



May 17, 2021

via electronic mail

SECURITIES AND EXCHANGE COMMISSION

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

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

via PSE EDGE

PHILIPPINE STOCK EXCHANGE, INC.

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

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

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.

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

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

Gentlemen:

Please see enclosed SEC Form 17-Q (1st Quarterly Report 2021) of Aboitiz Power Corporation.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By:

A handwritten signature in blue ink, appearing to read "Mailene", written over a white rectangular background.

MAILENE M. DE LA TORRE
Assistant Corporate Secretary^{FCA}

COVER SHEET

C 1 9 9 8 0 0 1 3 4

S.E.C. Registration Number

A B O I T I Z P O W E R C O R P O R A T I O N

(Company's Full Name)

3 2 N D S T R E E T , B O N I F A C I O G L O B A L

C I T Y , T A G U I G C I T Y , M E T R O M A N I L A

P H I L I P P I N E S

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

MANUEL ALBERTO R. COLAYCO

Contact Person

(02) 8-886-2338

Company Telephone Number

1 2 3 1

Month Day Fiscal Year

1st Quarterly Report 2021

1 7 - Q

FORM TYPE

4th Monday of April

0 4 2 6

Month Day Annual Meeting

Secondary License Type, if Applicable

S E C

Dept. Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders

x

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2021**
2. Commission identification number **C199800134** 3.BIR Tax Identification No. **200-652-460-000**
4. Exact name of issuer as specified in its charter

ABOITIZ POWER CORPORATION

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 (as of March 31, 2021)
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Common Stock P1 Par Value	7,358,604,307
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Amount of Debt Outstanding	P234,782,470,000.00
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11. Are any or all of the securities listed on a Stock Exchange?

Yes [] No []

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

Philippine Stock Exchange

Common

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the financial statements and schedules attached herewith.

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

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of Aboitiz Power Corporation's (AboitizPower, Parent, or the Company) consolidated financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying schedules and disclosures set forth elsewhere in this report.

Top Five Key Performance Indicators

Management uses the following indicators to evaluate the performance of the Company and its subsidiaries (the Company and its subsidiaries are hereinafter collectively referred to as the "Group"):

1. **Share in Net Earnings of Associates and Joint Ventures.** This represents the Group's share in the undistributed earnings or losses of its investees for each reporting period subsequent to the acquisition of said investment, net of goodwill impairment cost, if any. It also indicates the profitability of the investment and investees' contribution to the Group's net income.

Goodwill is the difference between the purchase price of an investment and the investor's share in the value of the net identifiable assets of the investee at the date of acquisition.

Manner of Computation:

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

2. **Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA).** The Company calculates EBITDA as earnings before extraordinary items, net finance expense, income tax provision, depreciation, and amortization. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group's ability to service its debts.

3. **Cash Flow Generated.** Using the Consolidated Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the Group manages its profit and uses its internal and external sources of capital. This aids management in identifying the impact on cash flow when the Group's activities are in a state of growth or decline, and in evaluating management's efforts to control the impact.
4. **Current Ratio.** Current Ratio is a measurement of liquidity, calculated by dividing total current assets by total current liabilities. It is an indicator of the Group's short-term debt-paying ability. The higher the ratio, the more liquid the Group.
5. **Debt-to-Equity Ratio.** Debt-to-Equity Ratio indicates how leveraged the Group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total liabilities by stockholders' equity.

Three-Month Period Ended March 31, 2021 versus Three-Month Period Ended March 31, 2020

The table below shows the comparative figures of the key performance indicators for three -month period 2021 and 2020 and as of December 31, 2020:

Key Performance Indicators	March 31, 2021 (INTERIM)	March 31, 2020	December 31, 2020
<i>Amounts in thousands of ₱s, except for financial ratios</i>			
SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	3,809,104	464,473	2,675,136
EBITDA	13,812,141	9,394,497	44,687,315
CASH FLOW GENERATED:			
Net cash flows from operating activities	10,943,908	9,841,030	31,781,669
Net cash flows used in investing activities	3,125,034	(3,999,152)	(4,526,973)
Net cash flows used in financing activities	(5,951,855)	660,421	(25,914,010)
Net (Decrease)/Increase in Cash & Cash Equivalents	8,117,087	6,502,299	1,340,686
Cash & Cash Equivalents, Beginning	38,699,545	37,433,929	37,433,929
Cash & Cash Equivalents, End	46,938,222	44,030,335	38,699,545
CURRENT RATIO	1.35		1.38
DEBT-TO-EQUITY RATIO	2.00		1.96

- Share in net earnings in associates and joint ventures for the first quarter 2021 increased by 720% compared to the first quarter of 2020. The increase was mainly due to higher water inflows of SN Aboitiz Power-Magat, Inc. (SN AboitizPower-Magat) and SN Aboitiz Power-Benguet, Inc. (SN AboitizPower-Benguet), and the payment of liquidated damages for the delay in the construction of the power plant of GNPowr Dinginin Ltd. Co. (GNPD).
- EBITDA for the first quarter of 2021 increased by 47%. This was due to higher water inflows, improved availability for thermal plants, increased spot sales, and other income in the form of business interruption claims of GNPowr Mariveles Energy Center Ltd. Co. (GMEC) for outages in 2020.
- During the first quarter ended 2021, cash and cash equivalents increased by ₱8.24 billion (bn). This was mainly due to the Company's retail bond issuance in March 2021, which was partly offset by principal payments made on existing loans.

- Current Ratio as of March 31, 2021 was 1.35x as compared to 1.38x as of December 31, 2020. The decline was primarily due to the prepayment of a loan in April that was reclassified from non-current to current during 2021, and the avilment of additional short-term loans for working capital purposes during the first quarter of 2021.
- Debt-to-Equity Ratio as of March 31, 2021 was at 2.00x, higher than the 1.96x recorded as of end-2020.

Results of Operations

Net income for the first quarter 2021 in the amount of ₱6.18 bn was 200% higher than the ₱2.06 bn reported during the same period in 2020. This translated to earnings per share of ₱0.84 for the period. The Company recognized non-recurring losses of ₱29 million (mn) during the period, higher than the ₱27 mn non-recurring losses recorded during the first quarter of 2020. Without these one-off losses, core net income for the first quarter of 2021 was ₱6.2 bn, 197% higher year-on-year (YoY). This was due to higher water inflows, higher availability of the Company's thermal facilities, and higher spot sales. These improvements offset the lower demand for power brought about by the continued enforcement of COVID-related community quarantines. AboitizPower was also able to claim liquidated damages for the delay in the construction of GNPD and received the final payment for business interruption claims resulting from GMEC's outages in 2020.

Power Generation and Retail Electricity Supply (RES)

AboitizPower's generation and retail supply business recorded EBITDA of ₱11.9 bn during the first quarter of 2021, 60% higher than the ₱7.4 bn recorded during the corresponding period in 2020. As discussed above, this was due to higher water inflows, improved availability for thermal plants, increased spot sales, and other income from liquidated damages and business interruption claims.

Capacity sold for the first quarter of 2021 increased by 3% YoY to 3,558 megawatts (MW), compared to 3,445 MW in the same period in 2020. Energy sold increased by 8% to 6,130 gigawatt-hours (GWh) for the first quarter of 2021, compared to 5,675 GWh for the corresponding period in 2020.

Power Distribution

For the first quarter of 2021, AboitizPower's distribution business recorded EBITDA of ₱2.07 bn, 2% lower than the ₱2.12 bn recorded during the same period last year. Energy sales decreased by 8% to 1,308 GWh during the first three months of 2021, compared to 1,429 GWh in the same period in 2020. This was driven by lower energy consumption from the Commercial and Industrial customer segments, as the continuation of COVID-related community quarantines restricted the operations of commercial and industrial customers.

Material Changes in Line Items of Registrant's Statements of Income and Comprehensive Income

Consolidated Statements of Income

Net income attributable to equity holders of the Parent Company increased by ₱4.12 bn, or 200%. The various movements in line items are shown below to account for the increase:

Net Income Attributable to Equity Holders of the Parent (January - March 2020)	₱2,059,753
Decrease in operating revenues	(1,026,769)
Decrease in operating expenses	1,842,551
Decrease in interest income	(143,719)
Decrease in interest expense	206,039
Increase in share in net earnings of associates and joint ventures	3,344,631
Decrease in other income	(60,422)
Increase in provision for taxes	(88,292)
Decrease in income attributable to non-controlling interests	42,747
Total	4,116,766
Net Income Attributable to Equity Holders of the Parent (January - March 2021)	₱6,176,519

Operating Revenues

(4% decrease from ₱27.88 bn to ₱26.85 bn)

The slight decrease in operating revenues was primarily due to lower demand brought about by the COVID-19 pandemic and the resulting community quarantines which were offset by higher water inflows, higher availability of the Company's thermal facilities, and higher spot sales.

Operating Expenses

(8% decrease from ₱21.83 bn to ₱19.98 bn)

The decrease in operating expenses was mainly due to the lower cost of purchased power and of generated power during the first quarter of 2021 brought about by COVID-19.

