

**COVER SHEET**

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SEC Registration Number

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

(Company's Full Name)

2 8 t h F l o o r N A C T o w e r , 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

(Business Address: No. Street City/Town/Province)7

**IRYAN JEAN U. PADILLO**

(Contact Person)

**(632) 8892-6669 / 7798-7622**

(Company Telephone Number)

1 2 3 1

Month Day  
(Calendar Year)

1 7 - Q

(Form Type)

0 6 1st  
Friday

Month Day  
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

**86**

Total No. of Stockholders

Total Amount of Borrowings

**₱2,382.6 million**

Domestic

**₱108.5 million**

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

S.E.C. Number CS200811530

File Number \_\_\_\_\_

**NICKEL ASIA CORPORATION**

(Company's Full Name)

**28th Floor NAC Tower, 32nd Street,  
Bonifacio Global City, Taguig City**

(Company's Address)

**+63 2 8892 6669 / +63 2 7798 7622**

(Telephone Numbers)

**December 31**

(Fiscal Year Ending)

(month & day)

**SEC Form 17-Q Quarterly Report**

Form Type

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Amendment Delegation (If applicable)

**For the Nine Months Ended**

**September 30, 2021**

Period Ended Date

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(Secondary License Type and File Number)

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: SEPTEMBER 30, 2021
2. SEC Identification Number: CS200811530
3. BIR Tax Identification No.: 007-085-191-000
4. Exact name of issuer as specified in its charter: NICKEL ASIA CORPORATION
5. Province, Country or other jurisdiction of incorporation or organization: PHILIPPINES
6. Industry Classification Code:  (SEC Use Only)
7. Address of principal office Postal Code  
28<sup>th</sup> Floor NAC Tower, 32nd Street, 1634  
Bonifacio Global City, Taguig City
8. Issuer's telephone number, including area code: +63 2 8892 6669 / +63 2 7798 7622
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 SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Common Stock</b>	<b>13,630,850,117 shares</b>
<b>Short and Long-term Debts</b>	<b>Php2,491.1 million</b>

11. Are any or all of these securities listed on a Stock Exchange.  
Yes [  ] No [  ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

PHILIPPINE STOCK EXCHANGE Common Stock

12. Check whether the issuer:  
(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [  ] No [  ]

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

Yes [  ] No [  ]



November 4, 2021

**Ms. Janet A. Encarnacion**

Head - Disclosure Department  
Philippine Stock Exchange Tower,  
5th Avenue corner 28th Street, BGC Taguig City

**Mr. Vicente Graciano P. Felizmenio, Jr.**

Director - Markets and Securities Regulation Department  
Securities and Exchange Commission  
Secretariat Building, PICC Complex  
Roxas Boulevard, Pasay City

Re : SEC Form 17-Q 2021 3rd Quarter Report  
x =====x

Gentlemen:

We submit to you herewith a copy of our Company's SEC Form 17-Q Quarterly Report for the period ended September 30, 2021.

We trust everything is in order.

Very truly yours,

**Maria Angela G. Villamor**  
SVP - Chief Financial Officer



**NICKEL ASIA CORPORATION**  
**17-Q QUARTERLY REPORT**  
**SEPTEMBER 30, 2021**

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## PART I – FINANCIAL INFORMATION

### Item A. Financial Statements

The Unaudited Interim Consolidated Financial Statements as at September 30, 2021 (with Comparative Audited Statement of Financial Position as at December 31, 2020) and for the nine-month period ended September 30, 2021 and 2020 are hereto attached.

The following tables set forth the summary financial information for the nine-month period ended September 30, 2021 and 2020 and as at September 30, 2021 and December 31, 2020:

#### Summary Consolidated Statements of Income

	For the Nine Months Ended September 30		Increase (Decrease)	Percent Inc (Dec)
	2021	2020		
<i>(In Thousand Pesos)</i>				
Revenues	₱21,062,808	₱15,114,716	₱5,948,092	39%
Costs	(6,397,193)	(6,339,614)	57,579	1%
Operating expenses	(4,851,122)	(4,018,160)	832,962	21%
Finance income	136,985	200,803	(63,818)	-32%
Finance expenses	(180,578)	(217,058)	(36,480)	-17%
Equity in net income (losses) of associates	340,405	(11,139)	351,544	3156%
Other income (charges) - net	680,922	(176,057)	856,979	487%
Provision for income tax - net	(2,427,969)	(1,421,644)	1,006,325	71%
Net income	₱8,364,258	₱3,131,847	₱5,232,411	167%
Net income attributable to:				
Equity holders of the parent	₱6,172,311	₱2,299,580	₱3,872,731	168%
Non-controlling interests	2,191,947	832,267	1,359,680	163%
	₱8,364,258	₱3,131,847	₱5,232,411	167%

#### Summary Consolidated Statements of Financial Position

	September 30,	December 31,	Increase (Decrease)	Percent Inc (Dec)
	2021 (Unaudited)	2020 (Audited)		
<i>(In Thousand Pesos)</i>				
Current assets	₱27,786,534	₱22,011,970	₱5,774,564	26%
Noncurrent assets	27,367,574	26,901,320	466,254	2%
Total assets	₱55,154,108	₱48,913,290	₱6,240,818	13%
Current liabilities	₱12,695,062	₱10,944,323	₱1,750,739	16%
Noncurrent liabilities	3,424,366	3,372,178	52,188	2%
Equity attributable to equity holders of the parent	34,308,340	31,042,396	3,265,944	11%
Non-controlling interests	4,726,340	3,554,393	1,171,947	33%
Total liabilities and equity	₱55,154,108	₱48,913,290	₱6,240,818	13%

### Summary Consolidated Statements of Cash Flows

	For the Nine Months Ended September 30		Increase (Decrease)	Percent Inc (Dec)
	2021	2020		
<i>(In Thousand Pesos)</i>				
Net cash flows from (used in):				
Operating activities	₱5,685,919	₱5,428,753	₱257,166	5%
Investing activities	(2,319,773)	(317,100)	2,002,673	632%
Financing activities	(3,947,978)	(5,831,758)	(1,883,780)	-32%
Net decrease in cash and cash equivalents	(581,832)	(720,105)	(138,273)	-19%
Cash and cash equivalents, beginning	11,835,201	11,943,128	(107,927)	-1%
Cash and cash equivalents, end	₱11,253,369	₱11,223,023	₱30,346	0%

### **Item B. Management's Discussion and Analysis of Financial Condition and Results of Operations**

#### **RESULTS OF OPERATIONS**

The following discussion and analysis is based on the unaudited interim consolidated financial statements for the nine months ended September 30, 2021 and 2020, prepared in conformity with Philippine Accounting Standards 34, *Interim Financial Reporting* and included herein, and should be read in conjunction with those unaudited interim consolidated financial statements.

#### **Nine months ended September 30, 2021 compared with nine months ended September 30, 2020**

#### **Revenues**

	2021	2020
	(In Thousands)	
Sale of ore and limestone	₱20,027,904	₱14,007,790
Services and others	663,270	888,671
Power	371,634	218,255
	₱21,062,808	₱15,114,716

Revenues during the first three quarters of 2021 was ₱21,062.8 million, higher by ₱5,948.1 million or 39%, compared to ₱15,114.7 million during the same period last year.

#### *Sale of Ore*

Income during the first three quarters of the year was achieved mainly due to higher ore sales prices. Chinese stainless steel production was up 12% year-on-year and nickel ore prices as well as London Metal Exchange (LME) nickel price have continued its upward momentum, despite the slowdown in Chinese gross domestic product growth. While the Chinese economy is currently facing short-term uncertainties, the surging Electric Vehicle industry remains the main driver of nickel demand over the long-term.

The average realized export price during the first three quarters of 2021 was \$38.69 per wet metric tons (WMT), 27% higher compared to \$30.53 per WMT realized during the same period last year. Likewise, the Group delivered limonite ore to Coral Bay and Taganito HPAL plants, the prices of which



are linked to the LME, and realized an average price of \$8.20 per pound of payable nickel during the first three quarters of 2021 compared to \$5.97 per pound of payable nickel in the same period last year. Ore shipments to the HPAL plants accounted for 39% and 46% of the Group's total shipments during the first three quarters of 2021 and 2020, respectively.

In terms of shipment volume, the Group sold an aggregate of 14.41 million WMT of nickel ore during the first three quarters of 2021 compared to 14.03 million WMT during the same period last year. Limonite ore deliveries to the two processing plants were lower at 5.68 million WMT compared to 6.52 million WMT last year. On the other hand, ore export shipments increased by 16% to 8.73 million WMT from 7.51 million WMT last year. On a combined basis, the average realized price for both ore exports and ore deliveries to the two plants in the first three quarters of 2021 was \$27.96 per WMT compared to \$20.10 per WMT in the same period last year.

The realized peso to US dollar exchange rate for ore sales was ₱49.18 during the first three quarters of 2021 compared to ₱49.54 during the same period last year.

On a per mine basis, the Group's Rio Tuba mine exported 1.29 million WMT of saprolite ore and delivered 2.29 million WMT of limonite ore to the Coral Bay processing plant during the first three quarters of 2021. This compares to sales of 1.26 million WMT of saprolite ore and 2.41 million WMT of limonite ore to the Coral Bay processing plant during the same period last year.

The Group's Taganito mine exported 3.60 million WMT of saprolite ore and delivered 3.20 million WMT of limonite ore to the Taganito processing plant during the first three quarters of 2021. Compared to the same period last year wherein there were 2.65 million WMT of saprolite ore and 3.88 million WMT of limonite ore delivered to the Taganito processing plant.

The Company's Hinatuan mine shipped saprolite and limonite ore of 1.50 million WMT during the first three quarters of 2021 compared to 1.42 million WMT during the same period last year. Meanwhile, Cagdianao's shipments were completed at 2.34 million WMT and 2.18 million WMT during the first three quarters of 2021 and 2020, respectively. For deliveries to Coral Bay processing plant during the first three quarters of 2021 and 2020, HMC delivered nil and 35.3 thousand WMT, respectively, while CMC delivered 0.17 million WMT and 0.20 million WMT, respectively.

