



May 16, 2022

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. ALEXANDRA D. TOM WONG**
Officer-in-Charge, Disclosure Department

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.

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

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

Gentlemen:

Please see enclosed SEC Form 17-Q (1st Quarterly Report for 2022) of Aboitiz Equity Ventures Inc.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ EQUITY VENTURES INC.

By:

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 2022

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FORM TYPE

4th Monday of April

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Month Day
Annual Meeting

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Month Day
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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

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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, 2022**
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
Common Stock ₱1 Par Value	5,630,225,457
Amount of Debt Outstanding (March 31, 2022)	₱335,269,206,000.00
11. Are any or all of the securities listed on a Stock Exchange?
Yes ☒ No ☐
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange Common

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the financial statements and 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 its Subsidiaries (collectively, the "Power Group"), b.) Banking and Financial Services, c.) Pilmico Foods Corporation and its Subsidiaries, and Pilmico International Pte. Ltd. ("Pilmico International") and its Subsidiaries (collectively, the "Food Group"), d.) Aboitiz InfraCapital Inc. and its Subsidiaries, and Republic Cement and Building Materials, Inc. and its Subsidiaries ("Republic") (collectively, the "Infrastructure Group"), and e.) AboitizLand, Inc. (AboitizLand) and its 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 in evaluating 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 is.

5. NET DEBT-TO-EQUITY RATIO

Net 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 interest-bearing debt less cash by total equity.

KEY PERFORMANCE INDICATORS (KPI)

(Amounts in thousands except financial ratio data)

	JAN-MAR 2022	JAN-MAR 2021
EQUITY IN NET EARNINGS OF INVESTEEES	₱2,415,017	₱6,983,948
EBITDA	13,059,397	18,455,720
CASH FLOW GENERATED:		
Net cash flows from operating activities	10,283,323	10,359,588
Net cash flows used in investing activities	(24,465,215)	2,628,647
Net cash flows from (used in) financing activities	(26,517,739)	(6,111,599)
Net increase (decrease) in Cash & Cash Equivalents	(40,699,631)	6,876,636
Cash & Cash Equivalents, Beginning	147,534,035	65,966,411
Cash & Cash Equivalents, End	107,520,686	72,751,430
	MARCH 31, 2022	DECEMBER 31, 2021
CURRENT RATIO	2.2	2.3
DEBT-TO-EQUITY RATIO	0.6	0.6

Equity earnings in investees decreased by 65% from ₱7.0 billion (bn) during the first three months of 2021 to ₱2.4 bn during the first three months of 2022. The decrease was due to: (i) lower earnings during the relevant period for Union Bank of the Philippines (UnionBank, or the "Bank"), (ii) lower output of SN Aboitiz Power-Magat, Inc.'s and SN Aboitiz Power-Benguet, Inc.'s hydropower plants during the first quarter of 2022 due to lower water inflows, (iii) recognition of income from liquidated damages for delays in the construction of Unit 1 of GNPowr Dinginin Ltd. Co.'s (GNPD) power plant recognized during the first quarter of 2021, and (iv) lower earnings of Republic Cement due to weaker market demand for cement, and one-off tax adjustments resulting from the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act in the first quarter of 2021.

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, additional investments into associates, dividends and interest payments.

Net Debt-to-Equity ratio as of 31 March 31 2022 remained the same as the end-2021 level of 0.6x. The Current Ratio as of 31 March 2022 was at 2.2x, a slight decline from the end-2021 level of 2.3x, as current assets decreased while current liabilities increased.

REVIEW OF JANUARY-MARCH 2022 OPERATIONS COMPARED TO JANUARY-MARCH 2021

RESULTS OF OPERATIONS

For the three-month period ended 31 March 2022, AEV and its Subsidiaries posted a net income attributable to the equity holders of Parent Company ("Net Income to Equity Holders of AEV") of ₱3.9 bn, a 54% decrease year-on-year (YoY). This translated to earnings per share of ₱0.70 for the period. The Power Group accounted for the bulk of the income contributions to AEV at 41%, followed by the Banking and Financial Services, Food, Real Estate, and Infrastructure Groups at 36%, 14%, 4%, and 4%, respectively.

During the first three months of 2022, the Group generated non-recurring gains of ₱766 million (mn) (compared to ₱211 mn losses for the corresponding period in 2021) due to the revaluation of its dollar-denominated assets. Without these one-off gains, the Group's core net income for the first three months of 2022 was ₱3.2 bn, 64% lower YoY. AEV recorded a 29% decrease in consolidated EBITDA for the first three months of 2022 to ₱13.1 bn, compared to ₱18.5 bn for the same period in 2021.

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 2022 compared to the three months ended 31 March 2021.

Revenues

Sale of Power

The Group's revenue from sale of power increased by 33%, or ₱8.9 bn, from ₱26.8 bn in the three months ended 31 March 2021 to ₱35.7 bn in the three months ended 31 March 2022. The increase was primarily attributable to (i) higher sales from retail electricity, and (ii) higher Wholesale Electricity Spot Market (WESM) dispatch in compliance with the must-offer rule. The Group's sale of power comprised 58% and 57% as a percentage of total revenues in the three months ended 31 March 2021 and 31 March 2022, respectively.

Sale of Goods

The Group's revenue from sale of goods increased by 33%, or ₱6.3 bn, from ₱18.8 bn in the three months ended 31 March 2021 to ₱25.1 bn in the three months ended 31 March 2022. The increase was primarily due to higher volume

and selling prices for the Food Group. The Group's sale of goods comprised 40% as a percentage of total revenues in both the three months ended 31 March 2021 and 31 March 2022.

Real Estate

The Group's revenue from real estate increased by 102%, or ₱0.6 bn, from ₱0.6 bn in the three months ended 31 March 2021 to ₱1.2 bn in the three months ended 31 March 2022. The increase was primarily attributable to AboitizLand's higher revenue recognition from increased construction activities for its residential business, as well as significant site development achievements. As a percentage of total revenues, the Group's revenue from real estate comprised 1% and 2% for the three months periods ended 31 March 2021 and 31 March 2022, respectively.

Other Revenues

The Group's combined revenue from the sale of swine, service fees, and other sources increased by 41% or ₱130 mn, from ₱316 mn in the three months ended 31 March 2021 to ₱446 mn in the three months ended 31 March 2022. The increase was mainly due to higher technical service fees in 2022. As a percentage of total revenues, the Group's other revenues comprised 1% in both the three months ended 31 March 2021 and 31 March 2022.

Costs and Expenses

Cost of Generated and Purchased Power

The Group's cost of generated and purchased power increased by 70%, or ₱9.3 bn, from ₱13.3 bn in the three months ended 31 March 2021 to ₱22.5 bn in the three months ended 31 March 2022. The increase was primarily attributable to higher coal costs and higher purchased power rates driven by higher WESM prices. As a percentage of total costs and expenses, the Group's cost of generated and purchased power comprised 34% and 41% in the three months ended 31 March 2021 and 31 March 2022, respectively.

Cost of Goods Sold

The Group's cost of goods sold increased by 35% or ₱5.8 bn, from ₱16.5 bn in the three months ended 31 March 2021 to ₱22.2 bn in the three months ended 31 March 2022. The increase was primarily attributable to higher raw materials costs for the Food Group. As a percentage of total costs and expenses, the Group's cost of goods sold comprised 43% and 40% in the three months ended 31 March 2021 and 31 March 2022, respectively.

Operating Expenses

The Group's operating expenses increased by 13% or ₱1.1 bn, from ₱8.6 bn in the three months ended 31 March 2021 to ₱9.6 bn in the three months ended 31 March 2022. The increase was due to (i) higher contracted services and professional fees, (ii) higher expenses for insurance and provision for credit loss of trade receivables for the Power Group, and (iii) higher personnel expenses, freight and delivery expenses for the Food Group. As a percentage of total costs and expenses, the Group's operating expenses comprised 22% and 18% in the three months ended 31 March 2021 and 31 March 2022, respectively.

Cost of Real Estate Sales

During the three months ended 31 March 2022, the Group's cost of real estate increased by 96% or ₱278 mn, from ₱289 mn in the three months ended 31 March 2021 to ₱567 mn in the three months ended 31 March 2022. The increase was mainly driven by higher real estate sales. 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 2021 and 31 March 2022.

Operating Profit

As a result of the foregoing, the Group's operating profit decreased by 6% or ₱0.5 bn, from ₱8.0 bn in the three months ended 31 March 2021 to ₱7.5 bn in the three months ended 31 March 2022.

Income Before Income Tax

The Group's income before income tax decreased by 46% or ₱5.0 bn, from ₱10.9 bn in the three months ended 31 March 2021 to ₱5.9 bn in the three months ended 31 March 2022. The decrease was mainly due to lower operating profit and equity earnings.

Net Income

The Group's income tax provision for the first three months of 2022 was higher due to one-time tax adjustments related to the CREATE Act recorded during the first quarter of 2021. As a result of the foregoing, the Group's Net Income to Equity Holders of AEV decreased by 54% or ₱4.6 bn, from ₱8.6 bn in the three months ended 31 March 2021 to ₱3.9 bn in the three months ended 31 March 2022.

Net income attributable to non-controlling interests for the three months ended 31 March 2022 decreased to ₱1.4 bn, from ₱2.0 bn in the three months ended 31 March 2021. This was primarily due to the decrease in consolidated net income of AboitizPower during the first three months of 2022.

STRATEGIC BUSINESS UNITS (SBU)

The following discussion describes the performance of the Group's SBUs for the three months ended 31 March 2022 compared to the three months ended 31 March 2021.

Power

For the three months ended 31 March 2022, the Power Group's contribution to Net Income to Equity Holders of AEV, before elimination of transactions within the Group, was ₱1.5 bn, a 69% decrease from ₱4.9 bn in the three months ended 31 March 2021.

Before elimination of transactions within the Group, the combined contribution of AboitizPower's Power Generation and Retail Electricity Supply businesses to Net Income to Equity Holders of AEV decreased by 65%, from ₱4.7 bn in the three months ended 31 March 2021 to ₱1.7 bn in the three months ended 31 March 2022. The variance was primarily due to (i) the recognition of income from liquidated damages for the delay in the construction of GNPD and business interruption claims for the GNPower Mariveles Energy Center Ltd. Co. (GMEC) plant outages recorded during the first quarter of 2021, (ii) Typhoon Odette-related outages, and (iii) advanced planned outages in anticipation of the country's 2022 national elections.