Interest Income

(62% decrease from ₱232.00 mn to ₱88.00 mn)

The decrease in interest income during the first quarter 2021 compared to first quarter 2020 was primarily due to lower interest rates on placements.

Interest Expense and other financing costs

(5% decrease from ₱3.76 bn to ₱3.56 bn)

Interest expense decreased during the first quarter 2021 compared to the same period in 2020 due to lower interest accretion on lease liabilities as timely payments were made on Therma Luzon Inc.'s (TLI) obligation to Power Sector Assets and Liabilities Management Corporation (PSALM). The refinancing of Hedcor Bukidnon's project loan in September 2020 also contributed to lower interest expenses during the first quarter 2021. These were offset by additional interest expenses recognized during the first quarter 2021 on AboitizPower's ₱9.55 bn and ₱8.00 bn retail bonds issued in July 2020 and March 2021, respectively.

Share in Net Earnings of Associates and Joint Ventures

(720% increase from ₱464.00 mn to ₱3.81 bn)

Share in net earnings in associates and joint ventures for the first quarter 2021 increased by 720% compared to first quarter 2020. The increase was mainly due to higher water inflows of SN Aboitiz Power-Magat and SN Aboitiz Power-Benguet and the claim of liquidated damages for the delay in the construction of the power plant of GNPD.

Other Income (Expenses) – net

(35% decrease from ₱172.00 mn to ₱112.00 mn other income)

The decrease in other income during the first quarter 2021 compared to first quarter 2020 was mainly due to the losses on the revaluation of foreign-currency denominated liabilities.

Provision for Taxes

(14% increase from ₱641.00 mn to ₱729.00 mn)

The increase in provision for taxes was due to higher taxable income during the first quarter 2021 compared to first quarter 2020.

Changes in Registrant’s Resources, Liabilities and Shareholders’ Equity**Assets**

Total assets (as of March 31, 2021 compared to December 31, 2020) increased by ₱7.67 bn, or 2%. The major movements of the accounts leading to the increase were as follows:

- i. Cash and cash equivalents increased by ₱8.24 bn, or 21% (from ₱38.70 bn to ₱46.94 bn). This was mainly due to the additional loan availments by the Group during the first quarter 2021.
- ii. Inventories increased by ₱827.00 mn or 13% (from ₱6.31 bn to ₱7.13 bn). This was mainly driven by the increase in spare parts and supplies inventory.
- iii. Other current assets decreased by ₱1.80 bn, or 17% (from ₱10.48 bn to ₱8.68 bn). This was mainly driven by Therma Visayas, Inc. ‘s utilization of restricted cash in accordance with its loan agreement.
- iv. Investments and advances increased by ₱948.00 mn, or 2% (from ₱61.83 bn to ₱62.78 bn). This was mainly driven by the new capital contributions to GNPD during the first quarter of 2021.
- v. Property, plant and equipment decreased by ₱1.44 bn, or 1% (from ₱203.45 bn to ₱202.01 bn). This was primarily due to the depreciation of existing assets.
- vi. Intangible assets increased by ₱380.00 mn, or 1% (from ₱44.28 bn to ₱44.66 bn). This was primarily due to the amortization of existing assets.
- vii. Other noncurrent assets decreased by ₱458.00 mn, or 5% (from ₱9.27 bn to ₱8.81 bn). This was mainly due to the decrease in advances to contractors of Therma Marine, Inc. and the regular reduction in PSALM deferred adjustment of the Power Distribution group.

Liabilities

Compared to December 31, 2020, total liabilities as of March 31, 2021 increased by ₱7.00 bn, or 3%. The major movements of accounts leading to the increase were as follows:

- i. Short-term loans increased by ₱2.53 bn, or 22% (from ₱11.74 bn to ₱14.27 bn). This was mainly due to new loans availed of by the Group during the first quarter of 2021 for working capital purposes.
- ii. Trade and other payables increased by ₱1.10 bn, or 6% (from ₱18.37 bn to ₱19.48 bn). This was primarily due to the increase in trade and fuel purchases.

- iii. Income tax payable increased by ₱364.00 mn, or 50% (from ₱723.00 mn to ₱1.09 bn). This was mainly due to the timing of payment of income taxes. Income tax payable as of December 31, 2020 is due in April 2021 in accordance with the annual filing, and the income taxes recognized in the first quarter 2021 are due in May 2021.
- iv. Long-term debt (current and non-current portions) increased by ₱5.31 bn (from ₱177.32 bn to ₱182.63 bn). This was mainly due to Parent's retail bond issuance in March 2021 which was partly offset by principal payments made on existing loans.
- v. Lease liabilities (current and noncurrent portions) decreased by ₱1.39 bn (from ₱39.26 bn to ₱37.88 bn), as TLI made timely payments during 2021 of its obligation to PSALM.
- vi. Net derivative liabilities decreased by ₱865.00 mn (from ₱1.79 bn to ₱924.00 mn) during the first quarter 2021 due to hedging gains.
- vii. Other noncurrent liabilities decreased by ₱261.00 mn, or 24% (from ₱1.10 bn to ₱838.00 mn), mainly due to the regular payments of the PSALM deferred adjustments.

Equity

Equity attributable to equity shareholders of the Parent Company increased by 1% (from ₱127.16 bn as of December 31, 2020 to ₱128.33 bn as of March 31, 2021) after the declaration of dividends in March 2021, net of comprehensive income recognized during the first quarter 2021. Cumulative translation adjustments increased by ₱1.25 bn, due to the upward net adjustment in the fair value of the Group's foreign currency forward and commodity swap contracts designated as cash flow hedges, as well as the net assets translation effect of GMEC and Luzon Hydro Corporation during the period.

Material Changes in Liquidity and Cash Reserves of Registrant

As of March 31, 2021, the Group's cash and cash equivalents increased by 21% to ₱46.94 bn, from ₱38.70 bn as of December 31, 2020.

Higher water inflows, higher availability of the Company's thermal facilities, and higher spot sales offset the lower demand for power brought about by the continued enforcement of COVID-related community quarantines resulting to higher cash generated from operations during the first quarter 2021 by ₱1.10 bn which was an 11% increase compared to the first quarter 2020.

Net cash flows from (used in) investing activities reversed from negative ₱4.00 bn in first quarter 2020 to positive ₱3.13 bn in the first quarter 2021 mainly due to the increase in dividends received from associates.

The net cash flows from (used in) financing activities reversed from a positive ₱660.00 mn in first quarter 2020 to a negative ₱5.95 bn in the first quarter 2021 mainly due to the timing of Dividend payment which was done in March this year versus the payment done in April last year.

Financial Ratios

As of March 31, 2021, current assets increased by 11% and current liabilities increased by 13% compared to the end of 2020. The current ratio as of March 31, 2021 was at 1.35x compared to 1.38x as of December 31, 2020.

Consolidated debt to equity ratio as of March 31, 2021 was at 2.00x, higher than the 1.96x recorded at the end of 2020. This was due to a 3% increase in total liabilities during the first quarter 2021.

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

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

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

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

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

In relation to AboitizPower's existing capacity, the steam field operator for AP Renewables Inc. (APRI) has commenced the drilling of 12 new wells, which are expected to result in a minimum 50 MW of additional steam capacity by 2022. The first Steam Production Enhancement Campaign (SPEC) make-up well for APRI's MakBan Plant has been completed and started flowing into the system since April 10, 2021, providing added steam to Makban Plant B. Evaluation of the incremental steam is ongoing with additional two wells expected to be completed by May and July this year. A total of three new make-up wells are expected to be online and contribute to around 15 MW of MakBan's generation within 2021. APRI is also developing a 14 MW Binary power plant project in Tiwi, Albay. After a round of technical clarifications, APRI has evaluated updated bids from binary power plant vendors. Negotiations with top ranked bidders for design optimization and final contracting are currently ongoing. APRI is expected to award the project by year-end, while commissioning is targeted by 2023. These projects are significant because it will allow APRI to optimize its current net sellable capacity of 290 MW.

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

SN AboitizPower-Magat's BESS project ("SNAP BESS") is located in Ramon, Isabela. It has a storage

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

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

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

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

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

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

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

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



Other known trends, events, uncertainties which may have a material impact on AboitizPower have been discussed extensively in sections of the Company's Information Statement (e.g. for an extensive discussion on regulatory issues, see Effects of Existing or Probable Government Regulations on the Business on page 80 of the Company's 2020 Definitive Information Statement.)