Moreover, during the first three quarters of 2021, Dinapigue successfully delivered 20.8 thousand WMT to the Coral Bay processing plant

#### *Sale of Limestone*

Rio Tuba's revenue from sale of limestone was lower by 25% at ₱209.4 million during the first three quarters of 2021 compared to ₱280.8 million during the same period last year due to the 27% drop in limestone deliveries.

#### *Services and Others*

##### *Sale of Quarry Materials*

Revenue from sale of quarry material was 62% lower than last year due to lower deliveries of quarry materials to Taganito HPAL Nickel Corporation (THNC). During the first three quarters of 2021, Taganito Mining Corporation (TMC) delivered 314,167 bank cubic meter (bcm) only of quarry materials compared to 822,118 bcm during the same period last year.

### Services

Services revenue largely consists of payments made in consideration for the hauling, manpower and other ancillary services that Rio Tuba Nickel Mining Corporation (RTN), CDTN Services Company Inc., and TMC provides to either Coral Bay Nickel Corporation (CBNC) or THNC, usage fee charged by TMC to THNC for the use of its pier facility and revenue from the lease of aircraft. Service revenue was higher by ₱12.1 million, from ₱504.2 million to ₱516.3 million, due to the lease of aircraft.

### Sale of Power

Revenue from sale of power during the first three quarters of 2021 amounted to ₱371.6 million, or 70% higher than last year's ₱218.3 million. The Group's solar power plant generated higher energy during the current period of 50.7 million kilowatt hour (kWh) compared to 28.9 million kWh during the same period last year. A portion of the energy generated was attributable to the completion of Phase 3A, which contributed 30 MWp starting April 2021. Effective price for the first three quarters of 2021 was at ₱4.86/kWh as against ₱3.31/kWh for the first three quarters of 2020 and this was brought about by the spike in the Wholesale Electricity Spot Market (WESM) prices resulting to higher effective price/rate against WESM assumption of ₱3.35/kWh.

### Costs

Costs slightly went up by 1% or ₱57.6 million, from ₱6,339.6 million to ₱6,397.2 million.

	2021	2020
	(In Thousands)	
Cost of sales	₱5,857,672	₱5,859,623
Services	279,058	250,362
Power generation	260,463	229,629
	<u>₱6,397,193</u>	<u>₱6,339,614</u>

### Cost of Sales

Cost of sales slightly decreased to ₱5,857.7 million from ₱5,859.6 million. It can be recalled that last year, two of our mines voluntarily suspended their operations for a month in response to the plea of the local governments to defer the operations to prevent an increased risk of entry and transmission of the COVID-19 in the province and municipalities. The voluntary suspensions and other disruptions led to the decline in the production volume coupled with lower average fuel price per liter and late arrival of materials and supplies and spare parts for repairs. Compared to the current period, the production volume of our mines increased particularly the Surigao mines, due to shorter days of rainfall. This led to higher fuel consumption coupled with higher average fuel price per liter and higher contract mining cost. Backfilling cost associated with the uneven or slope terrain and distance of the mined-out-areas also contributed to the increase in our cost of sales. However, this was partially offset by lower quarry materials delivered to THNC which was 62% lower compared to the same period last year.

### Cost of Services

Cost of services rose by 11% from ₱250.4 million to ₱279.1 million due to payments of separation and leave pay of employees re-assigned to another subsidiary.

### Cost of Power Generation

Cost of power generation went up by 13% to ₱260.5 million from ₱229.6 million following the completion of Phase 3A of the solar project in June 2021 resulting to the 14% increase in depreciation.

## **Operating Expenses**

	2021	2020
	(In Thousands)	
Excise taxes and royalties	₱2,079,632	₱1,562,742
Shipping and loading costs	1,876,944	1,551,165
General and administrative	718,706	731,035
Marketing	175,840	173,218
	<u>₱4,851,122</u>	<u>₱4,018,160</u>

### *Excise Taxes and Royalties*

Excise taxes and royalties rose by 33% to ₱2,079.6 million from ₱1,562.7 million because of higher revenues resulting from higher ore prices and shipment volume.

### *Shipping and Loading Costs*

Shipping and loading costs went up by 21% because of the 16% increase in volume of ore export sales. Advance ship loading activities were also conducted by the mines, thus there was an increase in the contracted services for the Landing Craft Transports.

### *General and Administrative*

General and administrative expenses slid by 2% from ₱731.0 million to ₱718.7 million mainly due to payments of employee separation pays that were not covered by the retirement plan during the first three quarters of prior year. Also, the accrual for stock option expense last year was higher compared to the current period.

### **Finance Income**

Finance income declined by 32% at ₱137.0 million from ₱200.8 million due to the significant drop in the net yield of time deposit placements compared to the same period last year. Also, the average principal placements were slightly lower in the current period.

### **Finance Expenses**

The drop in the finance expenses by 17%, to ₱180.6 million from ₱217.1 million, was driven by the continuous decline in the London Inter-Bank Offered Rate from 1.96% to 0.21% as a result of the COVID-19 global pandemic. Likewise, domestic borrowing rate fell from an average of 6.33% to an average of 5.47% and guarantee fee rate from 1% to 0.6% starting September 2020.

### **Equity in Net Income (Losses) of Associates**

As a result of higher nickel LME prices, the Group recognized gain from its equity share in its investments in THNC and CBNC in the combined amount of ₱340.4 million during the first three quarters of 2021 compared to a loss of ₱11.1 million in the same period last year.

### **Other Income (Charges) - Net**

Other income - net was at ₱680.9 million during the first three quarters of 2021 compared to other charges - net of ₱176.1 million during the same period last year and this was driven mainly by the appreciation of US dollar compared to peso. The Group recognized net foreign exchange gains from its US Dollar denominated net financial assets in the amount of ₱587.2 million during the first three quarters of 2021, a turnaround from the net foreign exchange losses of ₱333.5 million in the same period last year.

### **Provision for Income Tax - Net**

Despite of the reduced income tax rate from 30% to 25%, the net provision for income tax was still higher by 71% due to higher taxable income as a result of higher revenue during the current period.

### **Net Income**

As a result of the foregoing, the consolidated net income was ₱8,364.3 million during the first three quarters of 2021 compared to ₱3,131.8 million during the same period last year. Net of non-controlling interests, the net income attributable to the equity holders of the parent for the first three quarters of the current year amounted to ₱6,172.3 million compared to ₱2,299.6 million during the same period last year.

### **STATEMENT OF FINANCIAL POSITION**

Total assets as of September 30, 2021 close at ₱55,154.1 million compared to ₱48,913.3 million as of December 31, 2020. Current assets grew by 26% to ₱27,786.5 million from ₱22,012.0 million due to increase in trade receivables following the higher revenues from operations as a result of higher ore prices. Noncurrent assets was at ₱27,367.6 million from ₱26,901.3 million as at September 30, 2021 and December 31, 2020, respectively. The slight increase in noncurrent assets was attributable mainly from the Parent Company's equity share in the current period earnings of its associates.

Current liabilities were higher by 16% from ₱10,944.3 million to ₱12,695.1 million due to receipt of down payments from customers. Also, excise taxes and royalties were higher as of quarter end but this will be remitted on the month following the close of the quarter.

Noncurrent liabilities of ₱3,424.4 million was slightly higher as against end of last year's ₱3,372.2 million due to accrual of retirement expense.

Equity net of non-controlling interests rose by 11% to ₱34,308.3 million due to the net effect of earnings during the period and payments of cash dividends.

### **STATEMENT OF CASH FLOWS**

Net cash from operating activities during the first three quarters of 2021 amounting to ₱5,685.9 million was slightly higher compared to ₱5,428.8 million during the same period last year due to higher collections of receivables from the sale of ore on account of higher revenue during the period.

Cash used in investment activities arose mainly from net acquisitions and/or disposals of property and equipment and financial assets in debt and equity securities. In line with the investment strategy of the Parent Company, some of its local investments and one offshore account were disposed of during the current period. The proceeds from the sale were used as additional funds for the new offshore investment accounts. Net acquisitions of financial assets and property and equipment amounted to ₱2,556.7 million during the first three quarters of 2021, which was higher compared to ₱504.3 million incurred during the same period last year.

For cash used in financing activities, there were no acquisitions of treasury stocks during the first three quarters of 2021 compared to last year's ₱46.1 million. Also, cash dividends paid last year was higher at ₱5,731.4 million compared to ₱3,835.1 million in the current period. Overall, cash spent for financing activities were lower in the first three quarters of 2021 compared to the same period last year.

As at September 30, 2021 and 2020, cash and cash equivalents amounted to ₱11,253.4 million and ₱11,223.0 million, respectively.

## **KEY PERFORMANCE INDICATORS**

### **1) TOTAL COST PER VOLUME SOLD**

The total cost per volume of ore sold provides a cost profile for each operating mine and allows us to measure and compare operating performance as well as changes in per unit costs from period to period.

The total cost includes cost of sale of ore, excise taxes and royalties, shipping and loading costs, general and administrative and marketing expenses incurred by the Group.

The average cost per volume of ore sold for the first three quarters of 2021 was ₱717.16 per WMT on the basis of aggregate costs of ₱10,334.8 million and total sales volume of 14.41 million WMT of ore. This compares to ₱665.62 per WMT during the first three quarters of 2020 on the basis of aggregate costs of ₱9,335.7 million and total sales volume of 14.03 million WMT of ore.

### **2) ATTRIBUTABLE NET INCOME**

Attributable net income represents the portion of consolidated profit or loss for the period, net of income taxes, which is attributable to the Parent Company. This is a relevant and transparent metric of the information contained in the consolidated financial statements. The income attributable to equity holders of the Parent Company for the first three quarters of 2021 was ₱6,172.3 million compared to ₱2,299.6 million in the same period last year.

