	417	343
Revenue	133,792	130,197
Net income		
Attributable to owners of the parent	19,293	26,457
Attributable to non-controlling interest	71	42
Other comprehensive income (loss)	123	(1,546)

*Based on unaudited September 30, 2022

1. *Sale of tower assets*

On February 11, 2023, Globe closed 578 towers for a consideration of approximately ₱8.6 billion.

On April 28, 2023, Globe completed the sale of additional 132 telecom towers to and received ₱2.0 billion in cash consideration.

On May 8, 2023, Globe completed the sale of an additional 160 towers approximately ₱1.9 billion.

On May 17, 2023, Globe sold 115 towers for a cash consideration of approximately ₱1.4 billion.

On July 17, 2023, Globe completed the sale of additional 115 telecom towers and received the corresponding cash consideration of ₱1.4 billion.

On August 15 and 31, 2023, Globe sold 213 and 55 towers for a cash consideration of approximately ₱2.6 billion and ₱0.7 billion, respectively.

On September 28, 2023, Globe sold 29 towers for a cash consideration of approximately ₱0.3 billion.

As of September 30, 2023, Globe has completed the sale of 4,123 towers representing 55% of the total telecom towers portfolio subject to sale.

2. *Joint venture for 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.

On August 24, 2023, the Parent Company, 917Ventures, and Gogoro SG ("the Parties") executed a Joint Venture Agreement to establish a joint venture for the launch of the Gogoro two-wheeled EV battery swapping technology in Metro Manila.

On August 29, 2023, the Parties subsequently executed a Shareholders Agreement to govern their relationship as shareholders. The Parent Company likewise entered into a Subscription Agreement with Gogoro PH to subscribe to 42.0 million common shares of Gogoro Philippines, Inc. (Gogoro) for a 21% stake therein (see Note 10).

917Ventures is a wholly-owned subsidiary of Globe Telecom, Inc., and is a corporate venture builder that scales, ideates, launches, and accelerates new business ideas that uplift the lives of Filipinos. 917Ventures shall own 98,000,000 common shares, which is equivalent to 49% of Gogoro PH.

Gogoro SG, on the other hand, is a wholly-owned subsidiary of Gogoro Inc., a listed company (NASDAQ: GGR) that has developed a battery-swapping refueling platform for urban electric two-wheeled scooters, mopeds, and motorcycles. Gogoro SG also develops its own line of electric scooters and offers its own vehicle innovations to vehicle maker partners. Gogoro SG shall own 60,000,000 common shares, which is equivalent to 30% of Gogoro PH.

The Parties, through Gogoro PH, shall undertake the importation, sale, distribution, operation, management and maintenance of two-wheeled electric scooters with battery swap technology under the Gogoro brand, battery swapping stations for E-Scooters and after-sales services business relating thereto (including spare parts thereof), which may include the importation and distribution of other E-Scooter brands that are compatible with the battery swapping stations, in the Philippines.

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.

On July 25, 2023, the SIM registration period provided under the IRR of the SIM Registration Act ended. Unregistered SIM users have been permanently deactivated by July 31, 2023.

4. *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.

On June 22, 2023, Globe STT announced its plans to expand the capacity of its three data centers by 5.2 megawatts in the third quarter of 2023 in response to high market demand and the continuing digital transformation of the country.

This aggressive expansion across STT GDC Philippines' three existing data centers in Makati, Cavite, and Quezon City will exceed the capacity of most single data centers locally and is designed to serve near-term capacity needs.

5. *Cash dividends*

On February 6 and 8, 2023, Globe's BOD 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.

On May 4, 2023, Globe's 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 was paid on June 2, 2023.

On August 11, 2023, Globe's BOD approved the declaration of the third quarter cash dividend of ₱25.00 per common share, payable to common stockholders of record as of August 29, 2023 on September 8, 2023.

The dividends received by the Parent Company from Globe amounted to ₱3.3 billion for the periods ended September 30, 2023 and 2022 (both unaudited).

The fair value of Globe shares held by the Parent Company amounted to ₱79,370.1 million and ₱96,501.3 million as of September 30, 2023 (unaudited) and December 31, 2022 (audited), respectively. The effective voting rights held by the Group in Globe is 46.0% and 46.6% as of September 30, 2023 (unaudited) and December 31, 2022 (audited), respectively.

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 September 30, 2023.

2. *Revised Concession Agreement*

On May 10, 2023, MWC and MWSS executed a seventh Amendment (the "Amendment") to the Revised Concession Agreement (RCA). 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 RCA deemed effective on June 29, 2022 did not have any material impact to the unaudited accounts as of September 30, 2023.

Below are the key changes in the seventh amendment to the RCA:

- Clarification that Concessionaires are Public Utilities and not mere agents and contractor (*Section 2.1*)
- Corporate Income tax is explicitly not chargeable to the customers (*Art. 1 Definition of Expenditures*)
- Appropriate Discount Rate (ADR) is set at 12% from market-based rate (*Art. 1 Definition of ADR*)
- Reinforced provisions on penalties
 - OCA: Trigger is whether the failure to meet the Service Obligation which continues for more than 60 days (or 15 days if will adversely affect public health or welfare). Penalty is based on 25% to 50% of the cost to restore the service obligation.
 - RCA: Trigger is whether the failure to meet the Service Obligation which continues for more than 15 days (or 3 days if will adversely affect public health or welfare). Penalty is based on the highest between: (1) 25% of the cost to restore; (2) based on the Service Obligation affected, formula is provided for each; or (3) liquidated damages for delay of related project equal to 1/10 of 1% of the cost of the unperformed portion for every day of delay.
- Regulators will now be appointed by the President of the Republic (*Section 12.3*)
- Non-Revenue Water Reduction Program must be approved by the RO and be validated at least once a year (*Section 5.1.7*)
- Performance Bond is based on 2% to 10% of the Total Project Cost depending on the instrument to be issued in favor of MWSS (*Section 6.10*)
- Concessionaire's borrowing plans and service improvement plans, as well as deviation to such plans shall be approved by the Regulatory Office at each Rate Rebasing exercise (*Section 6.11*)
- Tariff adjustments must observe the following caps (*Section 9.3.2*):
 - "R" on Water Tariff to be 30% of the existing standard rates
 - "R" on Sewer Tariff to be 50% of the existing standard rates
 - "C" is 75% of the July inflation as published by PSA (*Amended RCA Sec 9.4.2* but this is originally 2/3 of the inflation before amendment)
- "E" or extraordinary price adjustment is now limited to Force Majeure which are not specifically defined under the concession agreement. (*Section 9.3*)
- Publication of tariff are required to be 15 days before effectivity (*Section 9.7*)
- Foreign Currency Denominated Adjustment (FCDA) will be based on the following (1) foreign exchange arising from the payments to service the debt of MWSS Loans; and (2) foreign exchange arising from payments of principal payments of loans, limited on the list of loans provided in the concession agreement. (*Amended RCA Section 9.8*). For foreign exchange losses/gains on additional/new foreign currency denominated loans secured and drawn from June 30, 2023 onwards shall be recovered through Modified FCDA. (*Amended RCA Sec 9.8.1, FCDA and MFCDA are not in the RCA before amendment*)
- Identified the drivers for Material Adverse Government Action (MAGA) that will excuse the Concessionaire, if they fail to delivery due to the occurrence of MAGA (*Article 10*).

3. *MWPVI's Partnership with Damosa Land, Inc.*

On February 6, 2023, MWPVI and DLI signed a Standard Term Sheet indicating a 25-year partnership for the development, construction and operation, and management of the water system of Anflo Industrial Estate (AIE). In the partnership, MWPVI will invest at least ₱150.0

million for the additional water facilities which will be integrated into the existing system to meet AIE's projected demand of 2.6 million liters of water per day.

4. *MWPVI's Memorandum of Agreement with Canlubang Sugar Estate*

On February 10, 2023, MWPVI signed a Memorandum of Agreement with Canlubang Sugar Estate for a 25-year partnership for the design, construction, operations, and maintenance of a bulk water transmission and treatment system in Barangay Canlubang, Calamba City.

5. *Transfer of rights and duties from EcoWater to MWPVI*

On January 16 and February 10, 2023, EcoWater's BOD and MWPVI's BOD, respectively, approved the transfer of operations of the ROHM Electronics Philippines, Inc. (REPI) agreement to MWPVI. The transfer was effective in January 2023, and in accordance with the implementation of the signed Novation Agreement between REPI, EcoWater, and MWPVI for the assignment and transfer of rights and duties under the Water Purchase Agreement from EcoWater to MWPVI dated March 31, 2022.

6. *Tariff adjustments*

Beginning January 2023 through 2027, the Parent Company implemented the new tariff rates based on the MWSS Board of Trustees (BOT) Resolution No. 2022-148-RO approved on November 10, 2022.

The Resolution outlines the Parent Company's Rebasing Adjustment for the Sixth Rate Rebasing Period (2023 to 2027) as recommended by the MWSS Regulatory Office (RO) Resolution No. 2012-12-CA. The implementation of Rebasing Adjustment from 2023 to 2027 on a staggered basis is scheduled as follows:

- ₱8.04 on January 1, 2023,
- ₱5.00 on January 1, 2024,
- ₱3.25 on January 1, 2025,
- ₱1.91 to ₱3.00 on January 1, 2026, and
- ₱1.05 to ₱1.08 on January 1, 2027.

The approval also includes an indicative adjustment of about 0.97 to 1.00 or 2.12% on January 1, 2028 due to non-full recovery of the total expenses for the Wawa Bulk Water Supply Project in compliance with MWSS BOT.

MWC implemented the following tariff adjustments during the period ended September 30, 2023:

Entity	Effective Date	Tariff Adjustment
Manila Water – East Zone	January 1, 2023	Increase in: • Basic charge – ₱8.04 per cubic meter • Environmental charge – 20% to 25% • Sewer charge – 30% to 32.85%, subject to Manila Water's attainment of sewer coverage of 30% by the end of 2025
Bulakan Water	January 1, 2023	Increase of 43%
Laguna Water – LTI	February 1, 2023	Increase in: • Domestic accounts – ₱35.44 to ₱58.77 per cubic meter • Industrial accounts – ₱50.98 to ₱70.43 per cubic meter
Boracay Water	March 15, 2023	Increase of 14.02% representing the first tranche of rebasing convergence adjustment including 6.4% CPI
Clark Water	April 1, 2023	Increase of ₱3.05 per cubic meter water charge from an Extraordinary Tariff Adjustment (ETA)
Obando Water	August 1, 2023	Increase of 20%

7. *Cash dividends*

On March 28, 2023, MWC's 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 September 30, 2023 and 2022 (both unaudited), respectively.

The fair value of the MWC shares held by the Group amounted to ₱15,779.3 million and ₱16,559.6 million as of September 30, 2023 (unaudited) and December 31, 2022 (audited), respectively. The voting rights held by the Group in MWC is 31.6% as of September 30, 2023 (unaudited) and December 31, 2022 (audited).

IPO

1. *Partnership with CINTAN Education*

In 2023, IPO introduced new programs in business and health sciences as a result of its affiliation agreement with CINTANA Education in collaboration with Arizona State University.

2. *Cash dividends*

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

The dividends received from IPO amounted to ₱66.5 million and ₱56.0 million for the periods ended September 30, 2023 and 2022 (both unaudited), respectively.

The fair value of IPO shares held by the Parent Company amounted to ₱2,623.7 million and ₱2,424.3 million as of September 30, 2023 (unaudited) and December 31, 2022 (audited), respectively. The effective voting rights held by the Group in IPO is 33.5% as of September 30, 2023 (unaudited) and December 31, 2022 (audited).

ACEHI Netherlands and Salak-Dajarat

The sale transaction on ACEHI Netherlands resulted in ACEIC's loss of control over this business unit, thus, , ACEIC reclassified and accounted for its remaining 75.76% investment as that of a joint venture. This transaction reduced ACEIC's indirect ownership in Salak-Darajat to 15.00% and its carrying value was reclassified as part of the new carrying value of the investment in ACEHI Netherlands (see Note 3).