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	<u>ABOITIZ POWER CORPORATION</u>
Principal Accounting Officer	 <u>Myla M. Espineda</u>
Signature and Title	<u>AVP – Divisional Operating Profit Management and Special Projects</u>
Date	<u>May 17, 2021</u>
Authorized Officer of the Issuer	 <u>Manuel Alberto R. Colayco</u>
Signature and Title	<u>Corporate Secretary</u>
Date	<u>May 17, 2021</u>

Aboitiz Power Corporation and Subsidiaries

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

ABOITIZ POWER CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET
(With Comparative Figures as of December 31, 2020)
(Amounts in Thousands)

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱46,938,222	₱38,699,545
Trade and other receivables (Note 6)	22,949,703	22,017,309
Derivative assets (Note 20)	13,920	–
Inventories	7,134,724	6,308,200
Other current assets (Note 7)	8,683,775	10,479,648
Total Current Assets	85,720,344	77,504,702
Noncurrent Assets		
Investments and advances (Note 8)	62,777,021	61,828,801
Property, plant and equipment	202,013,607	203,451,243
Intangible assets (Note 10)	44,659,284	44,279,386
Net pension assets	50,410	50,410
Deferred income tax assets	1,562,659	1,539,020
Other noncurrent assets	8,813,878	9,271,556
Total Noncurrent Assets	319,876,859	320,420,416
TOTAL ASSETS	₱405,597,203	₱397,925,118

LIABILITIES AND EQUITY

Current Liabilities		
Short-term loans (Note 12)	₱14,273,309	₱11,743,413
Current portions of:		
Long-term debts (Note 13)	21,045,564	17,254,213
Lease liabilities (Note 21)	7,304,779	7,104,181
Long-term obligation on power distribution system	40,000	40,000
Derivative liabilities (Note 20)	336,176	787,273
Trade and other payables (Note 11)	19,476,081	18,371,798
Income tax payable	1,086,486	722,715
Total Current Liabilities	63,562,395	56,023,593

(Forward)

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts (Note 13)	₱161,588,543	₱160,067,119
Lease liabilities (Note 21)	30,570,275	32,158,796
Long-term obligation on power distribution system	148,960	143,436
Derivative liabilities - net of current portion (Note 20)	601,685	1,001,529
Customers' deposits	6,941,695	6,798,845
Decommissioning liability	5,061,933	5,008,033
Deferred income tax liabilities	737,232	745,214
Net pension liabilities	294,086	294,086
Other noncurrent liabilities	838,144	1,099,394
Total Noncurrent Liabilities	206,782,553	207,316,452
Total Liabilities	270,344,948	263,340,045
Equity Attributable to Equity Holders of the Parent		
Paid-in capital	19,947,498	19,947,498
Share in net unrealized valuation gain on fair value through other comprehensive income (FVOCI) of an associate (Note 8)	98,602	98,602
Cumulative translation adjustments	(1,196,906)	(2,446,773)
Share in cumulative translation adjustments of associates and joint ventures (Note 8)	(685,076)	(684,042)
Actuarial losses on defined benefit plans	(1,239,184)	(1,239,612)
Share in actuarial gains on defined benefit plans of associates and joint ventures (Note 8)	7,676	8,748
Acquisition of non-controlling interests	(6,321,325)	(6,321,325)
Excess of cost over net assets of investments	(421,260)	(421,260)
Loss on dilution	(433,157)	(433,157)
Retained earnings (Note 22):		
Appropriated	20,060,000	33,660,000
Unappropriated	98,511,605	84,989,900
	128,328,473	127,158,579
Non-controlling Interests	6,923,782	7,426,494
Total Equity	135,252,255	134,585,073
TOTAL LIABILITIES AND EQUITY	₱405,597,203	₱397,925,118

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Earnings Per Share Amounts)

	Jan - Mar 2021	Jan - Mar 2020
OPERATING REVENUES (Note 18)	₱26,849,381	₱27,876,150
OPERATING EXPENSES (Note 15)	19,984,303	21,826,854
FINANCIAL EXPENSES - net		
Interest income	88,460	232,179
Interest expense and other financing costs (Note 19)	(3,556,051)	(3,762,090)
	(3,467,591)	(3,529,911)
OTHER INCOME - net		
Share in net earnings of associates and joint ventures (Note 8)	3,809,104	464,473
Other income - net (Note 16)	111,908	172,330
	3,921,012	636,803
INCOME BEFORE INCOME TAX	7,318,499	3,156,188
PROVISION FOR INCOME TAX	729,095	640,803
NET INCOME	₱6,589,404	₱2,515,385
ATTRIBUTABLE TO:		
Equity holders of the parent	₱6,176,519	₱2,059,753
Non-controlling interests	412,885	455,632
	₱6,589,404	₱2,515,385
EARNINGS PER COMMON SHARE (Note 17)		
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	₱0.84	₱0.28

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Amounts in Thousands)

	Jan - Mar 2021	Jan - Mar 2020
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	₱6,176,519	₱2,059,753
Non-controlling interests	412,885	455,632
	6,589,404	2,515,385
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Movement in cumulative translation adjustments	1,382,663	(553,285)
Share in movement in cumulative translation adjustment of associates and joint ventures (Note 8)	(1,034)	39,687
	1,381,629	(513,598)
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Actuarial loss on defined benefit plans, net of tax	(2)	-
Share in actuarial gain (loss) on defined benefit plans of associates and joint ventures, net of tax (Note 8)	(1,072)	701
	(1,074)	701
Total other comprehensive income (loss) for the period, net of tax	1,380,555	(512,897)
TOTAL COMPREHENSIVE INCOME	₱7,969,959	₱2,002,488
ATTRIBUTABLE TO:		
Equity holders of the parent	₱7,424,708	₱1,886,029
Non-controlling interests	545,251	116,459
	₱7,969,959	₱2,002,488

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020

(Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to Equity Holders of the Parent												Total
	Paid-in Capital	Share in Net Unrealized Valuation Gain on FVOCI Investments of an Associate (Note 8)	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates and Joint Ventures (Note 8)	Actuarial Losses on Defined Benefit Plans	Share in Actuarial Gains on Defined Benefit Plans of Associates and Joint Ventures (Note 8)	Acquisition of Non-controlling Interests	Excess of cost over net assets of investment	Loss on Dilution	Retained Earnings (Note 22)		Non-controlling Interests	
										Appropriated	Unappropriated		
Balances at January 1, 2021	₱19,947,498	₱98,602	(₱2,446,773)	(₱684,042)	(₱1,239,612)	₱8,748	(₱6,321,325)	(₱421,260)	(₱433,157)	₱33,660,000	₱84,989,900	₱7,426,494	₱134,585,073
Net income for the period	-	-	-	-	-	-	-	-	-	-	6,176,519	412,885	6,589,404
Other comprehensive income (loss)	-	-	1,249,867	(1,034)	428	(1,072)	-	-	-	-	-	132,366	1,380,555
Total comprehensive income (loss)	-	-	1,249,867	(1,034)	428	(1,072)	-	-	-	-	6,176,519	545,251	7,969,959
Cash dividends - ₱0.85 per share (Note 22)	-	-	-	-	-	-	-	-	-	-	(6,254,814)	-	(6,254,814)
Reversal of appropriation	-	-	-	-	-	-	-	-	-	(13,600,000)	13,600,000	-	-
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(939,397)	(939,397)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(108,566)	(108,566)
Balances at March 31, 2021	₱19,947,498	₱98,602	(₱1,196,906)	(₱685,076)	(₱1,239,184)	₱7,676	(₱6,321,325)	(₱421,260)	(₱433,157)	₱20,060,000	₱98,511,605	₱6,923,782	₱135,252,255

	Attributable to Equity Holders of the Parent												Total
	Share in Net Unrealized Valuation Gain on FVOCI Investments of an Associate (Note 8)	Cumulative Translation Adjustments (Note 8)	Share in Cumulative Translation Adjustments of Associates and Joint Ventures (Note 8)	Actuarial Losses on Defined Benefit Plans	Share in Actuarial Gains on Defined Benefit Plans of Associates and Joint Ventures (Note 8)	Acquisition of Non-controlling Interests	Excess of cost over net assets of investment	Loss on Dilution	Retained Earnings (Note 22)		Non-controlling Interests		
	Paid-in Capital									Appropriated	Unappropriated		
Balances at January 1, 2020	₱19,947,498	₱101,727	(₱994,253)	(₱153,485)	(₱923,833)	(₱14,299)	(₱6,321,325)	(₱421,260)	(₱433,157)	₱33,660,000	₱81,095,377	₱8,100,021	₱133,643,011
Net income for the period	-	-	-	-	-	-	-	-	-	-	2,059,753	455,633	2,515,386
Other comprehensive income (loss)	-	-	(214,112)	39,687	-	701	-	-	-	-	-	(339,173)	(512,897)
Total comprehensive income (loss)	-	-	(214,112)	39,687	-	701	-	-	-	-	2,059,753	116,460	2,002,489
Cash dividends - ₱1.18 per share (Note 22)	-	-	-	-	-	-	-	-	-	-	(8,683,153)	-	(8,683,153)
Reversal of appropriation	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriations during the period	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,147,134)	(1,147,134)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	371,991	371,991
Balances at March 31, 2020	₱19,947,498	₱101,727	(₱1,208,365)	(₱113,798)	(₱923,833)	(₱13,598)	(₱6,321,325)	(₱421,260)	(₱433,157)	₱33,660,000	₱74,471,977	₱7,441,338	₱126,187,204

