



May 20, 2021

via electronic mail

SECURITIES AND EXCHANGE COMMISSION

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

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

via PSE EDGE

PHILIPPINE STOCK EXCHANGE, INC.

PSE Tower, 28th Street, cor. 5th Avenue
Bonifacio Global City, Taguig City

ATTENTION : **MS. JANET A. ENCARNACION**
Head, Disclosure Department

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.

Market Regulatory Services Group
29th Floor BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

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

Gentlemen:

Please see enclosed SEC Form 17-Q (1st Quarterly Report 2021) of Aboitiz Equity Ventures Inc.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ EQUITY VENTURES INC.

By:

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

MANUEL ALBERTO R. COLAYCO^{CNC}
Corporate Secretary

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

MANUEL ALBERTO R. COLAYCO

Contact Person

(02) 8-886-2338

Company Telephone Number

1st Quarterly Report 2021

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FORM TYPE

4th Monday of April

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Month Day
Annual Meeting

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Month Day
Fiscal Year

Secondary License Type, if Applicable

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Dept. Requiring this Doc

Amended Articles Number/Section

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Total No. of Stockholders

x

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2021**
2. Commission identification number **CEO2536** 3.BIR Tax Identification No. **003-828-269-V**
4. Exact name of issuer as specified in its charter

ABOITIZ EQUITY VENTURES INC.

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

Philippines

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines **1634**

8. Issuer's telephone number, including area code

(02) 8 886-2800

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

N/A

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
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<u>Common Stock P1 Par Value</u>	<u>5,630,225,457</u>
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<u>Amount of Debt Outstanding (March 31, 2021)</u>	<u>P337,150,100,000.00</u>
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11. Are any or all of the securities listed on a Stock Exchange?

Yes ☒ No ☐

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

Philippine Stock Exchange

Common

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the financial statements and schedule attached herewith.

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

Management's Discussion and Analysis or Plan of Action of Financial Condition and Results of Operations

The following discussion and analysis of the financial condition and results of operations of Aboitiz Equity Ventures Inc. (AEV, the "Company", or the "Parent Company") and its subsidiaries (collectively, the "Group") should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying disclosures set forth elsewhere in this report.

The Group's operating segments are as follows: a.) Aboitiz Power Corporation (AboitizPower) and subsidiaries (collectively, the "Power Group"), b.) Banking and Financial Services, c.) Pilmico Foods Corporation and subsidiaries, and Pilmico International Pte. Ltd. (Pilmico International) and subsidiaries (collectively, the "Food Group"), d.) Infrastructure, and e.) AboitizLand, Inc. (AboitizLand) and subsidiaries (collectively, the "Real Estate Group").

TOP FIVE KEY PERFORMANCE INDICATORS

Management uses the following indicators to evaluate the performance of AEV and its subsidiaries:

1. EQUITY IN NET EARNINGS OF INVESTEEES

Equity in net earnings (losses) of investees represents the Group's share in the undistributed earnings or losses of its associates and joint ventures for each reporting period subsequent to the acquisition of the said investment. This account reflects the result of the operating performance of associates and joint ventures and indicates its contribution to the Group's consolidated net income.

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

2. EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA)

The Company computes EBITDA as earnings before extraordinary items, net finance expense, income tax provision, depreciation and amortization. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group's ability to service its debts and to finance its capital expenditure and working capital requirements.

3. CASH FLOW GENERATED

Using the Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the Group manages its profit and uses its internal and external sources of capital. This aids management in identifying the impact on cash flow when the Group's activities are in a state of growth or decline, and in evaluating management's efforts to control the impact.

4. CURRENT RATIO

Current Ratio is a measurement of liquidity, calculated by dividing total current assets by total current liabilities. It is an indicator of the Group's short-term debt-paying ability. The higher the ratio, the more liquid the Group.

5. DEBT-TO-EQUITY RATIO

Debt-to-Equity Ratio indicates how leveraged the Group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total liabilities by total equity.

KEY PERFORMANCE INDICATORS (KPI)

(Amounts in thousands except financial ratio data)

	JAN-MAR 2021	JAN-MAR 2020
EQUITY IN NET EARNINGS OF INVESTEEES	₱6,983,948	₱1,820,405
EBITDA	17,950,810	11,756,046
CASH FLOW GENERATED:		
Net cash flows from operating activities	10,359,588	11,226,370
Net cash flows from (used in) investing activities	2,628,647	(4,123,779)
Net cash flows from (used in) financing activities	(6,111,599)	23,343,830
Net Increase in Cash & Cash Equivalents	6,876,636	30,446,421
Cash & Cash Equivalents, Beginning	65,966,411	46,424,663
Cash & Cash Equivalents, End	72,751,430	76,796,662
	31 MARCH 2021	31 DECEMBER 2020
CURRENT RATIO	1.6	1.6
DEBT-TO-EQUITY RATIO	1.7	1.7

Equity earnings in investees increased by 284% from ₱1.8 billion (bn) during the first three months of 2020 to ₱7.0 bn during the first three months of 2021. The increase was due to: (i) higher output of SN Aboitiz Power-

Magat, Inc. (SN AboitizPower-Magat) and SN Aboitiz Power-Benguet, Inc. (SN AboitizPower-Benguet) hydro power plants resulting from higher water inflows, (ii) higher earnings of Union Bank of the Philippines (UnionBank, or the “Bank”), and (iii) GNPowr Dinginin Ltd. Co.'s (GNPD) recognition of income on liquidated damages for the delay in the construction of its power plant.

Consolidated EBITDA translated into substantial cash inflows coming from subsidiaries' operations. These inflows, coupled with dividends received from associates and joint ventures are the main source of internally-generated funds, which are then used to finance capital expenditures, fund additional investments into associates, and pay dividends and interest.

With the recorded increase in both total liabilities and equity during the first three months of 2021, Debt-to-Equity ratio remained at the end-2020 level of 1.7x. Current Ratio likewise remained at the end-2020 level of 1.6x, as both current assets and current liabilities grew during the first three months of 2021.

REVIEW OF JANUARY-MARCH 2021 OPERATIONS COMPARED TO JANUARY-MARCH 2020

RESULTS OF OPERATIONS

For the three-month period ended 31 March 2021, AEV and its subsidiaries posted a net income attributable to the equity holders of Parent Company (“Net Income to Equity Holders of AEV”) of ₱8.6 bn, a 322% increase year-on-year (YoY). This translated to earnings per share of ₱1.52 for the period. The Power Group accounted for the bulk of the income contributions to AEV at 54%, followed by the Banking and Financial Services, Infrastructure, Food, and Real Estate Groups at 26%, 10%, 7%, and 3%, respectively.

During the first three months of 2021, the Group generated non-recurring losses of ₱219 million (mn) (compared to ₱262 mn for the corresponding period in 2020) due to the goodwill write-off related to City Savings Bank, Inc. (CitySavings). Without these one-off losses, the Group’s core net income for the first three months of 2021 was ₱8.8 bn, 283% higher YoY. AEV recorded a 53% increase in consolidated EBITDA for the first three months of 2021 compared to the same period in 2020, from ₱11.8 bn to ₱18.0 bn.

MATERIAL CHANGES IN LINE ITEMS OF REGISTRANT’S STATEMENTS OF INCOME AND OF COMPREHENSIVE INCOME

The following discussion describes material changes in the line items of the Company’s statement of income and of comprehensive income for the three months ended 31 March 2021 compared to the three months ended 31 March 2020.

Revenues

Sale of Power

The Group’s revenue from sale of power by the Power Group decreased by 4% or ₱1.0 bn, from ₱27.8 bn in the three months ended 31 March 2020 to ₱26.8 bn in the three months ended 31 March 2021. The decrease was primarily attributable to lower demand resulting from government imposed community quarantines to control the spread of COVID-19. The decrease was partly offset by (i) higher output of hydro power plants resulting from higher water inflows, (ii) higher availability of thermal power plants, and (iii) higher sales to the Wholesale Electricity Spot Market (WESM). The Group’s sale of power comprised 61% and 58% as a percentage of total revenues in the three months ended 31 March 2020 and 31 March 2021, respectively.

Sale of Goods

The Group's revenue from sale of goods increased by 12% or ₱2.0 bn, from ₱16.9 bn in the three months ended 31 March 2020 to ₱18.8 bn in the three months ended 31 March 2021. The increase was primarily due to higher feeds volume and selling prices. The Group's sale of goods comprised 37% and 40% as a percentage of total revenues in the three months ended 31 March 2020 and 31 March 2021, respectively.

Real Estate

The Group's revenue from real estate increased by 15% or ₱76 mn, from ₱508 mn in the three months ended 31 March 2020 to ₱584 mn in the three months ended 31 March 2021. The increase was primarily attributable to AboitizLand's higher revenue recognition from increased construction activities of its residential business segment, as well as increased sales of high value lots. As a percentage of total revenues, the Group's revenue from real estate comprised 1% in both the three months ended 31 March 2020 and 31 March 2021.

Other Revenues

The Group's combined revenue from the fair value of swine, service fees, and other sources decreased by 16% or ₱62mn, from ₱377 mn in the three months ended 31 March 2020 to ₱316 mn in the three months ended 31 March 2021. As a percentage of total revenues, the Group's other revenues comprised 1% in both the three months ended 31 March 2020 and 31 March 2021.

Costs and Expenses

Cost of Generated and Purchased Power

The Group's cost of generated and purchased power decreased by 15% or ₱2.4 bn, from ₱15.6 bn in the three months ended 31 March 2020 to ₱13.3 bn in the three months ended 31 March 2021. The decrease was due to lower volume of purchased power resulting from better plant availability. As a percentage of total costs and expenses, the Group's cost of generated and purchased power comprised 40% and 34% in the three months ended 31 March 2020 and 31 March 2021, respectively.

Cost of Goods Sold

The Group's cost of goods sold increased by 15% or ₱2.1 bn, from ₱14.3 bn in the three months ended 31 March 2020 to ₱16.5 bn in the three months ended 31 March 2021. The increase was primarily attributable to higher cost of raw materials of the Food Group. As a percentage of total costs and expenses, the Group's cost of goods sold comprised 37% and 43% in the three months ended 31 March 2020 and 31 March 2021, respectively.

Operating Expenses

The Group's operating expenses decreased by 2% or ₱0.2 bn, from ₱8.7 bn in the three months ended 31 March 2020 to ₱8.5 bn in the three months ended 31 March 2021. The decrease was primarily attributable to lower personnel-related costs and travel expenses. As a percentage of total costs and expenses, the Group's operating expenses comprised 22% in both the three months ended 31 March 2020 and 31 March 2021.

Other Costs and Expenses

For the three months ended 31 March 2021, the Group's other costs and expenses, which consist primarily of the cost of real estate sales and overhead expenses, remained at ₱0.3 bn, compared to the same period in 2020. As a percentage of total costs and expenses, the Group's other costs and expenses comprised 1% in both the three months ended 31 March 2020 and 31 March 2021.

Operating Profit

As a result of the foregoing, the Group's operating profit increased by 21% or ₱1.4 bn, from ₱6.6 bn in the three months ended 31 March 2020 to ₱8.0bn in the three months ended 31 March 2021.

Income Before Income Tax

The Group's income before income tax increased by 177% or ₱7.0bn, from ₱3.9 bn in the three months ended 31 March 2020 to ₱10.9 bn in the three months ended 31 March 2021. The increase was due to higher operating profit and equity earnings.

Net Income

As a result of the foregoing, the Group's Net Income to Equity Holders of AEV increased by 322% or ₱6.5 bn, from ₱2.0 bn in the three months ended 31 March 2020 to ₱8.6 bn in the three months ended 31 March 2021.

Net income attributable to non-controlling interests for the three months ended 31 March 2021 increased to ₱2.0 bn, from ₱1.0 bn in the three months ended 31 March 2020. The increase was primarily due to higher consolidated net income of AboitizPower during the first three months of 2021.

STRATEGIC BUSINESS UNITS (SBU)

The following discussion describes the performance of the Group's SBUs for the three months ended 31 March 2021 compared to the three months ended 31 March 2020, before taking into account the adjustments arising from the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act.

Power

For the three months ended 31 March 2021, the Power Group's contribution to Net Income to Equity Holders of AEV, before elimination of transactions within the Group, was ₱4.8 bn, a 200% increase from ₱1.6 bn in the three months ended 31 March 2020.

Before elimination of transactions within the Group, the combined contribution of AboitizPower's Power Generation and Retail Electricity Supply Groups to Net Income to Equity Holders of AEV increased by 225%, from ₱1.5 bn in the three months ended 31 March 2020 to ₱4.7 bn in the three months ended 31 March 2021. The variance was primarily due to higher water inflows, improved availability of thermal plants, higher spot sales, and other income from liquidated damages and recoveries from business interruption claims.

Capacity sold increased from 3,445 megawatts (MW) during the three months ended 31 March 2020 to 3,558 MW in the three months ended 31 March 2021. Energy sold during the three months ended 31 March 2021 increased by 8% to 6,130 gigawatt-hours (GWh) from 5,675 GWh in the same period in 2020.

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV of AboitizPower's Power Distribution Group increased by 6% from ₱789 mn in the three months ended 31 March 2020 to ₱839 mn in the three months ended 31 March 2021. The increase was mainly due to lower income tax provision. Energy sales decreased by 8% to 1,308 GWh during the three months ended 31 March 2021 from 1,429 GWh in the three months ended 31 March 2020.

Banking & Financial Services

UnionBank's contribution to Net Income to Equity Holders of AEV increased by 79% YoY, from ₱1.3 bn in the three months ended 31 March 2020 to ₱2.4 bn in the three months ended 31 March 2021. The increase was primarily due to higher net interest income attributable to the robust growth of Current Account and Savings Account (CASA) deposits, and the increase in non-interest income mainly driven by higher trading gains.

Food

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from the Food Group increased by 262% to ₱630 mn in the three months ended 31 March 2021, compared to ₱174 mn in the three months ended 31 March 2020.

For the three months ended 31 March 2021, the Food Group's Philippine subsidiaries reported a net income of ₱538 mn compared to a ₱29 mn net loss in the three months ended 31 March 2020. The recovery was mainly due to the (i) improved pricing of the Farms business segment as the spread of the African Swine Fever (ASF) lowered the supply of pork in the market, and (ii) improved per unit gross profit and volume of the Flour business segment.

Before elimination of transactions within the Group, Pilmico International and its subsidiaries, recorded a net income of ₱92 mn in the three months ended 31 March 2021, a 55% decrease compared to the three months ended 31 March 2020. This was due to increased raw material costs.

Real Estate

The contribution of AboitizLand to Net Income to Equity Holders of AEV during the three months ended 31 March 2021, before elimination of transactions within the Group, amounted to ₱101 mn, an improvement from ₱110 mn net loss in the three months ended 31 March 2020. This increase was mainly due to higher revenue recognition from increased construction activities of AboitizLand's residential business segment, as well as increased sales of high value lots.

Infrastructure

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from the Infrastructure Group increased by 838% to ₱318 mn during the three months ended 31 March 2021, compared to ₱34 mn in the three months ended 31 March 2020. This mainly came from the contribution of

Republic Cement and Building Materials, Inc. and its subsidiaries which increased from ₱61 mn in the three months ended 31 March 2020 to ₱334 mn in the three months ended 31 March 2021. This was mainly due to the ramp up in sales volume resulting from new cement production capacities in Bulacan and Iligan, reduced costs, and increased overall production efficiency.