### **3) NUMBER OF HECTARES OF OPEN AREA PER MILLION WMT SOLD**

The Group adheres to the principles and practices of sustainable development. The Group is committed to complying and following environmental regulations by implementing best practices in managing environmental impacts of its operations. In 2018, the Department of Environment and Natural Resources (DENR), through the issuance of DENR Administrative Order (DAO) No. 2018-20, prescribes Guidelines for Additional Environmental Measures for Operating Surface Metallic Mines and provides limits of maximum disturbed areas for nickel mines depending on the scale of their mining operations. The DAO also requires that temporary revegetation be immediately implemented on the disturbed areas. During the first three quarters of 2021 and 2020, the open hectares per million WMT sold was 20.14 and 19.98, respectively.

### **4) FREQUENCY RATE**

Health and safety are integral parts of the Group's personnel policies. Its comprehensive safety program is designed to minimize risks to health arising out of work activities and to assure compliance with occupational health and safety standards and rules and regulations that apply to its operations. The Group measures our safety effectiveness through the Frequency Rate which is the ratio of lost-time accidents to total million man-hours worked for the period. NAC's frequency rate was nil and 0.06 for the first three quarters of 2021 and 2020, respectively.

## **Liquidity and Capital Resources**

As at September 30, 2021 and December 31, 2020, the Group's principal source of liquidity was cash from operations. TMC incurred long-term debt to finance the construction of the Taganito pier facilities. TMC receives income from THNC under throughput agreement for the use of the pier facilities. The revenues that TMC receives from THNC under the throughput agreement have typically been sufficient to service its long-term debt. In addition, the Group also incurred long-term debt to finance the solar project of JSI and the geothermal exploration and evaluation assets of Mindoro Geothermal Power Corporation (MGPC). Any revenue that will be earned by JSI and MGPC upon start of or during their commercial operations will be used to pay-off the debt.

As at September 30, 2021 and December 31, 2020, the Group's working capital, defined as the difference between the current assets and current liabilities, was ₱10,450.9 million and ₱11,067.6 million, respectively. NAC expects to meet the working capital, capital expenditure and investment requirements from the cash flow coming from operations and pay-off the debts that the Group incurred to finance the construction of pier facilities at the Taganito properties and Emerging Power Inc.'s (EPI) solar project and other project development costs. The Group may also from time to time seek other sources of funding, which may include debt or equity financings, depending on the financing needs and market conditions.

### **Qualitative and Quantitative Disclosures about Market Risk**

#### *Commodity Price Risk*

The price of nickel is subject to fluctuations driven primarily by changes in global demand and global production of similar and competitive mineral products. This, therefore, required the Group to change the pricing mechanism on the sale of saprolite ore to Japanese customers, which was traditionally linked to LME prices. Effective April 1, 2014, the pricing of saprolite ore to Japan was therefore changed to a negotiated price per WMT of ore, similar to the pricing of ore to China. The price of limonite ore is closely correlated to international iron ore price index. The prices of nickel ore delivered to CBNC and THNC are determined based on a payable percentage of the nickel contained in the ore delivered and a formula related to LME prices over the period the nickel ore was delivered. To mitigate the impact of such price movements, the Company may opt to enter into commodity put option contracts.

#### *Foreign Currency Risk*

The foreign currency risk results primarily from movements of the peso against the US dollar on transactions in currencies other than Peso. Such exposure arises mainly from cash and cash equivalents, financial assets in debt and equity securities, long-term debt and sales of beneficiated nickel ore denominated in US dollar. Because almost all of the revenues are earned in US dollar while most of the expenses are paid in Peso, appreciation of the Peso against the US dollar effectively reduces the revenue without a corresponding reduction in the expenses and can result in a reduction in the net income. In addition, because a portion of the cash and cash equivalents, financial assets in debt and equity securities and long-term debt are denominated in US dollar, the appreciation of the peso against the US dollar reduces the value of the total assets and liabilities in peso terms in the consolidated financial statements. Currently, the Group is not a party to any foreign currency swap agreements and the Group's policy is not to hedge foreign currency exchange risk.

To mitigate the effect of foreign currency risk, the Group will seek to accelerate the collection of foreign currency-denominated receivables and the settlement of foreign-currency denominated payables, whenever practicable. Also, foreign exchange movements are monitored on a daily basis.

#### *Equity Price Risk*

Equity price risk is the risk to earnings or capital arising from changes in stock prices relating to the quoted equity securities owned by the Group. The Group's exposure to equity price risk relates primarily to the financial assets in various stocks of listed companies.

The Group's policy is to maintain the risk to an acceptable level. Movement in share price and market value of the assets are monitored regularly to determine impact in the financial position.

### **Seasonality of Operations**

Mining operations at the majority of the Group's mines are suspended and are often unable to load ore into shipping vessels during the rainy season. This seasonality results in quarter-to-quarter volatility in the Group's operating results with more revenue being earned and more expenses being

incurred in the second and third fiscal quarters than in the first and fourth fiscal quarters.

#### **Off-balance Sheet Arrangements**

Under the Suretyship Agreement executed by and between the Parent Company and Security Bank Corporation (SBC) on August 4, 2015, the Parent Company solidarily with EPI guarantees and warrants to SBC, its assigns and successors-in-interest, prompt and full payment and performance of EPI's obligations to SBC.

Other than the Suretyship Agreement mentioned above, the Parent Company has not entered into any off-balance sheet transactions or obligations (including contingent obligations), or other relationships with unconsolidated entities or other persons.

#### **Known Trends, Events, or Uncertainties**

##### **Cancellation of Hinatuan Mining Corporation's (HMC) Mineral Production Sharing Agreement (MPSA)**

On February 13, 2017, HMC, a wholly owned subsidiary of the Parent Company, received a letter from the DENR stating that its MPSA in Taganaan Island, Surigao is being cancelled due to alleged violations of Republic Act No. 7942 or the Philippine Mining Act of 1995 as a result of the audit conducted in July 2016. On February 17, 2017, HMC filed a Notice of Appeal with the Office of the President. It is the Parent Company's position that there are no legal and technical grounds to support the cancellation of HMC's MPSA. The Parent Company will pursue all legal remedies to overturn the said order because of due process violations and the absence of any basis that would warrant a suspension of HMC's operations, much less the cancellation of its MPSA. During the first three quarters of 2020 and 2021, HMC's tonnage consists 10% of the Group's total volume shipped.

##### **COVID-19 Outbreak**

The existence of COVID-19 was confirmed in January 2020 and has spread across different countries including the Philippines. In a move to contain the 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 State of Calamity throughout the Philippines and imposed community quarantine throughout the Philippines. On September 16, 2020, Presidential Proclamation No. 1021 was signed, extending the period of State of Calamity throughout the Philippines until September 12, 2021.

These have caused disruptions to businesses and economic activities; however, the Group has determined that these series of events have not materially affected its financial position as at September 30, 2021 and its financial performance and cash flows for the period then ended.

As at November 4, 2021, NCR is under Alert level 3.

As at September 30, 2021, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Group;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Group's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;

- Significant elements of income or loss that did not arise from the Group's continuing operations;
- Seasonal aspects that had a material impact on the Group's results of operations; and
- Material changes in the financial statements of the Group for the periods ended September 30, 2021 and December 31, 2020, except those mentioned in the preceding.
- Known event that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation that have not been booked, although the Group could be contingently liable for lawsuits and claims arising from the ordinary course of business, which contingencies are not presently determinable.



**NICKEL ASIA CORPORATION AND SUBSIDIARIES**  
**PART II - FINANCIAL SOUNDNESS INDICATORS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

	<b>2021</b>	2020
<i>A. Liquidity analysis ratios</i>		
Current ratio or working capital ratio	<b>2.19</b>	1.92
Quick ratio	<b>1.77</b>	1.57
Solvency ratio	<b>3.42</b>	3.41
<i>B. Financial leverage ratios</i>		
Debt ratio	<b>0.29</b>	0.29
Debt-to-equity ratio	<b>0.41</b>	0.41
Asset-to-equity ratio	<b>1.41</b>	1.41
Interest coverage ratio	<b>71.33</b>	26.55
<i>C. Profitability ratios</i>		
Net profit margin	<b>0.40</b>	0.21
Return on assets	<b>0.15</b>	0.07
Return on equity	<b>0.21</b>	0.09
Gross profit margin	<b>0.70</b>	0.58
Price/earnings ratio	<b>11.71</b>	17.47

## 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: **NICKEL ASIA CORPORATION**

By:



Martin Antonio G. Zamora  
President and Chief Executive Officer

November 4, 2021



Maria Angela G. Villamor  
Senior Vice President and Chief Financial Officer

November 4, 2021

**NICKEL ASIA CORPORATION**  
SEC FORM 17-Q  
INDEX TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Interim Consolidated Statements of Financial Position as at September 30, 2021 and  
December 31, 2020

Interim Consolidated Statements of Income for the nine-month period ended  
September 30, 2021 and 2020

Interim Consolidated Statements of Comprehensive Income for the nine-month period ended  
September 30, 2021 and 2020

Interim Consolidated Statements of Changes in Equity for the nine-month period ended  
September 30, 2021 and 2020

Interim Consolidated Statements of Cash Flows for the nine-month period ended  
September 30, 2021 and 2020

Notes to Consolidated Financial Statements

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## NICKEL ASIA CORPORATION AND SUBSIDIARIES

### UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2021

(With Comparative Audited Figures as at December 31, 2020)

(Amounts in Thousands)