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Jan - Mar 2021	Jan - Mar 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱7,318,499	₱3,156,188
Adjustments for:		
Interest expense and other financing costs (Note 19)	3,556,051	3,762,090
Depreciation and amortization	2,703,274	2,610,960
Net unrealized foreign exchange losses (gains)	215,543	(64,371)
Loss on disposal of property, plant and equipment	475	47,524
Share in net earnings of associates and joint ventures (Note 8)	(3,809,104)	(464,473)
Interest income (Note 5)	(88,460)	(232,179)
Unrealized fair valuation loss (gain) on derivatives and financial assets at FVTPL (Note 20)	(13,920)	18,767
Operating income before working capital changes	9,882,358	8,834,506
Decrease (increase) in:		
Trade and other receivables	(1,668,116)	(306,280)
Inventories	(826,524)	(593,437)
Other current assets	2,571,444	1,875,125
Increase in:		
Trade and other payables	2,070,199	121,775
Customers' deposits	142,850	122,410
Net cash generated from operations	12,172,211	10,054,099
Income and final taxes paid	(1,228,303)	(213,069)
Net cash flows from operating activities	10,943,908	9,841,030
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received (Note 8)	4,555,518	474,367
Decrease (Increase) in other noncurrent assets	320,697	(3,200,054)
Interest received	77,066	228,211
Proceeds from sale of property, plant and equipment	8,851	-
Proceeds from redemption of shares	6,406	-
Additional investments (Note 8)	(952,141)	(1,270,873)
Additions to:		
Property, plant and equipment	(877,100)	(181,469)
Intangible assets - service concession rights (Note 10)	(15,514)	(28,291)
Acquisitions through business combinations, net of cash acquired	1,251	-
Net collection of advances	-	(15,789)
Disposal of assets at FVTPL	-	(5,254)
Net cash flows from (used in) investing activities	3,125,034	(3,999,152)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from (payments of) long-term debt (Note 13)	4,784,064	(3,426,511)
Net availments of short-term loans (Note 12)	2,517,000	10,696,014
Cash dividends paid (Note 22)	(6,254,629)	-
Interest paid	(3,463,200)	(4,417,768)
Payments of lease liabilities, including interest accretion (Note 21)	(2,595,693)	(1,044,180)
Changes in non-controlling interests	(939,397)	(1,147,134)
Net cash flows from (used in) financing activities	(5,951,855)	660,421
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,117,087	6,502,299
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	121,590	94,107
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	38,699,545	37,433,929
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	₱46,938,222	₱44,030,335

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED NOTES TO FINANCIAL STATEMENTS

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

1. Corporate Information

Aboitiz Power Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on February 13, 1998. The Company is a publicly-listed holding company of the entities engaged in power generation and power distribution in the Aboitiz Group. As of March 31, 2021, Aboitiz Equity Ventures, Inc. (AEV, also incorporated in the Philippines) owns 77% of the Company. 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.

2. Group Information

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

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

	Nature of Business	March 31, 2021		December 31, 2020	
		Direct	Indirect	Direct	Indirect
Aboitiz Renewables, Inc. (ARI) and Subsidiaries	Power generation	100.00	–	100.00	–
AP Renewables, Inc. (APRI)	Power generation	–	100.00	–	100.00
Aboitiz Power Distributed Energy, Inc.	Power generation	–	100.00	–	100.00
Aboitiz Power Distributed Renewables, Inc.	Power generation	–	100.00	–	100.00
Hedcor, Inc. (HI)	Power generation	–	100.00	–	100.00
Hedcor Sibulan, Inc. (HSI)	Power generation	–	100.00	–	100.00
Hedcor Tudaya, Inc. (Hedcor Tudaya)	Power generation	–	100.00	–	100.00
Luzon Hydro Corporation (LHC)	Power generation	–	100.00	–	100.00
AP Solar Tiwi, Inc.*	Power generation	–	100.00	–	100.00
Retensol, Inc.*	Power generation	–	100.00	–	100.00
AP Renewable Energy Corporation*	Power generation	–	100.00	–	100.00
Aseagas Corporation (Aseagas)*	Power generation	–	100.00	–	100.00
Bakun Power Line Corporation*	Power generation	–	100.00	–	100.00
Cleanergy, Inc.*	Power generation	–	100.00	–	100.00
Cordillera Hydro Corporation*	Power generation	–	100.00	–	100.00
Hedcor Benguet, Inc.*	Power generation	–	100.00	–	100.00
Hedcor Bukidnon, Inc. (Hedcor Bukidnon)	Power generation	–	100.00	–	100.00
Hedcor Kabayan, Inc.*	Power generation	–	100.00	–	100.00
PV Sinag Power, Inc. (former Hedcor Ifugao, Inc.)*	Power generation	–	100.00	–	100.00
Amihan Power, Inc. (former Hedcor Kalinga, Inc.)*	Power generation	–	100.00	–	100.00
Aboitiz Solar Power, Inc. (former Hedcor Itogon Inc.)*	Power generation	–	100.00	–	100.00
Hedcor Manolo Fortich, Inc.*	Power generation	–	100.00	–	100.00

(Forward)

	Nature of Business	March 31, 2021		December 31, 2020	
		Direct	Indirect	Direct	Indirect
Hedcor Mt. Province, Inc.*	Power generation	–	100.00	–	100.00
Hedcor Sabangan, Inc. (Hedcor Sabangan)	Power generation	–	100.00	–	100.00
Hedcor Tamugan, Inc.*	Power generation	–	100.00	–	100.00
Mt. Apo Geopower, Inc.*	Power generation	–	100.00	–	100.00
Negron Cuadrado Geopower, Inc.*	Power generation	–	100.00	–	100.00
Tagoloan Hydro Corporation*	Power generation	–	100.00	–	100.00
Luzon Hydro Company Limited*	Power generation	–	100.00	–	100.00
La Filipina Elektrika Inc.*	Power generation	–	100.00	–	–
Hydro Electric Development Corporation*	Power generation	–	99.97	–	99.97
Therma Power, Inc. (TPI) and Subsidiaries	Power generation	100.00	–	100.00	–
Mindanao Sustainable Solutions, Inc.*	Services	–	100.00	–	100.00
Therma Luzon, Inc. (TLI)	Power generation	–	100.00	–	100.00
Therma Marine, Inc. (Therma Marine)	Power generation	–	100.00	–	100.00
Therma Mobile, Inc. (Therma Mobile)	Power generation	–	100.00	–	100.00
Therma South, Inc. (TSI)	Power generation	–	100.00	–	100.00
Therma Power-Visayas, Inc. (TPVI)*	Power generation	–	100.00	–	100.00
Therma Central Visayas, Inc.*	Power generation	–	100.00	–	100.00
Therma Subic, Inc.*	Power generation	–	100.00	–	100.00
Therma Mariveles Holdings, Inc.	Holding company	–	100.00	–	100.00
GNPower Mariveles Energy Center Ltd. Co. (former GNPower Mariveles Coal Plant) (GMEC)	Power generation	–	78.33	–	78.33
Therma Dinginin Holdings, Inc.	Holding company	–	100.00	–	100.00
Therma Visayas, Inc. (TVI)	Power generation	–	80.00	–	80.00
Abovant Holdings, Inc. (Abovant)	Holding company	–	60.00	–	60.00
AboitizPower International Pte. Ltd. (API)	Holding company	100.00	–	100.00	–
Aboitiz Energy Solutions, Inc. (AESI)	Retail electricity supplier	100.00	–	100.00	–
Adventenergy, Inc. (AI)	Retail electricity supplier	100.00	–	100.00	–
Balamban Enerzone Corporation (BEZ)	Power distribution	100.00	–	100.00	–
Lima Enerzone Corporation (LEZ)	Power distribution	100.00	–	100.00	–
Mactan Enerzone Corporation (MEZ)	Power distribution	100.00	–	100.00	–
Malvar Enerzone Corporation	Power distribution	100.00	–	100.00	–
East Asia Utilities Corporation (EAUC)	Power generation	50.00	50.00	50.00	50.00
Cotabato Light and Power Company (CLP)	Power distribution	99.94	–	99.94	–
Cotabato Ice Plant, Inc.	Manufacturing	–	100.00	–	100.00
Davao Light & Power Company, Inc. (DLP)	Power distribution	99.93	–	99.93	–
Maaraw Holdings San Carlos, Inc. (MHSCI)	Holding company	–	100.00	–	100.00
San Carlos Sun Power, Inc. (Sacasun)	Power generation	–	100.00	–	100.00
AboitizPower International B.V.	Holding company	–	100.00	–	100.00
Subic Enerzone Corporation (SEZ)	Power distribution	65.00	34.98	65.00	34.98
Cebu Private Power Corporation (CPPC)	Power generation	60.00	–	60.00	–
Prism Energy, Inc. (PEI)	Retail electricity supplier	60.00	–	60.00	–
Visayan Electric Company (VECO)	Power distribution	55.26	–	55.26	–

* No commercial operations as of March 31, 2021

3. Basis of Financial Statement Preparation and Changes in Accounting Policies

Basis of Financial Statement 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 and financial assets at FVTPL which are measured at fair value. 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 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited consolidated financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as of and for the year ended December 31, 2020, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

On April 27, 2021, the Audit Committee of the Board of Directors (BOD) of the Company approved and authorized the release of the accompanying unaudited interim condensed consolidated financial statements of the Group.