CREATE Tax Adjustments

The Group reflected the changes in the current and deferred income taxes for the three-month period ended 31 March 2021, including the retroactive effect of the change in tax rates arising from the CREATE Act, reducing provisions for current and deferred income tax by ₱0.6 bn.

CHANGES IN REGISTRANT'S RESOURCES, LIABILITIES AND SHAREHOLDERS' EQUITY

Assets

Consolidated assets (as of 31 March 2021 compared to 31 December 2020) increased by 2% to ₱620.8 bn, due to the following:

- Cash & Cash Equivalents increased by 10% (₱72.8 bn as of 31 March 2021 compared to ₱66.0 bn as of 31 December 2020) mainly due to the receipt of proceeds from the issuance of retail bonds of AboitizPower, and cash dividends from associates and joint ventures.
- Inventories increased by 6% (₱22.9 bn as of 31 March 2021 compared to ₱21.6 bn as of 31 December 2020) mainly due to higher spare parts and supplies inventory of the Power Group, and higher raw materials inventory of the Food Group.
- Investments in and Advances to Associates and Joint Ventures increased by ₱2.3 bn (₱147.7 bn as of 31 March 2021 compared to ₱145.4 bn as of 31 December 2020) mainly due to AboitizPower's ₱952 mn additional infusion into GNPD, and the recording of ₱7.0bn share in net earnings of associates and joint ventures. This increase was partially reduced by the ₱5.9 bn dividends from associates and joint ventures during the period.
- Deferred Income Tax Assets (DTA) decreased by 7% (₱1.9 bn as of 31 March 2021 compared to ₱2.0 bn as of 31 December 2020) mainly due to the revaluation of DTA arising from the CREATE Act.
- Other Noncurrent Assets (ONCA) increased by 6% (₱15.3 bn as of 31 March 2021 compared to ₱14.6 bn as of 31 December 2020) primarily due to additional investments in financial assets.

Liabilities

Total Liabilities (as of 31 March 2021 compared to 31 December 2020) increased by 2% to ₱392.7 bn, due to the following:

- Bank loans increased by 9% (₱32.0 bn as of 31 March 2021 compared to ₱29.3 bn as of 31 December 2020) mainly due to short-term debt availments by the Power Group.
- Long-term debt, which includes both current and non-current portions, increased by 2% (₱266.7 bn as of 31 March 2021 compared to ₱261.0 bn as of 31 December 2020) mainly due to the following: (i) the issuance of retail bonds by AboitizPower amounting to ₱8.0 bn, and (ii) the ₱780 mn availment by Therma Marine, Inc.
- Derivative liabilities (net of Derivative assets, current and noncurrent) decreased by 45% from ₱2.0 bn as of 31 December 2020 to ₱1.1 bn as of 31 March 2021. This was mainly due to the Power Group's hedging gains.

- Deferred income tax liabilities (DTL) decreased by 14% from ₱2.4 bn as of 31 December 2020 to ₱2.1 bn as of 31 March 2021. This was mainly due to the revaluation of DTL arising from the CREATE Act.
- Pension Liabilities (net of Pension assets) increased by 6% to ₱487mn as of 31 March 2021 compared to ₱459mn as of 31 December 2020 mainly due to additional retirement cost recorded by the Group.

Equity

Equity attributable to equity holders of the parent (as of 31 March 2021 compared to 31 December 2020) increased by ₱4.1bn, from ₱183.1 bn to ₱187.1 bn, due to the following:

- ₱8.6 bn net income recorded during the relevant period; and
- ₱0.7 bn movement in cumulative translation adjustments mainly from hedging gains.

These were partly offset by the ₱5.1 bn cash dividends paid.

MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT

For the three months ended 31 March 2021, the Group continued to support its liquidity mainly from cash generated from operations, additional loans availed, and dividends received from associates and joint ventures.

Compared to the cash inflow in the three months ended 31 March 2020, consolidated cash generated from operating activities in the three months ended 31 March 2021 decreased by ₱0.9 bn to ₱10.4 bn. This was mainly due to higher working capital requirements and taxes paid, which were partly offset by higher earnings before interest, depreciation and amortization.

As of 31 March 2021, ₱2.6 bn net cash was generated from investing activities compared to ₱4.1 bn used during the three months ended 31 March 2020. This was mainly due to higher cash dividends received from associates and joint ventures compared to the same period in 2020.

Net cash used in financing activities was ₱6.1 bn for the three months ended 31 March 2021 compared to ₱23.3 bn generated in the three months ended 31 March 2020. The decrease was largely attributed to payment of cash dividends in the first quarter of 2021 and the proceeds from the \$400 mn bond issuance in the first quarter of 2020.

For the three months ended 31 March 2021, net cash inflows surpassed cash outflows, resulting in a 10% increase in cash and cash equivalents from ₱66.0 bn as of year-end 2020 to ₱72.8 bn as of 31 March 2021.

FINANCIAL RATIOS

The Group's financial ratios remained healthy in the three months ended 31 March 2021. Current Ratio remained the same as the end-2020 level of 1.6x, as both current assets and current liabilities grew. Debt-to-Equity ratio likewise remained at year-end 2020's 1.7:1, with total liabilities and equity both increasing during the first three months of 2021.

Outlook for the Upcoming Year/Known Trends, Events, and Uncertainties Which May Have a Material Impact on Registrant

Based on information provided by UnionBank's Economic Research Unit, the Company expects the Philippines' GDP to grow by 4.0% in 2021 and 6.4% in 2022. A more robust economic recovery may take place during 2021 in the event of an immediate and non-risk averse re-opening of the economy, a higher fiscal stimulus program on top of an already accommodative monetary policy since 2020, and the achievement of herd immunity on the back of an efficient and quick rollout of the COVID-19 vaccination program.

Power SBU

AboitizPower remains focused on addressing the needs of its markets, namely: (1) providing reliable supply, at a (2) reasonable cost, and with (3) minimal impact on the environment and communities. The company believes that there is no single technology that completely addresses the country's energy requirements; and that to address the deficiency, a mix of power generation technologies is necessary. Thus, AboitizPower continues to pursue both renewable projects and thermal technologies where and when it makes sense.

Despite increased competition in the power generation market, AboitizPower believes that it has built the foundation to sustain its long term growth, as seen in its pipeline of six (6) new power generation projects: (1) the GNPD project; (2) the SN AboitizPower-Magat Floating Solar project; (3) the AP Renewables Inc. (APRI) steam drilling project; (4) the Therma Marine, Inc.'s (TMI) Hybrid Battery Energy Storage System (BESS) project; (5) the SN AboitizPower-Magat BESS project; and (6) the Pangasinan Solar project.

The GNPD project is in the final stages of construction, with Unit 1 achieving first synchronization last 5 February 2021. The commissioning and testing of Unit 1 is currently ongoing and is targeted for commercial operations in August 2021. For Unit 2, recent COVID-19 developments have affected the travel and mobility of foreign technical experts required to commission certain equipment and systems. It is currently expected to start commercial operations in the first quarter of 2022.

In June 2019, SN AboitizPower-Magat switched on its first 200kW floating solar project over the Magat reservoir in Isabela. This was the first non-hydro renewable energy project of SN AboitizPower Group, which was looking at other renewables and complementary technologies to expand its portfolio. The SN AboitizPower-Magat floating solar project has proven its technical and commercial viability. The project is currently in the detailed feasibility study stage which is expected to run for 10 to 12 months. Based on the results of the pre-feasibility studies, phase one of the project will be for 67 MW. The plan is to install up to 150 MW, depending on the final technical solution and layout.

In relation to AboitizPower's existing capacity, the steam field operator for APRI has commenced the drilling of 12 new wells, which are expected to result in a minimum 50 MW of additional steam capacity by 2022. The first Steam Production Enhancement Campaign (SPEC) make-up well for APRI's MakBan Plant has been completed and started flowing into the system since April 10, 2021, providing added steam to Makban Plant B. Evaluation of the incremental steam is ongoing with additional two wells expected to be completed by May and July this year. A total of three new make-up wells are expected to be online and contribute to around 15 MW of MakBan's generation within 2021. APRI is also developing a 14 MW Binary power plant project in Tiwi, Albay. After a round of technical clarifications, APRI has evaluated updated bids from binary power plant vendors. Negotiations with top ranked bidders for design optimization and final contracting are currently ongoing. APRI is expected to award the project by year-

end, while commissioning is targeted by 2023. These projects are significant because it will allow APRI to optimize its current net sellable capacity of 290 MW.

In November 2020, AboitizPower announced its two battery projects. TMI Hybrid BESS project (“TMI BESS”) is located in Maco, Compostela Valley. It has a storage capacity of 49 MW and is intended to be used for ancillary services. Development activities are ongoing to integrate the battery energy storage system with TMI’s Maco oil barge. The TMI BESS project is targeted to commence commercial operations in the first half of 2022. TMI’s hybrid BESS is one of the 12 projects with a total capacity of 248 MW for regulating and contingency reserves which the company is targeting to develop in the next 10 years. It will serve as a model for future battery investments, as well as hybrid renewable energy projects.

SN AboitizPower-Magat’s BESS project (“SNAP BESS”) is located in Ramon, Isabela. It has a storage capacity of 20 MW and will be used to provide ancillary services. Site survey works have been completed as part of the pre-construction. The project is in the middle of the early works phase with tendering still in process and necessary permits being secured from various agencies and the LGU. Construction will commence in the second half of this year, while commercial operations will commence in the second half of 2024. In connection with the project, SN AboitizPower-Magat is also looking at upgrading the Magat-Santiago transmission line which is now included in the Transmission Development Plan of the National Grid Corporation of the Philippines. The benefit of this upgrade is to ensure full dispatch of the Magat power plant capacity, battery energy storage system and proposed expansion in the floating solar.

AboitizPower is also aiming to start the construction of a 73 MW solar project, in Pangasinan, within the second half of 2021.

AboitizPower’s plan is to double its net attributable capacity by the end of the decade, with a target of more than 9,000 MW by 2030. This is expected to come from a portfolio of renewables and selective baseload builds, with the optionality for either coal or gas facilities.

AboitizPower aims to maximize opportunities from the implementation of the Renewable Portfolio Standards (RPS) by the Department of Energy (DOE) starting in 2021. In line with DOE’s aspirational goal of a 35% share in renewable energy utilization by 2030, RPS is a market-based policy that mandates power distribution utilities, electric cooperatives, and retail electricity suppliers to source an agreed portion of their energy supplies from renewable energy facilities. The company will continue to pursue international opportunities, with a continued focus on renewable energy projects in wind, hydro, and solar in high-growth geographic markets with acceptable regulatory environments. With all of these combined, the company aspires to achieve a 50:50 balance between its Cleanenergy and thermal portfolios.

AboitizPower fully supports the DOE’s coal moratorium efforts to make the Philippine energy system more flexible, resilient, and sustainable. The company has been a pioneer of renewable energy in the country and currently has the highest megawatts in renewable installed capacity based on market control. AboitizPower’s diversification into thermal technologies was primarily driven by the country’s need for a reliable, accessible, and affordable power supply.

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

AboitizPower, together with its partners, has allotted ₱23 bn for capital expenditures in 2021, about 70% of which is for expansions and upgrades. These include the remaining investment for the GNPD's construction, as well as for the company's battery energy storage system projects.

Despite the challenges posed by the global pandemic and the currently challenging business situation, the company continues to operate with its business continuity plans in force, in accordance with the protocols and guidelines of the government's community quarantine. AboitizPower will continue to provide the country with the much-needed power supply for hospitals, government institutions, and critical businesses, while ensuring the safety of its teams, partners, and communities.

Other known trends, events, uncertainties which may have a material impact on AboitizPower have been discussed extensively in sections of the Company's Information Statement (e.g. for an extensive discussion on regulatory issues, see Effects of Existing or Probable Government Regulations on the Business on page 100 of the Company's 2020 Definitive Information Statement.)

Banking & Financial Services SBU

UnionBank continues to pursue its business transformation roadmap towards its vision to become one of the top three universal banks in the Philippines in terms of return on equity, return on assets, and cost-efficiency. Rather than traditional metrics such as asset size or branch network, this transformation roadmap shifts the Bank's focus on providing financial value to stakeholders, operational excellence, customer franchise or share of wallet, unique customer experience, and delivering superior and innovative products and services.

To fulfill its vision, the Bank's primary goal is to become one of the country's great retail banks by increasing its core earning asset base, attaining balanced sources of revenues, and shifting towards a recurring income business model as it fortifies its balance sheet.

The Bank has shown progress in achieving its primary goal. Over a 10-year period, the majority of the Bank's revenues are already recurring in nature as its loan portfolio continues to grow above industry. Likewise, the retail segment already accounts for a significant portion of the Bank's revenues.

UnionBank continues to leverage on its core strengths: (i) Capital, (ii) Branch Transformation, (iii) Corporate Relationships, (iv) Processes, (v) Partners, and (vi) its unique UnionBank DNA. It leverages on Capital by prompting a shift from trading to building recurring income to generate stable returns and predictability in the growth of shareholder value. It leverages on Branch Transformation by establishing the competence of the Bank's sales force, rather than expanding the brick-and-mortar network, to cater to changing customer expectations. It leverages on Corporate Relationships by providing superior cash management solutions to anchor clients and in the process, penetrate their entire ecosystem. It leverages on Processes by building the foundation of the Bank's automation and digital transformation initiatives. It leverages on Partners by building synergies for the expansion of products and services, as well as customer reach. It leverages on having a unique UnionBank DNA by building the right culture and organizational capabilities. The Bank also leverages its subsidiaries, such as CitySavings, to serve the unbanked or underbanked segment for inclusive prosperity.

In 2015, the Bank embarked on a Digital Transformation Strategy to gain a competitive advantage and capitalize on the eventual shift of the Philippine banking industry towards digitalization. The Banks' Digital Transformation Strategy consisted of two objectives:

- 1) To strengthen its business model by repositioning itself into an agile and digitally-transformed universal bank. The Bank's strategy was (i) to apply higher technologies into its core banking

systems and processes to quickly respond to changing customer behavior; and (ii) to employ its digitized processes to transform CitySavings and its subsidiaries into digital mass market focused-banks. The goal was to reach the underbanked and unbanked segments and employ the Bank's digitized processes to improve operational efficiencies in order to ramp up scale and accelerate achieving inclusive prosperity.

- 2) To search for new business models where banking may become embedded or disintermediated in people's day-to-day lives. The objective was to immerse the Bank in emerging technologies such as blockchain and the token economy which may disrupt the business of banking. The Bank sought to develop, enable, and invest in financial technologies ("fintech") companies, as their business models may evolve into the future of the financial landscape. Moreover, the Bank planned to make technology its core and to deliver digital platforms and solutions to meet its clients' banking needs. All these served to integrate the Bank in any supply and demand chain, making the Bank indispensable in a future where banking will no longer be a transaction choice but part of an integrated experience. These have, since 2019, been led by UBX PH, the Bank's technology and innovation Subsidiary.

Coming from Phase 1 (i.e. building the foundational infrastructure to be "Digital to the Core") and Phase 2 (i.e. launch of critical customer channels), UnionBank is already in Phase 3 of its Digital Transformation – the monetization and commercialization of the Bank's digital transformation. With the key channels and platforms now in place, the Bank is focused on accelerating its customer acquisition and deepening engagement across all digital channels to achieve sustained growth of its lending and deposit businesses and, at the same time, reap operational efficiencies from its digital investments.