SUPER

On June 26, 2023, ACEN, through its subsidiary, ACEN Vietnam Investments Pte. Ltd., completed the first phase of the secondary share acquisition and executed the amended and restated Share Purchase Agreement and Shareholders Agreement to close the acquisition of Super Energy Corporation Public Company Limited's solar power business in Vietnam. This strategic partnership follows the share purchase agreement signed by the two companies in 2022. Super Energy Corporation Public Company Limited currently owns and operates 837 MW of solar projects in Vietnam through Solar NT Holdings Pte. Ltd. (SUPER). ACEN will take up 49% ownership of SUPER through the phased acquisition.

As of September 30, 2023, ACEN has infused US\$51.0 million (₱2,815.2 million) and US\$0.1 million (₱5.7 million) for directly attributable costs.

Others

Gogoro

On August 29, 2023, the Parent Company infused ₱100.3 million in Gogoro in exchange for 42.0 million common shares, representing a 21% stake in Gogoro, with a ₱1.00 par value per share at an issue price of ₱2.39 per share.

AMHI

On September 1, 2023, the Parent Company infused ₱1.3 billion in AMHI to fund the initial set-up of AMHI and start-up distribution and dealerships of BYD.

BrightNight

On March 10, 2023, ACEN signed a shareholder's agreement 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 with over 1,200MW pipeline.

As of September 30, 2023, the ACEN Group infused US\$3.8 million (₱206.4 million) and US\$0.4 million (₱21.4 million) in directly attributable costs.

Monsoon Wind

On February 24, 2023, the ACEN Group signed a Shareholder's Agreement with Mitsubishi Corporation (Mitsubishi) for the development, construction, and operations of Monsoon Wind Power Project, a 600MW wind power plant in Southern Loa PDR.

In connection with Mitsubishi and ACEN's investment in the project, the parties also agreed to infuse funding into Impact Wind Investment Limited (IWIL) pursuant to the Party B Financing Bond Subscription and Shareholder's Agreement executed on February 24, 2023.

As of September 30, 2023, the ACEN Group subscribed to IWIL's Party B Financing Bonds amounting to US\$19.2 million (₱1,051.9 million).

PT Puri Prakarsa Batam

On March 10, 2022, ACEIC, through ACRI, entered into a Framework Agreement with Puti Puri Usaha Kencana (PUK), PT Trisurya Mitra Bersama (TMB), PT Griya Usaha (GU), PT Suryagen Griya Intitama, and PT Puri Energi Kencana, to jointly develop projects in Indonesia.

On August 30, 2023, ACEIC, through ACRI's wholly owned subsidiary ACEN Indonesia Investments Holdings Pte. Ltd., TMB, and PT Puri Prakarsa Batam (PPB), executed a shareholders' agreement to jointly develop a 660MW photovoltaic project located in Pulau Luma Besar, Indonesia.

11. Intangible Assets and Deferred Tax Assets

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Intangible assets	₱40,852,747	₱43,536,382
Deferred tax assets – net	₱17,552,429	₱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.

For the period ended September 30, 2023, IMI and AC Industrial groups booked impairment provisions for certain intangibles totaling ₱3.1 billion (see Note 3 and Section 2.8).

Deferred tax assets (DTA) include 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

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Investment properties ¹	₱244,215,375	₱246,733,570
Property, plant and equipment – net ¹	₱137,757,652	₱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 ranges 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:

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Land	₱71,876,686	₱68,736,165
Building	95,074,169	110,739,266
Construction-in-progress	77,264,520	67,258,139
	₱244,215,375	₱246,733,570

Property, plant and equipment

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 ₱32.2 billion for the period ended September 30, 2023. Meanwhile proceeds from disposal of property, plant and equipment and investment properties amounted to ₱1.0 billion for the same period.

The Group recognized gains from disposal and retirement of certain machinery and facilities equipment, furniture and fixtures, and tools and instruments and booked under the “Other income” account. Also, the Group recognized impairment provisions for certain plant, machineries and equipment under “General and administrative expenses (GAE)” in the unaudited interim consolidated statements of income (see Section 2.8).

As of September 30, 2023 (unaudited) and December 31, 2022 (audited), ACEIC’s property, plant, and equipment with carrying value of ₱3,398.7 million and ₱3,500.05 million, respectively, were mortgaged as security for the long-term loan of the ACEIC 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.

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.

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

Deed of Assignment of Rights

On November 10, 2021, the Parent Company agreed to transfer to 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 Parent 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.

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 MCXPCI's 309.0 million Class A common shares at ₱1.00 par value per share, and 2,881.0 million Class B common shares at ₱1.00 par value per share.

On February 1, 2023, MCXPCI waived the satisfaction of the Parent Company's receipt of the remaining third-party consents contemplated in the Deed of Assignment executed between the Parent Company and MCXPCI. Consequently, the transition of MCX operations and transfer of its assets and liabilities from the Parent Company to MCXPCI commenced on February 1, 2023.

On June 2, 2023, MCXPCI received the consents from the DPWH for certain assignment and action (see Note 3).

As of September 30, 2023, the Group has fully divested and transferred its MCX Concession to PAVI (see Note 3).

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 MCX 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.

This was included in the liabilities transferred by the Parent Company to MCXPCI in February 2023 and subsequently transferred to PAVI (see SCA above and Note 3).

14. Accounts Payable and Accrued Expenses

This account consists of the following:

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Accounts payable	₱128,456,485	₱121,330,129
Accrued expenses		
Personnel costs	6,684,923	11,137,549
Rental and utilities	1,708,859	854,224
Professional and management fees	1,642,460	2,420,059
Advertising and promotions	1,063,996	1,054,365
Repairs and maintenance	756,908	798,077
Various operating expenses	5,968,124	6,367,802
Taxes payable	22,878,237	21,415,573
Interest payable	6,301,515	4,612,411
Retentions payable	5,470,613	5,107,216
Liability for purchased land	4,987,103	8,136,983
Related parties (Note 23)	3,946,354	3,497,607
Property dividends payable	999,843	14,147,901
Dividends payable (Note 17)	286,305	2,235,388
	₱191,151,725	₱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,

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.

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.

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 its common shareholders. Total property dividend distributed as of September 30, 2023 amounted to ₱13,148.1 million (see Note 17).

Dividends payable pertains to cash and property dividends declared but not yet paid and distributed, respectively.

15. Other Current and Noncurrent Liabilities

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Other current liabilities	₱30,590,284	₱34,178,420
Other noncurrent liabilities	₱46,380,038	₱49,043,265

Other current liabilities include the following:

- Deposits pertain to security and customers' deposits. Security deposits are normally equivalent to three (3) to six (6) months' tenant's rent 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.
- 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.
- Contract liabilities include short-term advances received to render manufacturing services. Contract liabilities are recognized as revenue when the Group performs under the contract.
- 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.

IMI's investment in STI was sold to Rcapital on October 31, 2023 (see Notes 3 and 25).

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.

AC Industrial's investment in MT Technologies was sold to Callista on August 18, 2023 (see Note 3).

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:

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Short-term debt:		
Philippine Peso debt with various interest rates	₱39,295,990	₱24,025,523
Foreign currency debt with various interest rates	14,517,869	12,501,375
	₱53,813,859	₱36,526,898
Long-term debt:		
The Parent Company:		
Philippine Peso debt with various interest rates	₱46,551,578	₱48,033,649
Philippine Peso bonds	34,786,732	44,720,404
	81,338,310	92,754,053
Subsidiaries:		
Loans from banks & other institutions:		
Philippine Peso with various interest rates	136,094,179	127,879,071
Foreign currency with various interest rates	42,791,376	33,887,167
Philippine Peso bonds	129,573,634	129,325,793
Foreign currency bonds	134,404,127	127,614,885
Fixed Rate Corporate Notes (FXCNs)	—	4,500,000
	442,863,316	423,206,916
	524,201,626	515,960,969
Less current portion	47,217,966	31,496,742
Noncurrent portion	₱476,983,660	₱484,464,227

For the period ended September 30, 2023 (unaudited), total proceeds from availments of short-term and long-term debt amounted to ₱132.1 billion which consists mainly of proceeds from loans of ALI (₱73.1 billion), ACEIC (₱29.6 billion), AC (₱25.5 billion), IMI (₱1.5 billion), AC Logistics (₱0.8 billion), AC Health (₱0.5 billion), and AC Infra (₱0.5 billion) while payments of short-term and long-term debt amounted to ₱107.7 billion which mainly pertains to loan payment of ALI (₱60.3 billion), AC (₱30.2 billion), ACEIC (₱15.0 billion), AC Logistics (₱1.1 billion), AC Health (₱0.7 billion), and IMI (₱0.3 billion).

The Group has short-term and long-term debt payable to BPI amounting to ₱44.6 billion and ₱45.5 billion as of September 30, 2023 (unaudited) and December 31, 2022 (audited), respectively (see Note 23). Interest expense incurred from these debts amounted to ₱1.5 billion and ₱1.3 billion for the periods ended September 30, 2023 and 2022 (both unaudited), respectively (see Note 23).

Loans availed during the period ended September 30, 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
				September 2023 (Unaudited)	December 2022 (Audited)	
(in Thousands)						
2016	7 years	3.9200%	₱–	₱–	₱9,991,254	Callable from the 5.5 th anniversary issue until every year thereafter until the 7 th anniversary issue date.
2017	8 years	4.8200%	10,000,000	9,977,163	9,969,578	Callable from the 6.5 th anniversary issue until every year thereafter.
2021	3 years	3.0260%	4,000,000	3,984,322	3,974,957	3-year fixed coupon Series A bond with no call option.
2021	5 years	3.7874%	6,000,000	5,955,796	5,945,629	5-year fixed coupon Series B bond callable on the 12 th to 19 th interest payment date with a call option price of 101.0% on the 12 th to 15 th interest payment date and 100.5% on the 16 th to 19 th interest payment date.
2022	3 years	4.4542%	5,000,000	4,965,189	4,950,039	3-year fixed coupon Series C bond with no call option.
2022	5 years	5.6239%	7,500,000	7,430,343	7,417,729	5-year fixed coupon Series D bond callable on the 12 th to 19 th interest payment date with a call option price of 101.0% on the 12 th to 15 th interest payment date and 100.5% on the 16 th to 19 th interest payment date.
2022	7 years	6.1351%	2,500,000	2,473,919	2,471,218	7-year fixed coupon Series E bond callable on the 16 th to 27 th interest payment date with a call option price of 102.0% on the 16 th to 19 th interest payment date, a call option price of 101.0% on the 20 th to 23 rd interest payment date and 100.5% on the 24 th to 27 th interest payment date.
			₱35,000,000	₱34,786,732	₱44,720,404	

The outstanding Peso bonds of the Parent Company have been rated “PRS Aaa” by PhilRatings.

On July 7, 2023, the Parent Company's ₱10.0 billion, 3.9200% Fixed Rate Bonds Due 2023 with outstanding balance of ₱10.0 billion was fully redeemed in accordance with the Prospectus and the Terms and Conditions of the Bonds annexed to the Trust Indenture dated June 24, 2016. The Bonds were redeemed by payment in cash of the redemption price set at 100% of the Issue Price plus all accrued and unpaid interest based on the coupon rate of 3.9200% per annum. The payment was made through the Philippine Depository & Trust Corp., the appointed registrar and paying agent for the Bonds.

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 September 30, 2023 and December 31, 2022 (see Compliance with debt covenants portion). The Parent Company aims to maintain a debt-to-equity ratio not exceeding 3:1 in compliance with loan covenants of AYCFI.

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 ₱2,267.0 million and ₱4,623.2 million as of September 30, 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 ₱2,990.9 million and ₱2,974.7 million as of September 30, 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 5-Year and 10-year Bonds due 2028 and 2033

In June 2023, ALI issued a total of ₱15,000.0 million fixed rate bonds, broken down into ₱10,075.0 million bonds due 2028 at a rate equivalent to 6.03% p.a. and ₱4,925.0 million bond due 2033 at a rate equivalent to 6.29% p.a. The offering is composed of ₱4,750.0 million issued as the fourth and final tranche of ALI's 2021 Program while ₱10,250.0 million representing the first tranche of debt securities issued under ALI's 2023 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 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.

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, the remaining balance of the note amounted to ₱4,500.0 million. The loan was fully paid upon its maturity on March 10, 2023.

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 September 30, 2023 and December 31, 2022.

The ALI Group is required to maintain a debt-to-equity ratio not exceeding 3:1. The ALI Group has complied with the debt covenant as of September 30, 2023 and December 31, 2022.

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 September 30, 2023 (unaudited).