Changes in Accounting Policies

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

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

The amendments provide the following temporary reliefs which address the financial reporting effects when an IBOR is replaced with an alternative nearly RFR:

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

The Group shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

4. 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 disclosures of contingent liabilities. However, uncertainty about these assumptions 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 considerations, the impact of the continuing impact of COVID-19 pandemic in making significant judgments 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 audited consolidated financial statements.

5. Cash and Cash Equivalents

	March 31, 2021	December 31, 2020
Cash on hand and in banks	₱19,103,314	₱14,790,197
Short-term deposits	27,834,908	23,909,348
	₱46,938,222	₱38,699,545

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

6. Trade and Other Receivables

	March 31, 2021	December 31, 2020
Trade receivables - net of allowance for expected credit losses	₱16,770,777	₱15,450,006
Others:		
Non-trade receivable	3,790,891	3,766,426
PSALM deferred adjustment	1,042,861	1,042,861
Dividends receivable	748,000	1,498,000
Advances to contractors	551,911	226,123
Interest receivable	45,263	33,893
	₱22,949,703	₱22,017,309

Trade and other receivables are non-interest bearing and are generally on 10 - 30 days' term.

Non-trade receivable relates mostly to claims from insurance against the property damage and business interruption insurance policies of TSI, and receivable of GMEC from National Grid Corporation of the Philippines (NGCP) related to the sale of transmission assets 2019 and advances to partners in GMEC.

7. Other Current Assets

	March 31, 2021	December 31, 2020
Restricted cash	₱3,984,911	₱5,324,213
Input VAT	1,445,974	1,972,706
Prepaid expenses	1,648,481	561,739
Advances to National Grid Corporation of the Philippines (NGCP)	716,805	1,167,296
Prepaid tax	560,750	1,352,645
Others	326,854	101,049
	₱8,683,775	₱10,479,648

Restricted cash represents proceeds from sale of power under the control of trustees of TVI and TSI's 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.

Advances to NGCP pertain to TVI's cost of installation of substation and transmission facilities which is subject for reimbursement after completion of the project. The substation is 100% completed.

Prepaid expenses mainly include prepayments for insurance.

8. Investments and Advances

	March 31, 2021	December 31, 2020
Acquisition cost:		
Balance at beginning of period	₱60,470,649	₱58,144,997
Additions during the period	952,141	2,332,591
Step acquisition to subsidiary	(77)	-
Redemptions during the period	(6,406)	(6,939)
Balance at end of period	61,416,307	60,470,649
Accumulated equity in net earnings:		
Balance at beginning of period	2,482,442	3,345,164
Share in net earnings	3,809,104	2,675,136
Step acquisition to subsidiary	1,082	-
Dividends received or receivable	(3,805,518)	(3,537,858)
Balance at end of period	2,487,110	2,482,442
Share in net unrealized valuation gain on FVOCI investment of an associate	98,602	98,602
Share in actuarial gains on defined benefit plans of associates and joint ventures	7,676	8,748
Share in cumulative translation adjustments of associates and joint ventures	(685,076)	(684,042)
	(578,798)	(576,692)
	63,324,619	62,376,399
Less allowance for impairment losses	568,125	568,125
Investments at equity	62,756,494	61,808,274
Advances	20,527	20,527
	₱62,777,021	₱61,828,801

2021

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

In 2021, AEV Aviation, Inc. (AAI) redeemed 6,406 RPS held by the Company for ₱6.4 million.

In 2021, the Group, through Aboitiz Renewables, Inc. acquired 100% of La Filipina Elektrika, Inc. (LFEI) from TPI (40%) and La Filipina Uy Gongco Corporation (60%) at its par value of ₱192,500. As a result, LFEI (formerly an associate) became a subsidiary.

The Group's associates and joint ventures and the corresponding equity ownership as of March 31, 2021 and December 31, 2020 are as follows:

	Nature of Business	Percentage of ownership	
		March 31, 2021	December 31, 2020
Manila-Oslo Renewable Enterprise, Inc. (MORE) ¹	Holding company	83.33	83.33
GNPower Dinginin Ltd. Co. (GNPD) ²	Power generation	70.00	70.00
AA Thermal, Inc. (ATI)	Holding company	60.00	60.00
Hijos de F. Escaño, Inc. (Hijos)	Holding company	46.73	46.73
Mazzaraty Energy Corporation (MEC)	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 company	42.84	42.84
STEAG State Power, Inc. (STEAG)	Power generation	34.00	34.00
AEV Aviation, Inc. (AAI)	Service	26.69	26.69
Cebu Energy Development Corporation (CEDC)	Power generation	26.40	26.40
Redondo Peninsula Energy, Inc. (RPEI)*	Power generation	25.00	25.00
Southern Philippines Power Corporation (SPPC)	Power generation	20.00	20.00
Western Mindanao Power Corporation (WMPC)	Power generation	20.00	20.00
La Filipina Elektrika, Inc.*	Power generation	–	40.00

¹ Joint venture.

² GNPD change in ownership based on the Partnership Agreement.

* No commercial operations as of March 31, 2021

The principal place of business and country of incorporation of the Group's associates and joint venture are in the Philippines. Other than the changes highlighted, associates and joint ventures are the same as those presented as of December 31, 2020 audited financial statements.

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

	March 31, 2021	December 31, 2020
ATI	₱25,489,560	₱24,146,045
GNPD	20,038,763	17,713,271
MORE	8,441,443	10,653,803
STEAG	3,122,464	3,855,162
CEDC	3,585,935	3,409,799
RPEI	521,647	522,347
PEVI	550,964	532,796
SFELAPCO	411,340	395,698
Hijos	213,524	213,524
WMPC	185,696	168,244
SPPC	51,090	53,246
Others	144,068	144,339
	₱62,756,494	₱61,808,274

9. Joint Operations

Name of Joint Operation	Nature of Business	Percentage of Ownership	
		March 31, 2021	December 31, 2020
Pagbilao Energy Corporation (PEC)	Power generation	50%	50%

** PEC's principal place of business and country of incorporation is the Philippines;*

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

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

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

10. Intangible Assets

March 31, 2021

	Goodwill	Service concession rights	Franchise	Project development costs	Customer contracts	Software and licenses	Total
Cost:							
Balances at beginning of period	₱38,812,852	₱5,411,326	₱3,078,431	₱702,671	₱60,068	₱538,776	₱48,604,124
Additions	–	15,514	–	11,031	–	3,520	30,065
Exchange differences	400,482	8,370	–	–	–	–	408,852
Balances at end of period	39,213,334	5,435,210	3,078,431	713,702	60,068	542,296	49,043,041
Accumulated amortization:							
Balances at beginning of period	–	3,403,951	583,620	–	60,068	277,099	4,324,738
Amortization	–	25,655	19,240	–	–	14,124	59,019
Balances at end of period	–	3,429,606	602,860	–	60,068	291,223	4,383,757
Net book values	₱39,213,334	₱2,005,604	₱2,475,571	₱713,702	₱–	₱251,073	₱44,659,284

11. Trade and Other Payables

	March 31, 2021	December 31, 2020
Trade payables	₱10,573,416	₱9,266,804
Output VAT	3,167,028	3,370,163
Accrued expenses:		
Interest	1,164,467	2,134,625
Materials and supplies cost	66,087	66,087
Taxes and fees	917,507	896,429
Claims conversion costs	99,625	105,627
Insurance	20,898	21,464
Nontrade	1,154,694	329,490
PSALM deferred adjustment	1,042,861	1,042,861
Amounts due to contractors and other third parties	521,165	397,707
Dividends payable (see Note 22)	415,942	235,538
Customers' deposit	39,410	23,378
Unearned revenues	37,118	37,337
Others	255,863	444,288
	₱19,476,081	₱18,371,798

Trade payables are non-interest bearing and generally on 30-day terms.

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

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

Others include withholding taxes and other accrued expenses and are generally payable within 12 months from the balance sheet date.

12. Short-term Loans

		March 31, 2021	December 31, 2020
Peso loans - financial	1.95% - 4.92% in 2021		
institutions - unsecured	2.00% - 4.92% in 2020	₱14,234,000	₱11,717,000
Temporary advances		39,309	26,413
		₱14,273,309	₱11,743,413

The bank loans are unsecured short-term notes payable obtained from local banks. These loans are covered by the respective borrower's existing credit lines with the banks and are not subject to any significant covenants and warranties.