UBX PH is also ramping up operations with its flagship platforms, namely: (i) *i2i* (a financial platform for financial institutions); (ii) *BUX* (a payment gateway and logistics fulfillment platform for online merchants); (iii) *Sentro* (a free online shop builder embedded with a payment gateway); and (iv) *SeekCap* (a lending marketplace for MSMEs offering various financing options and faster approvals).

Without a doubt, 2020 was a challenging year across different industries due to the pandemic. The Bank is aligned with the consensus expectation that there will be a gradual path to economic recovery. Thus, while the Bank sees improvements in business activity and consumer sentiment in 2021, risks remain based on the economic indicators of certain sectors that have not yet fully recovered.

Consequently, the Bank expects a low interest environment to persist to help stimulate recovery until certain economic growth factors such as credit demand or consumer spending normalize.

The pandemic also accelerated the shift of consumer behavior towards digital banking. The industry and the Bank experienced immense growth in electronic transactions (e.g., fund transfers, bills payment, etc.), as well as increased users of digital channels and applications in 2020. The Bank expects this trend to continue, especially as more Filipinos discover and experience the advantages of digital payments and digital banking.

With the Bank's digital thrust, the Bank believes it is well-positioned to leverage on these trends as it carries on with the commercialization program of its transformation. The Bank aims to (i) accelerate digital acquisition of customers; (ii) continue to maximize engagement via digital marketing, data science, and artificial intelligence; (iii) progress towards DevSecOps to ramp up product development and testing; and (iv) continue pioneering experimentations to remain ahead of developments in the industry. To support these initiatives, the Bank has allotted more than ₱2 bn for capital expenditures in 2021.

The Bank continues to believe that its strong capitalization and above-industry profitability and efficiency ratios will continue to provide it with a cushion against potential economic headwinds.

Food SBU

The Food Group, composed of AEV's non-listed multinational food subsidiaries, is an integrated regional agribusiness and food manufacturing company based in the Philippines and Singapore. Its businesses in the Philippines include flour milling, feed milling, livestock farming, and commodity trading. It remains one of the Philippines' top flour, feeds, and farm market participants and has a nationwide presence.

The Food Group intends to build a comprehensive animal nutrition platform in Asia to capitalize on the global trend of rising protein consumption. The strategy is to build a balanced portfolio of products and services that will serve both existing and future customers and markets, while it sustains and strengthens the profitability of existing businesses.

The acquisition of Gold Coin Management Holdings Pte. Ltd. and its subsidiaries (the "Gold Coin Group") was a major to fulfill this objective by the Food Group to expand its customer base and geographic reach. Following the acquisition, the Company believes the Food Group to be the fourth largest animal feed producer in Southeast Asia based on internal market data on the capacities of major players within the market. The Food Group has and continues to harness synergies across its local and international subsidiaries in terms of distribution, localized operations, cross-selling, research and development, raw materials, and logistics costs.

The Food Group continues to face the challenges of the COVID-19 global pandemic and the ASF head on. But trusting in the Group's strategy of "Balance, Optimize, and Develop", it was able to mitigate the decline in its bottom-line last year and continue to improve on it to-date. This was evidenced by the increase in the first quarter of 2021 net income of the Feeds and Flour business segments and the rebound of the Farms business from a loss in the same period in 2020. For the remaining months of 2021, the Food Group continues to maintain a balanced portfolio that will maximize opportunities and minimize associated risks, amidst the continuing challenges posed by COVID-19 and ASF. This will be optimized through execution excellence founded on harmonized processes and systems of the entire Food Group. Furthermore, the Food Group will continue to build and develop capabilities to innovate and expand the business. Overall, this approach will serve as the compass in steering the Food Group to achieve its growth targets in the coming years.

The Flour business will continue employing the improved two-pronged market strategy of: (i) maximizing growth potential in the Visayas region and Mindanao island, while (ii) building and developing new channels in Luzon for future exploration of new geographical territory. The Flour business likewise intends to move forward in the value chain as it continues selling value-added flour products and potentially expanding into a more diversified product portfolio.

The Farms business continues to find and capitalize on opportunities amidst the challenges of ASF in the swine farming industry. It is believed that ASF has wiped out over a third of the Philippines' pig stocks and is now threatening the country's food security. The lingering effect of the disease has resulted in a severe shortage of pork, an important part of the Filipino diet, resulting in a rise in prices of many food items. This presents an opportunity for an immediate expansion and benefit on the high prices of pig and pork products. Farms' sow level capacity is expected to reach 29,020 heads by 2029. The increase in volume comes with opportunities to unlock more distribution channels and to push forward integration in the value chain.

In August 2020, the Food Group operationalized its meat fabrication and processing plant in Tarlac, which is expected to provide more stable profitability through selling high-margin pork meats compared to live hog selling. The pork meat products are now made available in the Philippines through different digital platforms such as Lazada and via online selling from the Food Group's branded meat store – "The Good Meat". The targeted increase in layers capacity still remains, which is expected to result in a monthly production of 22 mn eggs by 2025.

Feeds Philippines seeks to solidify its market position through expanding production in strategic locations in the Visayas and Mindanao regions in the next five (5) years. Feeds Philippines operationalized its third feed mill in Iligan in November 2020, and now serves the growing requirements of its Visayas and Mindanao customers. To support the wider market, the Food Group employs platform improvements in logistics to enhance operational agility and improve customer experience. Lastly, continuous product developments through precise nutrition and feeding management, the introduction of Pet Food, and building-up of Specialty Nutrition will be key to a strengthened and diversified Feeds portfolio.

The Gold Coin Group will continue to pursue (i) fast-growing segments like aqua feeds and (ii) attractive geographies where it has a captive market and the ability to compete. An additional fish feed line located in Malaysia (West Port, Malaysia) with a capacity of five (5) tons per hour ("TPH") to expand its position in fish, commenced operations in April 2021. This year, China will pursue geographic expansion to Guangxi via capital light options (leasing) to serve the customers from Guizhou province (currently being supplied by Yunnan) and save on freight at the same time.

In terms of operations, the Food Group continues to find synergies between Pilmico Philippines and Gold Coin through intercountry trade, group purchasing, optimization of IT shared services, and mitigating foreign exchange risk to trim expenses. All these strategies mentioned are expected to increase profits and boost bottom line figures.

With all of these strategies in place and in the pipeline, Food Group aims to achieve better results amidst any unforeseeable future challenges.

Food Group has allotted ₱4 bn for capital expenditures in 2021.

Infrastructure SBU

Aboitiz InfraCapital, Inc. (Aboitiz InfraCapital)

Aboitiz InfraCapital remains committed to participating in the Philippine infrastructure space and contributing to its economic recovery amid the COVID-19 pandemic.

Industrial

Aboitiz InfraCapital aims to scale the growth of its industrial-anchored mixed-use estates to capitalize on emerging market opportunities. It's strategy is to (i) on time completion of construction activities within the Integrated Economic Centers (IEC), and (ii) the completion of critical land banking activities. During the first quarter of 2021, construction activities within the IEC have progressed as targeted and remained on track to be completed within schedule.

Lima Land, Inc. (LIMA Land) continues to strengthen its portfolio with 50% of its current inventory already reserved and a healthy pipeline of prospective locators as of first quarter of 2021. Acquisition, planning, and design developments of its expansion are ramping up to cater to the increasing demand for industrial lots in Batangas. Furthermore, West Cebu Industrial Park - the industrial zone in Balamban, Cebu - is set

to break ground on its expansion by the first quarter of 2022 and is expected to be completed in 18 months. With the limited availability of industrial lots in PEZA-proclaimed economic zones in Cebu, this expansion project addresses the demand for both new and expanding locators in medium to heavy industries.

The demand for industrial lots remains strong despite challenges brought upon by the pandemic. The investment climate is expected to improve as fiscal incentives from the recently passed CREATE Law have become clear. Under the CREATE Law, incentives such as Income Tax Holidays and Special Corporate Income Tax to Enhanced Deductions will be enjoyed by both exporters and domestic enterprises.

Commercial

LIMA Land is launching the next phase of its commercial zone's transformation, with the introduction of commercial lots. This new offering presents a unique investment opportunity for developers and investors who wish to take part in LIMA's growth and locate in Batangas, a fast-growing economic hub in Calabarzon. Lot cuts range from 1,800 to 5,000 sqm, ideal for BPO buildings, offices, dormitories, condominiums, schools, hospitals, hotels, civic centers, and other commercial uses.

While Aboitiz InfraCapital maintains a cautious outlook in 2021, it remains optimistic about long-term growth. With the vision to turn them into smart developments in the near future, initiatives to develop the industrial zones into fully integrated economic centers will continue. Critical land banking for the expansion of the parks will continue to be pursued. Easing government restrictions and increased consumer confidence in safety protocols are expected to lead to a continued improvement in foot traffic and tenant sales in 2021, albeit still below pre-COVID levels.

Water

Lima Water Corporation (Lima Water)

Lima Water is the exclusive water and wastewater services provider of LIMA Technology Center (LTC), one of the Philippines' largest industrial parks. Lima Water is currently building its capability to fully support the expansion plans of LTC, which is expected to experience healthy growth in the coming years. In January 2021, Lima Water started implementing its newly approved tariff rates.

Water demand during the first quarter of 2021 posted an increase of 7% YoY, with the continuous operations of locators despite the restrictions implemented during community quarantine. LWC is optimistic that the increasing water consumption trend will continue with new production lines from existing and new locators in LTC. Lima Water remains committed to supporting its customers and ensuring service continuity through its robust business continuity plans.

Apo Agua Infraestructura, Inc. (Apo Agua)

Apo Agua is the project company owned by AEV and J.V. Angeles Construction Corporation (JVACC), organized to design, construct and operate a hydroelectric powered-bulk water treatment facility and a conveyance system which will deliver at least 300 mn liters per day of treated water to the Davao City Water District (DCWD) over 30 years.

A total of around 65 kilometers of pipes of varying sizes are being laid, leading to eight off-take points of the DCWD spread across Davao City. Although construction was suspended during the second quarter of 2020 when the City was placed under enhanced community quarantine, construction has since resumed with strict social distancing protocols in place.

To mitigate the impact of the pandemic on the project, Apo Agua and its contractor, JVACC, increased its human resource count to over 5,000 workers to support the aggressive recovery plan and ensure the first drop of water by the end of 2021.

Aboitiz InfraCapital intends to use its current water portfolio, including a 16% stake in Balibago Waterworks System, Inc., as a strategic platform to build its water business. It will look into unserved highly-urbanized cities for opportunities to expand its footprint in the water space across the country.

Digital Infrastructure

On 7 February 2019, Aboitiz InfraCapital signed a Memorandum of Understanding (MOU) with the DICT. In line with the DICT's Department Circular No. 8, Aboitiz InfraCapital received the Independent Tower Company (ITC) Certificate of Registration for its towers subsidiary on 24 February 2021. The ITC Certificate of Registration recognizes Aboitiz InfraCapital's tower subsidiary as a common tower provider with the necessary financial and operational capability to build and efficiently power its cell sites and allow the company to secure contracts with mobile network operators.

To date, Aboitiz InfraCapital has signed separate MOUs with Globe Telecom, Smart Communications, Dito Telecommunity, and NOW Telecom and are now in discussions on the lease of build-to-suit tower sites and other passive telecommunications infrastructure. Negotiations are still ongoing with these mobile network operators, although progress has slowed down due to COVID-19.

Aboitiz InfraCapital has also entered into partnership agreements with Globe Telecom and Dito Telecommunity to deploy small cell sites in key cities nationwide. The sites are readily available in high-density urbanized areas like Cebu and Davao, where improving network quality and services is difficult due to congestion and availability of sites. The sites will serve as complementary offerings to the macro tower sites. Together with Globe and Dito, the deployments are ongoing to meet the accelerated demand for improved telecommunication services.

On 28 April 2021, Aboitiz InfraCapital agreed to form a joint venture with leading global private markets firm, Partners Group, to establish a telecommunications infrastructure platform called Unity Digital Infrastructure, Inc. (Unity). Through Unity, Aboitiz InfraCapital and Partners Group will build and operate telecommunication towers and supporting infrastructure across the country.

Regional Airports

The Department of Transportation (DOTr) granted Aboitiz InfraCapital the Original Proponent Status for its unsolicited proposals to operate, maintain, and expand the new Bohol-Panglao International Airport on 3 September 2018. The same status was received from the Civil Aviation Authority of the Philippines (CAAP) for Laguindingan Airport on 26 February 2019. On 29 November 2019, Aboitiz InfraCapital obtained the approval of the National Economic Development Authority Board for the Bohol unsolicited proposal, while the Investment Coordination Committee-Cabinet Committee approved the proposal for Laguindingan Airport on 20 December 2019.

In the face of the unprecedented impact of COVID-19 on the air travel and airport business, Aboitiz InfraCapital remains keen on pursuing its unsolicited proposals for the Bohol Panglao International Airport and Laguindingan Airport. Aboitiz InfraCapital believes that these projects are vital to reviving the economy and are aligned with its objective to support regional growth centers outside of the National Capital Region (NCR). Aboitiz InfraCapital continues to discuss the best and most prudent way to move forward with the projects with the government.

Republic Cement and Building Materials, Inc. (RCBM)

Overall cement market demand in the first quarter of 2021 was stronger compared to the same period in 2020, but lower compared to the same period in 2019. The recent surge in COVID-19 cases in NCR and neighboring areas prompted the government to impose more stringent lockdowns in these areas. Although cement manufacturing was allowed to operate fully, construction activities were impacted by the lockdown.

The outlook for the remainder of 2021 is cautiously optimistic. While the government has allotted a significant proportion of the 2021 national budget for infrastructure, slow economic recovery would also lead to slow recovery in market demand.

The Department of Trade and Industry has started investigation on the possible imposition of anti-dumping duty on cement imports from Vietnam. If imposed, this will hopefully stop dumping of imported cement to the country.

RCBM remains committed to serving its key markets throughout the country with high-quality products, while improving efficiencies and reducing costs. Two new mills are being commissioned which will provide RCBM with additional 2.3 mn tonnes per annum (MTPA) capacity to serve the market needs. Production costs are anticipated to remain under control following the implementation of operational excellence initiatives. In addition, RCBM has put in place several cost cutting and cash optimization measures.

RCBM will also continue to staunchly support the Philippine government's *Go Lokal* and *Buy Lokal* programs, as an industry leader and proud manufacturer of the country's best quality cement used in building a safer, greener, and stronger Republic.

The infrastructure group has allotted ₱15 bn for capital expenditures in 2021 across all its businesses.

Land SBU

Aboitiz Land, Inc. (AboitizLand)

AboitizLand continues to improve its operations in 2021 and is optimistic that it will perform strongly by the end of the year. AboitizLand continues to strengthen its presence online but will complement this with a 360 digital strategy that will meet its vecinos both online and offline. AboitizLand will also continue to develop its digitization and are committed to the creation of the first fully online buying platform that will streamline the customer journey.

Based on its performance in the first three months of 2021, AboitizLand is optimistic that it will end the year strongly. AboitizLand attributes this surge in sales to its new marketing strategies as well as the change in preference to be situated outside the central business districts.

AboitizLand has allotted ₱3 bn for capital expenditures in 2021.