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	₱11,253,369	₱11,835,201
Trade and other receivables (Notes 5 and 30)	4,507,798	1,438,920
Inventories (Note 6)	2,252,788	2,930,348
Financial assets at (Note 7):		
Fair value through profit or loss (FVTPL)	4,617,114	2,846,822
Fair value through other comprehensive income (FVOCI)	2,140,897	2,548,760
Amortized cost	–	100,000
Prepayments and other current assets	3,014,568	311,919
<b>Total Current Assets</b>	<b>27,786,534</b>	<b>22,011,970</b>
<b>Noncurrent Assets</b>		
Property and equipment (Note 8)	16,928,870	16,889,585
Investments in associates (Note 9)	3,845,445	3,193,911
Geothermal exploration and evaluation assets (Note 10)	1,860,904	1,819,859
Financial assets at - net of current portion (Note 7):		
FVTPL	712,706	906,626
Amortized cost	410,000	110,000
Deferred income tax assets - net	347,783	607,264
Other noncurrent assets (Note 11)	3,261,866	3,374,075
<b>Total Noncurrent Assets</b>	<b>27,367,574</b>	<b>26,901,320</b>
<b>TOTAL ASSETS</b>	<b>₱55,154,108</b>	<b>₱48,913,290</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Notes 12 and 30)	₱9,535,530	₱8,033,675
Short-term debts (Note 13)	1,490,115	1,492,654
Income tax payable	1,242,293	1,034,281
Other current liability	300,731	261,691
Current portion of:		
Long-term debt (Notes 13 and 30)	89,250	84,040
Lease liabilities (Note 31)	30,143	30,982
Long-term payable	7,000	7,000
<b>Total Current Liabilities</b>	<b>12,695,062</b>	<b>10,944,323</b>
<b>Noncurrent Liabilities</b>		
Noncurrent portion of:		
Long-term debt (Notes 13 and 30)	911,711	893,409
Lease liabilities (Note 31)	584,151	584,922
Deferred income	42,947	46,089
Long-term payable	6,543	6,093
Pension liability	725,710	676,087
Provision for mine rehabilitation and decommissioning (Note 14)	672,556	664,379
Deferred income tax liabilities	480,748	501,199
<b>Total Noncurrent Liabilities</b>	<b>3,424,366</b>	<b>3,372,178</b>
<b>Total Liabilities</b>	<b>16,119,428</b>	<b>14,316,501</b>

(Forward)

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
<b>Equity Attributable to Equity Holders of the Parent</b>		
Capital stock (Note 15)	₱6,849,836	₱6,849,836
Additional paid-in capital	8,271,900	8,271,900
Other components of equity:		
Share in cumulative translation adjustment (Note 9)	662,006	381,991
Cost of share-based payment plan (Note 16)	467,796	441,589
Asset revaluation surplus	30,661	30,948
Net valuation gains (losses) on financial assets at FVOCI	(19,722)	57,771
Retained earnings:		
Unappropriated	17,989,927	14,952,425
Appropriated (Note 15)	189,950	189,950
Treasury stock (Note 15)	(134,014)	(134,014)
	<b>34,308,340</b>	<b>31,042,396</b>
<b>Non-controlling Interests (NCI)</b>	<b>4,726,340</b>	<b>3,554,393</b>
<b>Total Equity</b>	<b>39,034,680</b>	<b>34,596,789</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱55,154,108</b>	<b>₱48,913,290</b>

*See accompanying Notes to Unaudited Consolidated Financial Statements.*

**NICKEL ASIA CORPORATION AND SUBSIDIARIES****UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME****FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020****(Amounts in Thousands, Except Earnings per Share)**

	2021	2020
	(Unaudited)	
<b>REVENUES</b> (Notes 29 and 30)		
Sale of ore and limestone	<b>₱9,676,086</b>	₱8,036,423
Services and others	<b>229,826</b>	362,692
Sale of power	<b>123,768</b>	73,334
	<b>10,029,680</b>	8,472,449
<b>COSTS</b>		
Cost of sales (Note 18)	<b>2,325,433</b>	2,661,144
Services (Note 19)	<b>82,469</b>	78,175
Power generation (Note 20)	<b>80,702</b>	78,835
	<b>2,488,604</b>	2,818,154
<b>OPERATING EXPENSES</b>		
Excise taxes and royalties (Note 21)	<b>1,105,005</b>	1,000,372
Shipping and loading costs (Note 22)	<b>822,075</b>	874,378
General and administrative (Note 23)	<b>239,451</b>	244,347
Marketing	<b>104,862</b>	137,411
	<b>2,271,393</b>	2,256,508
<b>FINANCE INCOME</b> (Note 26)	<b>33,336</b>	48,269
<b>FINANCE EXPENSES</b> (Note 27)	<b>(58,707)</b>	(63,264)
<b>EQUITY IN NET INCOME OF ASSOCIATES</b> (Note 9)	<b>486,171</b>	59,475
<b>OTHER INCOME (CHARGES) - Net</b> (Note 28)	<b>96,349</b>	(109,283)
<b>INCOME BEFORE INCOME TAX</b>	<b>5,826,832</b>	3,332,984
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 32)		
Current	<b>1,256,897</b>	1,021,656
Deferred	<b>67,084</b>	(43,045)
	<b>1,323,981</b>	978,611
<b>NET INCOME</b>	<b>₱4,502,851</b>	₱2,354,373
Net income attributable to:		
Equity holders of the parent	<b>₱3,445,165</b>	₱1,898,146
NCI	<b>1,057,686</b>	456,227
	<b>₱4,502,851</b>	₱2,354,373
<b>Basic/Diluted Earnings Per Share (EPS)</b>	<b>₱0.25</b>	₱0.14

*See accompanying Notes to Unaudited Consolidated Financial Statements.*

## NICKEL ASIA CORPORATION AND SUBSIDIARIES

### UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(Amounts in Thousands, Except Earnings per Share)

	2021	2020
	(Unaudited)	
<b>REVENUES</b> (Notes 29 and 30)		
Sale of ore and limestone	P20,027,904	P14,007,790
Services and others	663,270	888,671
Sale of power	371,634	218,255
	<b>21,062,808</b>	<b>15,114,716</b>
<b>COSTS</b>		
Cost of sales (Note 18)	5,857,672	5,859,623
Services (Note 19)	279,058	250,362
Power generation (Note 20)	260,463	229,629
	<b>6,397,193</b>	<b>6,339,614</b>
<b>OPERATING EXPENSES</b>		
Excise taxes and royalties (Note 21)	2,079,632	1,562,742
Shipping and loading costs (Note 22)	1,876,944	1,551,165
General and administrative (Note 23)	718,706	731,035
Marketing	175,840	173,218
	<b>4,851,122</b>	<b>4,018,160</b>
<b>FINANCE INCOME</b> (Note 26)	136,985	200,803
<b>FINANCE EXPENSES</b> (Note 27)	(180,578)	(217,058)
<b>EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES</b> (Note 9)	340,405	(11,139)
<b>OTHER INCOME (CHARGES) – Net</b> (Note 28)	680,922	(176,057)
<b>INCOME BEFORE INCOME TAX</b>	<b>10,792,227</b>	<b>4,553,491</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 32)		
Current	2,211,860	1,504,755
Deferred	216,109	(83,111)
	<b>2,427,969</b>	<b>1,421,644</b>
<b>NET INCOME</b>	<b>P8,364,258</b>	<b>P3,131,847</b>
Net income attributable to:		
Equity holders of the parent	P6,172,311	P2,299,580
NCI	2,191,947	832,267
	<b>P8,364,258</b>	<b>P3,131,847</b>
<b>Basic/Diluted Earnings Per Share</b> (Note 17)	<b>P0.45</b>	<b>P0.17</b>

See accompanying Notes to Unaudited Consolidated Financial Statements.

## NICKEL ASIA CORPORATION AND SUBSIDIARIES

### UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(Amounts in Thousands)

	2021	2020
	(Unaudited)	
<b>NET INCOME</b>	<b>₱8,364,258</b>	<b>₱3,131,847</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>Other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods:</i>		
Share in translation adjustment of associates	280,015	(184,105)
Net valuation gains (losses) on financial assets at FVOCI	(77,493)	19,234
Net other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods	202,522	(164,871)
<i>Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:</i>		
Asset revaluation surplus	(287)	(287)
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX</b>	<b>202,235</b>	<b>(165,158)</b>
<b>TOTAL COMPREHENSIVE INCOME - NET OF TAX</b>	<b>₱8,566,493</b>	<b>₱2,966,689</b>
Total comprehensive income attributable to:		
Equity holders of the parent	₱6,374,546	₱2,134,422
NCI	2,191,947	832,267
	<b>₱8,566,493</b>	<b>₱2,966,689</b>

See accompanying Notes to Unaudited Consolidated Financial Statements.



**NICKEL ASIA CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**  
**(Amounts in Thousands)**

	Equity Attributable to Equity Holders of the Parent									Total	NCI	Total
	Capital Stock (Note 15)	Additional Paid-in Capital	Share in Cumulative Translation Adjustment (Note 9)	Cost of Share-based Payment Plan (Note 16)	Asset Revaluation Surplus	Net Valuation Gains (Losses) on Financial Assets at FVOCI	Retained Earnings		Treasury Stock (Note 15)			
						Unappropriated	Appropriated (Note 15)					
<b>Balances at December 31, 2020</b>	<b>₱6,849,836</b>	<b>₱8,271,900</b>	<b>₱381,991</b>	<b>₱441,589</b>	<b>₱30,948</b>	<b>₱57,771</b>	<b>₱14,952,425</b>	<b>₱189,950</b>	<b>(₱134,014)</b>	<b>₱31,042,396</b>	<b>₱3,554,393</b>	<b>₱34,596,789</b>
Net income	-	-	-	-	-	-	6,172,311	-	-	6,172,311	2,191,947	8,364,258
Other comprehensive income (loss)	-	-	280,015	-	(287)	(77,493)	-	-	-	202,235	-	202,235
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>280,015</b>	<b>-</b>	<b>(287)</b>	<b>(77,493)</b>	<b>6,172,311</b>	<b>-</b>	<b>-</b>	<b>6,374,546</b>	<b>2,191,947</b>	<b>8,566,493</b>
Cost of share-based payment plan (Note 16)	-	-	-	26,207	-	-	-	-	-	26,207	-	26,207
Cash dividends - ₱0.23 per share (Note 15)	-	-	-	-	-	-	(3,135,096)	-	-	(3,135,096)	-	(3,135,096)
Cash dividends to NCI	-	-	-	-	-	-	-	-	-	-	(1,020,000)	(1,020,000)
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	287	-	-	287	-	287
<b>Balances at September 30, 2021 (Unaudited)</b>	<b>₱6,849,836</b>	<b>₱8,271,900</b>	<b>₱662,006</b>	<b>₱467,796</b>	<b>₱30,661</b>	<b>(₱19,722)</b>	<b>₱17,989,927</b>	<b>₱189,950</b>	<b>(₱134,014)</b>	<b>₱34,308,340</b>	<b>₱4,726,340</b>	<b>₱39,034,680</b>