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 September 30, 2023 and December 31, 2022. The Parent Company aims to maintain a debt-to-equity ratio not exceeding 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 ₱30,000.0 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.

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 (P94,960.0 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 (P11,417.4 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 (P2,908.2 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 (P14,541.0 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 (P9,058.5 million) of the US\$400.0 million (P19,388.0 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 September 30, 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 September 30, 2023 (unaudited) and December 31, 2022 (audited), 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 June 30, 2023 and December 31, 2022.

As of September 30, 2023 (unaudited) and December 31, 2022 (audited), certain ACEIC's property, plant, and equipment were mortgaged as security for the long-term loan of the ACEIC Group (see Note 12).

Guarantees

The Parent Company or its subsidiaries may act as guarantor on debt taken out by other subsidiaries within the Group. Any guarantees as of September 30, 2023 (unaudited) and December 31, 2022 (audited) are discussed in those entities' SEC 17-Q or SEC 17-A reports and/or audited financial statements.

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 September 30, 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 (in Thousands)	Additional Paid-in Capital	Subscriptions Receivable	Total Paid-in Capital	Treasury Shares
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	–	–	–	12,676	20,429	482,672	(389,391)	126,386	–
Collection of subscription receivables	–	–	–	–	–	–	205,101	205,101	–
Reissuance of preferred shares	–	–	–	–	–	12,476,035	–	12,476,035	524,452
At September 30, 2023 (Unaudited)	₱1,200,000	₱5,800,000	₱200,000	₱31,473,551	₱278,950	₱62,940,593	(₱2,705,315)	₱99,187,779	(₱12,546,350)
	Preferred Shares – A	Preferred Shares – B	Voting Preferred Shares	Common Shares	Subscribed (in Thousands)	Additional Paid- in Capital	Subscriptions Receivable	Total Paid-in Capital	Treasury Shares
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.

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 ₱2,500.00 per share
- Base offer of 6.0 million shares for total value of ₱15.0 billion
- Over subscription option of 4.0 million shares for a total value of ₱10.0 billion

On April 28, 2023, the Parent Company's stockholders during its annual stockholders' meeting approved the Parent Company's re-issuance 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. Dividends on the Preferred “A” Shares will be payable quarterly at an initial dividend rate of 6.3587% per annum.

On May 5, 2023, the Parent Company 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.

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.

On May 29, 2023, the Parent Company re-issued 5,244,515 of its non-voting perpetual Preferred A shares at an issue price of ₱2,500.00 per share and a par value of ₱100.00 per share or for total proceeds of ₱13.1 billion.

Below are the gross and net proceeds from the reissuance of Preferred A shares as disclosed in the final prospectus (in thousand Pesos):

	Base Offer of ₱10.0 Billion	With Oversubscription Option*
Gross proceeds	₱10,000,000	₱20,000,000
Net proceeds	₱9,910,981	₱19,869,481

*Base offer with oversubscription option of up to an additional ₱10.0 billion.

Below are the actual gross and net proceeds (in thousand Pesos):

Gross proceeds	₱13,111,288
Less:	
Underwriting fees	51,905
PSE filing fee	28,000
SEC registration filing fee	6,813
Documentary stamp tax	5,245
Advisory, incentive fees and others	18,819
Total expenses	110,780
Net proceeds	₱13,000,507

The proceeds were used for the partial payment of a BPI short-term loan (₱3.1 billion) in June 2023 and the refinancing of the ₱10.0 billion fixed rate bond in July 2023 (see Note 16).

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.

As of September 30, 2023, ESOWN 2023 grants of 612,500 common shares were subscribed at a subscription price of ₱635.74 per share.

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 September 30, 2023 (unaudited) and December 31, 2022 (audited):

	September 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	5,572,967	35,879,213
Add (Less):		
Dividend declarations during the period	(3,644,441)	(19,692,127)
PFRS adjustments in retained earnings	(2,938)	30,165
Treasury shares	524,451	(688,285)
Deferred tax asset during the period – net	–	(21,369)
	(3,122,928)	(20,371,616)
Retained earnings available for dividends	₱59,573,001	₱57,122,962

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

	September 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

For the period ended September 30, 2023

On January 16, 2023, the BOD approved the declaration of the first quarter cash dividends on outstanding Preferred "B" Series 1 shares at ¼ of 5.250% p.a. or ₱6.5625 per share. This was paid to stockholders of record as of January 30, 2023 on February 15, 2023.

On January 30, 2023, the BOD approved the declaration of first quarter cash dividends on outstanding Preferred "B" Series 2 shares at $\frac{1}{4}$ of 4.8214% p.a. or ₱6.02675 per share. This was paid to stockholders of record as of February 13, 2023 on February 28, 2023.

On April 17, 2023, the BOD approved the declaration of second quarter cash dividends on outstanding Preferred "B" Series 1 shares at $\frac{1}{4}$ of 5.2500% p.a. or ₱6.56250 per share. This was paid to stockholders of record as of May 3, 2023 on May 15, 2023.

On April 20, 2023, the BDO approved the declaration of the annual cash dividends on outstanding unlisted voting preferred shares amounting to 4.8096% of issue price, or ₱0.048096 per share. This was paid to stockholders of record as of May 8, 2023 on May 20, 2023.

On May 2, 2023, the BOD approved the declaration of second quarter cash dividends on outstanding Preferred "B" Series 2 shares at $\frac{1}{4}$ of 4.8214%p.a. or ₱6.02675 per share. This was paid to stockholders of record as of May 16, 2023 on May 29, 2023

On July 18, 2023, the BOD approved the declaration of first semester cash dividends on common shares at ₱3.806 per share. This is paid to stockholders of record as of August 1, 2023 on August 17, 2023. On the same date, the BOD also approved the declaration of third quarter cash dividends on outstanding Preferred "B" Series 1 shares at $\frac{1}{4}$ of 5.2500% p.a. or ₱6.56250 per share. This was paid to stockholders of record as of August 1, 2023 on August 15, 2023.

On July 31, 2023, the BOD approved the declaration of third quarter cash dividends on outstanding Preferred "B" Series 2 Shares (APB2R) at $\frac{1}{4}$ of 4.8214% p.a. or ₱6.02675 per share and on outstanding Preferred "A" Shares (ACPAR) at $\frac{1}{4}$ of 6.3587% p.a. or ₱39.741875 per share. Both dividends were paid to stockholders of record as of August 14, 2023 on August 29, 2023.

On September 28, 2023, the BOD approved the equity redemption and declaration of the final cash dividends on outstanding Preferred "B" Series 1 shares at $\frac{1}{4}$ of 5.2500% p.a. or ₱6.56250 per share for all stockholders of record as of October 27, 2023 and payable on November 15, 2023.

For the period ended September 30, 2022

On January 17, 2022, the BOD approved the declaration of the first quarter cash dividends on outstanding Preferred "B" Series 1 shares at $\frac{1}{4}$ of 5.250% p.a. or ₱6.56250. This was paid to stockholders of record as of January 31, 2022 on February 15, 2022.

On January 31, 2022, the BOD approved the declaration of first quarter cash dividends on outstanding Preferred "B" Series 2 shares at $\frac{1}{4}$ of 4.8214% p.a. or ₱6.02675 per share. This was paid to stockholders of record as of February 15, 2022 on February 28, 2022.

On April 18, 2022, the BOD approved the declaration of the second quarter cash dividends on outstanding Preferred "B" Series 1 shares amounting to $\frac{1}{4}$ of 5.2500% p.a. or ₱6.56250 per share. This was paid to stockholders of record date as of May 2, 2022 on May 15, 2022.

On April 20, 2022, the BOD approved the declaration of the annual cash dividends on outstanding unlisted voting preferred shares amounting to 5.7730% of issue price, or ₱0.05773 per share. This was paid to stockholders of record as of May 4, 2022 on May 20, 2022.

On April 29, 2022, the BOD, during its organization board meeting, approved the declaration of second quarter cash dividends on outstanding Preferred "B" Series 2 shares (APB2R) amounting to $\frac{1}{4}$ of 4.8214% per annum or ₱6.02675 per share, based on the issue price of the shares. This was paid to stockholders of record as of May 13, 2022 on May 29, 2022.

On July 14, 2022, the BOD approved the declaration of regular cash dividend of ₱3.46 per common share. This was paid to stockholders of record as of July 28, 2022 on August 13, 2022.

On July 18, 2022, the BOD approved the declaration of the third quarter cash dividends on outstanding Preferred "B" Series 1 shares amounting to $\frac{1}{4}$ of 5.2500% per annum or ₱6.56250 per share, based on the issue price of the shares. This was paid to stockholders of record as of August 1, 2022 on August 15, 2022.

On August 1, 2022, the BOD approved the declaration of the third quarter cash dividends on outstanding Preferred “B” Series 2 shares amounting to ¼ of 4.8214% per annum or ₱6.02675 per share, based on the issue price of the shares. This was paid to stockholders of record as of August 15, 2022 on August 29, 2022.

The details on the cash dividends declared by the Parent Company for the periods ended September 30, 2023 and 2022 (both unaudited) are shown below.

	Per Share		Amount	
	September 2023 (Unaudited)	September 2022 (Unaudited)	September 2023 (Unaudited)	September 2022 (Unaudited)
Cash dividends			(In Thousands)	
Dividends to common shares declared during the year	₱3.81	₱3.46	₱2,358,987	₱2,142,235
Dividends to equity preferred shares declared during the year				
Preferred A	₱39.74188	₱—	₱208,427	₱—
Preferred B – Series 1	26.25000	19.68750	525,000	393,750
Preferred B – Series 2	18.08025	18.08025	542,408	542,408
Voting Preferred Shares	0.04810	0.05773	9,619	11,546

Property dividends

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-ACEIC 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 ACEIC 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-ACEIC 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.

The dividend distribution commenced in December 2022 and will continue as and when electronic Certificates Authorizing Registration (eCARs) are issued by BIR. The eCAR issuance is a prerequisite for the transfer of the properties of the Parent Company, i.e. the ACEN shares, to each entitled stockholder as of the record date and it is a process that entails the participation of both the Parent Company, as transferor, and the stockholders, as transferees.

As of September 30, 2023, the Parent Company has distributed a total of 1,729,097,534 ACEN shares (around 96% of total property dividends) amounting to ₱13,148.1 million, net of final tax of ₱675.1 million, to stockholders who have been issued with CAR by the BIR (see Note 14).

As of the date of this Report, BIR’s issuance of eCAR and subsequent distribution of ACEN shares are ongoing (see Note 25).

Transactions with non-controlling interests

As of September 30, 2023, the Group had various transactions with its non-controlling interests related to the Parent Company’s actual distribution of ACEN shares representing property dividends in 2022, ALI’s block sale of AREIT shares, ACEN’s issuance of redeemable preference shares, and ACEIC and AC Logistics’ acquisitions of minority interests in UPC Australia and Air21 and its subsidiaries (see Note 3).

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 September 30, 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.

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Short-term debt	₱53,813,859	₱36,526,898
Long-term debt	524,201,625	515,960,969
Total debt	578,015,484	552,487,867
Less:		
Cash and cash equivalents	80,962,112	73,847,371
Short-term investments	1,934,972	3,201,800
Restricted cash	18,381,983	–
Net debt	476,736,417	475,438,696
Total equity	₱678,489,868	₱595,299,044
Debt to equity	85.2%	92.8%
Net debt to equity	70.3%	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 September 30, 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.

	September 2023 (Unaudited)	September 2022 (Unaudited)
	(in Thousands)	
Net income attributable to owners of the parent	₱32,312,919	₱23,895,321
Less: Dividends to equity preferred shares	1,285,454	947,703
Net income attributable to common shares owners of the parent	31,027,465	22,947,618
Average common equity attributable to owners of the parent	355,859,122	340,046,572
Return to common equity	8.7%	6.7%

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:

	2023 (Unaudited)		2022 (Unaudited)	
	July to September	January to September	July to September	January to September
	(in Thousands, except EPS figures)			
Net income attributable to the owners of the Parent Company	₱13,903,278	₱32,312,919	₱7,625,338	₱23,895,321
Less: Dividends on preferred stocks	(651,729)	(1,285,454)	(312,052)	(947,703)
	13,251,549	31,027,465	7,313,286	22,947,618
Less: Profit impact of assumed conversions of potential ordinary shares of investees	(20,556)	(46,707)	(23,315)	(59,278)
	₱13,230,993	₱30,980,759	₱7,289,971	₱22,888,340
Weighted average number of common shares	619,476	619,476	619,508	619,508
Dilutive shares arising from stock options	—	—	811	811
	619,476	619,476	620,320	620,320
EPS				
Basic	₱21.36	₱50.01	₱11.77	₱36.95
Diluted	₱21.36	₱50.01	₱11.76	₱36.90

The effect of the stock option in the earnings per share for the period ended September 30, 2023 is anti-dilutive.