Capacity sold decreased from 3,558 megawatts (MW) for the three months ended 31 March 2021 to 3,534 MW for the three months ended 31 March 2022. Energy sold in the three months ended 31 March 2022 declined by 1% to 6,055 gigawatt-hours (GWh) from 6,130 GWh in the same period in 2021.

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV of AboitizPower's Power Distribution Group decreased by 54%, from ₱0.8 bn in the three months ended 31 March 2021 to ₱0.4 bn in the three months ended 31 March 2022. The decrease was mainly due to lower energy consumption during the first quarter of 2022 caused by a combination of Typhoon Odette and cooler weather. Energy sales decreased by 1% to 1,298 GWh during the three months ended 31 March 2022 from 1,308 GWh in the three months ended 31 March 2021.

Banking & Financial Services

UnionBank's contribution to Net Income to Equity Holders of AEV decreased by 44%, from ₱2.4 bn in the three months ended 31 March 2021 to ₱1.3 bn in the three months ended 31 March 2022. The decrease was primarily attributable to extraordinary trading gains recorded in the first quarter of 2021.

Food

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from the Food Group decreased by 31% to ₱502 mn in the three months ended 31 March 2022, compared to ₱724 mn in the three months ended 31 March 2021.

For the three months ended 31 March 2022, the Agribusiness segment, which consists of the regional animal nutrition businesses (feed, petfood, and specialty nutrition) reported a net income of ₱211 mn, 37% lower compared to ₱334 mn in the three months ended 31 March 2021. The decrease was due to the recognition of unrealized foreign exchange losses from the devaluation of the Sri Lankan Rupee.

The Food and Nutrition segment, which consists of the flour, farms, meats, and trading divisions, recorded a net income of ₱250 mn in the three months ended 31 March 2022, 35% lower YoY. The decrease was due to (i) lower taxes recognized for its farm division in the same period in 2021 from tax adjustments pertaining to its 2020 Income Tax Holiday incentives, and (ii) weaker margins from its flour division driven by the sharp increase in wheat costs. These offset the farm division's strong gross profit performance from a surge in its sales volume during the first three months ended 31 March 2022.

Real Estate

The contribution of AboitizLand and Lima Land, Inc. to Net Income to Equity Holders of AEV during the three months ended 31 March 2022, before elimination of transactions within the Group, amounted to ₱390 mn, a 48% increase from ₱264 mn in the three months ended 31 March 2021. The increase was mainly due to higher revenue recognition from increased construction and site development activities of AboitizLand's residential business segment.

Infrastructure

For the Infrastructure group, Republic Cement's income contribution amounted to a loss of ₱18 mn in the three months ended 31 March 2022, compared to an ₱874 mn income in the three months ended 31 March 2021. The decrease was mainly due to lower market demand for cement due to the increase in prices of steel and other construction materials. Republic Cement also benefited in 2021 from a one-time gain brought about by the CREATE bill which reduced its deferred tax liabilities.

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

Assets

Consolidated assets (as of 31 March 2022 compared to 31 December 2021) decreased by 1% to ₱725.9 bn, due to the following:

- Cash & Cash Equivalents decreased by 27% (₱107.5 bn as of 31 March 2022 compared to ₱147.5 bn as of 31 December 2021). The decrease was mainly due to cash investments in high-yield short-term cash deposits, and cash used for debt servicing and dividend payments.
- Other Noncurrent Assets decreased by 6% (₱14.2 bn as of 31 March 2022 compared to ₱15.1 bn as of 31 December 2021) primarily due to the decrease in Input VAT, the reduction in Power Sector Assets and Liabilities Management Corporation (PSALM) deferred adjustment, and the partial collection of Therma Visayas, Inc.'s (TVI) receivable from the National Grid Corporation of the Philippines (NGCP).

The above decreases were offset by increases in the following:

- Trade and other receivables (current and noncurrent) increased by 5% (₱50.8 bn as of 31 March 2022 compared to ₱48.4 bn as of 31 December 2021) mainly due to increased receivables of the Power and Food Groups resulting from higher revenues.
- Inventories increased by 7% (₱31.2 bn as of 31 March 2022 compared to ₱29.1 bn as of 31 December 2021) mainly due to higher spare parts, supplies, and fuel 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 ₱0.4 bn (₱155.2 bn as of 31 March 2022 compared to ₱154.8 bn as of 31 December 2021) mainly due to the recording of a ₱2.4 bn share in net earnings of Associates and Joint Ventures. This increase was partially reduced by the ₱2.2 bn dividends from Associates and Joint Ventures during the period.
- Other Current Assets increased by 80% (₱45.7 bn as of 31 March 2022 compared to ₱25.4 bn as of 31 December 2021) primarily due to the increase in short-term cash deposits.
- Derivative Assets (net of Derivative liabilities, current and noncurrent) increased to ₱5.5 bn as of 31 March 2022 compared to ₱0.1 bn as of 31 December 2021 mainly due to hedging gains.

Liabilities

Total Liabilities (as of 31 March 2022 compared to 31 December 2021) decreased by 1% to ₱400.9 bn due to the following:

- Long-term debt, which includes both current and non-current portions, decreased by 2% (₱267.5 bn as of 31 March 2022 compared to ₱271.7 bn as of 31 December 2021) mainly due to the prepayment of AEV International's US Dollar loan, and principal payments made on existing loans. These were partly offset by the issuance of retail bonds by AboitizPower amounting to ₱10.0 bn.
- Lease liabilities, which include current and non-current portions, decreased by 5% (₱32.6 bn as of 31 March 2022 compared to ₱34.3 bn as of 31 December 2021) due to Therma Luzon Inc.'s payment on its obligation to PSALM.
- Income tax payable increased by 176%, from ₱0.4 bn as of 31 December 2021 to ₱1.1 bn as of 31 March 2022, mainly due to the corporate income taxes paid in April 2022.
- Deferred Income Tax Liabilities (net of Deferred income tax assets) decreased by 30% (₱206 mn as of 31 March 2022 compared to ₱294 mn asset as of 31 December 2021) mainly due to the recording of deferred tax asset on TVI's Net Operating Loss Carry Over.
- Pension Liabilities (net of Pension assets) increased by 16% to ₱231 mn as of 31 March 2022 compared to ₱200 mn as of 31 December 2021 due to the Group's retirement cost for the period.

Equity

Equity attributable to equity holders of the parent (as of 31 March 2022 compared to 31 December 2021) decreased by ₱2.3 bn, from ₱244.7 bn to ₱242.4 bn, due to the ₱9.1 bn cash dividends paid by AEV.

These were partly offset by the following:

- ₱3.9 bn net income recorded during the period; and
- ₱2.9 bn movement in other comprehensive income mainly from cash flow hedge gains.

MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT

For the three months ended 31 March 2022, the Group continued to support its liquidity mainly from cash generated from operations, and dividends received from Associates and Joint Ventures.

Compared to the cash inflow in the three months ended 31 March 2021, consolidated cash generated from operating activities for the three months ended 31 March 2022 remained flat at ₱10.3 bn.

As of 31 March 2022, ₱24.5 bn net cash was used in investing activities compared to ₱2.6 bn generated during the three months ended 31 March 2021. Out of the cash usage for the current period, ₱23.0 bn was invested in short-term cash deposits to maximize yield.

Net cash used in financing activities was ₱26.5 bn in the three months ended 31 March 2022 compared to ₱6.1 bn during the three months ended 31 March 2021. The increase was largely attributed to the prepayment of AEV International's US Dollar loan, principal payments made on existing loans, and higher cash dividends paid compared to the same period in 2021.

For the three months ended 31 March 2022, net cash outflows surpassed cash inflows, resulting in a 27% decrease in cash and cash equivalents from ₱147.5 bn as of year-end 2021 to ₱107.5 bn as of 31 March 2022.

FINANCIAL RATIOS

AEV's Current Ratio as of 31 March 2022 was 2.2x, a reduction from the end-2021 level of 2.3x, due to a decline in current assets and an increase in current liabilities recorded for the period. Net Debt-to-Equity ratio remained at year-end 2021's 0.6:1.

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

Based on information provided by Union Bank of the Philippines, Inc. (UnionBank or the "Bank") Economic Research Unit, Aboitiz Equity Ventures Inc. (the "Company" or "AEV") expects the Philippines' GDP to grow between 5.8% to 6.0% in 2022 and 6.3% in 2023. Internal research indicates that a more robust economic recovery took place in the fourth quarter of 2021 with declining Covid-19 cases and rising levels of fully vaccinated people that is seen to spillover in 2022.

Power SBU

Aboitiz Power Corporation (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. AboitizPower 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 new power generation projects.

With GNPD Unit 1 already operational as of January 25, 2022, AboitizPower has 621 megawatt (MW) of projects under construction as follows (arranged based on target synchronization and commercial operations date): (i) the GNPD Project Unit 2 ("Dingin Project Unit 2"); (ii) the Therma Mobile, Inc. (TMI) Maco Hybrid Battery Energy Storage System Project ("Maco BESS Project"); (iii) the PV Sinag Power Cayanga Project ("Cayanga Solar Project"); (iv) and the SN AboitizPower Magat Battery Energy Storage System Project ("Magat BESS Project").

GNPD Unit 2 was successfully synchronized on April 23, 2022, which was one month ahead of schedule.

The Maco BESS Project is located in Maco, Compostela Valley. It has a storage capacity of 49 MW and is intended to be used for ancillary services. As of April 2022, the project completed the NGCP tests required for its commercial operations. Commissioning activities and punchlist closure works are well under way to get the plant running by the last week of May 2022. The Maco BESS was designed to work in tandem with the TMI Diesel Engines and part of the ongoing work is configuring the control system to enable the hybrid functionality. It will serve as a model for future BESS investments as well as hybrid renewable energy projects.

The PV Sinag Power Cayanga Project is for the construction of a 94 megawatts peak (MWp) solar power plant located in barangay Cayanga, municipality of Bugallon, Pangasinan. After the groundbreaking ceremony in February 2022, survey and geotechnical investigation, and basic design works had been completed. Construction activities for the control building, transmission line, and Cayanga Substation are ongoing. As of the date hereof, overall the project is at 28% completion with zero lost time incidents. The project is expected to commercially operate by the fourth quarter of 2022.

The Magat BESS Project is located in Ramon, Isabela. It has a storage capacity of 20 MW and will be used to provide ancillary services. The engineering, procurement, and construction (EPC) contract was awarded to Hitachi Energy in March 2022 with a groundbreaking ceremony held on April 25, 2022. Construction works began in April 2022. The project is expected to commence commercial operations in the first quarter of 2024.