PART II--OTHER INFORMATION

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

SIGNATURES

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

Issuer	ABOITIZ EQUITY VENTURES INC.
	
Principal Accounting Officer	Marlita M. Villacampa
Signature and Title	First Vice President and Comptroller
Date	May 20, 2021
	
Authorized Officer of the Issuer	Manuel Alberto R. Colayco
Signature and Title	Senior Vice President and Chief Legal Officer/Corporate Secretary/Chief Compliance Officer
Date	May 20, 2021

Aboitiz Equity Ventures, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
As of March 31, 2021 (with Comparative Figures as of December 31, 2020) and
For the Three-Month Periods Ended March 31, 2021 and 2020

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET
(With Comparative Figures as of December 31, 2020)
(Amounts in Thousands)

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱72,751,430	₱65,966,411
Trade and other receivables (Note 6)	39,391,412	38,026,254
Inventories	22,863,723	21,645,913
Land and improvements	2,935,860	3,039,972
Derivative asset (Note 24)	13,920	—
Other current assets (Note 7)	18,214,181	18,702,683
Total Current Assets	156,170,526	147,381,233
Noncurrent Assets		
Property, plant and equipment	218,200,216	219,538,095
Investments and advances (Note 8)	147,747,426	145,416,644
Intangible assets (Note 9)	69,136,572	67,776,489
Investment properties	10,989,892	10,937,685
Deferred income tax assets	1,896,878	2,041,497
Trade and other receivables - net of current portion (Note 6)	1,140,841	1,398,791
Net pension assets	115,892	115,023
Other noncurrent assets (Note 10)	15,400,446	14,550,470
Total Noncurrent Assets	464,628,163	461,774,694
TOTAL ASSETS	₱620,798,689	₱609,155,927
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 11)	₱36,895,766	₱35,611,592
Bank loans (Note 12)	32,020,304	29,330,883
Current portions of:		
Long-term debts (Notes 13 and 14)	21,222,311	17,417,474
Long-term obligation on Power Distribution System (PDS)	40,000	40,000
Lease liabilities (Note 15)	7,445,564	7,283,183
Derivative liability (Note 24)	501,815	982,348
Income tax payable	1,034,715	1,006,445
Total Current Liabilities	₱99,160,475	₱91,671,925

(Forward)

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts (Notes 13 and 14)	₱245,473,102	₱243,623,606
Lease liabilities (Note 15)	30,988,819	32,485,663
Trade and other payables (Note 11)	1,463,185	1,657,982
Long-term obligation on PDS	148,960	143,436
Customers' deposits	7,121,166	6,990,008
Decommissioning liability	5,061,933	5,008,033
Deferred income tax liabilities	2,067,370	2,399,529
Net pension liability	603,145	574,217
Derivative liability - net of current portion (Note 24)	601,685	1,001,529
Total Noncurrent Liabilities	293,529,365	293,884,003
Total Liabilities	392,689,840	385,555,928
Equity Attributable to Equity Holders of the Parent		
Capital stock	5,694,600	5,694,600
Additional paid-in capital	13,013,197	13,013,197
<i>Other equity reserves:</i>		
Gain on dilution	5,043,152	5,043,152
Excess of book value over acquisition cost of an acquired subsidiary	469,540	469,540
Acquisition of non-controlling interests	(11,727,718)	(11,727,718)
Accumulated other comprehensive loss (Note 17)	(3,302,751)	(3,959,403)
Retained earnings (Notes 16 and 25)		
Appropriated	9,200,000	9,200,000
Unappropriated	169,403,879	165,976,675
Treasury stock at cost	(647,672)	(647,672)
	187,146,227	183,062,371
Non-controlling Interests (Note 25)	40,962,622	40,537,628
Total Equity	228,108,849	223,599,999
TOTAL LIABILITIES AND EQUITY	₱620,798,689	₱609,155,927

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Earnings Per Share Amounts)

	For the three-month period ended March 31	
	2021	2020 (As restated; Note 3)
REVENUES (Note 18)	₱46,535,050	₱45,589,162
COSTS AND EXPENSES (Note 19)	38,575,768	39,025,604
FINANCIAL INCOME (EXPENSE)		
Interest income (Notes 5 and 6)	129,695	342,661
Interest expense (Note 23)	(4,398,963)	(4,681,418)
	(4,269,268)	(4,338,757)
OTHER INCOME - NET		
Share in net earnings of associates and joint ventures (Note 8)	6,983,948	1,820,405
Other income (expense) - net (Note 20)	214,908	(111,113)
	7,198,856	1,709,292
INCOME BEFORE INCOME TAX	10,888,870	3,934,093
PROVISION FOR INCOME TAX	328,940	935,828
NET INCOME	₱10,559,930	₱2,998,265
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	₱8,550,709	₱2,028,009
Non-controlling interests	2,009,221	970,256
	₱10,559,930	₱2,998,265
EARNINGS PER SHARE (Note 21)		
Basic and diluted, for net income for the period attributable to ordinary equity holders of the parent	₱1.52	₱0.36

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Amounts in Thousands)

	For the three-month period ended March 31	
	2021	2020
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	₱8,550,709	₱2,028,009
Non-controlling interests	2,009,221	970,256
	10,559,930	2,998,265
OTHER COMPREHENSIVE INCOME (LOSS) (Note 17)		
<i>Items that will be reclassified to the consolidated statements of income:</i>		
Net movement in cumulative translation adjustments	945,189	(701,756)
Share in movement in cumulative translation adjustments of associates and joint ventures	(2,154)	36,850
Share in movement in net unrealized mark-to-market gains on FVOCI investments of associates, net of tax	—	2
Net movement in net unrealized mark-to-market losses on FVOCI investments, net of tax	(1,594)	(5,196)
	941,441	(670,100)
<i>Items that will not be reclassified to the consolidated statements of income:</i>		
Share in movement in net actuarial losses on defined benefit plans of associates and joint ventures, net of tax	(1,072)	654
Movement in net actuarial gains on defined benefit plans, net of tax	1,319	—
	247	654
TOTAL COMPREHENSIVE INCOME	₱11,501,618	₱2,328,819
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	₱9,207,361	₱1,401,359
Non-controlling interests	2,294,257	927,460
	₱11,501,618	₱2,328,819

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021 AND 2020 (Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to equity holders of the parent											
	Capital Stock: Common	Additional Paid-in Capital	Gain on Dilution	Excess of Book Value Over Acquisition Cost of an Acquired Subsidiary	Acquisition of Non- controlling Interest	Accumulated Other Comprehensiv e Income (Note 17)	Retained Earnings			Non- controlling Interest	Total	
							Appropriated (Note 16)	Unappropriat ed (Note 16)	Treasury Stock			
Balances at January 1, 2021	₱5,694,600	₱13,013,197	₱5,043,152	₱469,540	(₱11,727,718)	(₱3,959,403)	₱9,200,000	₱165,976,675	(₱647,672)	₱183,062,371	₱40,537,628	₱223,599,999
Net income for the period	—	—	—	—	—	—	—	8,550,709	—	8,550,709	2,009,221	10,559,930
Other comprehensive income	—	—	—	—	—	656,652	—	—	—	656,652	285,036	941,688
Total comprehensive income for the period (Note 17)	—	—	—	—	—	656,652	—	8,550,709	—	9,207,361	2,294,257	11,501,618
Cash dividends - ₱0.91 per share (Note 16)	—	—	—	—	—	—	—	(5,123,505)	—	(5,123,505)	—	(5,123,505)
Cash dividends paid to non-controlling interests (Note 25)	—	—	—	—	—	—	—	—	—	—	(1,889,980)	(1,889,980)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	—	20,717	20,717
Balances at March 31, 2021	₱5,694,600	₱13,013,197	₱5,043,152	₱469,540	(₱11,727,718)	(₱3,302,751)	₱9,200,000	₱169,403,879	(₱647,672)	₱187,146,227	₱40,962,622	₱228,108,849
Balances at January 1, 2020	₱5,694,600	₱13,013,197	₱5,043,152	₱469,540	(₱11,590,375)	(₱2,648,022)	₱4,200,000	₱162,864,330	(₱565,246)	₱176,481,176	₱40,713,904	₱217,195,080
Net income for the period	—	—	—	—	—	—	—	2,028,009	—	2,028,009	970,256	2,998,265
Other comprehensive loss	—	—	—	—	—	(626,650)	—	—	—	(626,650)	(42,796)	(669,446)
Total comprehensive income (loss) for the period (Note 17)	—	—	—	—	—	(626,650)	—	2,028,009	—	1,401,359	927,460	2,328,819
Cash dividends - ₱1.30 per share	—	—	—	—	—	—	—	(7,321,269)	—	(7,321,269)	—	(7,321,269)
Acquisition of treasury shares	—	—	—	—	—	—	—	—	(82,426)	(82,426)	—	(82,426)
Appropriation during the year	—	—	—	—	—	—	5,000,000	(5,000,000)	—	—	—	—
Cash dividends paid to non-controlling interests (Note 25)	—	—	—	—	—	—	—	—	—	—	(1,149,192)	(1,149,192)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	—	(82,445)	(82,445)
Balances at March 31, 2020	₱5,694,600	₱13,013,197	₱5,043,152	₱469,540	(₱11,590,375)	(₱3,274,672)	₱9,200,000	₱152,571,070	(₱647,672)	₱170,478,840	₱40,409,727	₱210,888,567

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	For the three-month period ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱10,888,870	₱3,934,093
Adjustments for:		
Interest expense (Notes 15 and 23)	4,398,963	4,681,418
Depreciation and amortization	3,087,317	3,048,044
Net unrealized foreign exchange gains	179,449	90,658
Loss (gain) on sale/disposal of:		
Property, plant and equipment (Note 20)	(38,236)	47,074
Fair value through profit or loss (FVTPL) and Fair value through other comprehensive income (FVOCI) investments (Note 20)	(3,319)	145
Unrealized mark-to-market losses (gains) on derivatives	(13,920)	18,767
Unrealized mark-to-market losses (gains) on FVTPL investments (Note 20)	(18,388)	99,031
Dividend income (Note 20)	(904)	(1,193)
Interest income	(129,695)	(342,661)
Share in net earnings of associates and joint ventures (Note 8)	(6,983,948)	(1,820,405)
Operating income before working capital changes	11,366,189	9,754,971
Decrease (increase) in operating assets	(1,829,120)	44,525
Increase in operating liabilities	2,294,232	1,874,022
Net cash generated from operations	11,831,301	11,673,518
Income and final taxes paid	(1,471,713)	(447,148)
Net cash flows from operating activities	10,359,588	11,226,370
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received (Note 8)	6,643,134	2,579,525
Interest received	134,770	322,739
Sale of or additions to FVTPL and FVOCI investments	(1,031,384)	110,034
Additions to:		
Property, plant and equipment and investment properties	(1,283,852)	(735,887)
Investments in and advances to associates (Note 8)	(1,262,141)	(1,488,820)
Increase in intangibles (Note 9)	(1,128,650)	(765,752)
Decrease (increase) in other noncurrent assets	556,770	(4,145,618)
Net cash flows from (used in) investing activities	2,628,647	(4,123,779)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from long-term debts (Notes 13 and 14)	5,112,369	17,345,513
Net proceeds from bank loans (Note 12)	2,689,421	13,513,302
Acquisition of treasury shares	—	(82,426)
Cash dividends paid to non-controlling interest (Note 25)	(1,889,980)	(1,149,192)
Cash dividends paid to equity holders of the parent (Note 16)	(5,123,505)	—
Interest paid	(4,240,193)	(4,085,111)
Payments of lease liabilities, including interest accretion (Note 15)	(2,659,711)	(2,198,256)
Net cash flows from (used in) financing activities	(6,111,599)	23,343,830
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,876,636	30,446,421
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(91,617)	(74,422)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	65,966,411	46,424,663
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	₱72,751,430	₱76,796,662

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Earnings per Share and Exchange Rate Data and When Otherwise Indicated)

1. Corporate Information

The Company and its subsidiaries (collectively referred to as the “Group”) are engaged in various business activities mainly in the Philippines, including power generation, retail electricity supply and power distribution, food manufacturing, banking and financial services, real estate development, and infrastructure. The Company is the publicly-listed holding and management company of the Group. The parent and the ultimate parent of the Company is Aboitiz & Company, Inc. (ACO).

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

2. Group Information

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

The following are the subsidiaries as of March 31, 2021 and December 31, 2020:

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			March 31, 2021		December 31, 2020	
			Direct	Indirect	Direct	Indirect
Aboitiz Power Corporation (AP) and Subsidiaries	Power	Philippines	77.00	–	77.00	–
AboitizPower International Pte. Ltd.	Holding	Singapore	–	100.00	–	100.00
Aboitiz Energy Solutions, Inc. (AESI)	Power	Philippines	–	100.00	–	100.00
Adventenergy, Inc. (AI)	Power	Philippines	–	100.00	–	100.00
Balamban Enerzone Corporation (BEZ)	Power	Philippines	–	100.00	–	100.00
Mactan Enerzone Corporation (MEZ)	Power	Philippines	–	100.00	–	100.00
Malvar Enerzone Corporation (MVEZ)	Power	Philippines	–	100.00	–	100.00
East Asia Utilities Corporation (EAUC)	Power	Philippines	–	100.00	–	100.00
Lima Enerzone Corporation (LEZ)	Power	Philippines	–	100.00	–	100.00
Subic Enerzone Corporation (SEZ)	Power	Philippines	–	100.00	–	100.00
Cotabato Light & Power Co., Inc. (CLP)	Power	Philippines	–	99.94	–	99.94
Cotabato Ice Plant, Inc.	Manufacturing	Philippines	–	100.00	–	100.00
Davao Light & Power Co., Inc. (DLP)	Power	Philippines	–	99.93	–	99.93
Maaraw Holdings San Carlos, Inc. (MHSCI)	Holding	Philippines	–	100.00	–	100.00
San Carlos Sun Power, Inc. (Sacasan)	Power	Philippines	–	100.00	–	100.00
AboitizPower International B.V.	Holding	Netherlands	–	100.00	–	100.00
Cebu Private Power Corporation (CPPC)	Power	Philippines	–	60.00	–	60.00
Prism Energy, Inc. (PEI)	Power	Philippines	–	60.00	–	60.00
Visayan Electric Co., Inc. (VECO)	Power	Philippines	–	55.26	–	55.26
Aboitiz Renewables Inc. (ARI) and Subsidiaries	Power	Philippines	–	100.00	–	100.00