13. Long-term Debts

	2021 Interest Rate	2020 Interest Rate	March 31, 2021	December 31, 2020
Company:				
Bonds (see Note 14)	3.13% to 8.51%	3.13% to 8.51%	₱48,000,000	₱40,000,000
Financial institutions- unsecured	5.28%	5.28%	4,950,000	4,950,000
Financial institutions- unsecured	LIBOR + 1.20%	LIBOR + 1.20%	14,559,000	14,406,900
Subsidiaries:				
GMEC				
Financial institutions - unsecured	LIBOR + 1.7% - 4.85%	LIBOR + 1.7% - 4.00%	32,975,095	33,711,803
TMI				
Financial institutions - secured	4.54%	—%	780,000	—
TVI				
Financial institutions - secured	5.56% to 9.00%	5.56% to 9.00%	27,983,935	29,418,667
AESI				
Financial institutions - secured	4.87%	4.87%	600,000	600,000
TSI				
Financial institutions - secured	5.26%	5.26%	18,729,026	18,729,025
APRI				
Financial institutions - secured	4.48% - 5.20%	4.48% - 5.20%	6,248,800	6,873,920
Hedcor Bukidnon				
Financial institutions - secured	4.00% - 5.34%	4.00% - 5.34%	9,014,858	9,315,000
TPVI				
Financial institutions - unsecured	3.32%-5.06%	3.32%-5.06%	1,500,000	1,500,000
Hedcor Sibulan				
Fixed rate corporate notes - unsecured	4.63% - 5.42%	4.63% - 5.42%	3,702,400	3,702,401
HI				
Financial institution - secured	7.41%	7.41%	423,000	423,000
Financial institution - secured	7.87%	7.87%	1,170,001	1,207,000
VECO				
Financial institution - unsecured	4.73% - 4.81%	4.73% - 4.81%	579,000	579,000
LHC				
Financial institutions - secured	LIBOR + 2.00%	LIBOR + 2.00%	274,194	271,330
DLP				
Financial institution - unsecured	4.73% to 4.92%	4.73% to 4.92%	434,250	434,250
AI				
AEV - unsecured	3.50%	3.50%	300,000	300,000
SEZ				
Financial institution - unsecured	5.00%	5.00%	56,500	56,500
CLP				
Financial institution - unsecured	4.73% to 4.92%	4.73% to 4.92%	86,850	86,850
Joint operation (see Note 9)				
Financial institutions - secured	5.77% - 6.27%	5.50% - 8.31%	11,775,801	12,251,259
			184,142,710	178,816,905
Less deferred financing costs			1,508,603	1,495,573
			182,634,107	177,321,332
Less current portion - net of deferred financing costs			21,045,564	17,254,213
			₱161,588,543	₱160,067,119

In March 2021, the Company issued another ₱8.00 billion 5-year bond due 2026 at an annual fixed rate equivalent to 3.82% as part of the first tranche of its ₱30.00 billion debt securities program.

In March 2021, TMI availed a new loan for a total of ₱780 million.

Loan covenants

The loan agreements on long-term debt of the Group provide for certain restriction 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 based on each loan covenant required as of calculation date.

14. Debt Securities

As of March 31, 2021, the Company registered and issued peso-denominated fixed-rate retail bonds totaling ₱48.0 billion under the following terms:

Maturity	Interest Rate (p.a.)	Amount
12-year bonds to mature on September 10, 2026	6.10%	₱3,400,000
10-year bonds to mature on September 10, 2021	5.21%	6,600,000
10-year bonds to mature on July 3, 2027	5.34%	3,000,000
5.25-year bonds to mature on January 25, 2024	7.51%	7,700,000
7-year bonds to mature on October 25, 2025	8.51%	2,500,000
7-year bonds to mature on October 14, 2026	5.28%	7,250,000
2-year bonds to mature on July 6, 2022	3.13%	9,000,000
5-year bonds to mature on July 6, 2025	3.94%	550,000
5-year bonds to mature on March 16, 2026	3.82%	8,000,000

15. Operating Expenses

	For the periods ended March 31	
	2021	2020
Cost of purchased power	₱7,472,717	₱9,116,234
Cost of generated power	5,777,366	6,531,641
Depreciation and amortization	2,703,274	2,610,960
Operations and maintenance	2,463,677	1,965,535
General and administrative	1,567,269	1,602,484
	₱19,984,303	₱21,826,854

16. Other Income (Expenses)

	For the periods ended March 31	
	2021	2020
Surcharges	₱151,163	₱113,642
Non-utility operating income	34,587	86,669
Rental income	11,830	7,154
Impairment losses on property, plant and equipment, goodwill and other assets	8	–
Net foreign exchange losses	(336,249)	(49,913)
Losses on disposal of property, plant and equipment	(475)	(47,524)
Others - net	251,044	62,302
	₱111,908	₱172,330

Included in “Net foreign exchange gain (loss)” are the net gains and losses relating to currency forward transactions.

“Others” include insurance claims from plant outages of TSI ₱1.8 billion and liquidating damages from contractor due to the delay of the completion of TVI’s power plant of ₱611.0 million in 2020. “Others” also include non-recurring items like sale of scrap and sludge oil, and reversal of provisions.

17. Earnings Per Common Share

Earnings per common share amounts were computed as follows:

	For the periods ended March 31	
	2021	2020
a. Net income attributable to equity holders of the parent	₱6,176,519	₱2,059,753
b. Average number of outstanding shares	7,358,604,307	7,358,604,307
Earnings per share (a/b)	₱0.84	₱0.28

There are no dilutive potential common shares as of March 31, 2021 and 2020.

18. 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, which is the Group's CODM, are as follows:

- "Power Generation" segment, which is engaged in the generation and supply of power to various customers under power supply contracts, ancillary service procurement agreements and for trading in WESM;
- "Power Distribution" segment, which is engaged in the distribution and sale of electricity to the end-users; and
- "Parent Company and Others", which includes the operations of the Company, retail electricity sales to various off takers that are considered to be eligible contestable customers and electricity related services of the Group such as installation of electrical equipment.

The power generation segment's revenue from contracts with customers is mainly from power supply contracts. Set out below is the disaggregation of the Group's revenue from contracts with customers:

January - March 2021

	Power Generation	Power Distribution	Parent and Others	Total
Revenue from power supply contracts	₱8,840,783	₱-	₱-	₱8,840,783
Revenue from distribution services	-	10,115,897	-	10,115,897
Revenue from retail electricity sales	-	-	4,550,030	4,550,030
Revenue from non-power supply contracts	3,318,420	-	-	3,318,420
Revenue from technical and management services	-	-	24,251	24,251
	₱12,159,203	₱10,115,897	₱4,574,281	₱26,849,381

January - March 2020

	Power Generation	Power Distribution	Parent and Others	Total
Revenue from power supply contracts	₱10,866,188	₱-	₱-	₱10,866,188
Revenue from distribution services	-	10,905,702	-	10,905,702
Revenue from retail electricity sales	-	-	4,135,637	4,135,637
Revenue from non-power supply contracts	1,958,956	-	-	1,958,956
Revenue from technical and management services	-	-	9,667	9,667
	₱12,825,144	₱10,905,702	₱4,145,304	₱27,876,150

The revenue from contracts with customers is consistent with the revenue with external customers presented in Segment information.

The Group has only one geographical segment as all of its assets are located in the Philippines. The Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment

revenue and segment expenses are consistent with the unaudited interim consolidated statements of income. Interest expense and other financing costs, depreciation and amortization expense and income taxes are managed on a per segment basis.

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

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. Capital expenditures consist of additions of property, plant and equipment and intangible asset - service concession rights. Adjustments as shown below include items not presented as part of segment assets and liabilities.

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

March 31, 2021

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱12,159,203	₱10,115,897	₱4,574,281	₱-	₱26,849,381
Inter-segment	6,396,859	298,065	179,399	(6,874,323)	-
Total Revenue	₱18,556,062	₱10,413,962	₱4,753,680	(₱6,874,323)	₱26,849,381
Segment Results	₱5,642,901	₱1,462,069	(₱239,891)	(₱1)	₱6,865,078
Unallocated corporate income - net	12,736	234,220	(135,048)	-	111,908
INCOME FROM OPERATIONS	5,655,637	1,696,289	(374,939)	(1)	6,976,986
Interest expense	(2,671,833)	(144,057)	(740,161)	-	(3,556,051)
Interest income	27,550	1,152	59,758	-	88,460
Share in net earnings of associates and joint ventures	3,741,771	62,204	7,161,033	(7,155,904)	3,809,104
Provision for income tax	(359,102)	(360,195)	(9,798)	-	(729,095)
NET INCOME	₱6,394,023	₱1,255,393	₱6,095,893	(₱7,155,905)	₱6,589,404
OTHER INFORMATION					
Investments	₱61,436,598	₱962,303	₱174,309,211	(₱173,951,618)	₱62,756,494
Segment Assets	₱284,594,259	₱33,376,517	₱221,810,364	(₱134,183,937)	₱405,597,203
Segment Liabilities	₱168,289,308	₱29,815,083	₱83,876,529	(₱11,635,972)	₱270,344,948
Depreciation and Amortization	₱2,367,846	₱287,552	₱11,621	₱36,255	₱2,703,274

March 31, 2020

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱12,825,144	₱10,905,702	₱4,145,304	₱-	₱27,876,150
Inter-segment	5,584,333	301,839	541,008	(6,427,180)	-
Total Revenue	₱18,409,477	₱11,207,541	₱4,686,312	(₱6,427,180)	₱27,876,150
Segment Results	₱4,489,874	₱1,559,588	(₱167)	₱1	₱6,049,296
Unallocated corporate income - net	(44,161)	203,954	12,537	-	172,330
INCOME FROM OPERATIONS					
Interest expense	4,445,713	1,763,542	12,370	1	6,221,626
Interest income	(2,942,749)	(151,532)	(667,809)	-	(3,762,090)
Share in net earnings of associates and joint ventures	157,858	17,608	56,713	-	232,179
Provision for income tax	399,993	64,409	2,852,454	(2,852,383)	464,473
NET INCOME	(127,743)	(449,304)	(63,756)	-	(640,803)
	₱1,933,072	₱1,244,723	₱2,189,972	(₱2,852,382)	₱2,515,385
OTHER INFORMATION					
Investments	₱61,358,015	₱922,922	₱162,211,936	(₱161,884,459)	₱62,608,414
Segment Assets	₱299,648,950	₱34,827,027	₱198,801,068	(₱114,596,320)	₱418,680,725
Segment Liabilities	₱187,223,792	₱29,433,832	₱87,264,568	(₱11,428,671)	₱292,493,521
Depreciation and Amortization	₱2,297,666	₱267,386	₱9,653	₱36,255	₱2,610,960

19. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents and long-term debts. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial instruments such as trade and other receivables, investments in equity securities, short-term loans, trade and other payables, lease liabilities, long-term obligation on power distribution system and customers' deposits, which generally arise directly from its operations.