On top of the projects under construction, AboitizPower has a 160 MWp of renewable energy (RE) project expected to be issued a notice to proceed in 2022: the PV Sinag Power Laoag project ("Laoag Solar Project"). The Laoag Solar Project is expected to commercially operate by the third quarter of 2023.

AboitizPower also has an additional capacity of 711 MW of RE projects under priority development which are expected to commercially operate by 2024 to 2025: (i) the 84 MWp PV Sinag Power San Manuel Solar Project; (ii) the 44 MWp AP Renewable Energy Corporation Tarlac Solar Project; (iii) the 40 MW Hedcor Bukidnon Kibungan Hydro Project; (iv) the 212 MWp PV Sinag Power Olongapo Solar Project; (v) the 56 MWp PV Sinag Power Ramon Solar Project; (vi) the 50 MWp PV Sinag Power Gamu Solar Project; (vii) the 75 MWp SN AboitizPower-Magat Floating Solar Project; (viii) and the 150 MWp Aboitiz Solar Power Inc Calatrava Solar Project.

In relation to AboitizPower's existing capacity, the steam field operator for AP Renewables Inc. (APRI) has commenced the drilling of 12 new wells, which are expected to result in a minimum 50 MW of aggregated individual well capacity by 2023. As of April 2022, five wells have been completed. Three more are expected to be added by 2022, and another four by 2023. In Tiwi-Makban Geothermal Complex, the initiative to convert waste heat from the geothermal brine to power a 15 MW Binary power plant is reaching the final stages of tender. The project is expected to commercially operate by the third quarter of 2023.

AboitizPower targets to double its net attributable sellable capacity to 9,200 MW by 2030. It intends to achieve a 50:50 balance between its renewable ("Cleanergy") and thermal capacities, without new coal builds. This is expected to come from a portfolio of renewables and selective baseload builds.

AboitizPower aims to maximize opportunities from the implementation of the Renewable Portfolio Standards (RPS) by the DOE. 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. AboitizPower will continue to pursue international opportunities, with a continued focus on renewable energy projects in wind, hydro, and solar technologies in high growth geographic markets with acceptable regulatory environments. AboitizPower plans to significantly grow Cleanergy by 3,700 MW of net attributable sellable capacity, both domestically and internationally, and bring its renewable portfolio to 4,600 MW of net attributable sellable capacity by 2030.

AboitizPower is optimizing its existing baseload facilities to meet critical market needs. Baseload demand in the Philippines is still expected to increase. In the absence of new coal plants, AboitizPower is currently conducting studies for viable alternatives to coal. In the event of a critical shortage, AboitizPower's third unit options located in existing baseload facilities may respond if called upon. AboitizPower is also shifting its focus to gas for baseload growth. It has early feasibility studies, and within the next ten years, expects to construct one gas plant with a capacity of 1,000 MW, unless a cleaner technology proves to be the more economical option.

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

Given the current state of power needs in the Philippines and the expected build progression of new plants over the next ten years, AboitizPower believes its existing coal assets will need to continue to play a significant role for at least another 15 to 20 years. AboitizPower is always looking at improvements to make sure it continues to operate its assets responsibly and in compliance with all regulations.

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 ₱28 bn for capital expenditures in 2022, for the development and construction of various solar power, hydro power, and battery energy-storage systems, and the continuous improvement of the reliability of baseload plants.

AboitizPower and JERA have agreed to explore immediate collaboration in the following areas: 1) development of power projects, including (Liquified Natural Gas) LNG-to-Power projects; 2) management and sourcing of LNG fuel supply; and 3) potential participation in aspects of plant operation and maintenance (O&M).

Other known trends, events, uncertainties which may have a material impact on AboitizPower have been discussed extensively in sections of the AboitizPower'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 76 of AboitizPower's 2021 Definitive Information Statement).

Banking & Financial Services SBU

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

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 made progress in achieving this goal. As of December 31, 2021, the majority of the Bank's revenues were recurring in nature as the growth of its loan portfolio over the past 10 years outpaced the industry average (the Bank's 10-year average was at 13% compared to the industry's average of 12%). In addition, the Bank's 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 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 Bank's Digital Transformation Strategy had 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 deliver superior customer experiences; and (ii) to employ its digitized processes to transform City Savings Bank, Inc. (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 and new business models which may disrupt the business of banking. The Bank sought to develop, enable, and invest in financial technology ("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.

Having completed Phase 1 (i.e., building the foundational infrastructure to be "Digital to the Core" and transforming people and culture to be an "Agile Organization") 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.

The COVID-19 pandemic has accelerated the shift in consumer behavior towards digital banking. The banking industry in general, and Unionbank in particular, experienced immense growth in electronic transactions (e.g. fund transfers, in-app bills payment, etc.), as well as increased users of digital channels and applications since 2020. The Bank expects the digital trend to continue, especially as more Filipinos discover and experience the advantages of digital payments and digital banking.

UBX PH also ramped up in the operations with its flagship platforms, namely: (i) *i2i* (a banking-as-a-service 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). With the growth of E-Commerce during the pandemic, UBX PH sign-ups and transactions grew exponentially, which translated to increased recurring revenues.

In July 2021, the Bank obtained a digital bank license for its fully-digital bank, UnionDigital. Set to be launched in 2022, UnionDigital is envisioned to capture the underbanked segments of the population by offering superior customer experience with a cost-efficient infrastructure and organization.

Moreover, in December 2021, the Bank also announced its acquisition of Citigroup's consumer banking business in the Philippines. The transaction includes Citi's credit card, personal loans, wealth management, and retail deposit businesses. The acquisition also includes Citi's real estate interests in relation to Citibank Square in Eastwood City in Bagumbayan, Quezon City, full-service bank branches, and wealth centers. The acquisition will accelerate the Bank's objective of becoming a 'Great Retail Bank' given Citi's market leadership in the credit cards, personal loans, and wealth management business. Subject to regulatory approvals, the transaction is expected to close in the second half of 2022.

With its digital thrust, the Bank believes that it is well-positioned to leverage on the digital trends as it carries on with the commercialization program of its digital transformation. For 2022, the Bank's key focus areas include: (i)

improving the Bank's operations and delivery of products and services via Cloud Migration, DevSecOps, and continuous enhancement of our digital channels as we further scale up in terms of customers and transactions; (ii) continuing growth and maximize profitability in the mass market segments we are in; (iii) further ramping up the growth of UBX PH's platforms to sustain growth in recurring revenues; (iv) successfully launching UnionDigital; and (v) most importantly, ensuring the smooth transition of Citi's employees and customers to the Bank. UnionBank also intends to ride on the wave of the economy's recovery and improving consumer demand to push for further growth of its core lending business. To support these initiatives, the Bank has allotted more than ₱3 bn for capital expenditures in 2022.

The Bank's strong capitalization and above-industry profitability and efficiency ratios will continue to provide 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 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 players and has a nationwide presence. The Food Group also operates in the ASEAN and across the Asia-Pacific regions through Pilmico International Pte. Ltd. and its Subsidiaries - which includes Gold Coin Management Holdings Private Limited (Gold Coin) based in Singapore - and is well-positioned as a regional manufacturer and producer of high-quality animal and aqua feeds.

In January 2022, the Food Group internally reorganized its businesses into two key business segments, namely; (i) Agribusiness and (ii) Food and Nutrition business. Agribusiness segment consists of its regional (i.e. local and international) animal nutrition businesses (feed, petfood, and specialty nutrition divisions). Meanwhile, the Food and Nutrition business segment consists of businesses that cater to the consumer segment of the value chain (flour, farms, meats, and trading divisions) in the Philippines. It also includes retail and other business-to-customer (B2C)-oriented businesses. This reorganization will allow the Food Group to better deliver its identified strategic pillars (i.e. balance, optimize and develop) through improvement in internal collaboration, increasing the speed and efficiency in execution, and capitalizing on the synergize that exists in the business as they present themselves.

In order to achieve the Food Group's Vision *"to become an integrated regional business and food company"*, the Food Group will (i) maintain a balanced portfolio by diversifying revenues and Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) across geographies, businesses, and products to increase its resilience, (ii) focus on operational excellence, cost control, and leverage on technology, and (iii) pursue building new growth platforms by investing in fast-growing and higher-margin segments of the industry. Overall, this approach will serve as the compass in steering the Food Group to achieve its growth targets in the coming years.

The acquisition of the Gold Coin and its Subsidiaries (the "Gold Coin Group") has allowed 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 in distribution, localized operations, cross-selling, research and development, raw materials, and logistics costs.

The flour division 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, protecting its market share, and potentially expanding into a more diversified product portfolio.

Meanwhile, the farms division started the construction of its third Breeder Farm in 2021 and it is expected to be completed in June 2022. This will yield an additional capacity of 2,500 sow level and will help in the recovery of the supply of pork in the Philippine Market. The expansion is anchored on the confidence brought about by the improved biosecurity protocols and methodology that will thrive despite the presence of African Swine Fever (ASF) in the country. With the planned expansion, Farms' sow level capacity is expected to reach 60,000 heads by 2026. 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. With ASF hitting the Philippine swine farming industry in 2019, the latter (i.e live hog selling) has not fully recovered yet the lost capacity and unserved demand for pork meat is eased up through meat importation. This presents an opportunity for the Food Group to further augment the volume of its Meats business through external sources and improve its meat processing facility utilization.

The branded pork meat products of the Food Group, under the house brand “The Good Meat” are now made available in the Philippines through different digital platforms such as Lazada and the Food Group’s online meat store. On top of one existing store, four new physical stores are planned to be fully operational by August 2022, with an expected capacity of 2 metric ton (MT) per day per store. Furthermore, The Good Meat plans to expand its supermarket presence from 260 stores in 2021 to 330 stores by the end of 2022 (a combination of retail concessionaires stores and stores carrying The Good Meat products). These initiatives are expected to allow the Food Group to further develop its B2C channels and to provide an expansion to the supply chain which will ensure better distribution to all customers in the relevant areas.

The targeted increase in layers capacity still remains, which is expected to result in a monthly production of 22 mn eggs by 2025.

The Agribusiness segment in the Philippines seeks to solidify its market position through expanding production in strategic locations in the Visayas and Mindanao regions in the next five years. To support the wider market, the Food Group will employ platform improvements in logistics to enhance operational agility and improve customer experience. The Food Group believes that continuous product developments through precise nutrition and feeding management, the introduction of pet food, and the building-up of specialty nutrition are key to a strengthened and diversified Agribusiness portfolio.