			Percentage of Ownership			
			March 31, 2021		December 31, 2020	
	Nature of Business	Place of Incorporation	Direct	Indirect	Direct	Indirect
AP Renewables, Inc. (APRI)	Power	Philippines	–	100.00	–	100.00
Hedcor, Inc. (HI)	Power	Philippines	–	100.00	–	100.00
Hedcor Mt. Province, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Benguet, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Bukidnon, Inc. (Hedcor Bukidnon)	Power	Philippines	–	100.00	–	100.00
Hedcor Kabayan, Inc.*	Power	Philippines	–	100.00	–	100.00
PV Sinag Power, Inc.*	Power	Philippines	–	100.00	–	100.00
Amihan Power, Inc. *	Power	Philippines	–	100.00	–	100.00
Aboitiz Solar Power, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Manolo Fortich, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Sabangan, Inc. (Hedcor Sabangan)	Power	Philippines	–	100.00	–	100.00
Hedcor Sibulan, Inc. (HSI)	Power	Philippines	–	100.00	–	100.00
Hedcor Tamugan, Inc. *	Power	Philippines	–	100.00	–	100.00
Hedcor Tudaya, Inc. (Hedcor Tudaya)	Power	Philippines	–	100.00	–	100.00
Aboitiz Power Distributed Renewables, Inc.	Power	Philippines	–	100.00	–	100.00
AP Renewable Energy Corporation*	Power	Philippines	–	100.00	–	100.00
Aboitiz Power Distributed Energy, Inc.	Power	Philippines	–	100.00	–	100.00
Mt. Apo Geopower, Inc. *	Power	Philippines	–	100.00	–	100.00
Cleanergy, Inc. (CI)*	Power	Philippines	–	100.00	–	100.00
Hydro Electric Development Corporation*	Power	Philippines	–	99.97	–	99.97
Luzon Hydro Corporation (LHC)	Power	Philippines	–	100.00	–	100.00
Bakun Power Line Corporation*	Power	Philippines	–	100.00	–	100.00
AP Solar Tiwi, Inc.*	Power	Philippines	–	100.00	–	100.00
Retensol, Inc. *	Power	Philippines	–	100.00	–	100.00
Aseagas Corporation (Aseagas)*	Power	Philippines	–	100.00	–	100.00
Cordillera Hydro Corporation (CHC)*	Power	Philippines	–	100.00	–	100.00
Negron Cuadrado Geopower, Inc.*	Power	Philippines	–	100.00	–	100.00
Tagoloan Hydro Corporation*	Power	Philippines	–	100.00	–	100.00
Luzon Hydro Company Limited*	Power	Philippines	–	100.00	–	100.00
La Filipina Elektrika, Inc. (LFEI)†*	Power	Philippines	–	100.00	–	40.00
Therma Power, Inc. (TPI) and Subsidiaries	Power	Philippines	–	100.00	–	100.00
Mindanao Sustainable Solutions, Inc.*	Services	Philippines	–	100.00	–	100.00
Therma Luzon, Inc. (TLI)	Power	Philippines	–	100.00	–	100.00
Therma Marine, Inc. (Therma Marine)	Power	Philippines	–	100.00	–	100.00
Therma Mobile, Inc. (Therma Mobile)	Power	Philippines	–	100.00	–	100.00
Therma South, Inc. (TSI)	Power	Philippines	–	100.00	–	100.00
Therma Power-Visayas, Inc. (TPVI)	Power	Philippines	–	100.00	–	100.00
Therma Central Visayas, Inc.*	Power	Philippines	–	100.00	–	100.00
Therma Subic, Inc.*	Power	Philippines	–	100.00	–	100.00
Therma Mariveles Holdings, Inc.	Holding	Philippines	–	100.00	–	100.00
GNPower Mariveles Energy Center Ltd. Co. (Formerly, GNPower Mariveles Coal Plant Ltd. Co.) (GMEC)	Power	Philippines	–	78.33	–	78.33
Therma Dinginin Holdings, Inc.	Holding	Philippines	–	100.00	–	100.00
Therma Visayas, Inc. (TVI)	Power	Philippines	–	80.00	–	80.00
Abovant Holdings, Inc.	Holding	Philippines	–	60.00	–	60.00
Pilmico Foods Corporation (PFC) and Subsidiaries	Food manufacturing	Philippines	100.00	–	100.00	–
Filagri Holdings, Inc.	Holding	Philippines	–	100.00	–	100.00
Pilmico Animal Nutrition Corporation (PANC)	Food manufacturing	Philippines	–	100.00	–	100.00
Filagri, Inc.	Food manufacturing	Philippines	–	100.00	–	100.00
AboitizLand, Inc. (AboitizLand) and Subsidiaries	Real estate	Philippines	100.00	–	100.00	–
Lima Land, Inc. (LLI)	Real estate	Philippines	–	100.00	–	100.00

		Nature of Business	Place of Incorporation	Percentage of Ownership			
				March 31, 2021		December 31, 2020	
				Direct	Indirect	Direct	Indirect
	Propriedad del Norte, Inc. (PDNI)	Real estate	Philippines	–	100.00	–	100.00
	Cebu Industrial Park Developers, Inc. (CIPDI)	Real estate	Philippines	–	60.00	–	60.00
	Cebu Industrial Park Services, Inc.	Services	Philippines	–	100.00	–	100.00
	Misamis Oriental Land Development Corporation	Real estate	Philippines	–	60.00	–	60.00
	A2 Airports, Inc. (A2) and Subsidiaries	Real estate	Philippines	–	50.00	–	50.00
	78 Point Blue, Inc.	Real estate	Philippines	–	100.00	–	100.00
	Triplecrown Properties, Inc. (TCP)	Real estate	Philippines	–	100.00	–	100.00
	Firmwall Systems, Inc.	Real estate	Philippines	–	100.00	–	100.00
	AEV International Pte. Ltd. (AEV International)	Holding	Singapore	–	100.00	–	100.00
	Pilmico International Pte. Ltd. (PIPL) and Subsidiaries	Holding	Singapore	–	100.00	–	100.00
	Pilmico Vietnam Company Limited (PVCL)	Food manufacturing	Vietnam	–	100.00	–	100.00
	Abaqa International Pte Ltd. (formerly Comfez Pte. Ltd.)	Trading	Singapore	–	100.00	–	100.00
	Gold Coin Management Holdings Pte. Ltd. (GCMH) and Subsidiaries	Holding	Singapore	–	100.00	–	100.00
	GC Investment Holdings Limited	Holding	Hong Kong	–	100.00	–	100.00
	Gold Coin (ZhangJiang) Company Ltd.	Feedmills	China	–	100.00	–	100.00
	Gold Coin (Zhangzhou) Company Ltd.	Feedmills	China	–	100.00	–	100.00
	Gold Coin Animal Husbandry (Zhangzhou) Co. Ltd.*	Feedmills	China	–	100.00	–	100.00
	Gold Coin (Zhuhai) Company Ltd.	Feedmills	China	–	100.00	–	100.00
	Gold Coin Feedmill (Kunming) Co. Ltd.	Feedmills	China	–	100.00	–	100.00
	Gold Coin Feedmill (Dongguan) Co. Ltd.	Feedmills	China	–	100.00	–	100.00
	Gold Coin (Yunnan) Co. Limited*	Feedmills	China	–	100.00	–	100.00
	Gold Coin Agriculture (Guangxi) Co. Ltd.*	Feedmills	China	–	100.00	–	100.00
	Gold Coin Management (Shenzhen) Co. Ltd.	Holding	China	–	100.00	–	100.00
	Gold Coin Sabah Sdn. Bhd.	Holding	Malaysia	–	100.00	–	100.00
	Gold Coin Feedmill (Dong Nai) Co. Ltd.	Feedmills	Vietnam	–	100.00	–	100.00
	American Feeds Company Limited	Feedmills	Vietnam	–	100.00	–	100.00
	Gold Coin Feedmill Ha Nam Co. Ltd. (GCFHN)	Feedmills	Vietnam	–	100.00	–	100.00
	Glen Arbor Holdings (Singapore) Pte. Ltd.	Holding	Singapore	–	100.00	–	100.00
	Gold Coin Feed Mills (Lanka) Ltd.	Feedmills	Sri Lanka	–	100.00	–	100.00
	Gold Coin Group Limited	Holding	Hong Kong	–	100.00	–	100.00
	Gold Coin Holdings Sdn Bhd	Holding	Malaysia	–	100.00	–	100.00
	Gold Coin Services Singapore Pte Limited (GCSS)	Holding	Singapore	–	100.00	–	100.00
	Gold Coin Feedmill Binh Duong Company (GCFBDC)	Feedmills	Vietnam	–	100.00	–	100.00
	Myanmar Gold Coin International Co. Ltd.	Feedmills	Myanmar	–	100.00	–	100.00
	KLEAN Greentech Co. Ltd.	Feedmills	Thailand	–	100.00	–	100.00
	Gold Coin Vietnam Holdings Pte. Ltd.	Holding	Singapore	–	100.00	–	100.00
	Gold Coin Aqua Feed Incorporated	Holding	British Virgin Island	–	100.00	–	100.00
	Gold Coin Aqua Feed (Singapore) Pte. Ltd.	Holding	Singapore	–	100.00	–	100.00
	Gold Coin Specialities Sdn. Bhd.	Feedmills	Malaysia	–	70.00	–	70.00
	Gold Coin Specialities (Thailand) Co. Ltd.	Feedmills	Thailand	–	93.90	–	93.90
	P.T. Gold Coin Trading Indonesia	Feedmills	Indonesia	–	100.00	–	100.00
	P.T. Gold Coin Indonesia	Feedmills	Indonesia	–	100.00	–	100.00
	P.T. Gold Coin Specialities	Feedmills	Indonesia	–	99.90	–	99.90
	PT Ayam Unggul (PTAYAM)	Feedmills	Indonesia	–	60.00	–	60.00
	FEZ Animal Nutrition Pte Ltd	Holding	Singapore	–	100.00	–	100.00
	FEZ Animal Nutrition Philippines, Inc.	Holding	Philippines	–	40.00	–	40.00
	FEZ Animal Nutrition Pakistan (Private Limited)	Holding	Pakistan	–	100.00	–	100.00
	Gold Coin Malaysia Group Sdn. Bhd.	Holding	Malaysia	–	70.00	–	70.00

			Percentage of Ownership			
			March 31, 2021		December 31, 2020	
	Nature of Business	Place of Incorporation	Direct	Indirect	Direct	Indirect
Gold Coin Feedmills (Malaysia) Sdn. Bhd.	Feedmills	Malaysia	–	100.00	–	100.00
Gold Coin Feedmill (Sabah) Sdn. Bhd.	Feedmills	Malaysia	–	100.00	–	100.00
Gold Coin Sarawak Sdn. Bhd.	Feedmills	Malaysia	–	72.80	–	72.80
Bintawa Fishmeal Factory Sdn. Bhd.	Feedmills	Malaysia	–	72.80	–	72.80
Golden Livestock Sdn Bhd.	Holding	Malaysia	–	100.00	–	100.00
Pilmico Aqua Pte. Ltd.	Holding	Singapore	–	100.00	–	100.00
Archipelago Insurance Pte Ltd (AIPL)	Insurance	Singapore	100.00	–	100.00	–
AEV Aviation, Inc. (AEV Aviation)	Service	Philippines	73.31	26.69	73.31	26.69
AEV Properties, Inc.*	Real estate	Philippines	100.00	–	100.00	–
Cebu Praedia Development Corporation (CPDC)	Real estate	Philippines	100.00	–	100.00	–
Aboitiz Infracapital, Inc. (AIC) and Subsidiaries	Holding	Philippines	100.00	–	100.00	–
Lima Water Corporation (LWC)	Water Infrastructure	Philippines	–	100.00	–	100.00
Apo Agua Infraestructura, Inc. (Apo Agua)*	Water Infrastructure	Philippines	2.39	67.61	22.22	47.78
Aboitiz Airports Advisory Services, Inc. *	Services	Philippines	–	100.00	–	100.00

¹In 2021, ARI acquired 100% of LFEI from TPI (40%) and La Filipina Uy Gongco Corporation (60%). As a result, LFEI (formerly an associate) became a subsidiary

* No commercial operations as of March 31, 2021.

Interest in Joint Operations

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

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

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

3. Basis of Preparation and Summary of Significant Accounting Policies

Basis of Preparation

The accompanying unaudited interim condensed consolidated financial statements of the Group have been prepared on a historical cost basis, except for derivative financial instruments, investments in certain debt and equity securities, and investment properties which are measured at fair value, and agricultural produce and biological assets which are measured at fair value less estimated costs to sell. The unaudited interim condensed consolidated financial statements are presented in Philippine peso, which is the Company's functional currency, and all values are rounded to the nearest thousands, except for earnings per share and exchange rates and as otherwise indicated.

Statement of Compliance

The accompanying unaudited interim condensed consolidated financial statements are prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2020, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

On May 18, 2021, the Audit Committee of the Board of Directors (BOD) of the Company approved and authorized the release of the accompanying unaudited interim condensed consolidated financial statements of the Group.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the new and revised standards and Philippine Interpretations which were applied starting January 1, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has previously issued unaudited interim condensed consolidated financial statements as of March 31, 2020. Subsequent to this, the Group made a reclassification in the interim unaudited consolidated income statement to align the presentation with the audited December 31, 2020 consolidated financial statements. An adjustment was made to reduce revenue and cost of goods sold amounting to ₱3.0 billion.

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group's treasury function is managing the Group's LIBOR transition plan. The greatest change will be amendments to the contractual terms of the LIBOR-referenced floating-rate debt and the associated swap and the corresponding update of the hedge designation. However, the change reference rate may also affect other systems, processes, risk and valuation models, as well as having tax and accounting implications.

As of January 1, 2021, the Group has fully adopted the provisions of PFRS 15 in relation to its real estate segment as described below:

- Philippines Interpretation Committee (PIC) Q&A No. 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 No: 2018-12 which provides guidance on some implementation issues of PFRS 15 affecting real estate industry. On October 25, 2018 and February 7, 2019, the Philippine SEC issued SEC Memorandum Circular (MC) Nos. 14-2018 and 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, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	Deferral Period
Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023
Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020
Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020

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

- The accounting policies applied
- Discussion of the deferral of the subject implementation issues in the PIC Q&A.
- Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
- 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.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

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 Philippine SEC will later prescribe.

The Group has already applied the provisions of these PIC Q&As except for the availment of the deferral option with respect to the accounting for significant financing component as provided in PIC Q&A No. 2018-12 in its most recent annual consolidated financial statements as of and for the year ended December 31, 2020. As of January 1, 2021, the Group completed the evaluation of the impact which is as follows:

- The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitutes a significant financing component. Adoption of this guidance impacted interest income, interest expense, revenue from real estate sales, contract asset, provision for deferred income tax, deferred income tax asset or liability.

The Group has concluded that the impact to the unaudited interim consolidated financial statements, including the effect on all comparative periods presented, and the opening balance of retained earnings is not significant.

- 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 June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the Philippine SEC will later prescribe.

On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

The Group has concluded that the impact to the unaudited interim consolidated financial statements is not significant as its current policy in accounting for the cancellation of real estate sales is aligned with one of the approaches allowed by PIC Q&A 2020-05 where the cumulative amount of previously recognized real estate sales and the related costs of sales are reversed.

4. Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's unaudited interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group also included, as one of its main consideration, the continuing impact of COVID-19 pandemic in making significant judgements and assumptions.

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

Judgments, key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are consistent with those applied in the most recent annual consolidated financial statements.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the unaudited interim condensed consolidated financial statements:

Nonconsolidation of certain investees

The Group has 83.33% interest in Manila-Oslo Renewable Enterprise, Inc. (MORE) which has a 60% ownership interest in SN Aboitiz Power-Magat, Inc., SN Aboitiz Power-Benguet, Inc., SN Aboitiz Power-RES, Inc., and SN Aboitiz Power-Generation, Inc.

The Group has 60% and 70% interest in AA Thermal, Inc (AA Thermal) and GN Power Dinginin Ltd. Co. (GNPD) respectively.