19. Revenue

This account consists of:

	September 2023 (Unaudited)	September 2022 (Unaudited)
	(in Thousands)	
Revenue from contracts with customers:		
Real estate	₱64,126,177	₱56,307,270
Manufacturing services	57,172,909	55,088,746
Power generation	27,427,990	26,039,647
Automotive	18,732,593	16,660,739
Others	12,178,599	8,704,028
	179,638,268	162,800,430
Rental income	28,563,705	23,285,286
Sale of goods and rendering of services	208,201,973	186,085,716
Share in net profits of associates and joint ventures	34,049,851	26,052,042
Interest income from real estate	3,130,824	4,064,185
	₱245,382,648	₱216,201,943

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:

	September 2023 (Unaudited)	September 2022 (Unaudited)
	(in Thousands)	
Revenue from contracts with customers:		
Residential development	₱53,059,022	₱49,261,535
Hotels and resorts	6,733,935	4,338,306
Construction	4,333,220	2,707,429
	₱64,126,177	₱56,307,270

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:

	September 2023 (Unaudited)	September 2022 (Unaudited)
	(in Thousands)	
Type of product		
Middle income housing	₱18,331,460	₱17,704,941
Condominium	13,082,609	11,672,394
Coremid	11,773,254	10,356,968
Lot only	9,871,699	9,527,232
	₱53,059,022	₱49,261,535

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:

	September 2023 (Unaudited)	September 2022 (Unaudited)
	(in Thousands)	
Automotive	₱33,774,574	₱28,884,163
Industrial	16,946,767	18,643,024
Aerospace/defense	2,003,910	1,397,320
Consumer	1,598,523	2,903,528
Telecommunication	1,246,634	1,674,846
Medical	977,766	931,445
Multiple market/others	624,735	654,420
	₱57,172,909	₱55,088,746

Translated using the weighted average exchange rate for the period (US\$1: ₱55.366 and ₱52.863 as of September 30, 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:

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Assets under PFRS 5:		
Investment in KPHLC	₱—	₱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 December 31, 2022, 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.

On June 30, 2023, the sale of 100% interest in ACE (BVI) D, Inc., ACE (BVI) F, Inc. and ACE (BVI) T, Inc. and 88.38% interest in ACE (BVI) PHILCO Corp. to PPLC and subsidiaries, equivalent to 47.1% (55% of the 85.7%) interest in GNPK (second tranche sale) was completed.

The completion of the second tranche sale resulted in a net gain of ₱1,372.21 million for the period ended September 30, 2023, which is presented under "Other income" in the unaudited interim consolidated statements of income (see Section 2.8).

On June 30, 2023, AC through ACEIC has fully divested its interests in GNPK.

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 September 30, 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 September 30, 2023 and 2022 (both unaudited), and assets and liabilities as of September 30, 2023 (unaudited) and December 31, 2022 (audited).

September 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	P51	P92,789	P—	P—	P57,400	P27,566	P30,396	P—	P208,202
Intersegment	70	261	—	—	107	—	203	(641)	—
Share of profit of associates and joint ventures	—	1,405	18,879	6,005	—	5,752	2,009	—	34,050
Interest income from real estate	—	3,131	—	—	—	—	—	—	3,131
	121	97,586	18,879	6,005	57,507	33,318	32,608	(641)	245,383
Costs and expenses									
Costs of sales and services	13	55,351	—	—	52,348	24,066	26,336	(423)	157,691
General and administrative	2,398	6,450	—	—	9,233	5,837	9,546	(727)	32,737
	2,411	61,801	—	—	61,581	29,903	35,882	(1,150)	190,428
Other income (charges) – net									
Interest income	503	255	—	—	80	6,690	483	(258)	7,753
Other income	1,400	859	—	—	255	6,671	2,616	(1,083)	10,718
Interest and other financing charges	(6,308)	(10,766)	—	—	(852)	(3,367)	(1,231)	261	(22,263)
	(4,405)	(9,652)	—	—	(517)	9,994	1,868	(1,080)	(3,792)
Net income (loss) before income tax	(6,695)	26,133	18,879	6,005	(4,591)	13,409	(1,406)	(571)	51,163
Provision for (benefit from) income tax	32	5,162	—	—	167	246	864	15	6,486
Net income (loss)*	(P6,727)	P20,971	P18,879	P6,005	(P4,758)	P13,163	(P2,270)	(P586)	P44,677
<i>*NIAT slightly different vs. the reported NIAT of certain business units due to cut-off adjustments taken up at AC consolidated financial statements. Along with other cut-off adjustments, the net effect to consolidated NIAT is less than 1%.</i>									
Other information									
Segment assets	P64,839	P754,701	P—	P—	P59,211	P289,688	P78,970	(P53,387)	P1,194,022
Investments in associates and joint ventures	266,987	33,640	—	—	—	44,072	15,722	—	360,421
Deferred tax assets	113	13,709	—	—	185	1,978	860	707	17,552
Total assets	P331,939	P802,050	P—	P—	P59,396	P335,738	P95,552	(P52,680)	P1,571,995
Segment liabilities	P207,366	P485,074	P—	P—	P40,717	P158,479	P45,877	(P54,118)	P883,395
Deferred tax liabilities	73	6,663	—	—	62	977	2,335	—	10,110
Total liabilities	P207,439	P491,737	P—	P—	P40,779	P159,456	P48,212	(P54,118)	P893,505
Depreciation and amortization	P164	P7,420	P—	P—	P1,384	P1,286	P1,490	(P118)	P11,626
Non-cash expenses other than depreciation and amortization	P20	P266	P—	P—	P4,861	P2,688	P2,796	(P483)	P10,148
Segment additions to property, plant and equipment and investment properties	P391	P11,549	P—	P—	P1,020	P17,405	P85	P1,754	P32,204
Cash flows provided by (used in):									
Operating activities	(P5,901)	P8,229	P—	P—	(P289)	(P726)	(P3,713)	P3,961	P1,561
Investing activities	P2,468	(P16,602)	P—	P—	P236	(P23,472)	(P4,397)	P3,003	(P38,764)
Financing activities	P4,419	P8,179	P—	P—	P797	P31,782	P5,975	(P6,565)	P44,587

September 2022 (Unaudited)
(in Millions)

	Parent Company	Real Estate and Hotels	Financial Services & Insurance	Telecoms	Industrial Technologies	Power Generation	Automotive and Others	Intersegment Eliminations / Consolidation Adjustments	Consolidated
(in Thousands)									
Revenue									
Sales to external customers	₱240	₱79,305	₱—	₱—	₱54,878	₱26,177	₱25,486	₱—	₱186,086
Intersegment	68	833	—	—	—	—	232	(1,133)	—
Share of profit of associates and joint ventures	—	910	14,207	7,916	—	2,047	972	—	26,052
Interest income from real estate	—	4,064	—	—	—	—	—	—	4,064
	308	85,112	14,207	7,916	54,878	28,224	26,690	(1,133)	216,202
Costs and expenses									
Costs of sales and services	—	51,045	—	—	50,813	24,373	22,640	(2,311)	146,560
General and administrative	2,281	4,770	—	—	4,619	1,619	8,010	279	21,578
	2,281	55,815	—	—	55,432	25,992	30,650	(2,032)	168,138
Other income (charges) – net									
Interest income	269	244	—	—	16	5,566	136	216	6,447
Other income	233	581	—	—	618	2,946	1,181	462	6,021
Interest and other financing charges	(5,160)	(10,049)	—	—	(575)	(3,747)	(739)	1	(20,269)
	(4,658)	(9,224)	—	—	59	4,765	578	679	(7,801)
Net income (loss) before income tax	(6,631)	20,073	14,207	7,916	(495)	6,997	(3,382)	1,578	40,263
Provision for (benefit from) income tax	9	3,983	—	—	203	206	257	286	4,944
Net income (loss)*	(₱6,640)	₱16,090	₱14,207	₱7,916	(₱698)	₱6,791	(₱3,639)	₱1,292	₱35,319
*NIAT slightly different vs. the reported NIAT of certain business units due to cut-off adjustments taken up at AC consolidated financial statements. Along with other cut-off adjustments, the net effect to consolidated NIAT is less than 1%.									
Other information									
Depreciation and amortization	₱200	₱7,103	₱—	₱—	₱2,090	₱2,004	₱1,206	₱7	₱12,610
Non-cash expenses other than depreciation & amortization	₱—	₱78	₱—	₱—	₱77	₱69	₱2,376	₱—	₱2,600
Segment additions to property, plant and equipment and investment properties	₱301	₱9,401	₱—	₱—	₱907	₱10,338	₱1,117	(₱164)	₱21,900
Cash flows provided by (used in):									
Operating activities	(₱8,118)	₱17,282	₱—	₱—	(₱2,232)	₱5,896	₱2,422	(₱7,722)	₱7,528
Investing activities	(₱13,485)	(₱20,096)	₱—	₱—	(₱3,313)	(₱19,999)	(₱21,766)	₱35,058	(₱43,601)
Financing activities	₱17,667	₱6,026	₱—	₱—	₱1,102	₱19,705	₱20,051	(₱25,855)	₱38,696

December 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	₱24,121	₱—	₱—	₱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 financial liabilities due to their short-term maturities except for the following financial instruments as of September 30, 2023 (unaudited) and December 31, 2022 (audited):

	September 2023 (Unaudited)		December 2022 (Audited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
(in Thousands)				
FINANCIAL ASSETS AT FVTPL				
Held for trading – current	₱6,101,605	₱6,101,605	₱11,676,375	₱11,676,375
Convertible loans – noncurrent	66,131	66,131	3,243,806	3,243,806
Derivative assets – freestanding	739,083	739,083	679,434	679,434
Total financial assets at FVTPL	6,906,819	6,906,819	15,599,615	15,599,615
FINANCIAL ASSETS AT AMORTIZED COST				
Accounts and notes receivables				
Noncurrent trade receivables				
Real estate	48,761,578	48,761,578	48,264,026	50,491,887
Nontrade receivables				
Receivable from officers and employees	2,300,660	2,267,562	1,806,097	1,792,182
Receivable from related parties	4,829,319	4,829,319	11,767,466	6,408,264
Other receivables	25,899,391	25,899,391	11,909,025	6,485,353
Financial assets at amortized cost	23,142,084	19,645,560	21,260,907	17,764,383
Total financial assets at amortized cost	104,933,032	101,403,410	95,007,521	82,942,069
FINANCIAL ASSETS AT FVOCI				
Investment in bonds	2,309,440	2,309,440	2,309,440	2,309,440
Quoted equity investments	1,619,691	1,619,691	1,219,970	1,219,970
Unquoted equity investments	5,040,992	5,040,992	4,504,828	4,504,828
Total financial assets at FVOCI	8,970,123	8,970,123	8,034,238	8,034,238
OTHER FINANCIAL ASSETS				
Deposits	4,720,298	4,720,297	2,561,428	2,568,292
Total other financial assets	4,720,298	4,720,297	2,561,428	2,568,292
Total financial assets	₱125,530,272	₱122,000,649	₱121,202,802	₱109,144,214
FINANCIAL LIABILITIES AT FVTPL				
Financial liabilities on put option	₱–	₱–	₱124,456	₱124,456
Derivative liabilities	244,182	244,182	366,921	366,921
Total financial liabilities at FVTPL	244,182	244,182	491,377	491,377
OTHER FINANCIAL LIABILITIES				
Long-term debt	524,201,625	513,156,014	515,960,969	501,883,793
Service concession obligation	–	–	111,794	111,794
Deposits and other noncurrent liabilities	51,011,718	49,681,295	58,929,201	59,488,687
Total other financial liabilities	575,213,343	562,837,309	575,001,964	561,484,274
Total financial liabilities	₱575,457,525	₱563,081,491	₱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 their last transaction price. For convertible loans, 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 comparables.