The Gold Coin Group (under the Agribusiness segment) will pursue (i) fast-growing segments like aquafeeds and (ii) attractive geographies where it has a captive market and the ability to compete. In 2021, several plant expansions took place within the region. An additional fish feed line located in Malaysia (West Port, Malaysia) with a capacity of 5 tons per hour (TPH) commenced operations in April 2021. China also expanded 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. Meanwhile, in Indonesia a raw material warehouse expansion was completed. The facility can store up to 3,000 MT and is intended to improve efficiency, stability of production, and reduce external warehouse dependencies. China and Vietnam will continue to expand their livestock feedmill facility with an additional capacity of 30 TPH each mill. Construction will be completed in December 2023 and September 2023, respectively.

These carefully selected and calibrated investments are expected to capture greater returns while steadily building a strong and diversified regional food business integrated across the business system.

Food Group has allotted ₱6 bn for capital expenditures in 2022.

Infrastructure SBU

Aboitiz InfraCapital, Inc. (Aboitiz InfraCapital)

Aboitiz InfraCapital aims to thrive in the Philippine infrastructure space and contribute to its economic recovery amid the COVID-19 pandemic.

2022 is expected to be a growth year – Apo Agua Infraestructura, Inc. (Apo Agua) is expected to begin operations and Unity Digital Infrastructure Inc. (Unity) will be accelerating its tower rollout, while Economic Estates will continue its expansion.

Economic Estates

To keep the country's economic engine running, Aboitiz InfraCapital's Economic Estates remained fully operational throughout the peak of the pandemic amid varying restrictions and alert levels last year. This helped ensure that close to 100,000 Filipinos continue to have a livelihood during this challenging time.

The Economic Estates business has further strengthened its leadership in the Industrial-anchored Estate category by continuing to expand its footprints in both Batangas and Cebu, as well as by adding relevant and forward-looking products and services that capture business from the burgeoning ecosystem within its Estates.

Last year, LIMA Estate continued with the transformation of its Central Business District by introducing commercial lots for sale. These commercial lots present a unique opportunity for investors who wish to locate in Batangas, a fast-growing economic hub in the Calabarzon region. They are ideal for BPO companies, offices, dormitories, condominiums, schools, hospitals, hotels, civic centers, and other commercial uses that will complement existing commercial components within the Central Business District. Currently, the construction of Phase 1 is substantially complete at 80%, while Phase 2 was recently opened for sale.

In addition, construction began for LIMA Tower One, which is the first of a planned seven-building office park at the heart of LIMA's central business district (CBD). This Philippine Economic Zone Authority or PEZA-registered building is in the process of acquiring BERDE green building accreditation and aims to capitalize on the anticipated boom of business process outsourcing (BPO) companies outside the National Capital Region.

In parallel, LIMA Estate continued to strengthen its industrial portfolio with the expansion of its industrial area. Phase 1 of its Block 9 expansion, which spans 47 hectares, finished 2021 substantially complete at 80% and nearly sold out. Due to the strong demand for industrial lots from both foreign and domestic enterprises, Phase 2, which spans 57 hectares, recently broke ground last March 22, 2022. Once completed and fully built out, the entire Block 9 expansion is projected to generate 40,000 jobs, adding to the existing population of 62,000 workers within the Estate.

Meanwhile, last March 10, 2022, Cebu Industrial Park Developers, Inc. (CIPDI) also broke ground on an industrial expansion within West Cebu Estate's (WCE) 540-hectare property. With the limited availability of Philippine Economic Zone Authority-proclaimed land in Cebu, this expansion addresses the demand from both new and expanding locators in light and medium industries. Once fully complete and built out, the 39-hectare industrial expansion is projected to generate 14,000 jobs, doubling the existing population of 14,000 workers within the Estate.

In addition, CIPDI has begun planning for a four-hectare commercial area to complement the primary industrial use of the Estate. Anticipated to begin construction in 2024, this area is expected to serve the essential and lifestyle needs of the growing population within the estate, as well as the surrounding community of Balamban. Located within the commercial area will be a supermarket, pharmacy, restaurants, banks, as well as open spaces and public transport.

In the first quarter of 2022, foot traffic and tenant sales continued to pick up in the commercial centers both in Batangas and Cebu, as the economy opened up, and as the public felt more comfortable venturing out in public. Occupancy rate remained steady throughout 2021, as Aboitiz InfraCapital supported its merchants with rental relief, as well as by providing alternative purchasing channels, allowing free use of alfresco areas, and hosting safe events for the community, such as outdoor movies, drive-thru markets, and a drive-in mass.

Aboitiz InfraCapital is optimistic about the future, as it believes that its open-air format - and their unique multi-use activity areas - put its malls in a position to capitalize on evolving consumer preferences and a rapidly growing population in the areas wherein it operates.

Looking ahead, as Aboitiz InfraCapital continues to welcome new locators and businesses to LIMA, there will be a continuous transformation of the LIMA Estate, through the introduction of new product lines, smart city features, and sustainability initiatives. Aboitiz InfraCapital has partnered with the Philippine Green Building Council to participate in a pilot program for District Certification of the entire LIMA Estate, and once completed, it will be the first Industrial Estate in the entire country to receive this green certification.

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 and other affiliated economic estates, which are expected to experience healthy growth in the coming years.

Driven by the recovery and continuous increase in industrial water demand inside Lima Estate, Lima Water believes it can sustain this growth, along with the influx of new locators coming from new expansion areas.

Lima Water remains committed to supporting its customers and ensuring uninterrupted service through its robust business continuity plans and smart water network system. In terms of operational excellence, Lima Water is bound to become more efficient with the completion of its Full Automation initiative in 2022. This will serve as the backbone of the envisioned Smart Water Network, turning Lima Water into a world-class water utility company. Lastly, the signing of the memorandum of agreement for the water supply and distribution in The Villages at Lipa showcases Lima Water's increasing participation in the ecosystem of Lima Estate and harnessing synergy with affiliates.

Apo Agua Infraestructura, Inc.

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

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 in line with the target of beginning operations in 2022.

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 underserved highly-urbanized cities for opportunities to expand its footprint in the water space across the country.

Digital Infrastructure

In line with the Department of Information and Communication Technology's Department Circular No. 8, Aboitiz InfraCapital received the Independent Tower Company (ITC) Certificate of Registration for its towers subsidiary on February 24, 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, operate and maintain common passive telecom infrastructure and efficiently power its cell sites and allow the company to secure contracts with mobile network operators.

In April 2021, Aboitiz InfraCapital announced the launch of Unity, its joint venture telecommunications infrastructure platform with Partners Group. Unity is focused on delivering its growing pipeline of sites and as of the date hereof has 85 signed ground leases and 40 sites under construction.

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, Davao, and Subic, where improving network quality and services is difficult due to congestion and the availability of sites. The sites will serve as complementary offerings to the macro tower sites and the deployments are ongoing to meet the accelerated demand for improved telecommunication services. More than 350 small cell sites in Cebu, Davao, and Subic were deployed by the end of the first quarter of 2022.

Unity is in active business with all 3 mobile network operators, with a target of over 1,000 operating macro towers and small cell sites to be completed in 2022. Unity will be acquiring the small poles business from Aboitiz InfraCapital to solidify its digital infrastructure offering.

Regional Airports

The Department of Transportation (DOTr) granted Aboitiz InfraCapital Original Proponent Status to its unsolicited proposals to operate, maintain, and expand the new Bohol-Panglao International Airport on September 3, 2018, and to operate and maintain the Bicol International Airport on September 7, 2021. The same status was received from the Civil Aviation Authority of the Philippines (CAAP) for Laguindingan Airport on February 26, 2019. On November 29, 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 (ICC-CabCom) approved the proposal for Laguindingan Airport on December 20, 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 and Bicol International Airports 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. 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)

Cement demand declined slightly during the first quarter of 2022, impacted by the increases in the prices of steel and other construction materials. Based on RCBM's forecasted, demand is expected to further slowdown once election-related construction bans commence and during the transition to the new presidential administration. In addition, the pandemic continues to present a risk to economic recovery, which in turn might also impact demand in residential and non-residential segments.

RCBM remains committed to serving its key markets throughout the country with high-quality products, while improving efficiencies and reducing costs. Two newly-commissioned mills provide RCBM with additional 2.3 mn tonnes per annum (MTPA) capacity to serve the market needs.

RCBM is currently experiencing inflationary pressures in energy prices, exacerbated by the Russia-Ukraine war, which impacts its cement production costs. In an effort to mitigate the impact of its external headwinds, RCBM continues to focus on operational excellence initiatives and cost control 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 ₱29 bn for capital expenditures in 2022 across all its businesses.

Land SBU

Aboitiz Land, Inc. (AboitizLand)

AboitizLand is committed to innovating ways to lead more families home in 2022 and the years to come. It will continue to be focused on further improving all aspects of operations.

Innovation will continue to be at the core of AboitizLand's culture. In 2022, AboitizLand expects to continue to harvest the results of its digitization strategy. Some key innovation initiatives that are planned for 2022 include the complete automation of the construction management process, the introduction of a new building system/technology, the full roll out of the *Vecino* app, and the optimization of all digital and social media assets in harnessing leads and strengthening the brand.

AboitizLand remains bullish about the property sector as residential property trends point towards a stronger preference for its residential offerings. There is a newfound appreciation for house and lots and residential lot projects, as preferences for the living set-up shift towards horizontal developments. Supported by the boom of infrastructure developments built by the government, living outside central business districts is now more possible

without compromising comfort, convenience, and accessibility. The expected reduction in the need to live near central business districts bodes well for AboitizLand's residential developments located in emerging centers outside the capital. This trend is expected to continue and will benefit the location of AboitizLand projects that are found in emerging cities outside but still accessible to Metro Manila/Metro Cebu. It is for these reasons that AboitizLand will be launching new phases in its existing projects within 2022.

AboitizLand sees minimal impact in its operations and financial performance within 2022 from the disruptions caused by the ongoing Russia-Ukraine war. Almost all owner-supplied materials needed in 2022 for its ongoing projects were secured and locked-in with various suppliers before the onset of the war. However, what could be affected are the future projects being planned for launch later in 2022 that have not yet been awarded to the contractors.



AboitizLand has allotted ₱2 bn for capital expenditures in 2022.