The Group does not consolidate MORE, AA Thermal and GNPD since it does not have the ability to direct the relevant activities which most significantly affect the returns of MORE and its investees, AA Thermal and GNPD, and their respective investees. This is a result of the partnership and shareholders' agreements which, among others, stipulate the management and operation of MORE, AA Thermal and GNPD. Management of MORE, AA Thermal and GNPD are vested in their respective BOD or "Management Committee" and the affirmative vote of the other shareholder or partners is required for the approval of certain company actions which include financial and operating undertakings.

The Group has 60% interest in AEV CRH Holdings, Inc. (AEV CRH) which has 99.40% ownership interest in Republic Cement and Building Materials, Inc., 99.72% ownership interest in Republic Cement Mindanao, Inc., and 100% ownership interest in Republic Cement Land and Resources, Inc.

The Group does not consolidate AEV CRH since it does not have the ability to direct the relevant activities which most significantly affect the returns of AEV CRH and its investees. This is a result of the contractual arrangements that give the other party the power to direct the relevant non-nationalized activities of the subsidiaries of AEV CRH.

Consequently, the Group accounts for MORE, a joint venture, and AEV CRH and GNPD, associates, using the equity method in the consolidated financial statements.

Determining a joint operation

The Group has 50% interest in PEC. The Group assessed that the joint arrangement is a joint operation as the financial and operating activities of the operation are jointly controlled by the participating shareholders and are primarily designed for the provision of output to the shareholders.

5. Cash and Cash Equivalents

	March 31, 2021	December 31, 2020
Cash on hand and in banks	₱27,725,674	₱22,224,763
Short-term deposits	45,025,756	43,741,648
	₱72,751,430	₱65,966,411

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

6. Trade and Other Receivables

	March 31, 2021	December 31, 2020
Trade receivables		
Power	₱19,148,370	₱17,726,379
Real estate	7,446,103	7,593,207
Food manufacturing	8,101,290	7,901,937
Holding and others	582,344	1,096,632
	35,278,107	34,318,155
Nontrade receivables	7,220,702	6,521,500
Dividends receivable	768,858	1,498,000
Advances to contractors	553,914	234,799
Others	285,030	276,282
	44,106,611	42,848,736
Less allowance for expected credit losses	3,574,358	3,423,691
	40,532,253	39,425,045
Less noncurrent portion	1,140,841	1,398,791
	₱39,391,412	₱38,026,254

Trade receivables, except real estate receivables, are generally non-interest bearing and on 10 - 30 days' terms.

Non-trade receivables include advances to partners in GMEC and Power Sector Assets and Liabilities Management Corporation (PSALM) adjustment recoverable from the customers of distribution subsidiaries. These advances are subject to offset against any cash dividends declared by GMEC and due to the partners.

Other receivables include accrued interest income.

Trade Receivables of Real Estate Group

Contractual maturities of trade receivables from sale of real estate inventories range from 1 to 180 months. Current and noncurrent portion of these receivables amount to ₱7.1 billion and ₱304.2 million, respectively, as of March 31, 2021, and ₱7.3 billion and ₱301.4 million, respectively, as of December 31, 2020.

7. Other Current Assets

	March 31, 2021	December 31, 2020
Restricted cash	₱3,984,911	₱5,324,213
Input value added tax (VAT)	3,469,881	3,452,005
Prepaid expenses	2,671,927	2,239,858
Insurance assets	2,134,394	2,227,427
Deposits for land acquisition	1,058,123	885,788
Short term cash deposits	970,600	960,460
Biological assets	860,993	800,264
Advances to (National Grid Corporation of the Philippines (NGCP)	716,805	1,167,296
Advances to suppliers	156,006	106,870
Others	2,190,541	1,538,502
	₱18,214,181	₱18,702,683

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

Prepaid expenses mainly include prepaid taxes and prepayments for insurance.

Advances to NGCP pertain to TVI's cost of construction and installation of substation and transmission facilities which is subject for reimbursement after completion of the project. The substation is 100.0% completed.

"Others" include asset held for sale and prepayments to regulatory agencies.

8. Investments and Advances

The Group's investees and the corresponding equity ownership are as follows:

	Nature of Business	Percentage of ownership	
		March 31, 2021	December 31, 2020
MORE ¹	Holding	83.33	83.33
GNPD ^{**}	Power generation	70.00	70.00
AEV CRH	Holding	60.00	60.00
AA Thermal ²	Holding	60.00	60.00
Cebu District Property Enterprise, Inc. (CDPEI) ^{1 **}	Real estate	50.00	50.00
Cebu Homegrown Developers, Inc. (CHDI) ^{1**}	Real estate	50.00	50.00
Union Bank of the Philippines (UBP)	Banking	49.34	49.34
Hijos de F. Escaño, Inc.	Holding	46.73	46.73
CRH ABOITIZ Holdings, Inc. (CRH ABOITIZ)	Holding	45.00	45.00
Mazzaraty Energy Corporation	Retail electricity supplier	44.87	44.87
San Fernando Electric Light & Power Co., Inc. (SFELAPCO)	Power distribution	43.78	43.78
Pampanga Energy Ventures, Inc. (PEVI)	Holding	42.84	42.84
LFEI ^{4**}	Power generation	—	40.00
STEAG State Power Inc. (STEAG)	Power generation	34.00	34.00
Cebu Energy Development Corp. (CEDC)	Power generation	26.40	26.40
Redondo Peninsula Energy, Inc. (RP Energy) ^{**}	Power generation	25.00	25.00
Southern Philippines Power Corporation (SPPC)	Power generation	20.00	20.00
Western Mindanao Power Corporation (WMPC)	Power distribution	20.00	20.00
Gold Coin Feed Mills (Brunei) Sdn. Bhd. ^{***}	Feedmills	20.00	20.00
Balibago Water Systems, Inc. (BWSI) ³	Water infrastructure	15.94	15.94
Singlife Philippines Inc. [SLPI, formerly Singapore Life (Philippines), Inc.] ^{3**}	Insurance	15.00	15.00

¹Joint ventures.

²Economic interest.

³Significant influence by virtue of the board seat held by the Group.

⁴In 2021, ARI acquired 100% of LFEI from TPI (40%) and La Filipina Uy Gongco Corporation (60%). As a result, LFEI (formerly an associate) became a subsidiary.

^{**}No commercial operations as of March 31, 2021.

^{***}Registered in Malaysia and is part of GCMH Group

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

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

In 2021, the Group also made capital contributions to CDPEI amounting to ₱310.0 million.

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

	March 31, 2021	December 31, 2020
UBP	₱55,627,823	₱55,369,791
GNPD/AA Thermal	45,419,866	41,859,316
AEV CRH	24,837,896	24,297,741
MORE	8,445,766	10,653,803
CEDC	3,585,935	3,409,799
STEAG	3,191,352	3,855,162
CDPEI	1,725,922	1,417,499
CRH ABOITIZ	1,449,203	1,146,868
SFELAPCO/PEVI	962,303	928,495
CHDI	652,132	652,257
BWSI	584,073	580,523
RP Energy	521,647	522,347
WMPC	185,696	168,244
SPPC	51,090	53,246
Others	486,195	481,026
	₱147,726,899	₱145,396,117

	March 31, 2021	December 31, 2020
Acquisition cost:		
Balance at beginning of period	₱102,434,357	₱99,669,607
Additions during the period	1,262,141	2,764,750
Newly consolidated subsidiary	(67)	—
Balance at end of period	103,696,431	102,434,357
Accumulated share in net earnings:		
Balances at beginning of period	44,585,338	41,228,330
Share in net earnings for the period	6,983,948	9,019,033
Newly consolidated subsidiary	1,074	—
Cash dividends received and receivable	(5,913,088)	(5,662,025)
Balance at end of period	45,657,272	44,585,338
Gain on dilution	1,014,136	1,014,136
Share in net unrealized mark-to-market gains on FVOCI investments of associates	125,612	125,612
Share in cumulative translation adjustments of associates and joint ventures	(701,584)	(699,430)
Share in actuarial losses on retirement benefit plan of associates and joint ventures	(1,384,237)	(1,383,165)
	148,407,630	146,076,848
Less allowance for impairment losses	680,731	680,731
	147,726,899	145,396,117
Advances to associates	20,527	20,527
	₱147,747,426	₱145,416,644

9. Intangibles

Set out below is the carrying amount of the Group's intangible assets as of March 31, 2021 and the movements for the three-month period then ended:

	Goodwill	Service concession rights	Franchise	Project development costs	Customer contracts	Software and licenses	Total
Cost:							
Balances at beginning of period	₱55,170,011	₱12,068,755	₱3,078,431	₱1,029,421	₱99,746	₱943,446	₱72,389,810
Additions during the period	—	1,150,442	—	18,950	—	11,180	1,180,572
Exchange differences /Others	250,052	8,370	—	(1,560)	—	(977)	255,885
Balances at end of period	55,420,063	13,227,567	3,078,431	1,046,811	99,746	953,649	73,826,267
Accumulated amortization:							
Balances at beginning of period	—	3,403,951	583,620	—	88,835	536,915	4,613,321
Amortization	—	25,655	19,240	—	992	30,487	76,374
Balances at end of period	—	3,429,606	602,860	—	89,827	567,402	4,689,695
Net book values	₱55,420,063	₱9,797,961	₱2,475,571	₱1,046,811	₱9,919	₱386,247	₱69,136,572

10. Other Noncurrent Assets

	March 31, 2021	December 31, 2020
Prepaid taxes	₱3,622,526	₱3,559,354
Input VAT and tax credit receivable	3,092,818	3,076,027
Financial assets at FVOCI	2,240,426	2,215,044
Advances to contractors and projects	1,591,603	2,030,652
Debt investments at amortized cost	1,072,248	101,161
Financial assets at FVTPL	1,046,195	1,009,554
Receivable from NGCP	920,682	920,682
Prepaid rent and other deposits	437,995	845,586
Biological assets	134,388	133,440
Others	1,241,565	658,970
	₱15,400,446	₱14,550,470

Prepaid taxes are composed of creditable withholding taxes.

11. Trade and Other Payables

	March 31, 2021	December 31, 2020
Trade payables	₱22,686,782	₱21,245,087
Output VAT	4,405,391	3,583,387
Nontrade and other payables	2,918,928	2,236,388
Accrued expenses		
Interest	1,941,673	2,880,135
Taxes and fees	984,304	941,214
Others	1,940,147	1,795,287
Amounts due to contractors and other third parties	2,396,423	3,501,864
PSALM deferred adjustment	1,042,861	1,042,861
Unearned revenue	42,442	43,351
	38,358,951	37,269,574
Less noncurrent portion	1,463,185	1,657,982
	₱36,895,766	₱35,611,592

Trade payables are non-interest bearing and are usually on 30-90 days' terms.

Accrued taxes and fees represent accrual of real property tax, transfer tax and other fees.

Other accrued expenses include fuel and lubricant costs, freight expense, materials and supplies that are due within 12 months.

Nontrade payables include amounts due to PSALM pertaining to Generation Rate Adjustment Mechanism (GRAM), Incremental Currency Exchange Rate Adjustment (ICERA), and Universal Charges. Other payables represent withholding taxes, insurance liabilities and other accrual of expenses arising in the ordinary course of business and are generally payable within 12 months from the balance sheet date.

Amounts due to contractors and other third parties include liabilities arising from construction projects.

12. Bank Loans

	March 31, 2021	December 31, 2020
Philippine peso loans	₱27,504,500	₱25,582,500
Vietnamese dong loans	2,351,750	2,022,115
Chinese yuan loans	1,165,696	1,074,805
US dollar loans	436,770	192,092
Indonesia rupia loans	192,995	—
Other foreign currency-denominated loans	368,593	459,371
	₱32,020,304	₱29,330,883

The bank loans are unsecured short-term notes payable obtained from local banks with annual interest rates ranging from 0.81% to 8.50% and 1.15% to 5.55% in 2021 and 2020, respectively. These loans will mature on various dates within 12 months.

13. Long-term Debts

	March 31, 2021		December 31, 2020	
	Annual Interest Rate	Amount	Annual Interest Rate	Amount
Company:				
Financial and nonfinancial institutions - unsecured	2.84% - 6.32%	₱37,888,380	2.84% - 6.32%	₱37,888,380
Subsidiaries:				
GMEC				
Financial institutions - unsecured	LIBOR + 1.70% - 4.85%	32,975,095	LIBOR + 1.70% - 4.00%	33,711,803
Therma Marine				
Financial institutions - secured	4.54 %	780,000	—	—
TVI				
Financial institutions – secured	5.56% - 9.00%	27,983,935	5.56% - 9.00%	29,418,667
AP				
Financial and nonfinancial institutions - Philippine peso - unsecured	3.13% - 8.51%	52,950,000	3.13% - 8.51%	44,950,000
Financial and nonfinancial institutions - Foreign currency - unsecured	LIBOR + 1.20%	14,559,000	LIBOR + 1.20%	14,406,900
TSI				
Financial institutions - secured	5.26 %	18,729,025	5.26 %	18,729,025
APRI				
Financial institutions - secured	4.48% - 5.20%	6,248,800	4.48% - 5.20%	6,873,920
Hedcor Bukidnon				
Financial institutions - secured	4.00% - 5.34%	9,014,858	4.00% - 5.34%	9,315,000
HSI				
Fixed rate corporate notes - unsecured	4.63% - 5.42%	3,702,401	4.63% - 5.42%	3,702,401
PFC				
Financial institutions - unsecured	4.18% - 5.16%	2,877,500	4.18% - 5.16%	2,877,500
PANC				
Financial institutions - unsecured	4.50 %	2,570,000	4.50 %	2,570,000
VECO				
Financial institution - unsecured	4.73% - 4.81%	579,000	4.73% - 4.81%	579,000
LHC				
Financial institutions - secured	LIBOR + 2.00%	274,194	LIBOR + 2.00%	271,330
DLP				
Financial institution - unsecured	4.73% - 4.92%	434,250	4.73% - 4.92%	434,250
HI				
Financial institution - secured	7.41% - 7.87%	1,593,001	7.41% - 7.87%	1,630,000
SEZ				
Financial institution - unsecured	5.00 %	56,500	5.00 %	56,500
CLP				
Financial institution - unsecured	4.73% - 4.92%	86,850	4.73% - 4.92%	86,850
TPVI				
Financial institution - unsecured	3.32% - 5.06%	1,500,000	3.32% - 5.06%	1,500,000
AESI				
Financial institution - secured	4.87 %	600,000	4.87 %	600,000
Apo Agua				
Financial institutions Philippine peso - secured	5.75% - 8.26%	9,000,000	5.75% - 8.26%	9,000,000
AEV International				
Financial institutions: Foreign currency - secured	3.26% - 3.72%	10,822,191	3.26% - 3.72%	10,709,129
US Dollar bonds Foreign currency - unsecured	4.20 %	19,412,000	4.20 %	19,209,200
GCMH				
Financial institution - unsecured	LIBOR + 1.44%	1,941,200	LIBOR + 2.55%	1,920,920
PTAYAM				
Financial institution - unsecured	JIBOR + 3.48%	117,923	JIBOR + 3.48%	119,082
GCFHN				
Financial institution - unsecured	4.00% - 4.90%	82,064	4.00% - 4.90%	89,112
TCP				
Financial institution - unsecured	6.50 %	228,850	6.50%	235,360
Joint Operation - PEC				
Financial institution - secured	5.77% - 6.27%	11,775,801	5.50% - 8.31%	12,251,259
Total		268,782,818		263,135,588
Deferred financing costs		(2,087,405)		(2,094,508)
		266,695,413		261,041,080
Less current portion		21,222,311		17,417,474
Noncurrent portion		₱245,473,102		₱243,623,606

Loan covenants

The loan agreements on long-term debts of the Group provide for certain restrictions with respect to, among others, mergers or consolidations or other material changes in their ownership, corporate set-up or management, investment and guaranties, incurrence of additional debt, disposition of mortgage of assets, payment of dividends, and maintenance of financial ratios at certain levels.