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION  
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	Equity Attributable to Equity Holders of the Parent											Total	NCI	Total
	Capital Stock (Note 15)	Additional Paid-in Capital	Share in Cumulative Translation Adjustment	Cost of Share-based Payment Plan	Asset Revaluation Surplus	Net Valuation Gains on Financial Assets at FVOCI	Retained Earnings		Treasury Stock	Total				
							Unappropriated	Appropriated (Note 15)						
Balances at December 31, 2019	₱6,849,836	₱8,262,455	₱612,635	₱370,522	₱31,331	₱32,243	₱13,713,383	₱1,585,576	(₱87,950)	₱31,370,031	₱3,761,230	₱35,131,261		
Net income	-	-	-	-	-	-	2,299,580	-	-	2,299,580	832,267	3,131,847		
Other comprehensive income (loss)	-	-	(184,105)	-	(287)	19,234	-	-	-	(165,158)	-	(165,158)		
Total comprehensive income (loss)	-	-	(184,105)	-	(287)	19,234	2,299,580	-	-	2,134,422	832,267	2,966,689		
Cost of share-based payment plan	-	-	-	51,939	-	-	-	-	-	51,939	-	51,939		51,939
Cash dividends - ₱0.30 per share (Note 15)	-	-	-	-	-	-	(4,089,425)	-	-	(4,089,425)	-	(4,089,425)		(4,089,425)
Cash dividends to NCI	-	-	-	-	-	-	-	-	-	-	(1,002,000)	(1,002,000)		(1,002,000)
Effect of partial disposal of a subsidiary	-	9,445	-	-	-	-	-	-	-	9,445	132,924	142,369		142,369
Acquisitions of treasury stock	-	-	-	-	-	-	-	-	(46,064)	(46,064)	-	(46,064)		(46,064)
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	287	-	-	287	-	287		287
Balances at September 30, 2020 (Unaudited)	₱6,849,836	₱8,271,900	₱428,530	₱422,461	₱31,044	₱51,477	₱11,923,825	₱1,585,576	(₱134,014)	₱29,430,635	₱3,724,421	₱33,155,056		

See accompanying Notes to Unaudited Consolidated Financial Statements.

**NICKEL ASIA CORPORATION AND SUBSIDIARIES**

**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020  
(Amounts in Thousands)**

	2021	2020
	(Unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱10,792,227</b>	₱4,553,491
Adjustments for:		
Depreciation, amortization and depletion (Notes 8 and 25)	<b>1,198,850</b>	1,083,008
Equity in net losses (income) of associates (Note 9)	<b>(340,405)</b>	11,139
Interest income (Note 26)	<b>(136,985)</b>	(200,803)
Unrealized foreign exchange gains - net	<b>(110,384)</b>	(35,303)
Interest expense (Notes 13 and 27)	<b>104,024</b>	127,092
Accretion of interest on:		
Lease liabilities (Notes 27 and 31)	<b>40,800</b>	40,319
Provision for mine rehabilitation and decommissioning (Notes 14 and 27)	<b>8,177</b>	10,239
Long-term payable (Note 27)	<b>450</b>	595
Loss (gain) on:		
Changes in fair value of financial assets at FVTPL (Notes 7 and 28)	<b>42,740</b>	23,236
Sale of financial assets at FVOCI (Note 28)	<b>(6,546)</b>	(46,689)
Sale of property and equipment (Note 28)	<b>-</b>	(932)
Movements in pension liability	<b>31,276</b>	30,236
Dividend income (Notes 7 and 28)	<b>(29,833)</b>	(31,328)
Cost of share-based payment plan (Notes 16 and 24)	<b>26,207</b>	51,939
Operating income before working capital changes	<b>11,620,598</b>	5,616,239
Decrease (increase) in:		
Trade and other receivables	<b>(3,061,035)</b>	(868,989)
Inventories	<b>645,337</b>	1,005,009
Prepayments and other current assets	<b>(2,700,431)</b>	(183,092)
Increase in trade and other payables	<b>1,185,298</b>	914,661
Net cash generated from operations	<b>7,689,767</b>	6,483,828
Income taxes paid	<b>(2,003,848)</b>	(1,055,075)
Net cash flows from operating activities	<b>5,685,919</b>	5,428,753
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of:		
Financial assets at (Note 7):		
FVTPL	<b>(4,448,126)</b>	(1,032,730)
FVOCI	<b>(4,409,353)</b>	(3,727,854)
Amortized cost	<b>(300,000)</b>	-
Property and equipment (Note 8)	<b>(1,224,564)</b>	(1,483,758)
Proceeds from sale of:		
Financial assets at (Note 7):		
FVOCI	<b>4,789,747</b>	4,018,086
FVTPL	<b>2,935,579</b>	1,564,552
Amortized cost	<b>100,000</b>	154,217
Subsidiary	<b>-</b>	71,184
Property and equipment	<b>-</b>	3,217
Decrease (increase) in:		
Other noncurrent assets	<b>119,015</b>	(130,621)
Geothermal exploration and evaluation assets	<b>(41,045)</b>	(16,215)
Interest received	<b>129,475</b>	231,433
Dividends received	<b>29,499</b>	31,389
Net cash flows used in investing activities	<b>(2,319,773)</b>	(317,100)

(Forward)

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	2021	2020
	(Unaudited)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of:		
Cash dividends	(₱3,835,096)	(₱5,731,425)
Short-term debts	(1,500,000)	(1,500,000)
Interest	(71,022)	(88,276)
Principal portion of lease liabilities (Note 31)	(42,410)	(38,939)
Long-term debts	(37,773)	(37,773)
Availments of:		
Short-term debts	1,488,990	1,488,953
Long-term debt	13,435	84,296
Increase (decrease) in:		
Other current liability	39,040	40,612
Deferred income	(3,142)	(3,142)
Acquisitions of treasury stock	-	(46,064)
Net cash flows used in financing activities	(3,947,978)	(5,831,758)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(581,832)</b>	<b>(720,105)</b>
<b>CASH AND CASH EQUIVALENTS AT JANUARY 1</b>	<b>11,835,201</b>	<b>11,943,128</b>
<b>CASH AND CASH EQUIVALENTS AT SEPTEMBER 30 (Note 4)</b>	<b>₱11,253,369</b>	<b>₱11,223,023</b>

*See accompanying Notes to Unaudited Consolidated Financial Statements.*

## **NICKEL ASIA CORPORATION AND SUBSIDIARIES**

### **NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(Amounts in Thousands, Except Number of Shares, Per Share Data and as Indicated)**

#### **1. Corporate Information**

Nickel Asia Corporation (NAC; Ultimate Parent Company, Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 2008. The Parent Company is primarily engaged in investing in and holding of assets of every kind and description and wherever situated, as and to the extent permitted by law. It is also registered, within the limits prescribed by law, to engage in the business of mining of all kinds of ore, metals and minerals and in the business of generation, transmission, distribution and supply of electricity to cities and other localities and to the public in general.

The common shares of the Parent Company were listed on the Philippine Stock Exchange (PSE) on November 22, 2010. The registered office address of the Parent Company is at 28th floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig City.

#### The Subsidiaries

##### *Hinatuan Mining Corporation (HMC)*

HMC was registered with the SEC on October 9, 1979, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Hinatuan Island, Surigao del Norte and Manicani Island, Eastern Samar. HMC is also engaged in the chartering out of Landing Craft Transport (LCT) and providing complete marine services.

##### *Cagdianao Mining Corporation (CMC)*

CMC was registered with the SEC on July 25, 1997, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Valencia, Municipality of Cagdianao, Province of Dinagat Islands.

##### *La Costa Shipping and Lighterage Corporation (LCSLC)*

LCSLC was registered with the SEC on October 23, 1992, is a 100% owned subsidiary of the Parent Company through HMC, and is primarily engaged in the chartering out of LCT and providing complete marine services. LCSLC was acquired by HMC in April 2010. In May 2014, the Board of Directors (BOD) of LCSLC authorized the sale of all of its LCTs to HMC for a consideration.

##### *Dinapigue Mining Corporation (DMC)*

DMC was registered with the SEC on October 9, 1998, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, exploitation and mining of metallic and non-metallic minerals, including, but not limited to, nickel, iron, cobalt, chromite and other associated mineral deposits. DMC has not yet started commercial operations and is currently under development stage.

##### *Samar Nickel Mining Resources Corporation (SNMRC)*

SNMRC was registered with the SEC on March 11, 2010, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of mineral ores. SNMRC has not yet started commercial operations.

*Coral Pearl Developments Limited (CPDL)*

CPDL was incorporated on June 18, 2019 in the British Virgin Islands (BVI) under the BVI Business Companies Act 2004, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the leasing of aircraft.

*CDTN Services Company Inc. (CDTN)*

CDTN was registered with the SEC on December 21, 2020, is a 100% owned subsidiary of the Parent Company and is primarily engaged in general engineering construction, contracting and machinery, and supply sales business in all its phases, extend and receive any contracts or assignments or contracts related thereto or connected therewith, and manufacture and furnish building materials and supplies. It is also engaged in the handling of materials in connection with construction or manufacturing, warehousing, distribution or disposal activities, or other similar activities.

*Falck Exp Inc. (FEI)*

FEI was registered with the SEC on November 22, 2005, is an 88% owned subsidiary of the Parent Company through HMC, CMC and Taganito Mining Corporation (TMC), and is primarily engaged in the business of exploring, prospecting and operating mines and quarries of all kinds of ores and minerals, metallic and non-metallic. On August 8, 2014, the BOD of FEI approved the immediate dissolution of FEI. Thereafter, the liquidation process commenced and as a result, FEI changed from going-concern to liquidation basis of accounting. On November 17, 2016, the termination of FEI's registration with the Bureau of Internal Revenue was approved. Final dissolution will take place after the approval of FEI's application with the SEC. As at November 4, 2021, FEI is still waiting for the approval of SEC.