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 September 30, 2023 (unaudited) and December 31, 2022 (audited):

September 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–	P213,529	P5,888,077	P6,101,605
Convertible loans – noncurrent	–	–	66,131	66,131
Derivative assets – Freestanding	–	739,083	–	739,083
Total financial assets at FVTPL	–	952,612	5,954,208	6,906,819
Financial assets at FVOCI				
Investment in bonds	–	–	2,309,440	2,309,440
Quoted equity investments	607,271	1,012,420	–	1,619,691
Unquoted equity investments	–	–	5,040,992	5,040,992
Total financial assets at FVOCI	607,271	1,012,420	7,350,432	8,970,123
	P607,271	P1,965,032	P13,304,640	P15,876,942
Recurring financial assets for which fair values are disclosed:				
Noncurrent trade and nontrade receivables	P–	P–	P51,029,140	P51,029,140
Financial assets at amortized cost	–	–	19,645,560	19,645,560
Deposits	–	–	4,720,297	4,720,297
	P–	P–	75,394,997	75,394,997
Recurring financial liabilities measured at fair value				
Derivative liabilities	P–	P244,182	P–	P244,182
	P–	P244,182	P–	P244,182
Recurring financial liabilities for which fair values are disclosed:				
Long-term debt	P–	P–	P513,156,014	P513,156,014
Deposits and other noncurrent liabilities	–	–	49,681,295	49,681,295
	P–	P–	P562,837,309	562,837,309
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*	442,729,194	–	–	442,729,194
	P442,729,194	P1,903,712	P492,888,354	P937,521,259

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

December 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	–	–	2,309,440	2,309,440
Quoted equity investments	430,688	789,282	–	1,219,970
Unquoted equity investments	–	–	4,504,828	4,504,828
Total financial assets at FVOCI	430,688	789,282	6,814,268	8,034,238
	P430,688	P1,524,309	P21,678,856	P23,633,853

	December 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:

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Financial assets at FVTPL		
Balance at beginning of year	P14,864,588	P11,043,351
Additions (disposals)	(9,040,830)	6,253,685
Recognized in consolidated statement of income	46,196	(2,441,041)
Exchange difference and others	84,254	8,593
Balance at end of period	P5,954,208	P14,864,588

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

B. Derivatives

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Derivative assets		
Call option of AC Health and AC Industrial	₱—	₱62,295
Forward contract of the Parent Company, ACEIC, AIVPL, and IMI	739,083	617,139
	₱739,083	₱679,434
Derivative liabilities		
Put option and forward contract of ACEIC and IMI	₱244,182	₱366,921

Fair value changes on derivatives

The net movements in fair values of the Group's derivative instruments for the periods ended September 30, 2023 (unaudited) and December 31, 2022 (audited) follow:

Derivative Assets

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Balance at beginning of year	₱679,434	₱442,242
Additions (disposals) during the period	59,649	237,192
Balance at end of period	₱739,083	₱679,434

Derivative Liabilities

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Balance at beginning of year	₱366,921	₱241,744
Net changes in fair value of derivatives	(122,739)	125,177
Balance at end of period	₱244,182	₱366,921

No other financial assets or liabilities are carried at fair value as of September 30, 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". While 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 September 30, 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 September 30, 2023 (unaudited) and December 31, 2022 (audited).

September 2023 (Unaudited)				
Foreign Currency	Net Assets (Liabilities)	Peso Equivalent	Increase (Decrease) in Peso per Foreign Currency	Increase (Decrease) in Profit before Tax
	(in Thousands)			(in Thousands)
United States Dollar (USD)	USD16,624	₱1,055,716	₱1.00	₱16,624
			(1.00)	(16,624)
Japanese Yen (JPY)	(JPY244,669)	(88,960)	1.00	(244,669)
			(1.00)	244,669
Euro (EUR)	EUR32,052	1,924,646	1.00	32,052
			(1.00)	(32,052)
Chinese RMB (RMB)	RMB131,125	1,033,233	1.00	131,125
			(1.00)	(131,125)
Vietnam Dong (VND)	(VND6,290,944)	(14,962)	1.00	(6,290,944)
			(1.00)	6,290,944
December 2022 (Audited)				
Foreign Currency	Net Assets (Liabilities)	Peso 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	(₱41,960)
			(1.00)	41,960
Japanese Yen (JPY)	(JPY16,951)	(9,993)	1.00	(16,951)
			(1.00)	16,951
Euro (EUR)	EUR37,456	2,220,059	1.00	37,456
			(1.00)	(37,456)
Chinese RMB (RMB)	RMB202,887	1,624,209	1.00	202,887
			(1.00)	(202,887)
Vietnam Dong (VND)	(VND6,290,944)	(15,113)	1.00	(6,290,944)
			(1.00)	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 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 percent (5%) 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 Committee.

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 September 30, 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:

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Cash in banks (Note 4)	₱19,302,451	₱13,758,387
Cash equivalents (Note 4)	8,061,463	8,796,733
Short-term investments (Note 5)	577,293	861,550
Financial assets at FVTPL (Note 8)	194,827	66,444
Short-term and long-term debt (Note 16)	44,558,137	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:

	September 2023 (Unaudited)	December 2022 (Audited)
	(in Thousands)	
Receivable from related parties (Note 6)	₱29,667,713	₱49,561,434
Receivable from officers and employees (Note 6)	2,300,660	1,806,097
Dividend receivable (Note 6)	74,647	—
Payable to related parties (Note 14)	3,946,354	3,497,607

The September 2023 (unaudited) amounts represent 11.5% and 2.1% of the Group's total accounts and notes receivables and total accounts payable and accrued expenses, respectively.

Provisions for ECL on related parties amounted to nil and ₱4.6 million for the periods ended September 30, 2023 and 2022 (both 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 Industrial's' 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 purchase of services; 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:

	September 2023 (Unaudited)	September 2022 (Unaudited)
	(in Thousands)	
Revenue from related parties	₱7,383,359	₱6,173,219
Expenses from related parties	7,689,619	4,209,351

The September 30, 2023 (unaudited) amounts represent 2.8% and 3.6% of the Group's total revenues 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.

As of date of this report, IMI and ACI are in discussion with counterparties to the guarantee as a result of ACI's divestment of MT Technologies (see Note 3).

24. Notes to Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities follow:

	December 2022 (Audited)	Cash Flows	Non-cash Changes *	Change due to Loss of Control	Foreign Exchange Movement	September 2023 (Unaudited)
			(in Thousands)			
Short-term and long-term debt	₱552,487,867	₱24,340,491	(₱524,207)	(₱1,268,532)	₱2,979,866	₱578,015,485
Dividend payable	16,383,289	(7,061,348)	(8,035,793)	—	—	1,286,148
Other noncurrent liabilities	49,043,265	(2,758,686)	187,086	(91,627)	—	46,380,038
Lease liabilities	30,343,440	(1,553,097)	3,945,528	—	89,361	32,825,232
Service concession obligation	111,795	—	—	(111,795)	—	—
Total liabilities from financing activities	₱648,369,656	₱12,967,360	(₱4,427,386)	(₱1,471,954)	₱3,069,227	₱658,506,903

*Non-cash changes on:

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

25. Events After the Reporting Period

Parent Company

1. Capital infusion

AC Health

On October 31, 2023, the Parent Company infused ₱2,098.00 million in exchange for 442.3 million common shares with ₱2.00 par value per share and 419.7 million preferred shares with ₱1.00 par value per share.

2. Cash dividends

On October 31, 2023, the the Parent Company's BOD approved the declaration of fourth quarter cash dividends on the outstanding Preferred "B" Series 2 Shares (APB2R) and Preferred "A" Shares (ACPAR). The APB2R cash dividend amounts to ¼ of 4.8214% per annum or ₱6.02675 per share and the ACPAR cash dividend amounts to ¼ of 6.3587% per annum or ₱39.741875 per share. The record date is November 16, 2023 and payment is on November 29, 2023.

3. *MWC share buy-back*

On October 11, 2023, the Parent Company and Philwater sold its 289.0 million common shares and 436.2 million participating preferred shares, respectively, to MWC in a buy-back transaction for a gross consideration of ₱5.7 billion resulting to a ₱1.6 billion loss at the Ayala consolidated financials level.

The share buy-back reduced the Group's effective voting rights in MWC to 23.5% and its economic ownership to 22.5%.

The sale is aligned with Ayala's strategy to rationalize its portfolio and raise ₱50.0 billion in proceeds. The proceeds will be used to pare down debt and/or fund future investments.

ACEIC

1. *ACEN cash dividends*

On November 3, 2023, the BOD of ACEN declared dividends for the fourth quarter of 2023 on outstanding Series A Preferred Shares (ACENA) amounting to $\frac{1}{4}$ of 7.1330% per annum or ₱17.8325 per share and on Series B Preferred Shares (ACENB) amounting to $\frac{1}{4}$ of 8.0000% per annum or ₱20.0000 per share. This is both payable to stockholders of record as of November 17, 2023 on December 1, 2023.

2. *Loan restructuring*

On November 3, 2023, ACEN's Executive Committee authorized ACEN and its subsidiary, ACRI, to enter into an agreement with Yoma Strategic Holdings Ltd. (YSH) and its wholly-owned subsidiary, Yoma Strategic Investments Ltd. (YSIL), to restructure YSIL's outstanding loan (US\$27.0 million inclusive of interest) with ACRI.

ACRI made available a US\$25 million facility to YSIL, guaranteed by YSH, to fund the rollout of the micro-grids for telecommunications towers by Yoma Micro Power Pte. Ltd. (YMPS), YSH's joint venture with Norfund, IFC and the YMPS founder. Under the restructure agreement, YSIL will purchase the loan from ACRI, payable within a ten-year period, with a YSH parent guarantee.

ALI

1. *Ayala Land Premiere, Inc. merger*

On October 17, 2023, the SEC approved the merger of Ayala Land Premiere, Inc. (ALP), Ayala Land Sales, Inc., and Ayala Club Management Inc. with ALP as the surviving entity.

2. *Cash dividends*

On October 25, 2023, ALI's BOD approved the declaration of cash dividends of ₱0.2231 per outstanding common share. The dividend will be payable on November 24, 2023, to stockholders of common shares as of record of November 13, 2023.

IMI

Sale of STI Enterprise Limited

After completion of conditions precedent to the sale of STI to Rcapital, particularly, the UK government's clearance under the National Security and Investment Act 2021, and the exchange of closing deliverables by the parties, the sale was completed on October 31, 2023. The balance sheet accounts as of October 31, 2023 will be deconsolidated and subsequently, the financial results of STI Limited will no longer be consolidated into IMI figures (Note 3).

The conclusion of this divestment initiative will allow IMI management to sharpen its portfolio and focus on driving growth and profitability in its core segments. The mobility and industrial markets remain at the forefront for IMI, with interconnectivity and the electrification of vehicles driving technology megatrends of the near future.

Globe

Cash dividends

On November 3, 2023, Globe's BOD approved the declaration of the fourth quarter cash dividends of ₱25.00 per common share, payable to common stockholders of record as of November 17, 2023, payable on December 1, 2023 at an aggregate amount of ₱3.6 billion.

On the same date, Globe's BOD approved the declaration of cash dividends for holders of voting preferred shares on record as of November 17, 2023. The amount of cash dividend will be based on the 2019 Benchmark rate of 3-day average of the 5-year BVAL plus 2%. The aggregate dividend payment of the voting preferred shares is about ₱50.0 million payable on December 1, 2023.

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.

In May 2023, the WHO declared that COVID-19 no longer constitutes a public health emergency of international concern.

In July 2023, Proclamation No. 297 lifted the state of public health emergency throughout the Philippines due to COVID-19.

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.