These restrictions and requirements were complied with by the Group as of March 31, 2021 and December 31, 2020.

14. Debt Securities

As of March 31, 2021, AEV and AP registered and issued peso-denominated fixed-rate retail bonds totaling ₱75.9 billion under the following terms:

Maturity	Issuer	Annual Interest Rate	Amount
10-year bonds to mature on November 21, 2023	AEV	4.62%	₱1,800,000
7-year bonds to mature on August 6, 2022	AEV	5.01%	8,467,030
12-year bonds to mature on August 6, 2027	AEV	6.02%	5,071,350
5-year bonds to mature on June 18, 2024	AEV	6.02%	3,350,000
10-year bonds to mature on June 18, 2029	AEV	6.32%	1,650,000
5-year bonds to mature on November 16, 2027	AEV	3.31%	696,700
5-year bonds to mature on November 16, 2023	AEV	2.84%	6,853,300
12-year bonds to mature on September 10, 2026	AP	6.10%	3,400,000
10-year bonds to mature on September 10, 2021	AP	5.21%	6,600,000
10-year bonds to mature on July 3, 2027	AP	5.34%	3,000,000
5.25-year bonds to mature on January 25, 2024	AP	7.51%	7,700,000
7-year bonds to mature on October 25, 2025	AP	8.51%	2,500,000
7-year bonds to mature on October 14, 2026	AP	5.28%	7,250,000
2-year bonds to mature on July 6, 2022	AP	3.13%	9,000,000
5-year bonds to mature on July 6, 2025	AP	3.94%	550,000
5-year bonds to mature on March 16, 2026	AP	3.82%	8,000,000

15. Leases

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities as of March 31, 2021 and the movements for the three-month period then ended:

	Right-of-use assets					Lease Liabilities
	Land	Building	Power Plant	Manufacturing Plant, Equipment and Others	Total	
As of January 1	₱3,413,409	₱389,708	₱32,504,564	₱92,073	₱36,399,754	₱39,768,846
Additions	299	34,999	—	67,684	102,982	102,683
Amortization expense	(50,948)	(42,456)	(258,669)	(4,025)	(356,098)	—
Capitalized amortization	(539)	—	—	—	(539)	—
Interest expense	—	—	—	—	—	1,028,662
Payments	—	—	—	—	—	(2,659,711)
Others	(452)	9,106	—	2,910	11,564	193,903
As of March 31	₱3,361,769	₱391,357	₱32,245,895	₱158,642	₱36,157,663	₱38,434,383

Set out below are the amounts recognized in the consolidated statement of income for the three month period ended March 31, 2021:

Amortization expense of right-of-use assets	₱356,098
Interest expense on lease liabilities	1,028,662
Rent expense - low-value assets	1,785
Rent expense - short-term leases	43,743
	₱1,430,288

16. Retained Earnings

On March 5, 2021, the BOD approved the declaration of a regular cash dividend of ₱0.91 per share (₱5.1 billion) to all stockholders of record as of March 19, 2021. These dividends were taken out of the unrestricted retained earnings as of December 31, 2020, and were paid on March 31, 2021.

The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint arrangements amounting to ₱144.7 billion and ₱143.6 billion as of March 31, 2021 and December 31, 2020, respectively. Such amounts are not available for distribution until such time that the Company receives the dividends from the respective subsidiaries, associates and joint arrangements.

17. Other Comprehensive Income

	March 31, 2021	December 31, 2020
Cumulative Translation Adjustments		
Balance at beginning of period	(₱474,733)	(₱944,486)
Movements	657,723	469,753
Balance at end of period	182,990	(474,733)
Actuarial Losses on Defined Benefit Plans		
Balances at beginning of period	(1,468,919)	(861,868)
Movements	1,319	(607,051)
Balance at end of period	(1,467,600)	(1,468,919)
Net Unrealized Gains (Losses) on Financial Assets at FVOCI		
At beginning of period	3,009	3,135
Movements	(1,594)	(126)
Balance at end of period	1,415	3,009
Share in Cumulative Translation Adjustments of Associates and Joint Ventures		
Balance at beginning of period	(765,424)	(137,020)
Movements	(796)	(628,404)
Balance at end of period	(766,220)	(765,424)
Share in Actuarial Losses on Defined Benefit Plans of Associates and Joint Ventures		
Balance at beginning of period	(1,356,084)	(819,928)
Movements	—	(536,156)
Balance at end of period	(1,356,084)	(1,356,084)
Share in Fair Value Changes on Financial Assets at FVOCI of Associates and Joint Ventures		
At beginning of period	102,748	112,145
Movements	—	(9,397)
Balance at end of period	102,748	102,748
	(₱3,302,751)	(₱3,959,403)

Tax Effects Relating to Each Component of Other Comprehensive Income

	January - March 2021		
	Before Tax Amount	Tax Expense	Net of Tax Amount
Net unrealized mark-to-market losses on FVOCI investments	(₱1,594)	₱—	(₱1,594)
Movement in cumulative translation adjustments	945,189	—	945,189
Share in movement in cumulative translation adjustment of associates and joint ventures	(2,154)	—	(2,154)
Movement in actuarial gains on defined benefit plans	1,884	(565)	1,319
Share in actuarial losses on defined benefit plans of associates and joint ventures	(1,532)	460	(1,072)
Other comprehensive income (loss) for the period - net of tax	₱941,793	(₱105)	₱941,688

	January - March 2020		
	Before Tax Amount	Tax Expense	Net of Tax Amount
Net unrealized mark-to-market losses on FVOCI investments	(₱5,196)	₱—	(₱5,196)
Share in net unrealized mark-to-market gains on FVOCI investments of associates and joint ventures	2	—	2
Movement in cumulative translation adjustments	(701,756)	—	(701,756)
Share in movement in cumulative translation adjustment of associates and joint ventures	36,850	—	36,850
Share in actuarial gains on defined benefit plans of associates and joint ventures	934	(280)	654
Other comprehensive income (loss) for the period - net of tax	(₱669,166)	(₱280)	(₱669,446)

18. Revenues

	Jan - Mar 2021	Jan - Mar 2020 (As restated; see Note 3)
Sale of:		
Power	₱26,800,135	₱27,834,442
Goods	18,835,162	16,869,378
Real estate	584,128	508,216
Service fees	202,606	193,208
Sale of swine at fair value	31,314	126,692
Others	81,705	57,226
	₱46,535,050	₱45,589,162

19. Costs and Expenses

	Jan - Mar 2021	Jan - Mar 2020 (As restated; see Note 3)
Cost of goods sold	₱16,479,309	₱14,330,774
Cost of purchased power	7,472,717	9,116,234
Cost of generated power	5,777,366	6,531,641
Cost of real estate sales	288,947	331,170
Operating expenses	8,540,057	8,703,080
Overhead expenses	17,372	12,705
	₱38,575,768	₱39,025,604

20. Other Income (Expense)

	Jan - Mar 2021	Jan - Mar 2020
Net foreign exchange losses	(P272,212)	(P292,347)
Surcharges	151,163	113,642
Gain (loss) on disposal of:		
Property, plant and equipment	38,236	(47,074)
Financial assets at FVTPL	3,319	(145)
Non-utility operating income	35,236	86,669
Rental income	25,071	12,599
Unrealized valuation gains (losses) on financial assets	18,388	(80,264)
Dividend income	904	1,193
Others - net	214,803	94,614
	P214,908	(P111,113)

“Others - net” comprise non-recurring items like sale of scrap and sludge oil, and reversal of provisions.

21. Earnings per Common Share

Earnings per common share amounts were computed as follows:

	Jan - Mar 2021	Jan - Mar 2020
a. Net income attributable to equity holders of the parent	P8,550,709	P2,028,009
b. Weighted average number of common shares issued and outstanding	5,630,225	5,630,225
c. Earnings per common share (a/b)	P1.52	P0.36

There are no dilutive potential common shares for the three-month periods ended March 31, 2021 and 2020.

22. Operating Segment Information

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available.

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

- power segment, which is engaged in power generation and sale of electricity;
- financial services segment, which is engaged in banking and money remittance operations;
- food manufacturing segment, which is engaged in the production of flour and feeds and swine breeding;
- real estate segment, which is engaged in real property development for sale and lease;
- infrastructure segment, which is engaged in the production of cement and other building materials and in the supply of treated bulk water; and
- the parent company and others, which include the operations of the Company and the service provider subsidiaries that cater mainly to the Group.

In addition, The Group presents geographical segments based on two categories, as follows:

- Philippines, which represents the Group's local operations; and
- Rest of Asia, which represents the foreign operations of the Group across several countries in Asia.

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

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

Segment assets do not include deferred income tax assets, pension asset and other noncurrent assets. Segment liabilities do not include deferred income tax liabilities, income tax payable and pension liability. Adjustments as shown below include items not presented as part of segment assets and liabilities.

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

[illegible][illegible]

Revenues and noncurrent operating assets by geographical locations are summarized below:

	Revenue		Property, Plant and Equipment		Intangible Assets	
	March 2021	March 2020	March 2021	December 2020	March 2021	December 2020
Philippines	₱34,861,115	₱34,963,188	₱177,156,642	₱178,347,621	₱13,626,697	₱12,503,579
Rest of Asia	14,460,405	13,739,466	4,885,911	4,790,720	89,812	102,899
	₱49,321,520	₱48,702,654	₱182,042,553	₱183,138,341	₱13,716,509	₱12,606,478

The revenue information above is based on the locations of customers. Noncurrent operating assets consist of property, plant and equipment and intangible assets.

23. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents bank loans, long-term debts and lease liabilities. The main purpose of these financial instruments is to raise finances for the Group's operations and its investments in existing subsidiaries and associates and in new projects. The Group has other financial assets and liabilities such as trade and other receivables, trade and other payables and customer deposits which arise directly from operations.

The Group also enters into derivative transactions, particularly foreign currency forwards, to economically hedge its foreign currency risk from foreign currency denominated liabilities and purchases.

Risk Management Structure

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

Financial risk committee

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

Treasury service group

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

The main risks arising from the Group's financial instruments are interest rate risk resulting from movements in interest rates that may have an impact on outstanding long-term debts; credit risk involving possible exposure to counter-party default on its cash and cash equivalents, investments in FVTPL and FVOCI and trade and other receivables; liquidity risk in terms of the proper matching of the type of financing required for specific investments; and foreign exchange risk in terms of foreign exchange fluctuations that may significantly affect its foreign currency denominated placements and borrowings.

Market Risk

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

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. To manage this risk, the Group determines the mix of its debt portfolio as a function of the level of current interest rates, the required tenor of the loan, and the general use of the proceeds of its various fund raising activities. As of March 31, 2021, 18.70% of the Group's long-term debt had annual floating interest rates ranging from 2.00% to 8.26%, and 81.30% are with fixed rates ranging from 2.84% to 8.51%. As of December 31, 2020, 15.50% of the Group's long-term debt had annual floating interest rates ranging from 1.62% to 4.90%, and 84.50% are with fixed rates ranging from 2.00% to 8.51%.

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

March 31, 2021

	Less than 1 year	1-5 years	More than 5 years	Total
Long-term debts				
Floating rate	₱6,250,488	₱26,802,860	₱16,718,151	₱49,771,499

December 31, 2020

	Less than 1 year	1-5 years	More than 5 years	Total
Long-term debts				
Floating rate	₱2,448,799	₱30,086,294	₱8,007,950	₱40,543,043

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

The interest expense recognized during the periods follows:

	Jan - Mar 2021	Jan - Mar 2020
Long-term debts	₱3,137,326	₱3,260,656
Lease liabilities	1,028,662	1,127,404
Bank loans	170,137	228,582
Other long-term obligations	62,816	63,933
Customers' deposits	22	843
	₱4,398,963	₱4,681,418

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) as of March 31, 2021 and 2020:

	Increase (decrease) in basis points	Effect on income before tax
March 31, 2021	200	(P248,176)
	(100)	124,088
March 31, 2020	200	(P211,597)
	(100)	105,799

The Group's sensitivity to an increase/decrease in interest rates pertaining to derivative instruments is expected to be insignificant during the first three months of 2021 and 2020, due to their short-term maturities and immateriality relative to the total assets and liabilities of the Group.

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

Commodity Price Risk

Commodity price risk of the Group arises from transactions on the world commodity markets to secure the supply of fuel, particularly coal, which is necessary for the generation of electricity.

The Group's objective is to minimize the impact of commodity price fluctuations and this exposure is hedged in accordance with the Group's commodity price risk management strategy.

Based on a 36-month forecast of the required coal supply, the Group hedges the purchase price of coal using commodity swap contracts. The commodity swap contracts do not result in physical delivery of coal, but are designated as cash flow hedges to offset the effect of price changes in coal.

Foreign exchange risk

The foreign exchange risk of the Group pertains significantly to its foreign currency denominated borrowings, including lease liabilities. To mitigate the risk of incurring foreign exchange losses, foreign currency holdings are matched against the potential need for foreign currency in financing equity investments and new projects. As of March 31, 2021 and December 31, 2020, foreign currency denominated borrowings account for 30.65% and 31.15%, respectively, of total consolidated borrowings.

The following table presents the Group's foreign currency denominated assets and liabilities:

	March 31, 2021		December 31, 2020	
	US dollar	Philippine peso Equivalent ¹	US dollar	Philippine peso Equivalent ²
Financial assets				
Cash and cash equivalents	\$580,105	₱28,152,496	\$618,093	₱29,682,701
Short-term deposits	20,000	970,600	20,000	960,460
Trade and other receivables	22,891	1,110,900	111,091	5,334,947
Investments in FVTPL and FVOCI	42,472	2,061,166	21,789	1,046,395
Total financial assets	665,468	32,295,162	770,973	37,024,503
Financial liabilities				
Bank loans	93,052	4,515,814	78,054	3,748,384
Trade and other payables	233,582	11,335,734	240,418	11,545,608
Long-term debts	663,273	32,188,639	963,243	46,257,829
Lease liabilities	395,657	19,201,234	400,786	19,246,931
Total financial liabilities	1,385,564	67,241,421	1,682,501	80,798,752
Net foreign currency denominated liabilities	(\$720,096)	(₱34,946,259)	(\$911,528)	(₱43,774,249)

¹\$1= ₱48.53

²\$1= ₱48.02

The following table demonstrates the sensitivity to a reasonable possible change in the US dollar exchange rates, with all other variables held constant, of the Group's profit before tax as of:

	Increase (decrease) in US dollar rate against the Philippine peso	Effect on income before income tax
March 31, 2021	US dollar strengthens by 5%	(₱1,747,312)
	US dollar weakens by 5%	1,747,312
December 31, 2020	US dollar strengthens by 5%	(₱2,188,712)
	US dollar weakens by 5%	2,188,712

The increase in US dollar rate represents depreciation of Philippine peso while the decrease in US dollar rate represents appreciation of Philippine peso.