*Cordillera Exploration Co., Inc. (CExCI)*

CExCI was registered with the SEC on October 19, 1994, is a 71.25% owned subsidiary of the Parent Company and is primarily engaged in the business of large-scale exploration, development and utilization of mineral resources. CExCI has a number of mining properties at various stages of exploration. CExCI is currently not engaged in any development or commercial production activities.

*Newminco Pacific Mining Corporation (Newminco)*

Newminco was registered with the SEC on October 9, 2006, is a 71.25% owned subsidiary of the Parent Company through CExCI, and is primarily engaged in the exploration, mining, development, utilization, extraction, beneficiation and marketing of minerals and mineral resources. Newminco is currently not engaged in any development or commercial production activities.

*Taganito Mining Corporation*

TMC was registered with the SEC on March 4, 1987, is a 65% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Claver, Surigao del Norte. TMC also provides services which involves the handling, hauling and transportation of materials required in the processing operations of Taganito HPAL Nickel Corporation (THNC).

*Rio Tuba Nickel Mining Corporation (RTN)*

RTN was registered with the SEC on July 15, 1969, is a 60% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Rio Tuba, Municipality of Bataraza, Palawan. RTN also provides services

which involves the handling, hauling and transportation of materials required in the processing operations of Coral Bay Nickel Corporation (CBNC) up to May 2021.

*Emerging Power Inc. (EPI)*

EPI was registered with the SEC on October 16, 2007, is an 86.29% owned subsidiary of the Parent Company and is primarily engaged in the renewable energy business.

*Mindoro Geothermal Power Corporation (MGPC)*

MGPC was registered with the SEC on May 7, 2014, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in the renewable energy business. By virtue of a Deed of Assignment of rights and obligations of EPI under Geothermal Renewable Energy Service Contract No. 2010-02-013 on November 24, 2014, MGPC acquired the exclusive rights to explore, develop and exploit geothermal resources covering a geothermal field in the municipality of Naujan, Oriental Mindoro.

On February 26, 2019, MGPC received the Confirmation of Commerciality for the 10 megawatt (MW) project from the Philippine Government, through the Department of Energy (DOE). MGPC has actively pursued to seek potential investors for the drilling of production wells until the project achieves financial close and has been engaged in various social projects ranging from a series of community lectures, focusing on safety and health and environmental awareness, to educational activities.

*Biliran Holdings Inc. (BHI)*

BHI was registered with the SEC on July 31, 2015, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in investing in and holding of assets of every kind and description, as and to the extent permitted by law. It is also registered, within the limits prescribed by law, to engage in the business of infrastructure, power generation, real estate, manufacturing, trading and agribusiness and to pay other evidences of indebtedness or securities of this or any other corporation.

*Northern Palawan Power Generation Corporation (NPPGC)*

NPPGC was registered with the SEC on July 5, 2017, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in the renewable energy business and in producing and generating electricity and processing fuels alternative for power generation.

*Jobin-SQM, Inc. (JSI)*

JSI was registered with the SEC on January 6, 2010, wherein the Parent Company has 38% direct ownership and 44.87% indirect ownership through EPI, and is primarily engaged in power business, including but not limited to power generation, power trading and supply to retail customers and end users. JSI was acquired by EPI on September 11, 2015. On May 23, 2016, JSI entered into the testing and commissioning phase for the 7MW Sta. Rita Solar Power Project. On November 7, 2016, JSI was granted by Energy Regulatory Commission (ERC) a Provisional Authority to Operate (PAO) to transition from testing and commissioning phase to actual production and operation phase for a period of six (6) months for its 7MW Sta. Rita Solar Power Project pending approval of JSI's dedicated point to point limited facilities to connect to the transmission system. On March 18, 2017, JSI commenced testing and commissioning phase for the 25MW Sta. Rita Solar Power Project and was granted by ERC a PAO to transition from testing and commissioning phase to actual production on September 27, 2017. In 2018, the ERC extended the effectivity of the PAO

until May 14, 2019. On January 15, 2019, pursuant to Section 8 of Republic Act No. 9136 the ERC issued to JSI the Certificate of Compliance (COC) for the 7MW and 25MW of Phase I and Phase II, respectively, of the Sta. Rita Solar Power Project. The COC serves as JSI's authority to operate Phase I and II of the Solar Power Project, valid for a period of five (5) years from November 16, 2016 to November 15, 2021 until revoked or suspended. The certificate was issued subsequent to the authorization granted by the ERC to JSI to develop and own a dedicated point-to-point limited facility to connect the 100MW Solar Power Plant to the Luzon Grid of the National Grid Corporation of the Philippines (NGCP) via a direct connection at NGCP's Subic Substation in December 2018. JSI's Phase III-A for 30MW started construction in mid-2020 and Phase III-B for 38MW was implemented in the latter half of 2021. On June 17, 2020, EPI sold its 10% investment in JSI to TBEA International Engineering Co., Ltd. (TBEA) for ₱144.3 million. On March 29, 2021, EPI partially paid its outstanding loan from the Parent Company by way of dation in payment of EPI's right and interest equivalent to 38% of JSI's shares of stock (see Note 35).

*Biliran Geothermal Inc. (BGI)*

BGI was registered with the SEC on October 31, 2007, is a 51.77% owned subsidiary of the Parent Company through EPI. The principal activities of BGI are to explore, exploit, discover, develop, extract, dig and drill for, produce, utilize, refine, treat, process, transport, store, market, sell, use, supply, experiment with, distribute, manufacture, or otherwise deal in, any substance, minerals or otherwise, which by itself or in contribution with other substances generate or emanate heat or power and to enter into and perform service contracts including geothermal services. On December 28, 2014, BGI received the Confirmation of Commerciality for the Biliran Geothermal Project from the Philippine Government through the DOE. BGI was acquired by BHI on December 17, 2015.

Coronavirus Disease (COVID-19) Outbreak

The existence of COVID-19 was confirmed in January 2020 and has spread across different countries including the Philippines. In a move to contain the 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 State of Calamity throughout the Philippines and imposed community quarantine throughout the Philippines. On September 16, 2020, Presidential Proclamation No. 1021 was signed, extending the period of State of Calamity throughout the Philippines until September 12, 2021. These have caused disruptions to businesses and economic activities; however, the Group has determined that these series of events have not materially affected its financial position as at September 30, 2021 and its financial performance and cash flows for the period then ended.

As at November 4, 2021, NCR is under Alert level 3.

The unaudited interim consolidated financial statements as at September 30, 2021 and December 31, 2020 and for the nine-month period ended September 30, 2021 and 2020, were authorized for issuance by the Parent Company's BOD on November 4, 2021.



## 2. Basis of Preparation and Consolidation and Statement of Compliance

### Basis of Preparation

The accompanying unaudited interim consolidated financial statements of the Group as at September 30, 2021 and for the nine-month period ended September 30, 2021 and 2020 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

Accordingly, the unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as at December 31, 2020.

### Basis of Consolidation

The unaudited interim consolidated financial statements include the balances of the subsidiaries and equity share in the net income or losses of associates:

	Principal Place of Business	Principal Activities	Effective Ownership	
			September 30, 2021	September 30, 2020
<i>Subsidiaries</i>				
HMC	Philippines	Mining and Services	100.00%	100.00%
CMC	Philippines	Mining	100.00%	100.00%
LCSLC <sup>(a)</sup>	Philippines	Services	100.00%	100.00%
DMC	Philippines	Mining	100.00%	100.00%
SNMRC	Philippines	Mining	100.00%	100.00%
CPDL	BVI	Services	100.00%	100.00%
CDTN <sup>(b)</sup>	Philippines	Services	100.00%	–
FEI <sup>(c)</sup>	Philippines	Mining	88.00%	88.00%
CExCI	Philippines	Mining	71.25%	71.25%
Newminco <sup>(d)</sup>	Philippines	Mining	71.25%	71.25%
TMC	Philippines	Mining and Services	65.00%	65.00%
RTN	Philippines	Mining and Services	60.00%	60.00%
EPI	Philippines	Renewable Energy Developer	86.29%	86.29%
MGPC <sup>(e)</sup>	Philippines	Renewable Energy Developer	86.29%	86.29%
BHI <sup>(e)</sup>	Philippines	Services	86.29%	86.29%
NPPGC <sup>(e)</sup>	Philippines	Power Generation	86.29%	86.29%
JSI <sup>(e, f)</sup>	Philippines	Power Generation	82.87%	77.66%
BGI <sup>(e)</sup>	Philippines	Power Generation	51.77%	51.77%
<i>Associates</i>				
THNC	Philippines	Manufacturing	10.00%	10.00%
CBNC	Philippines	Manufacturing	10.00%	10.00%

(a) Indirect ownership through HMC

(b) Incorporated on December 21, 2020

(c) Indirect ownership through HMC, CMC and TMC

(d) Indirect ownership through CExCI

(e) Indirect ownership through EPI

(f) Partially disposed to TBFA on June 17, 2020 and to NAC on March 29, 2021

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using uniform accounting policies. When necessary, adjustments are made to the separate financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies.

### *Subsidiaries*

Subsidiaries are entities over which the Parent Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group controls an investee if and only if the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated statement of income and each component of consolidated statement of comprehensive income are attributed to the equity holders of the Parent Company and to the NCI, even if this results in the NCI having a deficit balance.

### *NCI*

NCI represents interest in a subsidiary that is not owned, directly or indirectly, by the Parent Company.

NCI represents the portion of profit or loss and the net assets not held by the Group. Transactions with NCI are accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share in the net assets acquired is recognized as an equity transaction.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any NCI;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the consolidated statement of income; and

- Reclassifies the Parent Company's share of components previously recognized in the consolidated statement of comprehensive income to consolidated statement of income or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

#### Statement of Compliance

The unaudited interim consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

#### Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2020, except for the adoption of the following amendments to existing standards and/or interpretations, which were effective beginning January 1, 2021. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

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

The amendments have no impact on the financial statements of the Group.

#### Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

##### *Effective beginning on or after January 1, 2022:*

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
  - Amendments to PFRS 1, *First-time Adoption of PFRS, Subsidiary as a First-Time Adopter*
  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

##### *Effective beginning on or after January 1, 2023:*

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*
- PFRS 17, *Insurance Contracts*

*Deferred effectivity:*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group will continue to evaluate the impact of the standards, interpretations and amendments in its consolidated financial statements for the year 2021. Additional disclosures required by these amendments will be included in the Group's consolidated financial statements when these amendments are adopted.

### 3. Seasonality of Operations

Mining operations at the majority of the Group's mines are suspended and are often unable to load ore into shipping vessels during the rainy season. This seasonality results in quarter-to-quarter volatility in the Group's operating results with more revenue being earned and more expenses being incurred in the second and third fiscal quarters than in the first and fourth fiscal quarters.

### 4. Cash and Cash Equivalents

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash on hand and with banks	₱4,532,773	₱2,034,084
Cash under managed funds	401,536	1,634,697
Short-term cash investments	6,319,060	8,166,420
	<b>₱11,253,369</b>	<b>₱11,835,201</b>

### 5. Trade and Other Receivables

Trade and other receivables amounting to ₱28.9 million and ₱33.8 million as at September 30, 2021 and December 31, 2020, respectively, were impaired and fully provided for with allowance for expected credit losses (ECL).

The aging analysis of the Group's trade and other receivables as at September 30, 2021 and December 31, 2020 are summarized below:

September 30, 2021 (Unaudited)	Neither Past Due Nor Impaired (30 days)	Past Due But Not Impaired (31-180 days)	Past Due and Individually Impaired (> 180 days)	Total
<b>Trade and other receivables:</b>				
Trade (see Note 30)	₱3,760,877	₱302,772	₱20,405	₱4,084,054
Advances to officers and employees	39,555	6,172	95	45,822
Interest receivable	31,659	-	-	31,659
Current portion of loan receivable	14,393	-	-	14,393
Amounts owed by related parties (see Note 30)	7,367	-	-	7,367
Others	230,565	114,438	8,384	353,387
<b>Total</b>	<b>₱4,084,416</b>	<b>₱423,382</b>	<b>₱28,884</b>	<b>₱4,536,682</b>

December 31, 2020 (Audited)	Neither Past Due Nor Impaired (30 days)	Past Due But Not Impaired (31-180 days)	Past Due and Individually Impaired (> 180 days)	Total
Trade and other receivables:				
Trade (see Note 30)	₱822,395	₱169,426	₱19,911	₱1,011,732
Advances to officers and employees	26,695	3,754	288	30,737
Interest receivable	24,150	-	-	24,150
Current portion of loan receivable	255,411	-	-	255,411
Amounts owed by related parties (see Note 30)	2,960	-	4,228	7,188
Others	112,155	21,974	9,338	143,467
<b>Total</b>	<b>₱1,243,766</b>	<b>₱195,154</b>	<b>₱33,765</b>	<b>₱1,472,685</b>

## 6. Inventories

As at September 30, 2021 and December 31, 2020, inventories amounting to ₱87.2 million and ₱111.7 million, respectively, were assessed to be impaired and were provided for with allowance for impairment losses. The reversal of allowance for impairment losses amounted to ₱11.7 million and ₱20.1 million for the nine months ended September 30, 2021 and 2020, respectively, and the provision for impairment losses amounted to ₱3.6 million and ₱35.6 million, respectively (see Note 28).

As at September 30, 2021 and December 31, 2020, the cost of beneficiated nickel ore and limestone provided with allowance for impairment losses amounted to ₱161.4 million and ₱561.4 million, respectively, while the cost of materials and supplies provided with allowance for impairment losses amounted to ₱301.8 million and ₱398.4 million, respectively.

## 7. Financial Assets

	September 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Financial Assets at			Financial Assets at		
	FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
Quoted instruments						
Debt securities	₱2,829,075	₱2,140,897	₱310,000	₱1,826,274	₱2,548,760	₱210,000
Equity securities	2,005,062	-	-	1,431,491	-	-
Unquoted equity instruments	495,683	-	-	495,683	-	-
	<b>₱5,329,820</b>	<b>₱2,140,897</b>	<b>₱310,000</b>	<b>₱3,753,448</b>	<b>₱2,548,760</b>	<b>₱210,000</b>

The Group's financial assets pertain to investments in common and preferred shares of various local and foreign public and private companies, mutual funds, golf club shares and debt securities which are either unquoted or with quoted market prices. Quoted and unquoted instruments are carried either at fair market value or at amortized cost as at the end of the financial reporting period.

The movements in financial assets follow:

	September 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Financial Assets at			Financial Assets at		
	FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
Balances at January 1	₱3,753,448	₱2,548,760	₱210,000	₱2,502,549	₱2,730,168	₱454,217
Additions	4,448,126	4,409,353	300,000	3,251,019	4,639,845	-
Disposals	(2,935,579)	(4,783,201)	-	(1,947,411)	(4,837,255)	-
Redemption	-	-	(100,000)	-	-	(244,217)
Effect of changes in foreign exchange rate	106,565	51,670	-	(10,909)	(7,543)	-
Net valuation gains (losses) on financial assets	(42,740)	(85,685)	-	(41,800)	23,545	-
Balances at end of period	5,329,820	2,140,897	410,000	3,753,448	2,548,760	210,000
Less noncurrent portion	712,706	-	410,000	906,626	-	110,000
Current portion	₱4,617,114	₱2,140,897	₱-	₱2,846,822	₱2,548,760	₱100,000

For the nine months ended September 30, 2021 and 2020, dividend income from equity securities amounted to ₱29.8 million and ₱31.3 million, respectively (see Note 28), while interest income from debt securities amounted to ₱110.3 million and ₱96.9 million, respectively (see Note 26).

## 8. Property and Equipment

During the nine-month period ended September 30, 2021 and 2020, the Group acquired assets with a cost of ₱1,224.6 million and ₱1,483.8 million, respectively, including construction in-progress.

Depreciation, amortization and depletion expense for the nine months ended September 30, 2021 and 2020 amounted to ₱1,173.4 million and ₱1,073.8 million, respectively (see Note 25).

As at September 30, 2021 and December 31, 2020, there were no property and equipment pledged as collateral for the Group's borrowings.

## 9. Investments in Associates

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
THNC	₱2,702,477	₱2,346,652
CBNC	1,142,968	847,259
	<b>₱3,845,445</b>	<b>₱3,193,911</b>

The movements in investments in associates follow:

	September 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	THNC	CBNC	Total	THNC	CBNC	Total
Cost at January 1	₱1,974,700	₱724,410	₱2,699,110	₱1,974,700	₱724,410	₱2,699,110
Accumulated equity in net earnings (losses):						
Balances at January 1	(19,854)	39,092	19,238	(248,188)	76,979	(171,209)
Equity in net income (losses)	215,822	124,583	340,405	228,334	(37,887)	190,447
	195,968	163,675	359,643	(19,854)	39,092	19,238
Share in cumulative translation adjustment:						
Balances at January 1	391,806	83,757	475,563	501,872	229,962	731,834
Movements	140,003	171,126	311,129	(110,066)	(146,205)	(256,271)
	531,809	254,883	786,692	391,806	83,757	475,563
Balances at end of period	₱2,702,477	₱1,142,968	₱3,845,445	₱2,346,652	₱847,259	₱3,193,911

The share in cumulative translation adjustment of associates is gross of deferred income tax liability of ₱124.7 million and ₱93.6 million as at September 30, 2021 and December 31, 2020, respectively.

#### **THNC**

THNC, a private entity that is not listed on any public exchange, was incorporated and registered with the Philippine SEC on August 22, 2008. THNC is engaged in the manufacture and export of nickel/cobalt mixed sulfide, nickel hydroxide and any and all ingredient and products and by-products, wherein TMC has a Nickel Ore Supply Agreement to supply all of the limonite ore requirements of the Taganito High Pressure Acid Leach facility. TMC also provides services related to the handling, hauling and transportation of materials required in the processing operations of THNC. THNC started commercial operations in October 2013.

#### **CBNC**

CBNC, a private entity that is not listed on any public exchange, was incorporated and registered with the Philippine SEC on April 4, 2002. CBNC is engaged in the manufacture and export of nickel/cobalt mixed sulfide wherein RTN has a Nickel Ore Supply Agreement to supply all of the limonite ore requirements of the Coral Bay Hydro Metallurgical Processing Plant (HPP) facility. The agreement provides that it will terminate until the earlier of the cessation of operations at the Coral Bay HPP facility and exhaustion of the limonite ore reserves at the Rio Tuba mine. RTN also supplies limestone and provide ancillary services to Coral Bay HPAL facility. However, starting June 2021, CDTN provides the material handling services to CBNC.

The net assets of THNC and CBNC amounted to ₱24,643.7 million and ₱29,696.7 million, respectively, as at September 30, 2021, and ₱21,085.5 million and ₱26,739.6 million, respectively, as at December 31, 2020. The results of THNC's and CBNC's operations were net income of ₱2,158.2 million and ₱1,245.8 million, respectively, for the nine months ended September 30, 2021, and net income of ₱410.8 million and net loss of ₱522.2 million, respectively, for the nine months ended September 30, 2020. The Parent Company's share in cumulative translation adjustment amounted to ₱662.0 million and ₱382.0 million as at September 30, 2021 and December 31, 2020, respectively, and its equity in associates amounted to a net income of ₱340.4 million and a net loss of ₱11.1 million for the nine months ended September 30, 2021 and 2020, respectively.

## 10. Geothermal Exploration and Evaluation Assets

Geothermal exploration and evaluation assets represent the accumulated costs incurred in connection with the exploration and development activities for the Montelago Geothermal Project. The recovery of these costs depends upon determination of technical feasibility, success of exploration activities and discovery of geothermal resource that can be produced in commercial quantities.

As at September 30, 2021 and December 31, 2020, no allowance for impairment losses was recognized on geothermal exploration and evaluation assets.