9M23 vs 9M22 Highlights

- Ayala Corporation's ("Ayala") core net income in the first nine months of 2023 grew 42 percent year-on-year to ₱31 billion, anchored by strong results from BPI, Ayala Land, and ACEN. Ayala's year-to-date core net income is already at par with its full year 2019 net income.
 - BPI's net earnings rose 26 percent to ₱38.6 billion due to sustained loan growth, margin expansion, and reduced provisions. Excluding a gain from a property sale last year, core net income increased 44 percent.
 - Ayala Land's net income grew 38 percent to ₱18.4 billion driven by sustained gains in its property development and commercial leasing businesses.
 - ACEN's net income jumped 59 percent to ₱6.6 billion as new operating capacity and the company's sustained net seller position were further lifted by one-off gains related to the partial sale of the Salak and Darajat plant. These gains were partially offset by ACEN's impairment provision for UPC Solar India.
 - AC Energy & Infrastructure (ACEIC), the parent company of ACEN, grew its profit 2.1x to ₱10.4 billion due to improved operating earnings from ACEN, pre-operating revenues from GN Power Dinginin, as well as gains related to the divestments of the Salak and Darajat plant in Indonesia and GN Power Kauswagan. Excluding one-offs, ACEIC's core net income was up 63 percent to ₱7.2 billion.
 - Globe's net income decreased 27 percent to ₱19.4 billion, primarily because of a one-time gain on the partial sale of Globe's data center business registered in the same period last year.
 - Excluding the impact of non-recurring charges, foreign exchange and mark-to-market charges, Globe's core net income was down eight percent to ₱14.8 billion as revenue growth was outpaced by higher OPEX, depreciation, and interest expenses.
- Accounting for all one-off items including a ₱2.2 billion gain from the sale of the MCX toll road, Ayala posted ₱32.3 billion in net income in the first nine months of 2023, up 35 percent versus the same period last year.
- In line with Ayala's portfolio rationalization initiatives, it has completed the following divestments year-to-date:
 - IMI's sale of its 80 percent shareholdings in STI Enterprises Limited to London-based private investment firm, Rcapital, in July. The parties agreed on an enterprise valuation of £7.5 million, resulting in Ayala recognizing a one-time loss of ₱2.5 billion in the second quarter.
 - AC Industrials' sale of its 92.45 percent stake (held through its Singaporean subsidiary, AC Industrials (Singapore) Pte. Ltd.) in MT Technologies GmbH to Callista Asset Management 18 GmbH in August. The transaction resulted to Ayala recognizing a ₱2.2 billion provision for impairment in the second quarter.

- Ayala's sale of 288,998,734 Manila Water Company, Inc. (MWC) common shares and 436,243,932 MWC participating preferred shares to MWC for a gross consideration of ₱5.7 billion. Ayala retains an effective 23.5 percent voting stake and 22.5 percent economic stake in MWC post-transaction. The transaction was completed on October 11, 2023.
- Meanwhile, Ayala continues to scale its emerging businesses, AC Health and AC Logistics.
 - AC Health's Healthway Cancer Care Hospital is scheduled to be inaugurated before year-end. The facility will be the country's first dedicated cancer hospital, offering cancer procedures for detection, treatment, and rehabilitation. It is a ~100-bed facility featuring state-of-the-art technology and will be manned by many of the country's top oncologists.
 - AC Logistics continues to integrate its assets to eliminate redundancies, improve operational efficiency, and generate cost savings. It also looks to capture more business from within the Ayala group. Its cold storage facility in Cagayan de Oro, in partnership with Glacier Megafridge, already reached 100 percent utilization.

Consolidated Sales of Goods and Rendering of Services

Sale of goods and rendering services increased 12 percent to ₱208.2 billion due to improved revenues from the sale of electricity, higher generation, and start of commissioning of new power plants in AC Energy & Infrastructure, higher residential bookings, incremental project completion, and improved leasing businesses in Ayala Land, increase in customer demand in IMI, higher unit automotive sales in AC Industrials, and fresh revenue contributions from newly consolidated units UPC Australia, IE Medica, and AIR21. As a percentage of total revenues, this account was 85 percent and 86 percent for periods ending September 30, 2023 and 2022, respectively.

Real Estate

- Ayala Land's net income rose 38 percent year-on-year to ₱18.4 billion in the first nine months of 2023, driven by the continuing resilience of the residential market and vibrant consumer activity despite macroeconomic challenges.
- Property development revenues were up four percent year-on-year to ₱57.2 billion on higher residential completion, stable bookings, and improved office unit sales.
 - Residential revenues increased four percent to ₱47.5 billion.
 - Office for sale revenues grew 31 percent to ₱2.8 billion.
 - Revenues from commercial and industrial lots softened eight percent to ₱6.9 billion.
- Residential sales reservations grew 11 percent year-on-year to ₱85.9 billion, buoyed by strong demand in projects such as Ayala Land Premier's Ciela, Arcilo, and Parklinks South Tower, Alveo's Park East Place, and Avida's Tower Makati Southpoint.
 - Total launches as of September reached 11 projects valued at ₱36.3 billion. In the third quarter alone, Ayala Land launched five new projects worth ₱4.3 billion.
- Commercial leasing revenues grew 32 percent year-on-year to ₱30.8 billion because of better occupancy and rental rates across malls, office, and leisure developments.
 - Shopping center revenues registered a 40 percent increase to ₱15.7 billion.
 - Office leasing income grew seven percent to ₱8.8 billion.
 - Hotel and resorts revenues expanded 62 percent to ₱6.3 billion.
- Capital expenditures reached ₱57.6 billion, 63 percent of which was allocated to the completion of residential and commercial leasing developments.

Power

- ACEN's net income grew 59 percent year-on-year to ₱6.6 billion in the first nine months of 2023 due to new capacity and a sustained net selling position. Earnings were boosted by value realization and remeasurement gains related to the sale of a stake in the Salak and Darajat plants in Indonesia.

- Core operating earnings, which exclude value realization gains, provisions for impairment, and other items such as foreign exchange impact, guarantee fee income, and pre-COD earnings from projects under construction, more than doubled to ₱3.9 billion due to increased capacity despite higher overhead and development expenses.
- Quarter-on-quarter, ACEN's net income was up six percent to ₱2.3 billion.
 - Core operating earnings in the third quarter amounted to ₱176 million, down from ₱2.3 billion in the second quarter due to seasonally lower wind resources, softer spot market prices, and the reduced stake in the Salak and Darajat geothermal plants.
- Total attributable renewables output expanded 27 percent year-on-year to 3,174 GWh, driven by better wind regime and commissioning of newly operational plants.
 - Philippine renewables output was up 29 percent to 769 GWh.
 - International renewables output grew 27 percent to 2,405 GWh.
- Consolidated revenues rose 13 percent year-on-year to ₱28.7 billion because of fresh contributions from New England Solar and Pagudpud Wind as well as higher RES tariffs, which offset lower WESM prices.
- Attributable EBITDA, which includes ACEN's shares of EBITDA from non-consolidated associates and joint ventures, grew 21 percent year-on-year to ₱14.1 billion.
- ACEN's generation portfolio reached 4,515 MW of attributable capacity from facilities in the Philippines, Australia, Vietnam, Indonesia, India, and United States. Renewables account for 98 percent of total generation portfolio.

Share in Net Profits of Associates and JV

Share in net profits of associates and joint ventures increased 31 percent to ₱34.0 billion due to higher net interest and non-interest income as well as lower provisions in BPI, higher revenues and foreign exchange gains in MWCI, and better results from associates and joint ventures of ALI and AC Energy & Infrastructure. These were offset by the impact of the property sale of BPI and the partial sale of Globe's data center business. As a percentage of total revenues, this account was 14 percent and 12 percent for the periods ending September 30, 2023 and 2022, respectively.

Banking

- BPI's net earnings increased 26 percent year-on-year to ₱38.6 billion in the first nine months of 2023, anchored by healthy loan growth, margin expansion, and lower provisions. Return on equity was stable at 15.6 percent.
- Total revenues grew 15 percent year-on-year to ₱100.9 billion, attributable to sustained growth in net interest income, offsetting a decline in non-interest income.
 - Total loans were up eight percent to ₱1.8 trillion on the back of growth across all loan segments. Loan mix improved as consumer lending increased 20 percent during the period. Net interest margin widened 54 basis points to 4.07 percent.
 - Fee income was down 10 percent to ₱20.6 billion because of the property sale gain registered last year. Excluding this, fee income was up 15 percent due to growth in fees from the credit cards business, insurance, and wealth management services.
- Total deposits grew seven percent year-on-year to ₱2.2 trillion while the CASA ratio dipped alongside the industry, lower by 6.8 percentage points to 69.3 percent.
- Asset quality continued to be healthy.
 - NPLs were up 10 percent to ₱35.2 billion.
 - NPL ratio was slightly increase to 1.97 percent.
 - NPL cover remained sufficient, lower by 18 basis-points to 159 percent.
 - Total provisions declined 60 percent to ₱3 billion.

- Operating expenses increased 21 percent year-on-year to ₱48.6 billion due to larger spends on manpower, technology, and marketing, resulting in a cost-to-income ratio of 48.2 percent.

Telco

- Globe's net income was down 27 percent year-on-year to ₱19.4 billion in the first nine months due to a gain from the partial sale of its data center business registered last year.
 - Excluding non-recurring charges, foreign exchange and mark-to-market charges, Globe's core net income declined eight percent to ₱14.8 billion as higher OPEX, depreciation, and interest expenses outpaced GSR growth.
- Total service revenues were up three percent year-on-year to ₱121.1 billion due to contributions from mobile data, corporate data, and digital service revenues.
 - Mobile data revenues grew seven percent to ₱67 billion on the back of higher data consumption.
 - Corporate data revenues increased eight percent to a record ₱13.6 billion.
 - Digital service revenues soared 44 percent to ₱4.1 billion.
 - Home broadband revenues were down seven percent to ₱19 billion as earnings improvement in postpaid fiber was outstripped by the decline in fixed wireless. Meanwhile, pre-paid fiber continues to gain traction due to its affordability and convenience.
- Equity earnings from Mynt more than doubled year-on-year to ₱1.6 billion because of GCash's sustained traction.
 - Total loan disbursements jumped 2.2x to ₱103 billion with unique borrowers reaching 3.4 million individuals, up 104 percent.
 - GCash has also sold 13.5 million insurance policies life-to-date.
- EBITDA was slightly up one percent year-on-year to ₱60.7 billion as topline growth was offset by the five percent increase in OPEX (including subsidy).
 - EBITDA margin remained at 50 percent, in line with Globe's guidance for the year.
- Capital expenditures contracted 27 percent year-on-year to ₱54 billion, on track to meet full year guidance of US\$1.3 billion.

Cost and Expenses

Cost of sales and services increased eight percent to ₱157.7 billion resulting from improvements in sales as explained above, higher prices for direct costs and overheads of various BUs, higher cost of purchased power in AC Energy & Infrastructure, and consolidated costs of IE Medica and AIR21. As a percentage to total costs and expenses, this account was 83 percent and 87 percent for the periods ending September 30, 2023 and 2022, respectively.

Balance Sheet Highlights

- Total assets increased six percent to ₱1.6 trillion from end-2022 levels mainly due to increases in property, plant and equipment, investments in associates and joint ventures, and noncurrent accounts and notes receivables.
 - Investments in associate and joint ventures was up 10 percent to ₱360.4 billion due to equity earnings net dividends in BPI and Manila Water as well as additional investments to and higher equity earnings from the investees of ALI, AC Energy & Infrastructure, and AC Infrastructure. These were offset by lower contributions from Globe due to a gain from the partial sale of its data center business last year and ACEIC's partial sale of its investment in ACEHI Netherlands, owner of the Salak and Dajarat plant.
 - Property, plant, and equipment rose 21 percent to ₱137.8 billion due to increases in investments in solar and wind farm projects in AC Energy & Infrastructure, various purchases in ALI, and construction of the cancer hospital and refurbishment of Qualimed hospitals in AC Health. These were partially offset by the disposal of MT C-Con in the period.
- Consolidated cash ended at ₱82.9 billion from ₱77 billion as of end-2022.

- Consolidated net debt ended at ₱495.1 billion from ₱475.4 billion as of end-2022.
- Consolidated net debt-to-equity was at 0.73 from 0.80 as of end-2022, well within the company's covenant of 3.0.
- Parent level cash ended at ₱12.3 billion from ₱11.2 billion as of end-2022.
- Parent net debt decreased to ₱144.5 billion from ₱149.3 billion as of end-2022.
- Net debt-to-equity improved to 0.91 from 1.04 as of end-2022 due to the ₱13.1 billion Preferred Shares issuance, which was priced at a spread of 40 basis points over benchmark rate. Parent net-debt-to-equity is expected to be at the end-2022 level with the redemption of ₱10.0 billion Preferred Shares in November 2023.
- 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, remained at 11.1 percent.