Equity price risk

Equity price risk is the risk that the fair value of traded equity instruments decreases as the result of the changes in the levels of equity indices and the value of the individual stock.

As of March 31, 2021 and December 31, 2020, the Group's exposure to equity price risk is minimal.

Credit Risk

For its cash investments (including restricted portion), financial assets at FVTPL or FVOCI, derivative assets, and receivables, the Group's credit risk pertains to possible default by the counterparty, with a maximum exposure equal to the carrying amount of these financial assets. With respect to cash and financial assets at FVTPL or FVOCI, the risk is mitigated by the short-

term and or liquid nature of its cash investments mainly in bank deposits and placements, which are placed with financial institutions and entities of high credit standing. With respect to receivables, credit risk is controlled by the application of credit approval, limit and monitoring procedures. It is the Group's policy to enter into transactions with a diversity of credit-worthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales are made to customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures.

Concentration risk

Credit risk concentration of the Group's receivables according to the customer category as of March 31, 2021 and December 31, 2020 is summarized in the following table:

	March 31, 2021	December 31, 2020
Power distribution:		
Industrial	₱4,709,314	₱4,005,713
Residential	1,700,660	1,922,998
Commercial	1,014,363	1,144,382
City street lighting	648,316	764,702
Power generation:		
Power supply contracts	9,185,227	8,066,769
Spot market	1,890,490	1,821,815
	₱19,148,370	₱17,726,379

Liquidity Risk

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

Currently, the Group is maintaining a positive cash position, conserving its cash resources through renewed focus on working capital improvement and capital reprioritization. The Group meets its financing requirements through a mixture of cash generated from its operations and short-term and long-term borrowings. Adequate banking facilities and reserve borrowing capacities are maintained.

The Group is in compliance with all of the financial covenants per its loan agreements, none of which is expected to present a material restriction on funding or its investment policy in the near future. The Group has sufficient undrawn borrowing facilities, which could be utilized to settle obligations.

In managing its long-term financial requirements, the policy of the Group is that not more than 25% of long-term borrowings should mature in any twelve-month period. As of March 31, 2021 and December 31, 2020, the portion of the total long-term debt, inclusive of customers' deposits, that will mature in less than one year is 9.18% and 8.02%, respectively. For its short-term funding, the policy of the Group is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Cash and cash equivalents and trade and other receivables, which are all short-term in nature, have balances of ₱72.8 billion and ₱39.4 billion as of March 31, 2021, respectively and of

₱66.0 billion and ₱38.0 billion as of December 31, 2020, respectively. These financial assets will be used to fund short-term and operational liquidity needs of the Group.

The table below analyzes the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity. The amounts disclosed in the table are the contractual undiscounted cash flows.

March 31, 2021

	Total carrying value	Contractual undiscounted principal payments				
		Total	On demand	Less than 1 year	1-5 years	> 5 years
Financial liabilities:						
<i>Operating</i>						
Trade and other payables*	₱34,080,795	₱34,080,795	₱1,585,194	₱31,644,941	₱850,660	₱—
Customers’ deposits	7,121,166	7,121,166	—	171	423,903	6,697,092
<i>Financing</i>						
Bank loans	32,020,304	32,020,304	—	32,020,304	—	—
Long-term debts	266,695,413	276,825,427	—	22,921,230	139,965,674	113,938,523
Lease liabilities	38,434,383	55,730,556	—	10,761,489	40,170,526	4,798,541
Long-term obligation on PDS	188,960	320,000	—	40,000	200,000	80,000
<i>Others</i>						
Derivative liabilities	1,103,500	1,103,500	—	501,815	601,685	—
	₱379,644,521	₱407,201,748	₱1,585,194	₱97,889,950	₱182,212,448	₱125,514,156

*Excludes statutory liabilities

Capital Management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the periods ended March 31, 2021 and December 31, 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group's policy is to keep the gearing ratio at 70% or below at the consolidated level. The Group determines net debt as the sum of interest-bearing short-term and long-term obligations (comprised of long-term debts and lease liabilities) less cash and short-term deposits.

Gearing ratios of the Group as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021	December 31, 2020
Bank loans	₱32,020,304	₱29,330,883
Long-term obligations	305,129,796	300,809,926
Cash and cash equivalents (including restricted cash and short-term cash deposits)	(77,706,941)	(72,251,084)
Net debt (a)	259,443,159	257,889,725
Equity	228,108,849	223,599,999
Equity and net debt (b)	₱487,552,008	₱481,489,724
Gearing ratio (a/b)	53.21%	53.56%

24. Financial Instruments

Fair Value of Financial Instruments

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

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

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

	March 31, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial asset:				
PSALM deferred adjustment	₱1,879,512	₱1,712,677	₱2,140,226	₱1,939,398
Financial liabilities:				
Lease liabilities	38,434,383	35,807,880	39,768,846	38,413,752
Long-term debt - fixed rate	216,923,913	229,355,206	220,498,037	245,613,118
PSALM deferred adjustment	1,879,512	1,712,677	2,140,226	1,939,398
Long-term obligation on PDS	188,960	162,164	183,436	162,164
	₱257,426,768	₱267,037,927	₱262,590,545	₱286,128,432

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

Cash and cash equivalents, short-term cash deposits, trade and other receivables, short-term loans and trade and other payables

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

Lease liabilities

The fair value of the lease liabilities was calculated by discounting future cash flows using applicable interest rates. The disclosed fair value is determined using Level 3 inputs.

Fixed-rate borrowings

The fair value of fixed rate interest-bearing loans is based on the discounted value of future cash flows using the applicable rates for similar types of loans. The disclosed fair value is determined using Level 3 inputs.

Long-term obligation on PDS and PSALM deferred adjustment

The fair value of the long-term obligation is calculated by discounting expected future cash flows at prevailing market rates.

Customers' deposits

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

Financial assets at FVTPL and FVOCI

These equity securities are carried at fair value.

Derivative asset and liabilities

The fair value is calculated by reference to prevailing interest rate differential and spot exchange rate as of valuation date, taking into account its remaining term to maturity. The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Derivative valued using a valuation technique with market observable inputs pertains to a foreign exchange forward contract. The most applied valuation technique is forward pricing. The model incorporates various inputs including the credit quality of counterparty and foreign exchange spot and forward rates.

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

The Group also entered into deliverable and non-deliverable short-term forward contracts with counterparty banks to manage its foreign currency risks associated with foreign currency-denominated liabilities, purchases and highly probable forecasted purchases.

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

The movements in fair value changes of all derivative instruments are as follows:

	March 31, 2021	December 31, 2020
At beginning of period	(₱1,983,877)	(₱2,334,937)
Net changes in fair value of derivatives designated as cash flow hedges	703,039	877,257
Net changes in fair value of derivatives not designated as accounting hedges	13,920	(4,848)
Fair value of settled instruments	177,338	(521,349)
At end of period	(₱1,089,580)	(₱1,983,877)

Fair Value Hierarchy

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

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

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

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

As of March 31, 2021 the Group held the following financial instruments that are measured and carried or disclosed at fair value:

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
Investments in financial assets:				
At FVTPL	₱1,046,195	₱1,046,195	₱—	₱—
At FVOCI	2,240,426	2,240,426	—	—
Derivative liability	1,103,500	—	1,103,500	—
Disclosed at fair value:				
Lease liabilities	35,807,880	—	—	35,807,880
Long-term debt - fixed rate	229,355,206	—	—	229,355,206
Long-term obligation on PDS	162,164	—	—	162,164

During the three-month period ended March 31, 2021, there were no transfers between Level 1 and Level 2 fair value measurements and transfers into and out of Level 3 fair value measurement.

25. Other Disclosure

a. Seasonality of Interim Operations

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

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

b. COVID-19

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon. The community quarantine is still in effect as March 31, 2021 varying in terms of restrictiveness. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve.

The economic slowdown during the community quarantine has been caused by reduced consumer spending in most sectors and therefore, affects the Group's operations.

The Group has experienced the negative effect of the COVID-19 pandemic in its 2020 operations across most of its segments, varying in terms of magnitude. However, because of the diverse business portfolio of the Group covering different industries and to a certain extent, geographical location, the overall effect has been cushioned. In addition, significant improvements have been felt in the latter part of 2020 as the economy started to improve.

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

c. Application of the Provisions of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, the Office of the President of the Philippines signed into law the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. RA 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the consolidated financial statements of the Group as of and for the year ended December 31, 2020 because of their retroactive effect:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event in the consolidated financial statements of the Group as of and for the year ended December 31, 2020. Accordingly, current and deferred income taxes continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

The Group reflected the changes in the current and deferred income taxes in its unaudited interim condensed consolidated financial statements as of and for the three-month period ended March 31, 2021, including the retroactive effect of the change in tax rates arising from the CREATE Act, reducing provisions for current and deferred income tax by ₱0.6 billion.

d. Dividends to Non-Controlling Interests

The Company's material partly-owned subsidiary, AP and its subsidiaries, paid cash dividends amounting to ₱1.9 billion and ₱1.1 billion to non-controlling interests during the three-month periods ended March 31, 2021 and 2020, respectively.

e. Material Events and Changes

1. ₱8.0 billion AP bond issuance

In March 2021, AP issued the first tranche of its ₱30.0 billion debt securities program, equivalent to ₱8.0 billion. The Fixed Rate "Series A Bonds" has an interest rate of 3.82% per annum maturing in 2026. The bonds have been rated PRS Aaa by PhilRatings.

2. AboitizLand sale of its 50% equity stake in CHDI

In April 2021, AboitizLand entered into a Share Sale and Purchase Agreement with Ixidor Holdings, Inc. ("Ixidor") for the sale by AboitizLand of its entire interest in CHDI to Ixidor for ₱609.0 million.

Other than those disclosed above, no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons were created during the interim period. There were also no events that would trigger substantial direct or contingent financial obligations or cause any default or acceleration of an existing obligation.

Likewise, there were no other material changes made in such items as: accounting principles and practices, estimates inherent in the preparation of financial statements, status of long-

term contracts, changes in the composition of the issuer, and reporting entity resulting from business combinations or dispositions.

Lastly, there were no changes in estimates of amounts reported in prior interim period and financial year that would have a material effect in the current interim period.

f. Material Adjustments

There were no material, non-recurring adjustments made during the period that would require appropriate disclosures. All other adjustments are of a normal recurring nature.

g. Contingencies

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

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

SCHEDULE A – RELEVANT FINANCIAL RATIOS

	Formula	March 31, 2021	December 31, 2020
LIQUIDITY RATIOS			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.6	1.6
Acid test ratio	$\frac{\text{Cash + Marketable securities} + \text{Accounts receivable} + \text{Other liquid assets}}{\text{Current liabilities}}$	1.2	1.2
SOLVENCY RATIOS			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	1.7	1.7
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	2.7	2.7
Net debt to equity ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity}}$	1.1	1.2
Gearing ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity} + (\text{Debt - Cash \& cash equivalents})}$	53.2%	53.6%
Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expense}}$	3.6	2.7
PROFITABILITY RATIOS			
Operating margin	$\frac{\text{Operating profit}}{\text{Total revenues}}$	17.1%	16.9%
Return on equity *	$\frac{\text{Net income after tax}}{\text{Total equity}}$	Not Applicable	9.0%

*Ratio marked * is deemed Not Applicable for the interim reporting period since this will not be comparable to the ratio reported in the previous period.*

SCHEDULE B - USE OF PROCEEDS
(Amounts in Thousands)

1.) ₱7.6 billion bonds issued in 2020

	Projected Usage (Per Prospectus)	Actual Usage ¹
Payment of the maturing 2013 Series A Bonds	₱6,200,000	₱6,200,000
Payment of the maturing 2015 Series A Bonds	2,664,112	1,245,578
Partially finance the 2021 equity contributions to Apo Agua for the construction of a hydroelectric-powered bulk water treatment facility in Davao	1,000,000	—
Bond issuance costs	135,888	104,422
TOTAL	₱10,000,000	₱7,550,000

¹The full allotment for the oversubscription was not availed.

2.) ₱5.0 billion bonds issued in 2019

	Projected Usage (Per Prospectus)	Actual Usage
Repayment of Medium-term Loan of AEV International Pte. Ltd.	₱4,936,384	₱4,937,310
Bond issuance costs	63,616	62,690
TOTAL	₱5,000,000	₱5,000,000

3.) ₱24.0 billion bonds issued in 2015

	Projected Usage (Per Prospectus)	Actual Usage
Capital Infusion into Aboitiz Land, Inc.	₱9,892,000	₱10,000
Capital Infusion into Apo Agua Infraestructura, Inc.	2,055,000	14
Capital Infusion into Aseagas Corporation	311,000	222,500
Capital Infusion into PETNET, Inc.	765,000	125,000
Full repayment of existing long-term debt to fund purchase of UBP shares in 2010 & 2011	1,188,000	1,188,000
Bond Issuance Costs	214,077	219,926
Acquisition of a stake in the Philippine business of Lafarge S.A.	9,574,923	22,234,560
TOTAL	₱24,000,000	₱24,000,000

**The actual amount spent for the above projects in 2015 reached ₱25.5bn. The funding came from the ₱24bn retail bond proceeds and the ₱1.5bn balance from internally-generated funds.*

4.) ₱8.0 billion bonds issued in 2013

	Projected Usage (Per Prospectus)	Actual Usage
Aboitizland - JV with Ayala Land, Inc.	₱1,499,600	₱1,350,000
Aboitizland - Additional landbank purchases	500,000	590,000
Aboitizland - Purchase of Lima Land Shares	1,545,500	1,546,000
Aboitizland - Purchase of Lima Land Shares	—	985,000
Sub-total	3,545,100	4,471,000
Payment of Existing Short-term Debt to Finance:		
Capital Infusion into AEV Aviation	500,000	500,000
Purchase of UnionBank shares in 2012	1,030,000	1,030,000
Purchase of UnionBank shares in 2013	1,768,000	1,768,000
Sub-total	3,298,000	3,298,000
Aseagas - Liquid Bio Methane Project	622,437	295,473
Bond Issuance Costs	79,603	86,114
Warchest	454,860	—
TOTAL	₱8,000,000	₱8,150,586

ABOITIZ EQUITY VENTURES, INC. & SUBSIDIARIES

1) AGING OF RECEIVABLES

AS OF : MARCH 31, 2021

(amounts in thousand pesos)

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Power	12,885,433	1,663,461	557,132	4,042,344	19,148,370
Food Manufacturing	6,048,382	448,441	242,777	1,361,690	8,101,290
Real Estate	1,790,491	1,474,501	670,969	3,510,142	7,446,103
Holding and Others	490,064	43,348	8,165	40,767	582,344
	21,214,370	3,629,751	1,479,042	8,954,943	35,278,107
Others	6,828,754	194,626	520,048	1,285,076	8,828,505
	28,043,124	3,824,377	1,999,090	10,240,019	44,106,612
Less Allowance for Expected Credit Losses					3,574,358
					40,532,253

2) ACCOUNTS RECEIVABLE DESCRIPTION

Type of Receivable	Nature / Description	Collection Period
Trade	uncollected billings to customers for sale of power, goods and services	30 - 60 days
Non-Trade	claims, operating cash advances and advances to suppliers & employees	30 - 120 days

3) NORMAL OPERATING CYCLE

Power Subsidiaries

Distribution - 60 days

Generation - 65 days

Food Subsidiaries - 90 days

Real Estate Subsidiaries - 30 days