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 16, 2022
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 16, 2022

Aboitiz Equity Ventures, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements

As of March 31, 2022 (with Comparative Figures as of December 31, 2021) and

For the Three-Month Periods Ended March 31, 2022 and 2021

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET**

(With Comparative Figures as of December 31, 2021)

(Amounts in Thousands)

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱107,520,686	₱147,534,035
Trade and other receivables (Note 6)	50,450,410	48,020,420
Inventories	34,116,733	31,992,459
Derivative asset (Note 24)	6,050,518	1,383,903
Other current assets (Note 7)	46,972,968	25,418,264
Total Current Assets	245,111,315	254,349,081
Noncurrent Assets		
Property, plant and equipment	219,615,435	220,018,207
Investments and advances (Note 8)	155,224,955	154,815,613
Intangible assets (Note 9)	75,884,149	74,338,411
Investment properties	12,799,380	12,227,553
Deferred income tax assets	2,103,228	1,976,548
Trade and other receivables - net of current portion (Note 6)	312,900	366,651
Derivative asset - net of current portion (Note 24)	283,008	75,718
Net pension assets	272,182	293,168
Other noncurrent assets (Note 10)	14,244,168	15,145,672
Total Noncurrent Assets	480,739,405	479,257,541
TOTAL ASSETS	₱725,850,720	₱733,606,622
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 11)	₱46,412,374	₱45,779,404
Bank loans (Note 12)	35,199,726	35,415,424
Current portions of:		
Long-term debts (Notes 13 and 14)	18,454,430	18,608,778
Long-term obligation on Power Distribution System (PDS)	40,000	40,000
Lease liabilities (Note 15)	8,525,260	8,291,721
Derivative liabilities (Note 24)	834,733	1,180,048
Income tax payable	1,056,753	382,223
Total Current Liabilities	₱110,523,276	₱109,697,598

(Forward)

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts (Notes 13 and 14)	₱249,023,321	₱253,069,865
Lease liabilities (Note 15)	24,066,469	25,964,507
Trade and other payables (Note 11)	979,594	982,617
Long-term obligation on PDS	130,496	125,532
Customers' deposits	7,603,145	7,374,767
Decommissioning liability	5,763,881	5,686,224
Deferred income tax liabilities	2,309,121	2,270,797
Net pension liability	503,474	493,293
Derivative liabilities - net of current portion (Note 24)	49	174,664
Total Noncurrent Liabilities	290,379,550	296,142,266
Total Liabilities	400,902,826	405,839,864
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
Equity reserves	29,491,200	29,491,200
Accumulated other comprehensive income (loss) (Note 17)	2,668,200	(235,375)
Retained earnings (Notes 16 and 25)		
Appropriated	79,800,000	9,200,000
Unappropriated	112,379,549	188,162,793
Treasury stock at cost	(647,672)	(647,672)
	242,399,074	244,678,743
Non-controlling Interests (Note 25)	82,548,820	83,088,015
Total Equity	324,947,894	327,766,758
TOTAL LIABILITIES AND EQUITY	₱725,850,720	₱733,606,622

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	
	2022	2021
REVENUES (Note 18)	₱62,480,514	₱46,535,050
COSTS AND EXPENSES (Note 19)	54,985,950	38,575,768
FINANCIAL INCOME (EXPENSE)		
Interest income (Notes 5 and 6)	207,936	129,695
Interest expense (Note 23)	(4,407,825)	(4,398,963)
	(4,199,889)	(4,269,268)
OTHER INCOME - NET		
Share in net earnings of associates and joint ventures (Note 8)	2,415,017	6,983,948
Other income (expense) - net (Note 20)	212,544	214,908
	2,627,561	7,198,856
INCOME BEFORE INCOME TAX	5,922,236	10,888,870
PROVISION FOR INCOME TAX	564,174	328,940
NET INCOME	₱5,358,062	₱10,559,930
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	₱3,937,721	₱8,550,709
Non-controlling interests	1,420,341	2,009,221
	₱5,358,062	₱10,559,930
EARNINGS PER SHARE (Note 21)		
Basic and diluted, for net income for the period attributable to ordinary equity holders of the parent	₱0.70	₱1.52

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	
	2022	2021
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	₱3,937,721	₱8,550,709
Non-controlling interests	1,420,341	2,009,221
	5,358,062	10,559,930
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	389,100	198,833
Movement in cash flow hedge, net of tax	5,290,624	746,356
Share in movement in cumulative translation adjustments of associates and joint ventures	112,068	(2,154)
Net movement in net unrealized mark-to-market losses on FVOCI investments, net of tax	(11,015)	(1,594)
	5,780,777	941,441
<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	37,561	(1,072)
Movement in net actuarial gains (losses) on defined benefit plans, net of tax	(495)	1,319
	37,066	247
TOTAL COMPREHENSIVE INCOME	₱11,175,905	₱11,501,618
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	₱6,841,296	₱9,207,361
Non-controlling interests	4,334,609	2,294,257
	₱11,175,905	₱11,501,618

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, 2022 AND 2021
(Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to equity holders of the parent							Total	Non-controlling Interest	Total
	Capital Stock: Common	Additional Paid-in Capital	Equity Reserve	Accumulated Other Comprehensive Income (Note 17)	Retained Earnings		Treasury Stock			
					Appropriated (Note 16)	Unappropriated (Note 16)				
Balances at January 1, 2022	P5,694,600	P13,013,197	P29,491,200	(P235,375)	P9,200,000	P188,162,793	(P647,672)	P244,678,743	P83,088,015	P327,766,758
Net income for the period	—	—	—	—	—	3,937,721	—	3,937,721	1,420,341	5,358,062
Other comprehensive income	—	—	—	2,903,575	—	—	—	2,903,575	2,914,268	5,817,843
Total comprehensive income for the period (Note 17)	—	—	—	2,903,575	—	3,937,721	—	6,841,296	4,334,609	11,175,905
Cash dividends - P1.62 per share (Note 16)	—	—	—	—	—	(9,120,965)	—	(9,120,965)	—	(9,120,965)
Appropriation during the period (Note 16)	—	—	—	—	70,600,000	(70,600,000)	—	—	—	—
Cash dividends paid to non-controlling interests (Note 25)	—	—	—	—	—	—	—	—	(5,120,683)	(5,120,683)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	246,879	246,879
Balances at March 31, 2022	P5,694,600	P13,013,197	P29,491,200	P2,668,200	P79,800,000	P112,379,549	(P647,672)	P242,399,074	P82,548,820	P324,947,894

Balances at January 1, 2021	P5,694,600	P13,013,197	(P6,215,026)	(P3,959,403)	P9,200,000	P165,976,675	(P647,672)	P183,062,371	P40,537,628	P223,599,999
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 - P0.91 per share	—	—	—	—	—	(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	P5,694,600	P13,013,197	(P6,215,026)	(P3,302,751)	P9,200,000	P169,403,879	(P647,672)	P187,146,227	P40,962,622	P228,108,849

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	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱5,922,236	₱10,888,870
Adjustments for:		
Interest expense (Notes 15 and 23)	4,407,825	4,398,963
Depreciation and amortization	3,311,959	3,087,317
Net unrealized foreign exchange gains (losses)	(438,087)	179,449
Write-off of project costs and other assets	—	(8)
Gain on sale/disposal of:		
Property, plant and equipment (Note 20)	(1,568)	(38,228)
Fair value through profit or loss (FVTPL) and Fair value through other comprehensive income (FVOCI) investments (Note 20)	(1,302)	(3,319)
Unrealized mark-to-market gains on derivatives	(47,575)	(13,920)
Unrealized mark-to-market losses (gains) on FVTPL investments (Note 20)	40,495	(18,388)
Dividend income (Note 20)	(603)	(904)
Interest income	(207,936)	(129,695)
Share in net earnings of associates and joint ventures (Note 8)	(2,415,017)	(6,983,948)
Operating income before working capital changes	10,570,427	11,366,189
Increase in operating assets	(2,778,103)	(1,829,120)
Increase in operating liabilities	2,497,337	2,294,232
Net cash generated from operations	10,289,661	11,831,301
Income and final taxes paid	(6,338)	(1,471,713)
Net cash flows from operating activities	10,283,323	10,359,588
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received (Note 8)	2,461,908	6,643,134
Interest received	200,555	134,770
Additions to:		
FVTPL and FVOCI investments	(392,969)	(1,031,384)
Property, plant and equipment and investment properties	(4,190,206)	(1,283,852)
Investments in and advances to associates (Note 8)	—	(1,262,141)
Short-term cash deposits	(22,985,184)	—
Increase in intangibles (Note 9)	(968,922)	(1,128,650)
Decrease in other noncurrent assets	1,409,603	556,769
Net cash flows from (used in) investing activities	(24,465,215)	2,628,646
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from (payments of) long-term debts (Notes 13 and 14)	(4,958,850)	5,112,369
Net proceeds from (payments of) bank loans (Note 12)	(215,698)	2,689,421
Cash dividends paid to non-controlling interest (Note 25)	(5,120,683)	(1,889,979)
Cash dividends paid to equity holders of the parent (Note 16)	(9,120,965)	(5,123,505)
Interest paid	(4,088,912)	(4,240,193)
Payments of lease liabilities, including interest accretion (Note 15)	(3,012,631)	(2,659,711)
Net cash flows used in financing activities	(26,517,739)	(6,111,598)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(40,699,631)	6,876,636
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	686,282	(91,617)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	147,534,035	65,966,411
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	₱107,520,686	₱72,751,430

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, 2022 and December 31, 2021:

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			March 31, 2022		December 31, 2021	
			Direct	Indirect	Direct	Indirect
Aboitiz Power Corporation (AP) and Subsidiaries	Power	Philippines	52.00	–	52.00	–
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. (Sacasun)	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
AP Renewables, Inc. (APRI)	Power	Philippines	–	100.00	–	100.00

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			March 31, 2022		December 31, 2021	
			Direct	Indirect	Direct	Indirect
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
Sinag Solar Power Corporation*	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
Electricidad, Inc.*	Power	Philippines	–	100.00	–	100.00
Maaraw Renewable Energy Corporation*	Power	Philippines	–	100.00	–	100.00
Wind Renewable Energy Corporation*	Power	Philippines	–	100.00	–	100.00
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. (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	–
Propiedad del Norte, Inc. (PDNI)	Real estate	Philippines	–	100.00	–	100.00

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			March 31, 2022		December 31, 2021	
			Direct	Indirect	Direct	Indirect
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
ALLRise Development Corp. 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.	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
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	–	100.00
Gold Coin Specialities (Thailand) Co. Ltd.	Feedmills	Thailand	–	93.90	–	100.00
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	–	100.00
Gold Coin Feedmills (Malaysia) Sdn. Bhd.	Feedmills	Malaysia	–	100.00	–	100.00

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			March 31, 2022		December 31, 2021	
			Direct	Indirect	Direct	Indirect
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
Aboitiz Data Innovation Pte. Ltd.*	Data Analytics	Singapore	–	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	–
Lima Land, Inc. (LLI) ¹	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	–	70.00	–	70.00

¹In February 2022, AIC acquired 100% of LLI from Aboitizland.