The Group also enters into derivative transactions, particularly interest rate swaps and foreign currency forwards, to economically hedge its foreign currency risk from foreign currency denominated liabilities and purchases and interest rate swap agreement to hedge its floating rate exposure on its foreign currency-denominated loan.

Risk Management Structure

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

Financial risk committee

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

Treasury service group

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

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

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.

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 Group's policy is that not more than 25% of long-term borrowings should mature in any twelve-month period. 10.23% of the Group's debt will mature in less than one year as of March 31, 2021 (December 31, 2020: 6.97%). For its short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

The financial assets that will be principally used to settle the financial liabilities presented in the following table are from cash and cash equivalents and trade and other receivables. Cash and cash equivalents can be withdrawn anytime while trade and other receivables are expected to be collected/realized within one year.

The following table summarizes the maturity profile of the Group's financial liabilities as of March 31, 2021 based on contractual undiscounted principal payments:

	Total carrying value	Contractual undiscounted principal payments				
		Total	On demand	<1 year	1 to 5 years	> 5 years
Short-term loans	₱14,260,413	₱14,260,413	₱-	₱14,260,413	₱-	₱-
Trade and other payables*	16,191,980	16,191,980	1,585,194	13,768,642	838,144	-
Long-term debts	182,634,107	184,142,709	-	21,264,179	97,232,727	65,645,803
Customers' deposits	6,941,695	6,941,695	-	171	407,830	6,533,694
Lease liabilities	37,875,054	55,041,876	-	10,573,350	39,814,744	4,653,782
Long-term obligation on PDS	188,960	320,000	-	40,000	200,000	80,000
Derivative liabilities	937,861	937,861	-	336,176	601,685	-
	₱259,030,070	₱277,836,534	₱1,585,194	₱60,242,931	₱139,095,130	₱76,913,279

*Include the noncurrent portion of the PSALM deferred adjustment presented under noncurrent liabilities in the unaudited interim consolidated balance sheet.

Commodity swap contracts

In 2018, TLI entered into commodity swap contracts to hedge the price volatility of forecasted coal purchases. The commodity swaps do not result in physical delivery of coal, but are designated as cash flow hedges to offset the effect of price changes in coal. TLI hedges approximately 30% of its expected coal purchases considered to be highly probable. There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign currency forward and commodity swap contracts match the terms of the expected highly probable forecasted transactions.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. To manage this risk, the Group determines the mix of its debt portfolio as a function of the level of current interest rates, the required tenor of the loan, and the general use of the proceeds of its various fund raising activities. As of March 31, 2021, 15% of the Group's long-term debt had annual floating interest rates ranging from 1.45% to 3.60%, and 85% have annual fixed interest rates ranging from 4.00% to 8.50%. As of December 31, 2020, 16% of the Group's long-term debt had annual floating interest rates ranging from 3.09% to 4.81%, and 84% have annual fixed interest rates ranging from 4.05% to 9.00%.

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

As of March 31, 2021

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱6,149,322	₱13,796,561	₱7,835,336	₱27,781,219

As of March 31, 2020

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱2,003,629	₱23,860,900	₱3,162,789	₱29,027,318

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

The interest expense and other financing costs recognized according to source are as follows:

	For the periods ended March 31	
	2021	2020
Short-term loans and long-term debt	₱2,476,541	₱2,585,155
Lease liabilities (Note 21)	1,023,494	1,120,574
Customers' deposits	22	843
Other long-term obligations	55,994	55,518
	₱3,556,051	₱3,762,090

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before tax (through the impact on floating rate borrowings):

	Increase (decrease) in basis points	Effect on income before tax
March 2021	100	(₱277,812)
	(50)	138,906
March 2020	200	(₱580,546)
	(100)	290,273

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

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

Foreign exchange risk

The foreign exchange risk of the Group pertains significantly to its foreign currency denominated obligations. To manage its foreign exchange risk, stabilize cash flows and improve investment and cash flow planning, the Group enters into foreign currency forward contracts aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on financial performance and cash flows. Foreign currency denominated borrowings account for 29% and 32% of total consolidated borrowings as of March 31, 2021 and December 31, 2020.

Presented below are the Group's foreign currency denominated financial assets and liabilities as of March 31, 2021 and December 31, 2020, translated to Philippine Peso:

	March 31, 2021		December 31, 2020	
	US Dollar	Philippine Peso equivalent ¹	US Dollar	Philippine Peso equivalent ²
Financial assets:				
Cash and cash equivalents	\$355,755	₱17,264,790	\$156,869	₱7,533,320
Trade and other receivables	50,643	2,457,705	461	22,139
Total financial assets	406,398	19,722,495	157,330	7,555,459
Financial liabilities:				
Short-term loans	544	26,413	550	26,413
Trade and other payables	26,788	1,299,973	39,054	1,875,490
Long-term debt	300,000	14,559,000	300,000	14,406,900
Lease liabilities	387,956	18,827,527	394,341	18,937,438
Total financial liabilities	715,288	34,712,913	733,945	35,246,241
Total net financial liabilities	(\$308,890)	(₱14,990,418)	(\$576,615)	(₱27,690,782)

¹\$1 = 48.53

²\$1 = 48.02

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rates, with all other variables held constant, of the Group's income before tax as of March 31:

	Increase (decrease) in US Dollar	Effect on income before tax
2021		
US Dollar denominated accounts	US Dollar strengthens by 5%	(₱749,521)
US Dollar denominated accounts	US Dollar weakens by 5%	749,521
2020		
US Dollar denominated accounts	US Dollar strengthens by 5%	(₱1,702,389)
US Dollar denominated accounts	US Dollar weakens by 5%	1,702,389

The increase in US Dollar rate represents the depreciation of the Philippine Peso while the decrease in US Dollar rate represents appreciation of the Philippine Peso.

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

Credit risk

For its cash investments (including restricted portion), financial assets at FVTPL and receivables, the Group's credit risk pertains to possible default by the counterparty, with a maximum exposure equal to the carrying amount of these investments. With respect to cash investments and financial assets at FVTPL, the risk is mitigated by the short-term and/or liquid nature of its cash investments mainly in bank deposits and placements, which are placed with financial institutions and entities of high credit standing. With respect to receivables, credit risk is controlled by the application of credit approval, limit and monitoring procedures. It is the Group's policy to only enter into transactions with credit-worthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales are made to customers with appropriate credit history and it has internal mechanisms to monitor the granting of credit and management of credit exposures.

Concentration Risk

Credit risk concentration of the Group's receivables according to the customer category is summarized in the following table:

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

Capital Management

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

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

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

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

	March 31, 2021	December 31, 2020
Short-term loans	₱14,273,309	₱11,743,413
Long-term obligations	220,509,161	216,584,309
Cash and cash equivalents	(46,938,222)	(38,699,545)
Restricted cash	(3,984,911)	(5,324,213)
Net debt (a)	183,859,337	184,303,964
Equity	135,252,255	134,585,073
Equity and net debt (b)	319,111,592	318,889,037
Gearing ratio (a/b)	57.62%	57.80%

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

20. Financial Instruments

Fair Value of Financial Instruments

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

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

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

	March 31, 2021		December 31, 2020	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Asset				
PSALM deferred adjustment	₱1,879,512	₱1,712,677	₱2,140,226	₱1,939,398
Financial Liabilities				
Lease liabilities	₱37,875,054	₱35,248,551	₱39,262,977	₱37,907,883
Long-term debt - fixed rate	154,852,888	165,230,756	149,420,018	164,336,417
PSALM deferred adjustment	1,879,512	1,712,677	2,140,226	1,939,398
Long-term obligation on power distribution system	188,960	162,164	183,436	162,164
	₱194,796,414	₱202,354,148	₱191,006,657	₱204,345,862

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

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

Fixed-rate borrowings. The fair value of fixed rate interest-bearing loans is based on the discounted value of future cash flows using the applicable rates for similar types of loans.

Floating-rate borrowings. Since repricing of the variable-rate interest bearing loan is done on a quarterly basis, the carrying value approximates the fair value.