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	September 2023 (Unaudited)	December 2022 (Audited)/ September 2022 (Unaudited)	September 2023	December 2022
(In Thousands)					
Liquidity Analysis Ratios					
Liquidity ratio*	Cash and cash equivalents + Short-term investments	₱82,897,084	₱77,049,171	0.25	0.25
	Current liabilities	326,943,011	309,014,757		
	Cash and cash equivalents	80,962,112	73,847,371		
	Short-term investments	1,934,972	3,201,800		
	Total	82,897,084	77,049,171		
Current ratio*	Current assets	546,068,994	541,782,240	1.67	1.75
	Current liabilities	326,943,011	309,014,757		
Quick ratio*	Quick assets	317,238,380	307,739,859	0.97	1.00
	Current liabilities	326,943,011	309,014,757		
	Current assets	546,068,994	541,782,240		
	Inventories	(208,250,342)	(201,517,144)		
	Assets under PFRS 5	-	(11,821,057)		
	Prepayments	(20,580,272)	(20,704,180)		
	Quick assets	317,238,380	307,739,859		
Solvency ratio*	Total assets	1,571,995,199	1,478,545,136	1.76	1.67
	Total liabilities	893,505,331	883,246,092		
Financial Leverage Ratios					
Assets-to-equity ratio*	Total assets	1,571,995,199	1,478,545,136	2.32	2.48
	Total stockholders' equity	678,489,868	595,299,044		
Interest rate coverage ratio**	Earnings before interest and taxes (EBIT)	73,425,421	60,532,561	3.30	2.99
	Interest and other financing charges	22,262,241	20,269,421		
	Income after income tax from continuing operations	44,676,781	35,318,633		
	Provision for income tax	6,486,399	4,944,507		
	Interest and other financing charges	22,262,241	20,269,421		
	EBIT	73,425,421	60,532,561		

Ratio	Formula	September 2023	December 2022	September 2023	December 2022
		(Unaudited)	(Audited)/ September 2022 (Unaudited)		
(In Thousands)					
Debt ratio*	Short-term debt + Long-term debt	578,015,485	552,487,867	0.37	0.37
	Total assets	1,571,995,199	1,478,545,136		
	Short-term debt	53,813,859	36,526,898		
	Long-term debt (current and noncurrent)	524,201,626	515,960,969		
	Total debt	578,015,485	552,487,867		
Debt-to-equity ratio*	Short-term debt + Long-term debt	578,015,485	552,487,867	85.2%	92.8%
	Total stockholders' equity	678,489,868	595,299,044		
Net debt-to-equity ratio*	Net debt	476,736,417	475,438,696	70.3%	79.9%
	Total stockholders' equity	678,489,868	595,299,044		
	Short-term debt	53,813,859	36,526,898		
	Long-term debt (current and non-current)	524,201,625	515,960,969		
	Total debt	578,015,484	552,487,867		
	Less:				
	Cash and cash equivalents	80,962,112	73,847,371		
	Short-term investments	1,934,972	3,201,800		
	Restricted cash	18,381,983	—		
	Net debt	476,736,417	475,438,696		
Profitability Ratios					
Gross profit margin**	Sale of goods and rendering of services - Cost of sales and services	50,510,250	39,526,250	0.24	0.21
	Sale of goods and rendering of services	208,201,973	186,085,716		
	Sale of goods and rendering of services	208,201,973	186,085,716		
	Cost of sales and services	(157,691,723)	(146,559,466)		
	Gross profit	50,510,250	39,526,250		
Net profit margin**	Net profit	17,773,659	17,947,971	0.09	0.10
	Sale of goods & rendering of services	208,201,973	186,085,716		
	Gross profit	50,510,250	39,526,250		
	General and administrative expenses	(32,736,591)	(21,578,279)		
	Net profit	17,773,659	17,947,971		
Return on equity**	Net income to owners of the Parent	32,312,919	23,895,321	4.8%	4.0%
	Total stockholders' equity	678,489,868	599,757,990		
Return on common equity***	Net income to owners of the Parent (Common)	31,027,465	22,947,618	8.7%	6.7%
	Common equity attributable to owners of the Parent (Average)	355,859,122	340,046,572		
	Net income to owners of the Parent	32,312,919	23,895,321		
	Less: Dividends on preferred stock	(1,285,454)	(947,703)		
	NIAT to Common	31,027,465	22,947,618		
		September 2023 (Unaudited)	December 2022 (Audited)		
	Equity attributable to owners of the parent	405,351,840	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	30,074,952	19,696,722			
Treasury shares - preferred shares	(1,475,549)	(2,000,000)			
	35,799,403	24,896,722			

Ratio	Formula	September 2023 (Unaudited)	December 2022 (Audited)/ September 2022 (Unaudited)	September 2023	December 2022
(In Thousands)					
	Common equity attributable to owners of the Parent	369,552,437	342,165,807		
	Average common equity attributable to owners of the Parent	355,859,122			
		September 2022 (Unaudited)	December 2021 (Audited)		
	Equity attributable to owners of the parent	367,154,927	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)		
		24,896,722	24,896,722		
	Common equity attributable to owners of the Parent	342,258,205	337,834,939		
	Average common equity attributable to owners of the Parent	340,046,572			
Return on assets**	Net income	44,676,781	35,318,633	2.8%	2.4%
	Total assets	1,571,995,199	1,484,990,734		
Price/Earnings ratio**	Price per share	624.00	616.00	12.48	16.67
	Earnings per common share (Basic)	50.01	36.95		
Other Ratio					
Book value per share*	Common equity attributable to owners of the Parent	369,552,437	342,165,807	596.24	552.64
	Outstanding common shares	619,807	619,143		

*Based on "As at" September 30, 2023 and December 31, 2022 balances.

**Includes both "As at" and "Period ended" September 30, 2023 and 2022 balances.

***Includes both "As at" and "Period ended" September 30, 2023, December 31, 2022, September 30, 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 September 30, 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 ₱8.0 billion as of the nine-month period ended September 30, 2023 with bulk of the funds used for AC Industrial and AC Logistics.

ACEIC

For the nine months ended September 30, 2023, ACEIC's paid capital expenditure amounted to ₱17.4 billion.

As of September 30, 2023 (unaudited) and December 31, 2022 (audited), the completion status of ACEIC's significant capital expenditures follow:

Project	Capacity (MW)	Location	% Completion	
			September 2023 (Unaudited)	December 2022 (Audited)
Pagudpud Wind	160	Ilocos Norte, Philippines	98%	90%
Arayat-Mexico Solar (Phase 2)	44	Pampanga, Philippines	95%	81%
San Marcelino Solar (Phase 1)	283	Zambales, Philippines	94%	68%
Cagayan North Solar (Phase 1)	133	Lal-lo Cagayan, Philippines	98%	60%
Palauig 2 Solar	300	Zambales, Philippines	31%	5%
Capa Wind	70	Caparispisan, Pagudpud, Ilocos Norte, Philippines	82%	<1%
Pangasinan Solar	60	Sinocalan, San Manuel, Pangasinan, Philippines	60%	<1%
New England Solar Farm 1	521	Uralla, New South Wales, Australia	94%	79%
Stubbo Solar	520	Central Western Tablelands, New South Wales, Australia	23%	2%

ALI

For the year 2023, ALI is budgeting ₱85 billion in capital expenditures. Of the total amount, ₱57.64 billion has been disbursed as of September 30, 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\$18.6 million for the nine months of 2023 versus US\$15.94 million for the same period last year. For the full year of 2023, IMI expects to spend approximately US\$25.0 million on capital expenditures for existing operations and new expansion projects.

Globe

For the period ended September 30, 2023, Globe's total cash capital expenditures amounted to ₱54.0 billion or 27% lower compared to a year ago. Bulk of this amount or 91% was allocated for the data requirements to ensure that customers will be able to access the best digital solutions and connectivity anytime.

(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 September 30, 2023 (Unaudited) and December 31, 2022 (Audited)

For the period ended September 30, 2023, the following are among the key transactions of the Group which impacted some accounts in the consolidated balance sheet and income statement:

1. AC's sale and transfer of its MCX concession (or the AC -MCXPCI – PAVI transactions, see Notes 3 and 13).
2. ACEIC – GNPK transaction or ACEIC's disposal of its investment in KPHLC, which owns GN Power Kauswagan Ltd. Co. (GNPK), following the completion of the second tranche of sale of GNPK this period (see Note 20).
3. ACEIC's partial sale of its investment in ACEHI Netherlands (see Note 3 and 10).
4. Impairment provisions for certain assets of the following business units: IMI's STI and AC Industrial's MT Technologies (see Note 3).

Cash and cash equivalents and Short-term investments – 8% increase from ₱77,049 million to ₱82,897 million

Increase came from AC's ₱13.0 billion proceeds from issuance of preferred shares (see Note 17) and ₱3.6 billion from its AC – MCXPCI – PAVI transactions; ACEIC/ACEN's ₱7.0 billion proceeds from issuance of redeemable preference shares (see Note 3) and ₱3.9 billion proceeds from the ACEHI Netherlands transaction; ALI's ₱6.5 billion proceeds from block sale of AREIT shares (see Note 3) and ₱4.8 billion from sale of noncurrent receivables; the Group's short-term and long-term borrowings, collections of various receivables, dividends from associates, joint ventures, and investments in equity securities; offset by outflows for capital infusions, loan principal, interest, CAPEX, and cash dividends. This account is 5% of total assets as of September 30, 2023 and December 31, 2022.

Accounts and notes receivable:

(in Millions)	September 2023	December 2022	% Inc. (Dec.)	% of Total Assets	
				September 2023	December 2022
Current	₱161,670	₱161,602	0%	10%	11%
Noncurrent	109,152	96,029	14%	7%	6%
Total	₱270,822	₱257,631	5%	17%	17%

Combined movements came from ACEIC – GNPK transaction; increase in ALI's receivable from residential business net of sale of noncurrent receivables; ACEIC's loans and interest receivables plus higher trading revenues; and AC Logistics' trade receivables and advances/loans to affiliates and non-affiliates. These accounts are 17% of total assets as of September 30, 2023 and December 31, 2022.

Assets under PFRS 5 – 100% decrease from ₱11,821 million to nil

Decrease attributable to ACEIC – GNPk transaction. This account is less than 1% of total assets as of December 31, 2022.

Investments in associates and joint ventures – 10% increase from ₱328,120 million to ₱360,421 million

Increase attributable to equity earnings less dividends from BPI and MWCI; ALI's, ACEIC's, and AC Infra's additional investments to and higher equity earnings from their investees; ACEIC's reclassification of ACEHI Netherlands transaction including a ₱3.4 billion remeasurement gain (see Note 10). This was offset by Globe's lower contribution due to last year's gain on sale of data center business (despite higher gain on partial sale of tower assets this period). This account is 23% and 22% of total assets as of September 30, 2023 and December 31, 2022.

Property, plant and equipment – 21% increase from ₱114,114 million to ₱137,758 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 AC Industrial's disposal of MT C-Con properties (see Note 3) during the period. This account is 9% and 8% of total assets as of September 30, 2023 and December 31, 2022, respectively.

Right-of-use assets – 11% increase from ₱22,862 million to ₱25,367 million

Increase mainly came from ACEIC's new lease contracts for its solar farm projects. This account is 2% of total assets as of September 30, 2023 and December 31, 2022.

Service concession assets – 100% decrease from ₱1,421 million to nil

Service concession obligation – 100% decrease from ₱112 million to nil

Attributable to AC – MCXPCI – PAVI transactions (see Note 13).

Intangible assets – 6% decrease from ₱43,536 million to ₱43,536 million

Decrease came from IMI's impairment provision (see Note 11) and from period amortization offset by additions (see Note 11). This account is 3% of total assets as of September 30, 2023 and December 31, 2022.

Other noncurrent assets – 38% increase from ₱65,576 million to ₱90,608 million

Increase attributable to ACEIC's ₱18.0 billion restricted cash related ACEN's issuance of redeemable preferred shares (see Note 8), noncurrent input VAT, and advances to contractors. This account is 6% and 4% of total assets as of September 30, 2023 and December 31, 2022, respectively.

Short-term debt – 47% increase from ₱36,527 million to ₱53,814 million

Increase due to borrowings of AC, ALI, and IMI; partly offset by net loan settlements by AC Industrial and AC Logistics (see Note 16). This account is 6% and 4% of total liabilities as of September 30, 2023 and December 31, 2022, respectively.