* No commercial operations as of March 31, 2022.

Interest in a Joint Operation

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 a joint operation 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, 2021, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

On April 21, 2022, 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 amendments to existing standards which were applied starting January 1, 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately. At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are applied prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The Group is currently in the process of quantifying the impact of this amendment.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The adoption of these amendments has no significant impact on the consolidated financial statements.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of PFRS - Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The adoption of these amendments has no significant impact on the consolidated financial statements.

- Amendments to PAS 41, *Agriculture - Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41. An entity applies the amendment to fair value measurements on or after January 1, 2022.

The adoption of these amendments has no significant impact on the consolidated financial statements.

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, 2022	December 31, 2021
Cash on hand and in banks	₱33,005,969	₱69,873,599
Short-term deposits	74,514,717	77,660,436
	₱107,520,686	₱147,534,035

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, 2022	December 31, 2021
Trade receivables		
Power	₱25,086,853	₱22,637,873
Real estate	7,727,932	9,672,636
Food manufacturing	10,938,285	9,606,123
Holding and others	3,111,314	1,418,008
	46,864,384	43,334,640
Nontrade receivables	7,466,096	7,790,692
Dividends receivable	836,007	1,192,000
Advances to contractors	263,752	202,394
Others	314,310	297,928
	55,744,549	52,817,654
Less allowance for expected credit losses	4,981,239	4,430,583
	50,763,310	48,387,071
Less noncurrent portion	312,900	366,651
	₱50,450,410	₱48,020,420

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 ₱7.4 billion and ₱309.7 million, respectively, as of March 31, 2022, and ₱9.4 billion and ₱312.1 million, respectively, as of December 31, 2021.

7. Other Current Assets

	March 31, 2022	December 31, 2021
Short term cash deposits	₱29,971,689	₱6,986,505
Prepaid expenses	4,835,469	3,965,498
Input value added tax (VAT)	2,142,584	2,073,926
Insurance assets	2,126,691	2,440,819
Advances to suppliers	1,474,430	864,879
Restricted cash	1,303,649	4,073,381
Deposits for land acquisition	1,248,307	1,058,123
Biological assets	1,164,987	1,110,023
Advances to National Grid Corporation of the Philippines (NGCP)	551,506	615,785
Others	2,153,656	2,229,325
	₱46,972,968	₱25,418,264

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, 2022	December 31, 2021
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
Unity Digital Infrastructure Inc.*	Services	50.00	50.00
Union Bank of the Philippines (UBP)	Banking	49.66	49.66
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
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. ³	Insurance	15.00	15.00

¹Joint ventures.

²Economic interest.

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

**No commercial operations as of March 31, 2022.

***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. All investees above are associates except as otherwise indicated.

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

	March 31, 2022	December 31, 2021
UBP	₱58,627,243	₱59,428,617
GNPD/ATI	49,659,474	48,681,280
AEV CRH	25,245,843	25,245,843
MORE	8,240,922	8,151,748
CEDC	3,137,528	2,928,493
STEAG	3,227,182	3,211,116
CRH ABOITIZ	1,565,408	1,694,840
CDPEI	1,720,550	1,721,667
SFELAPCO/PEVI	1,057,003	1,023,892
UDII	942,919	960,008
BWSI	635,608	620,870
Others	549,635	546,647
RP Energy	360,964	361,663
WMPC	197,389	179,639
SPPC	46,365	48,368
	155,214,033	154,804,691

	March 31, 2022	December 31, 2021
Acquisition cost:		
Balance at beginning of period	₱104,462,005	₱102,434,357
Additions during the period	—	2,687,648
Disposals during the period	—	(660,000)
Balance at end of period	104,462,005	104,462,005
Accumulated share in net earnings:		
Balances at beginning of period	51,656,634	44,585,338
Share in net earnings for the period	2,415,017	17,245,643
Newly consolidated subsidiary	—	1,007
Disposals during the period	—	6,742
Cash dividends received and receivable	(2,155,305)	(10,182,096)
Balance at end of period	51,916,346	51,656,634
Gain on dilution	1,014,136	1,014,136
Share in net unrealized mark-to-market gains on FVOCI investments of associates	(609,141)	(609,141)
Share in cumulative translation adjustments of associates and joint ventures	221,966	109,898
Share in actuarial losses on retirement benefit plan of associates and joint ventures	(1,110,548)	(1,148,110)
	155,894,764	155,485,422
Less allowance for impairment losses	680,731	680,731
	155,214,033	154,804,691
Advances to associates	10,922	10,922
	₱155,224,955	₱154,815,613

9. Intangibles

Set out below is the carrying amount of the Group's intangible assets as of March 31, 2022 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	₱57,575,420	₱16,864,073	₱3,078,431	₱806,016	₱99,746	₱1,075,280	₱79,498,966
Additions during the period	—	997,798	—	116,022	—	10,969	1,124,789
Exchange differences /Others	490,465	17,115	—	—	—	3,874	511,454
Balances at end of period	58,065,885	17,878,986	3,078,431	922,038	99,746	1,090,123	81,135,209
Accumulated amortization:							
Balances at beginning of period	—	3,739,190	660,581	—	92,803	667,981	5,160,555
Amortization	—	32,697	19,241	—	992	37,575	90,505
Balances at end of period	—	3,771,887	679,822	—	93,795	705,556	5,251,060
Net book values	₱58,065,885	₱14,107,099	₱2,398,609	₱922,038	₱5,951	₱384,567	₱75,884,149

10. Other Noncurrent Assets

	March 31, 2022	December 31, 2021
Financial assets at FVOCI	₱3,739,184	₱3,333,403
Prepaid taxes	3,352,408	3,356,509
Input VAT and tax credit receivable	3,005,065	3,478,446
Advances to contractors and projects	1,123,488	1,218,141
Financial assets at FVTPL	987,013	1,009,537
Prepaid rent and other deposits	834,030	488,645
Receivable from NGCP - net of current portion	557,953	1,044,846
Biological assets	182,734	166,271
Debt investments at amortized cost	31,690	31,690
Others	430,603	1,018,184
	₱14,244,168	₱15,145,672

Prepaid taxes are composed of creditable withholding taxes.

11. Trade and Other Payables

	March 31, 2022	December 31, 2021
Trade payables	₱31,037,839	₱29,034,977
Nontrade and other payables	5,312,270	3,631,468
Accrued expenses		
Interest	1,928,107	2,904,588
Taxes and fees	1,284,847	1,019,860
Others	1,777,094	2,269,618
Output VAT	3,444,785	4,325,133
Amounts due to contractors and other third parties	1,769,373	2,442,550
PSALM deferred adjustment	836,649	1,097,366
Unearned revenue	1,004	36,461
	47,391,968	46,762,021
Less noncurrent portion	979,594	982,617
	₱46,412,374	₱45,779,404

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 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, 2022	December 31, 2021
Philippine peso loans	₱24,692,000	₱26,830,000
US dollar loans	5,372,161	4,785,233
Chinese yuan loans	2,320,139	1,509,529
Vietnamese dong loans	1,651,851	1,332,458
Indonesia rupia loans	426,344	387,682
Other foreign currency-denominated loans	737,231	570,522
	₱35,199,726	₱35,415,424

The bank loans are unsecured short-term notes payable obtained from local and foreign banks with annual interest rates ranging from 1.45% to 6.70% and 1.10% to 7.00% in 2022 and 2021, respectively. These loans will mature on various dates within 12 months.

13. Long-term Debts

	March 31, 2022		December 31, 2021	
	Annual Interest Rate	Amount	Annual Interest Rate	Amount
Company:				
Financial and nonfinancial institutions - unsecured	2.84% - 6.32%	P37,621,350	2.84% - 6.32%	P37,621,350
Subsidiaries:				
GMEC				
Financial institutions - unsecured	LIBOR + 1.70% - 4.85%	31,556,865	LIBOR + 1.70% - 4.00%	32,260,286
Therma Marine				
Financial institutions - secured	4.54% - 6.26%	2,000,000	4.54 %	1,790,000
Hedcor Sabangan				
Financial institutions - secured	4.92%	1,145,000	4.92 %	1,145,000
TVI				
Financial institutions – secured	5.56% - 9.00%	25,499,014	5.56% - 9.00%	26,947,493
AP				
Financial and nonfinancial institutions - Philippine peso - unsecured	3.13% - 8.51%	70,900,000	3.13% - 8.51%	60,900,000
Financial and nonfinancial institutions - Foreign currency -unsecured	LIBOR + 1.20%	2,845,700	LIBOR + 1.20%	2,804,945
TSI				
Financial institutions - secured	4.27%	17,719,399	4.27%	18,314,624
APRI				
Financial institutions - secured	4.48% - 5.20%	10,600,000	4.48% - 5.20%	10,600,000
Hedcor Bukidnon				
Financial institutions - secured	4.00% - 5.34%	8,414,575	4.00% - 5.34%	8,714,717
HSI				
Fixed rate corporate notes - unsecured	4.63% - 5.42%	3,403,401	4.63% - 5.42%	3,403,401
PFC				
Financial institutions - unsecured	4.50% - 5.16%	2,870,000	4.50% - 5.16%	2,870,000
PANC				
Financial institutions - unsecured	4.50%	2,500,000	4.50%	2,500,000
VECO				
Financial institution - unsecured	4.73% - 4.92%	384,000	4.73% - 4.81%	384,000
LHC				
Financial institutions - secured	LIBOR + 2.00%	7,760	LIBOR + 2.00%	7,650
DLP				
Financial institution - unsecured	4.73% - 4.92%	288,000	4.73% to 4.92%	288,000
HI				
Financial institution - secured	7.41% - 7.87%	1,463,000	7.41% - 7.87%	1,500,000
Hedcor Tudaya				
Financial institution - unsecured	4.92 %	752,000	4.92 %	752,000
CLP				
Financial institution - unsecured	4.73% - 4.92%	57,600	4.73% to 4.92%	57,600
TPVI				
Financial institution - unsecured	3.32% - 5.06%	1,500,000	3.32% - 5.06%	1,500,000
AESI				
Financial institution - secured	4.87%	594,000	4.87%	594,000
Apo Agua				
Financial institutions - secured	5.75% - 8.26%	9,000,000	5.75% - 8.26%	9,000,000
LWC				
Financial institution - unsecured	5.47%	250,000	5.47%	250,000
LLI				
Financial institution - unsecured	5.76% - 5.97%	2,000,000	5.76% - 5.97%	2,000,000
AEV International				
Financial institutions: Foreign currency - secured	—	—	3.26% - 3.72%	11,372,777
US Dollar bonds Foreign currency - unsecured	4.20%	20,696,000	4.20%	20,399,600
GCMH				
Financial institution - unsecured	LIBOR + 1.44%	2,069,600	LIBOR + 1.44%	2,039,960
PTAYAM				
Financial institution - unsecured	JIBOR + 3.48%	126,609	JIBOR + 3.48%	125,937
GCFHN				
Financial institution - unsecured	Cost of fund + max 0.7%	52,977	Cost of fund + max 0.7%	60,992