Lease liabilities. The fair value of the lease liabilities was calculated by discounting future cash flows using applicable interest 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 approximates the carrying values as these deposits earn interest at the prevailing market interest rate in accordance with regulatory guidelines. The timing and related amounts of future cash flows relating to transformer and lines and poles deposits cannot be reasonably and reliably estimated for purposes of establishing their fair values using an alternative valuation technique.

Financial assets at FVTPL. These equity securities are carried at fair value.

Derivative financial instruments. The fair value of forward contracts is calculated by reference to prevailing interest rate differential and spot exchange rate as of valuation date, taking into account its remaining term to maturity. The fair value of the 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 interest rate swap and interest rate cap are determined by generally accepted valuation techniques with reference to observable market data such as interest rates.

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

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

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

The movements in fair value changes of all derivative instruments for the three-month period ended March 31, 2021 and for the year ended December 31, 2020 are as follows:

	2021	2020
At beginning of period	(₱1,788,802)	(₱2,385,997)
Net changes in fair value of derivatives designated as cash flow hedges	673,602	1,107,316
Net changes in fair value of derivatives not designated as accounting hedges	13,920	(4,848)
Fair value of settled instruments	177,339	(505,273)
At end of period	(₱923,941)	(₱1,788,802)

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; and

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

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

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
Financial asset at FVTPL	₱3,906	₱—	₱—	₱3,906
Derivative assets	13,920	—	13,920	—
Derivative liabilities	937,861	—	937,861	—
Disclosed at fair value:				
Lease liabilities	35,248,551	—	—	35,248,551
Long-term debt - fixed rate	165,230,756	—	—	165,230,756
Long-term obligation on PDS	162,164	—	—	162,164

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

21. Leases

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Land	Building	Power Plant	Equipment and Others	Total	Lease liabilities
As at January 1, 2021	₱2,822,342	₱71,638	₱32,504,564	₱82,094	₱35,480,638	₱44,789,644
Amortization expense	(45,056)	(6,238)	(258,669)	(2,190)	(312,153)	—
Interest expense	—	—	—	—	—	1,023,494
Payments	—	—	—	—	—	(2,595,693)
Others	—	—	—	2,961	2,961	(5,342,391)
As at March 31, 2021	₱2,777,286	₱65,400	₱32,245,895	₱82,865	₱35,171,446	₱37,875,054

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

Interest expense on lease liabilities	₱1,023,494
Amortization expense of right-of-use assets	312,153
Rent expense - short-term leases	19,000
	<u>₱1,354,647</u>

22. Retained Earnings

- a. On March 5, 2021, the BOD approved the declaration of regular cash dividends of ₱0.85 a share (₱6.25 billion) to all stockholders of record as of March 19, 2021. These dividends were paid on March 31, 2021.
- b. On March 5, 2021, the BOD also approved the reversal of a total of ₱13.60 billion appropriated retained earnings.
- c. The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint arrangements amounting to ₱68.91 billion and ₱65.96 billion as at March 31, 2021 and December 31, 2020, respectively. Such amounts are not available for distribution until such time that the Company receives the dividends from the respective subsidiaries, associates and joint arrangements.

23. Disclosures

1. COVID 19

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

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

The Group has experienced the negative effect of the COVID-19 pandemic in its 2020 operations, but on a lesser magnitude. This includes lower energy dispatch level because of the decreased demand during the community quarantines as well as certain delays in terms of collections of energy billings because of the staggered payment scheme implemented by the Energy Regulatory Commissions in 2020. In addition, because of the decrease in energy demand, market prices are down. Significant improvements have been felt in the latter part of 2020, as the economy started to improve.

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

2. 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 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.

3. Pagbilao IPP Administration Agreement

Therma Luzon, Inc. and PSALM executed the IPP Administration Agreement wherein PSALM appointed TLI to manage the 700MW contracted capacity of NPC in the coal-fired power plant in Pagbilao, Quezon.

Under the IPP Administration Agreement, TLI has the right to receive, manage and control the capacity of the power plant for its own account and at its own cost and risk; and the right to receive the transfer of the power plant at the end of the IPP Administration Agreement for no consideration.

The IPP Administration Agreement includes the following obligations TLI would have to perform until the transfer date of the power plant (or the earlier termination of the IPP Administration Agreement):

- a. Supply and deliver all fuel for the power plant in accordance with the specifications of the original Energy Conservation Agreement (ECA); and
- b. Pay to PSALM the monthly payments (based on the bid) and energy fees (equivalent to the amount paid by NPC to the IPP).

In view of the nature of the IPP Administration Agreement, the arrangement has been considered as a finance lease. Accordingly, TLI recognized the related liability equivalent to the present value of the minimum monthly payments using TLI's incremental borrowing rates of 10% and 12% for dollar and peso payments, respectively.

The present value of the future minimum monthly dollar and peso payments under the IPP Administration Agreement as of March 31, 2021:

Present value of minimum monthly payments to PSALM	₱35,728,669
Less: Current portion	(7,221,682)
<u>Noncurrent portion of lease liability</u>	<u>₱28,506,987</u>

4. Property, Plant and Equipment

During the three-month period ended March 31, 2021, the Group's additions to property, plant and equipment amounted to ₱877.1 million.

5. Dividends to Non-controlling Interests

The Group's material partly owned subsidiary VECO paid cash dividends amounting to ₱938.1 million and ₱952.7 million to non-controlling interests during the three-month periods ended March 31, 2021 and 2020, respectively.

6. Material Events and Changes

₱8 billion bond issuance

The Company issued the first tranche of its 30 billion debt securities program, equivalent to ₱8 billion in March 2021. The Fixed Rate "Series A Bonds" has an interest rate of 3.8224% per annum maturing in 2026. The bonds have been rated PRS Aaa by PhilRatings.

7. Material Adjustments

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

8. 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.

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

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

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

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

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

SCHEDULE A - USE OF PROCEEDS1) Series "E" and "F" of the Thirty Billion Shelf Registration issued in 2020

As of March 31, 2021, the proceeds from the 2020 bonds were utilized for the following:

Name of Project	Projected Usage (Per Prospectus)	Actual Usage
Reimburse Previous Equity Contributions to GNPD through AA Thermal and TPI	6,736,749	6,736,749
Fund Succeeding Equity Infusions in AA Thermal and TPI	2,082,873	1,735,894
General corporate purposes	614,889	113,158
Bond issuance costs	115,489	113,547
TOTAL	9,550,000	8,699,348

	Per Final Prospectus	Actual
Gross proceeds	9,550,000	9,550,000
Net proceeds	9,434,511	9,436,453

Balance of the proceeds as of March 31, 2021:	₱850,652
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2) Series "A" of the Thirty Billion Shelf Registration issued in 2021

As of March 31, 2021, the proceeds from the 2021 bonds were utilized for the following:

Name of Project	Projected Usage (Per Prospectus)	Actual Usage
Redemption of the 2014 Series A Bonds Maturing in 2021	6,600,000	–
Partial Funding for the Early Redemption of the 2014 Series B Bonds Originally Maturing in 2026	1,295,303	–
Bond issuance costs	104,697	93,805
TOTAL	8,000,000	93,805

	Per Final Prospectus	Actual
Gross proceeds	8,000,000	8,000,000
Net proceeds	7,895,303	7,906,195

Balance of the proceeds as of March 31, 2021:	₱7,906,195
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SCHEDULE B – RELEVANT FINANCIAL RATIOS

	Formula	March 31, 2021	December 31, 2020
LIQUIDITY RATIOS			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.35	1.38
Acid test ratio	$\frac{\text{Cash + Marketable securities} + \text{Accounts receivable} + \text{Other liquid assets}}{\text{Current liabilities}}$	1.10	1.08
SOLVENCY RATIOS			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	2.00	1.96
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	3.00	2.96
Net debt to equity ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity}}$	1.36	1.37
Gearing ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity} + (\text{Debt - Cash \& cash equivalents})}$	57.61%	57.80%
Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expense}}$	n.a.	2.54
PROFITABILITY RATIOS			
Operating margin	$\frac{\text{Operating profit}}{\text{Total revenues}}$	n.a.	24.4%
Return on equity	$\frac{\text{Net income after tax}}{\text{Total equity}}$	n.a.	10.57%

*Ratio marked * is deemed not applicable (n.a.) for the interim reporting period since this would not be comparable to the ratio reported in the previous period.*

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

1.) AGING OF RECEIVABLES

As of March 31, 2021

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade receivables					
Power Distribution Customers	2,870,835	1,008,215	348,729	866,480	5,094,259
Power Generation Customers	7,626,097	168,235	134,891	3,146,494	11,075,717
Management & Other Services Customers	2,388,501	487,011	73,512	29,370	2,978,394
	12,885,433	1,663,461	557,132	4,042,344	19,148,370
Less : Allowance for estimated credit losses					2,377,594
Net trade receivables					16,770,776
Non-trade receivables	6,117,747	60,709	-	471	6,178,927
Grand Total	19,003,180	1,724,170	557,132	4,042,815	22,949,703

2.) ACCOUNTS RECEIVABLE DESCRIPTION

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

3.) NORMAL OPERATING CYCLE

Power Subsidiaries

- Distribution - 60 days
- Generation - 65 days