Accounts payable and accrued expenses – 6% decrease from ₱203,115 million to ₱191,152 million

Decrease due to AC's ₱1.9 billion payment of cash dividends and ₱13.1 billion actual distributions of property dividends (see Notes 14 and 17); offset by ACEIC, ALI, IMI, AC Health, and AC Logistics' higher trade payables and output VAT. This account is 21% and 23% of total liabilities as of September 30, 2023 and December 31, 2022, respectively.

Income tax payable – 12% decrease from ₱1,272 million to ₱1,120 million

Decrease attributable to ALI's payment of its income tax payable. This account is less than 1% of total liabilities as of September 30, 2023 and December 31, 2022.

Other current liabilities – 11% decrease from ₱34,178 million to ₱30,590 million

Decrease mainly due to ALI's settlement of customer deposits to sales bookings. This account is 3% and 4% of total liabilities as of September 30, 2023 and December 31, 2022, respectively.

Lease liabilities – 8% increase from ₱30,344 million to ₱32,825 million

(in Millions)	September 2023	December 2022	% Inc. (Dec.)	% of Total Liabilities	
				September 2023	December 2022
Current	₱3,048	₱2,365	29%	0%	0%
Noncurrent	29,777	27,979	6%	3%	3%
Total	₱32,825	₱30,344	8%	4%	3%

Combined increase driven by ACEIC's new leases for the construction of its solar farms.

Deferred tax liabilities – 10% increase from ₱9,194 million to ₱10,110 million

Increase came from ALI's real estate transactions. This account is 1% of total liabilities as of September 30, 2023 and December 31, 2022.

Pension liabilities – 5% decrease from ₱3,500 million to ₱3,312 million

Decrease attributable to the Group's benefit payments and AC's retirement fund contribution¹ countered by retirement expense and interest during the period. This account is below 1% of total liabilities as of September 30, 2023 and December 31, 2022.

Other noncurrent liabilities – 5% decrease from ₱49,043 million to ₱46,380 million

Decrease due to ALI's reduction in customer deposits. This account is 5% and 6% of total liabilities as of September 30, 2023 and December 31, 2022, respectively.

Paid-in capital – 15% increase from ₱86,380 million to ₱99,188 million

Increase mainly due to AC's ₱12.5 billion proceeds from its reissuance of 5.24 billion Preferred A shares from treasury (see Note 17). This account is 15% of total equity as of September 30, 2023 and December 31, 2022.

Share-based payments – 100% decrease from ₱39 million to nil

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

Remeasurement losses on defined benefit plans – 21% decrease from negative (-)₱4,516 million to negative (-)₱3,550 million

Decrease mainly attributable to 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 September 30, 2023 and December 31, 2022.

Cumulative translation adjustments (CTA) – 10% decrease from ₱4,344 million to ₱3,913 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 ₱56.575 vs. ₱55.76 as of September 30, 2023 and December 31, 2022, respectively. This account is below 1% of total equity as of September 30, 2023 and December 31, 2022.

Equity reserve – 14% decrease from ₱29,092 million to ₱25,000 million

Decrease from ACEIC's acquisition of the remaining 20% interest in UPC Australia and AC Logistics' purchase of additional equity interests in Air21 and its subsidiaries, Air2100, IWMI, and WARM. These were offset by ALI's gain on the sale of block sale of AREIT shares. This account is 4% and 5% of total equity as of September 30, 2023 and December 31, 2022, respectively.

Retained earnings – 11% increase from ₱267,836 million to ₱296,402 million

Increase arose from the overall net income growth of the group net of AC dividends declared. This account is 44% and 45% of total equity as of September 30, 2023 and December 31, 2022, respectively.

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.

Non-controlling interests – 20% increase from ₱228,237 million to ₱273,138 million

Increase came from AC's actual distribution of ACEN shares representing property dividends in 2022; ₱4.2 billion non-controlling share in ALI's gain on AREIT shares block sale; ₱24.8 billion from ACEIC arising from ACEN's redeemable preference shares issuance; ACEIC's acquisition of minority interests of ₱1.9 billion in UPC Australia and AC Logistics' ₱1.5 billion reduced minority interests Air21 and its subsidiaries, Air2100, IWMI, and WARM; higher contributions of ACEIC and ALI subsidiaries net of dividend distributions to non-controlling interests; tempered by IMI's net loss contribution (see Notes 3 and 17). This account is 40% and 38% of total equity as of September 30, 2023 and December 31, 2022, respectively.

Income Statement Items

For the Periods Ended September 30, 2023 and 2022 (Both Unaudited)

Sale of goods and rendering of services – 12% increase from ₱186,086 million to ₱208,202 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 the European Union; AC Industrial's net higher unit automotive sales; and revenue contribution this period of UP Australia, IEM, and Air21, newly consolidated BUs in 2022; despite revenue loss from SLTEC (deconsolidated in 2022). As a percentage of total revenue, this account is at 85% and 86% for the periods ended September 30, 2023 and 2022, respectively.

Share in net profits of associates and joint ventures (AJVs) – 31% increase from ₱26,052 million to ₱34,050 million

Increase due to BPI's higher net interest and non-interest income and lower provision for losses; Globe's gains on sale of tower assets (see Note 10); MWCI's higher revenues and foreign exchange gains; better results from AJVs of ACEIC (including upside from UPC Australia given last year's share in net loss) and ALI; offset by impact of last year's BPI gain on sale of property to Globe and Globe's gain from sale of data center. As a percentage of total revenue, this account is at 14% and 12% for the periods ended September 30, 2023 and 2022, respectively.

Cost of goods sold and rendering services – 8% increase from ₱146,559 million to ₱157,692 million

Increase resulting from improvements in sales as explained above; impact of generally higher prices for direct costs and overhead of various BUs; and consolidated costs of IEM and Air21. As a percentage of total costs and expenses, this account is at 83% and 87% for the periods ended September 30, 2023 and 2022, respectively.

General and administrative expenses (GAE) – 52% increase from ₱21,578 million to ₱32,737 million

Increase driven by ACEIC, IMI, and AC Industrial's provisions related to its Vietnam Wind, STI, and MT C-Con investments, respectively (see Note 3); ACEIC manpower costs driven by higher headcount and the consolidation of UPC Australia; ALI's manpower costs, contracted services, repairs and maintenance, and provisions; additional professional fees across several BUs. These were offset by last year's provision for impairment for the investment in the Yoma group. As a percentage of total costs and expenses, this account is at 17% and 13% for the periods ended September 30, 2023 and 2022, respectively.

Other income – 78% increase from ₱6,022 million to ₱10,718 million

Increase mainly due to AC's ₱2.1 billion pre-tax net gain on AC -MCXPCI – PAVI (see Note 3); ACEIC's gain on settlement of receivable from Provincia in exchange for SPNEC shares, gain on sale of shares in KPHLC (see Note 20), ₱1.1 billion gain on partial sale of investment and ₱3.4 billion remeasurement from ACEHI Netherlands transaction (see Note 3); offset by AC, ACEIC, and IMI's net foreign exchange losses; calculated dilution loss in BPI from its share issuances on stock incentive plans and property dividends.

Interest and other financing charges – 10% increase from ₱20,269 million to ₱22,262 million

Increase came from ALI's higher interest on debt mitigated by lower discounting cost of receivable sales; also from AC, ALI, IMI, and AC Industrial's new borrowings and bond issuances during the

period; interest this period of UP Australia and Air21, newly consolidated BUs in 2022; partly offset by ACEIC's capitalization of certain interest and deconsolidation of SLTEC in 2022.

Provision for income tax (current and deferred) – 31% increase from ₱4,945 million to ₱6,486 million
Increase came from ALI's higher taxable income and AC Industrial's deferred tax asset reversal

Income attributable to owners of the parent – 35% increase from ₱23,895 million to ₱32,313 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 68% for the periods ended September 30, 2023 and 2022, respectively.

Income attributable to non-controlling interests – 8% increase from ₱11,423 million to ₱12,364 million
Increase came from the improvement in current period performance of its non-wholly owned subsidiaries, particularly ACEIC and ALI. As a percentage of total net income, this account is at 28% and 32% for the periods ended September 30, 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

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:

1. 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.
2. 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.
3. On July 18, 2023, the Parent Company's BOD, at its regular meeting, approved the following:
- a. Declaration of regular cash dividend of ₱3.806 per common share
This cash dividend was for the first semester ended June 30, 2023. The record date was August 1, 2023 and payment was on August 17, 2023.
 - b. Declaration of third quarter cash dividend on the outstanding Preferred "B" Series 1 (ACPB1) shares
The cash dividend amounts to ¼ of 5.2500% per annum or ₱6.56250 per share, based on the issue price of the shares. The record date was August 1, 2023 and payment was on August 15, 2023.

As endorsed by our Corporate Governance and Nomination Committee, the Board also approved the following:

- a. The hiring of Mr. Karl Kendrick T. Chua as Managing Director with responsibility for Data Science and AI effective July 1, 2023.

² Excluding seconded officers

- b. The appointment of Mr. Jaime Z. Urquijo as our Chief Sustainability Officer and Chief Risk Officer effective August 1, 2023 taking on the roles from Mr. Alberto M. de Larrazabal, who remains as Chief Finance Officer and Finance Group Head.

Mr. Chua and Mr. Urquijo will be members of the Management Committee.

The Board also approved the change in our stock transfer agency from BPI Stock Transfer Office (BPI STO) to Stock Transfer Service, Inc. effective September 1, 2023. The Stock and Transfer Agency Agreement with BPI STO will be terminated effective end of day of August 31, 2023.

- 4. On July 31, 2023, the Parent Company's BOD approved the declaration of third quarter cash dividends on the outstanding Preferred "B" Series 2 Shares (APB2R) and Preferred "A" Shares (ACPAR). The APB2R cash dividend amounts to $\frac{1}{4}$ of 4.8214% per annum or ₱6.02675 per share and the ACPAR cash dividend amounts to $\frac{1}{4}$ of 6.3587% per annum or ₱39.741875 per share. The record date was August 1, 2023 and payment was on August 15, 2023.
- 5. On July 31, 2023, management approved the appointment of Mr. Mark Robert H. Uy as the Corporation's Co-Head of Corporate Strategy Group, Head of Business Development and Digital Ventures and member of the Corporation's Management Committee effective August 1, 2023. Mr. Uy succeeded Mr. Jaime Alfonso Zobel de Ayala, who was seconded to AC Industrials Technology Holdings to head the AC Motors Group.
- 6. On September 28, 2023, the Parent Company's BOD, at its regular meeting, approved the following:
 - a. Election of Mr. Fernando Zobel de Ayala (FZA) as Director to serve the unexpired term of Ms. Mercedita S. Nollado (Ms. Nollado), who resigned from the BOD effective July 31, 2023. Ms. Nollado previously served in the BOD from 2004 until September 2010 and rejoined the BOD last year, on September 27, 2022, following the resignation of FZA. She resigned in support of FZA's rejoining the BOD to resume his leadership of Ayala's Sustainability initiatives, particularly its Net Zero commitment, which he launched in 2021.

FZA serves as a Special Advisor to the Board of Ayala Land Inc. He previously served as Ayala Corporation's President and Chief Operating Officer for 15 years before assuming the role of Chief Executive Officer until September 27, 2022. He was recently elected as a Director of Bank of the Philippine Islands and Chairman of Ayala Healthcare Holdings, Inc.

- b. The changes in the composition of the following BOD committees with the election of FZA vice Ms. Nollado as:
 - i. Chairman of the Sustainability Committee
 - ii. Member of the Risk Management and Related Party Transactions Committee
 - iii. Member of the Personnel and Compensation Committee
- c. The ratification of the resolution of the BOD's Finance Committee approving the optional redemption of the ₱10.0 billion, 5.2500% Preferred "B" Series 1 shares (ACPB1). The redemption will be effective November 15, 2023 (the 10th year anniversary from the issue date of the shares) by payment in cash of the redemption price equal to 100% of the issue price of the shares plus accrued and unpaid dividends up until November 15, 2023 based on the dividend rate of 5.2500% per annum.
- d. The declaration of the final cash dividend on the outstanding ACPB1 shares. The cash dividend amounts to $\frac{1}{4}$ of 5.2500% per annum or ₱6.56250 per share, based on the issue price of the shares. The record date is October 27, 2023 and payment date is November 15, 2023.

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: November 14, 2023