	March 31, 2022		December 31, 2021	
	Annual Interest Rate	Amount	Annual Interest Rate	Amount
ABOITIZLAND				
Financial institution - secured	3.96% - 4.41%	2,000,000	3.96% - 4.41%	2,000,000
FSI				
Financial institution - unsecured	2.78%	143,530	2.78%	124,000
TCP				
Financial institution - unsecured	5.50% - 6.50%	198,850	6.50%	206,350
Joint Operation - PEC				
Financial institution - secured	5.77% - 6.27%	10,629,022	5.66% to 6.27%	11,146,343
Total		269,288,252		273,681,025
Deferred financing costs		(1,810,501)		(2,002,382)
		267,477,751		271,678,643
Less current portion		18,454,430		18,608,778
Noncurrent portion		P249,023,321		P253,069,865

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, 2022 and December 31, 2021.

14. Debt Securities

As of March 31, 2022, AEV and AP registered and issued peso-denominated fixed-rate retail bonds totaling P87.6 billion under the following terms:

Maturity	Issuer	Annual Interest Rate	Amount
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, 2025	AEV	3.31%	696,700
5-year bonds to mature on November 16, 2023	AEV	2.84%	6,853,300
7-year bonds to mature on September 8, 2028	AEV	4.10%	5,000,000
4-year bonds to mature on September 8, 2025	AEV	3.30%	5,000,000
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, 2028	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
7-year bonds to mature on December 2, 2028	AP	5.03%	7,200,000
4-year bonds to mature on December 2, 2025	AP	4.00%	4,800,000
7-year bonds to mature on March 17, 2029	AP	5.74%	7,000,000
5-year bonds to mature on March 17, 2027	AP	5.31%	3,000,000

15. Leases

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities as of March 31, 2022 and the movements for the three-month period then ended:

	Right-of-use assets				Total	Lease Liabilities
	Land	Building	Power Plant	Manufacturing Plant, Equipment and Others		
As of January 1	₱3,506,339	₱319,773	₱31,405,054	₱227,827	₱35,458,993	₱34,256,228
Additions	7,361	34,590	—	—	41,951	32,820
Amortization expense	(51,556)	(42,598)	(262,493)	(7,071)	(363,718)	—
Capitalized amortization	—	—	—	—	—	—
Interest expense	—	—	—	—	—	878,226
Payments	—	—	—	—	—	(3,012,631)
Others	10,583	(19,499)	—	4,134	(4,782)	436,746
As of March 31	₱3,472,727	₱292,266	₱31,142,561	₱224,890	₱35,132,444	₱32,591,729

Set out below are the amounts recognized in the consolidated statement of income:

	Jan - Mar 2022	Jan - Mar 2021
Amortization expense of right-of-use assets	₱363,718	₱356,098
Interest expense on lease liabilities	878,226	1,028,662
Rent expense - short-term leases	56,922	1,785
Rent expense - low-value assets	2,118	43,743
	₱1,300,984	₱1,430,288

16. Retained Earnings

On March 4, 2022, the BOD approved the following:

- Declaration of a regular cash dividend of ₱1.62 per share (₱9.1 billion) to all stockholders of record as of March 18, 2022. These dividends were taken out of the unrestricted retained earnings as of December 31, 2021, and were paid on March 30, 2022.
- Appropriation of ₱70.6 billion of the Company's retained earnings as of December 31, 2021 for the additional capital infusion into UBP and AIC to finance its on-going projects, and for debt payment of AEV.

The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint arrangements amounting to ₱121.0 billion and ₱129.0 billion as of March 31, 2022 and December 31, 2021, 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, 2022	December 31, 2021
Cumulative Translation Adjustments		
Balance at beginning of period	₱2,862,189	₱785,141
Sale of non-controlling interest	—	(480,413)
Movements	(639,915)	2,557,461
Balance at end of period	2,222,274	2,862,189
Cash Flow Hedge Reserve		
Balance at beginning of year	399,055	(1,259,874)
Sale of non-controlling interest	—	(229,338)
Movements	2,788,068	1,888,267
	3,187,123	399,055
Actuarial Losses on Defined Benefit Plans		
Balances at beginning of period	(867,916)	(1,468,919)
Sale of non-controlling interest	—	267,907
Movements	(495)	333,096
Balance at end of period	(868,411)	(867,916)
Net Unrealized Gains on Financial Assets at FVOCI		
At beginning of period	(118)	3,009
Movements	(11,016)	(3,127)
Balance at end of period	(11,134)	(118)
Share in Cumulative Translation Adjustments of Associates and Joint Ventures		
Balance at beginning of period	(849,471)	(765,424)
Sale of non-controlling interest	—	(17,480)
Movements	753,033	(66,567)
Balance at end of period	(96,438)	(849,471)
Share in Actuarial Losses on Defined Benefit Plans of Associates and Joint Ventures		
Balance at beginning of period	(1,122,519)	(1,356,084)
Sale of non-controlling interest	—	(4,166)
Movements	13,900	237,731
Balance at end of period	(1,108,619)	(1,122,519)
Share in Fair Value Changes on Financial Assets at FVOCI of Associates and Joint Ventures		
At beginning of period	(656,595)	102,748
Sale of non-controlling interest	—	(24,591)
Movements	—	(734,752)
Balance at end of period	(656,595)	(656,595)
	₱2,668,200	(₱235,375)

Tax Effects Relating to Each Component of Other Comprehensive Income

	January - March 2022		
	Before Tax Amount	Tax Expense	Net of Tax Amount
Net unrealized mark-to-market losses on FVOCI investments	(P11,015)	P—	(P11,015)
Share in net unrealized mark-to-market gains on FVOCI investments of associates and joint ventures	—	—	—
Movement in cumulative translation adjustments	5,679,724	—	5,679,724
Share in movement in cumulative translation adjustment of associates and joint ventures	112,068	—	112,068
Movement in actuarial losses on defined benefit plans	(708)	213	(495)
Share in actuarial gains on defined benefit plans of associates and joint ventures	53,659	(16,098)	37,561
Other comprehensive income (loss) for the period - net of tax	P5,833,728	(P15,885)	P5,817,843

	January - March 2021		
	Before Tax Amount	Tax Expense	Net of Tax Amount
Net unrealized mark-to-market losses on FVOCI investments	(P1,594)	P—	(P1,594)
Share in net unrealized mark-to-market gains on FVOCI investments of associates and joint ventures	—	—	—
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)
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	P941,793	(P105)	P941,688

18. Revenues

	Jan - Mar 2022	Jan - Mar 2021
Sale of:		
Power	P35,717,031	P26,800,135
Goods	25,138,294	18,835,162
Real estate	1,179,504	584,128
Service fees	438,024	284,311
Sale of swine at fair value	7,661	31,314
	P62,480,514	P46,535,050

19. Costs and Expenses

	Jan - Mar 2022	Jan - Mar 2021
Cost of goods sold	₱22,247,746	₱16,479,309
Cost of purchased power	12,212,618	7,472,717
Cost of generated power	10,328,864	5,777,366
Cost of real estate sales	567,157	288,947
Operating expenses	9,629,565	8,557,429
	₱54,985,950	₱38,575,768

20. Other Income (Expense)

	Jan - Mar 2022	Jan - Mar 2021
Net foreign exchange gain (loss)	₱379,263	(₱272,212)
Surcharges	63,895	151,163
Rental income	50,180	25,071
Non-utility operating income	30,227	35,236
Unrealized valuation gains on financial assets	7,080	18,388
Gain (loss) on disposal of:		
Property, plant and equipment	1,568	38,236
Financial assets at FVTPL	1,302	3,319
Others - net	(320,971)	215,707
	₱212,544	₱214,908

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

21. Earnings per Common Share

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

	Jan - Mar 2022	Jan - Mar 2021
a. Net income attributable to equity holders of the parent	₱3,937,721	₱8,550,709
b. Weighted average number of common shares issued and outstanding	5,630,225	5,630,225
Basic and diluted earnings per common share (a/b)	₱0.70	₱1.52

There are no dilutive potential common shares for the three-month periods ended March 31, 2022 and 2021.

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]

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

	Revenue		Property, Plant and Equipment		Intangible Assets	
	March 2022	March 2021	March 2022	December 2021	March 2022	December 2021
Philippines	₱47,536,235	₱34,861,115	₱179,246,765	₱179,353,934	₱17,737,519	₱16,669,351
Rest of Asia	19,957,951	14,460,405	5,243,587	5,205,280	80,745	93,640
	₱67,494,186	₱49,321,520	₱184,490,352	₱184,559,214	₱17,818,264	₱16,762,991

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, investments in FVTPL or FVOCI, bank loans and long-term debts. 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, customer deposits and lease liabilities 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, 2022, 9.66% of the Group's long-term debt had annual floating interest rates ranging from 5.75% to 8.26%, and 90.34% are with fixed rates ranging from 2.78% to 9.00%. As of December 31, 2021, 15.30% of the Group's long-term debt had annual floating interest rates ranging from 2.00% to 8.26%, and 84.70% are with fixed rates ranging from 2.84% to 9.00%.

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, 2022

	Less than 1 year	1-5 years	More than 5 years	Total
Long-term debts				
Floating rate	₱1,026,322	₱9,149,236	₱15,650,963	₱25,826,521

December 31, 2021

	Less than 1 year	1-5 years	More than 5 years	Total
Long-term debts				
Floating rate	₱1,178,812	₱23,911,673	₱16,530,611	₱41,621,096

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 2022	Jan - Mar 2021
Long-term debts	₱3,129,701	₱3,137,326
Lease liabilities	878,226	1,028,662
Bank loans	207,317	170,137
Other long-term obligations	131,137	62,816
Customers' deposits	—	22
Loss on loan extinguishment	61,444	—
	₱4,407,825	₱4,398,963

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, 2022 and 2021:

	Increase (decrease) in basis points	Effect on income before tax
March 31, 2022	200	(P127,364)
	(100)	63,682
March 31, 2021	200	(P248,176)
	(100)	124,088

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 2022 and 2021, 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, 2022 and December 31, 2021, foreign currency denominated borrowings account for 24.97% and 27.61%, respectively, of total consolidated borrowings.

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

	March 31, 2022		December 31, 2021	
	US dollar	Philippine peso Equivalent ¹	US dollar	Philippine peso Equivalent ²
Financial assets				
Cash and cash equivalents	\$978,785	₱50,642,360	\$1,595,772	₱81,382,790
Short-term deposits	576,086	29,806,690	134,370	6,852,745
Trade and other receivables	87,764	4,540,926	54,164	2,762,312
Investments in FVTPL and FVOCI	90,521	4,683,579	38,887	1,983,198
Total financial assets	1,733,157	89,673,555	1,823,193	92,981,045
Financial liabilities				
Bank loans	5,060	261,804	4,000	203,996
Trade and other payables	212,186	10,978,482	164,553	8,392,048
Long-term debts	493,220	25,519,203	714,902	36,459,287
Lease liabilities	303,619	15,709,247	323,620	16,504,296
Total financial liabilities	1,014,085	52,468,736	1,207,075	61,559,627
Net foreign currency denominated liabilities	\$719,073	₱37,204,819	\$616,118	₱31,421,418

¹\$1= ₱51.74

²\$1= ₱51.00

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, 2022	US dollar strengthens by 5%	₱1,860,241
	US dollar weakens by 5%	(1,860,241)
December 31, 2021	US dollar strengthens by 5%	₱1,571,070
	US dollar weakens by 5%	(1,571,070)

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, 2022 and December 31, 2021, the Group's exposure to equity price risk is minimal.

Credit Risk

For its cash investments (including restricted portion and short-term cash deposits), financial assets at FVTPL or FVOCI, debt investment at amortized cost, 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, 2022 and December 31, 2021 is summarized in the following table:

	March 31, 2022	December 31, 2021
Power distribution:		
Industrial	₱7,174,477	₱4,934,502
Residential	2,747,127	2,566,449
Commercial	907,800	778,568
City street lighting	273,798	109,700
Power generation:		
Power supply contracts	11,664,692	11,930,242
Spot market	2,357,744	2,318,412
	₱25,125,638	₱22,637,873

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, 2022 and December 31, 2021, the portion of the total long-term debt, inclusive of

customers' deposits, that will mature in less than one year is 8.76% and 8.59%, 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, short term cash deposits and trade and other receivables, which are all short-term in nature, have balances of ₱107.5 billion, ₱30.0 billion and ₱50.5 billion as of March 31, 2022, respectively and ₱147.5 billion, ₱7.0 billion and ₱48.0 billion as of December 31, 2021, 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, 2022

	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*	₱42,745,006	₱42,745,006	₱3,906,362	₱38,838,644	₱—	₱—
Customers’ deposits	7,603,145	7,603,145	—	—	673,761	6,929,384
<i>Financing</i>						
Bank loans	35,199,726	35,199,726	—	35,199,726	—	—
Long-term debts	267,477,751	269,288,252	—	18,593,918	122,816,215	127,878,119
Lease liabilities	32,591,729	38,205,377	—	10,640,778	25,915,911	1,648,688
Long-term obligation on PDS	170,496	200,000	—	40,000	160,000	—
<i>Others</i>						
Derivative liabilities	834,782	834,782	—	834,733	49	—
	₱386,622,635	₱394,076,288	₱3,906,362	₱104,147,799	₱149,565,936	₱136,456,191

*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, 2022 and December 31, 2021.

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 (including restricted cash).

Gearing ratios of the Group as of March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022	December 31, 2021
Bank loans	₱35,199,726	₱35,415,424
Long-term obligations	300,069,480	305,934,871
Cash and cash equivalents (including restricted cash and short-term cash deposits)	(138,796,024)	(158,593,921)
Net debt (a)	196,473,182	182,756,374
Equity	324,947,894	327,766,758
Equity and net debt (b)	₱521,421,076	₱510,523,132
Gearing ratio (a/b)	37.68%	35.80%

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, 2022		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial asset:				
PSALM deferred adjustment	₱836,649	₱800,098	₱1,097,366	₱1,032,511
Financial liabilities:				
Lease liabilities	32,591,729	30,313,283	34,256,228	32,394,835
Long-term debt - fixed rate	241,651,230	246,402,714	230,057,547	239,426,108
PSALM deferred adjustment	836,649	800,098	1,097,366	1,032,511
Long-term obligation on PDS	170,496	151,878	165,532	151,878
	₱275,250,104	₱277,667,973	₱265,576,673	₱273,005,332

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.

Variable-rate borrowings

Where the repricing of the variable-rate interest-bearing instruments is frequent (i.e., three-month repricing), the carrying value approximates the fair value. Otherwise, the fair value is determined by discounting the principal plus the known interest payment using current market rates.

Long-term obligation on PDS and PSALM deferred adjustment

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

Customers' deposits

The fair value of bill deposits 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 fair value of the embedded prepayment options is determined using Binomial Option Pricing Model which allows for the specification of points in time until option expiry date. This valuation incorporates inputs such as interest rates and volatility. The fair value of the IRS and interest rate cap are determined by generally accepted valuation techniques with reference to observable market data such as interest 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, 2022	December 31, 2021
At beginning of period	₱104,909	(₱1,983,877)
Net changes in fair value of derivatives designated as cash flow hedges	5,212,655	2,526,217
Net changes in fair value of derivatives not designated as accounting hedges	112,977	(851,375)
Fair value of settled instruments	68,203	413,944
At end of period	₱5,498,744	₱104,909

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, 2022, 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	₱987,013	₱987,013	₱—	₱—
At FVOCI	3,739,184	3,739,184	—	—
Derivative asset	6,333,526	—	6,333,526	—
Derivative liability	834,782	—	834,782	—
Disclosed at fair value:				
Lease liabilities	30,313,283	—	—	30,313,283
Long-term debt - fixed rate	246,402,714	—	—	246,402,714
Long-term obligation on PDS	151,878	—	—	151,878

During the three-month period ended March 31, 2022, there were no transfers between Level 1 and Level 2 fair value measurements and transfers into and out of Level 3 fair value measurement.

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

The Philippines has been placed in a stringent community quarantine, varying in terms of degree and location since the COVID-19 outbreak in 2020. The community quarantine negatively affects business, especially those that are not considered essentials.

The Group continues to see the positive impact in the overall economic conditions as the community quarantine remains at a low level as of March 31, 2022.

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. The Group will continue to monitor the situation and adjust the steps it is currently implementing as the need arise.

c. Dividends to Non-Controlling Interests

The Company's material partly-owned subsidiary, AP and its subsidiaries, paid cash dividends amounting to ₱5.1 billion and ₱1.9 billion to non-controlling interests during the three-month periods ended March 31, 2022 and 2021, respectively.

d. Material Events and Changes

1. ₱10.0 billion AP bond issuance

In March 2022, AP issued the Series "D" and "E" of its debt securities program, equivalent to ₱10.0 billion. The ₱3.0 billion "Series D" bonds with an annual fixed interest rate of 5.31% maturing in 2027, and the ₱7.0 billion "Series E" bonds with an annual fixed interest rate of 5.74% maturing in 2029. The bonds have been rated "PR5 Aaa" by PhilRatings.

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.

e. 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.

f. 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, 2022	December 31, 2021
LIQUIDITY RATIOS			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	2.2	2.3
Acid test ratio	$\frac{\text{Cash + Marketable securities} + \text{Accounts receivable} + \text{Other liquid assets}}{\text{Current liabilities}}$	1.7	1.9
SOLVENCY RATIOS			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	1.2	1.2
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	2.2	2.2
Net debt to equity ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity}}$	0.6	0.6
Gearing ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity} + (\text{Debt - Cash \& cash equivalents})}$	37.7%	35.8%
Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expense}}$	2.3	3.3
PROFITABILITY RATIOS			
Operating margin	$\frac{\text{Operating profit}}{\text{Total revenues}}$	12.0%	14.8%
Return on equity *	$\frac{\text{Net income after tax}}{\text{Total equity}}$	Not Applicable	15.2%

*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.) ₱10.0 billion bonds issued in 2021**

	Projected Usage (Per Prospectus)	Actual Usage¹
Refinance facilities drawn to fund the early redemption of the 2015 Series B Bonds	₱8,467,030	₱8,467,030
Partially finance Aboitiz InfraCapital's 2021 equity contributions to Apo Agua to fund its requirements for the construction of a hydroelectric-powered bulk water treatment facility in Davao	750,000	750,000
Finance future funding requirements of Aboitiz InfraCapital in 2022 for its towers project	643,629	—
Bond issuance costs	139,341	133,249
TOTAL	₱10,000,000	₱9,350,279

2.) ₱7.6 billion bonds issued in 2020

	Projected Usage (Per Prospectus)	Actual Usage¹
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.**3.) ₱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

4.) ₱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.*

5.) ₱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	₱8,150,587

ABOITIZ EQUITY VENTURES, INC. & SUBSIDIARIES

1. AGING OF RECEIVABLES

AS OF : MARCH 31, 2022

(amounts in thousand pesos)

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Power	16,681,060	1,586,927	330,592	6,488,274	25,086,853
Food Manufacturing	6,968,436	1,137,487	417,668	2,414,694	10,938,285
Real Estate	3,511,764	132,827	90,843	3,992,498	7,727,932
Holding and Others	892,480	402,602	797,957	1,018,274	3,111,313
	28,053,741	3,259,843	1,637,060	13,913,740	46,864,384
Others	8,124,347	43,742	40,375	671,701	8,880,166
	36,178,087	3,303,585	1,677,436	14,585,441	55,744,549
Less Allowance for Expected Credit Losses					4,981,239
					50,763,310

2. AGING OF RECEIVABLES

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