## 11. Long-term Stockpile Inventory

The long-term stockpile inventory pertains to low grade ore extracted from RTN's minesite. This amount was not recognized in RTN's books but was recognized by the Parent Company when it acquired the controlling interest in RTN in August 2006. The low grade ore inventory was initially recognized at fair value. The fair value of the long-term stockpile inventory was computed using the present value of the estimated future cash flows of RTN which it will derive from the long-term Nickel Ore Supply Agreement with CBNC. Subsequently, this fair value represented the cost of the long-term stockpile inventory.

A portion amounting to ₱10.3 million and ₱49.4 million, representing the estimated costs of the long-term stockpile inventory that will be delivered to CBNC in the next financial reporting period, were shown as part of "Inventories" as at September 30, 2021 and December 31, 2020, respectively, and the cost of long-term stockpile inventory delivered to CBNC for the nine months ended September 30, 2021 and 2020 of ₱6.9 million and ₱100.9 million, respectively, were charged to "Cost of sales" (see Note 18).

The carrying value of long-term stockpile inventory - net of current portion amounted to ₱32.2 million and nil as at September 30, 2021 and December 31, 2020, respectively.

## 12. Trade and Other Payables

Trade and other payables include amounts payable to regular suppliers, accrued expenses, government payables and other payables. Trade, accrued expenses and other payables, excluding amounts due to Orka Geothermal Investments Pte. Ltd (OGIPL) and Biliran Geothermal Holdings Inc. (BGHI), which has no fixed repayment date (see Note 30), are noninterest-bearing and are generally settled in one (1) year. Government payables include withholding taxes which are normally settled within ten (10) to fifteen (15) days after the end of each financial reporting month or thirty (30) days after the end of each financial reporting quarter, and fringe benefit tax which are normally settled within thirty (30) days after the end of the quarter on which the fringe benefits are granted to the recipients. Excise tax payable is settled within fifteen (15) days after the end of the quarter when the beneficiated nickel ore, limestone and quarry materials were shipped/delivered. Royalties are paid on or before the deadline agreed with the Mines and Geosciences Bureau or other parties.



### 13. Short-term and Long-term Debts

#### Short-term debts

##### *Security Bank Corporation (SBC)*

On September 29, 2020, SBC approved the renewal of EPI's original loan facility to the extent of ₱1,500.0 million. On July 20, 2020 and September 10, 2020, EPI made drawdowns from the said renewal amounting to ₱300.0 million and ₱1,200.0 million, respectively. Proceeds of the loan drawdowns were used by EPI to settle the promissory notes under the original SBC loan facility, which matured in 2020.

At maturity date, EPI requested another approval from SBC for the renewal of their original loan facility to the extent of ₱1,500.0 million. On July 15, 2021 and September 3, 2021, EPI made drawdowns from the said renewal amounting to ₱300.0 million and ₱1,200.0 million, respectively, which was used to settle the promissory notes under the original SBC loan facility, which matured in 2021.

The loan facility is secured by a continuing suretyship of the Parent Company.

Details of the drawdowns are as follows:

Drawdowns	Drawdown Date	Maturity Date	Interest Rate	Amount	Debt Issue Costs
First	July 15, 2021	July 8, 2022	4.50%	₱300,000	₱2,207
Second	September 3, 2021	August 26, 2022	4.50%	1,200,000	8,803
				₱1,500,000	₱11,010

The carrying amount of short-term debts with SBC, net of unamortized debt issue cost, follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Loans payable	₱1,500,000	₱1,500,000
Less unamortized debt issue cost	(9,885)	(7,346)
<b>Balances at end of period</b>	<b>₱1,490,115</b>	<b>₱1,492,654</b>

Interest incurred in connection with the loans amounted to ₱71.0 million and ₱80.2 million for the nine months ended September 30, 2021 and 2020, respectively (see Note 27).

There were no capitalized borrowing costs pertaining to short-term debts for the nine months ended September 30, 2021 and 2020.

The Term Loan Agreement with SBC provides for restrictions with respect to creation or permission to exist any mortgage or pledge, lien or any encumbrance on all free assets owned or acquired by EPI. Also, the Term Loan Agreement restricts EPI to assume, guarantee, endorse or otherwise become directly or contingently liable in connection with any obligation of any other person, firm or corporation; participate or enter into any merger or consolidation; sell, lease, dispose or convey all or substantially all of EPI's assets; make advances or loans to any of the affiliates, subsidiaries, stockholders, directors and officers except in compliance with formally established and existing fringe benefit program of EPI;

suspend its business operation or dissolve its affairs; and to enter into any credit or loan agreement or arrangement with any creditor under such terms and conditions that would place SBC in an inferior position risk-wise, vis-a-vis such other creditors. Moreover, the Term Loan Agreement provides for certain conditions, which include, among others, prompt disclosure in writing of any material change in EPI's financial position and conduct of its operations or any substantial change in its management or ownership, conduct operations in accordance with sound business practice, maintenance and preservation of corporate existence, and prompt payment of all taxes, assessment and other governmental charges due. As at September 30, 2021 and December 31, 2020, EPI has been compliant with the covenants contained in the loan facility and agreements.

#### Long-term debts

Long-term debts of the following subsidiaries are as follows:

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
TMC	<b>₱892,500</b>	₱882,423
JSI	<b>108,461</b>	95,026
	<b>1,000,961</b>	977,449
Less noncurrent portion:		
TMC	<b>803,250</b>	798,383
JSI	<b>108,461</b>	95,026
	<b>911,711</b>	893,409
Current portion	<b>₱89,250</b>	₱84,040

#### TMC Loan

On October 4, 2010, TMC entered into an Omnibus Agreement with THNC, wherein the latter granted the former a total loan facility amounting to US\$35.0 million at a prevailing one hundred eighty (180)-day British Banker Association London Inter-Bank Offered Rate (LIBOR) plus 2% spread, to exclusively finance the construction of the pier facilities within the Taganito Special Economic Zone. The loan is unsecured and shall be drawn in one or multiple times by July 31, 2011.

The interest on the loan is payable semi-annually, on October 10 and April 10. The total principal is payable in semi-annual installments of US\$0.9 million starting on October 10, 2011 up to April 10, 2031.

The Omnibus Agreement provides for restriction with respect to creation, assumption, incurrence and permission to exist any lien upon the pier facilities and all TMC's other real rights over the same except as permitted under the Omnibus Agreement. Also, the Omnibus Agreement provides for certain conditions which include, among others, maintenance and preservation of TMC's corporate existence, rights, privileges and licenses, prompt submission of written notice to THNC of any and all litigations and administrative arbitration proceedings before any Governmental authority affecting TMC, prompt payment of all amounts due under the loan documents and maintenance of all Governmental approvals necessary to perform the obligations. As at September 30, 2021 and December 31, 2020, TMC is in compliance with the restrictions.

Interest expense for the nine months ended September 30, 2021 and 2020 amounted to ₱14.7 million and ₱26.2 million, respectively (see Notes 27 and 30).

#### JSI Loan

In accordance with the Agreement on Shareholder's Advances on June 17, 2020, TBEA granted JSI an unsecured term loan facility of a total cumulative principal amount of US\$2.2 million to be used for the 30MW solar project.

Details of the drawdowns are as follows:

Drawdowns	Drawdown Date	Maturity Date	Interest Rate	Amount	Debt Issue Costs
First	July 23, 2020	June 17, 2025	5.00%	₱60,806	₱456
Second	August 27, 2020	June 17, 2025	5.00%	24,127	181
Third	November 23, 2020	June 17, 2025	5.00%	10,761	81
Fourth	February 26, 2021	June 17, 2025	5.00%	13,422	101
				₱109,116	₱819

The carrying amount of long-term debts with TBEA, net of unamortized debt issue cost, follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Loans payable	₱109,116	₱95,694
Less unamortized debt issue cost	(655)	(668)
Balances at end of period	<b>₱108,461</b>	<b>₱95,026</b>

The capitalized borrowing costs pertaining to long-term debts amounted to ₱4.0 million and ₱0.7 million for the nine months ended September 30, 2021 and 2020, respectively.

#### **14. Provision for Mine Rehabilitation and Decommissioning**

Provision for mine rehabilitation and decommissioning pertains to the estimated decommissioning costs to be incurred in the future on the mined-out areas of the Group.

The Group makes a full provision for the future cost of rehabilitating mine site and related production facilities on a discounted basis on the development of mines or installation of those facilities. The rehabilitation provision represents the present value of rehabilitation costs. These provisions have been created based on the Group's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This, in turn, will depend upon future ore prices, which are inherently uncertain.

For the nine months ended September 30, 2021 and 2020, accretion of interest on provision for mine rehabilitation and decommissioning amounted to ₱8.2 million and ₱10.2 million, respectively (see Note 27).

## 15. Equity

### Capital Stock

The capital structure of the Parent Company follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Common stock - ₱0.50 par value		
Authorized - 19,265,000,000 shares		
Issued - 13,685,272,117 shares		
Outstanding - 13,630,850,117 shares	₱6,842,636	₱6,842,636
Preferred stock - ₱0.01 par value		
Authorized and Issued - 720,000,000 shares	7,200	7,200
<b>Total</b>	<b>₱6,849,836</b>	<b>₱6,849,836</b>

Preferred share is voting, non-participating but with a fixed cumulative dividend rate of 7% per annum.

### Issued Capital Stock

Beginning November 22, 2010, the common shares of the Parent Company were listed and traded in PSE with an initial public offering of 304,500,000 common shares (consisting of 132,991,182 shares held in treasury and new common shares of 171,508,818) with an offer price of ₱15.00 per share, which is equivalent to ₱1.48 per share after the stock dividends.

As at September 30, 2021 and December 31, 2020, a total of 28% or 3,855,747,416 common shares and 30% or 4,034,433,405 common shares, respectively, of the outstanding common shares of the Parent Company are registered in the name of eighty-four (84) and eighty-three (83) shareholders, respectively, while the balance of 72% or a total of 9,775,102,701 common shares and 70% or a total of 9,596,416,712 common shares, respectively, are lodged with the Philippine Depository and Trust Corporation.

The movements in outstanding common stock follows:

		Number of Shares		
		Issued	Treasury	Outstanding
Balances at December 31, 2019	13,685,272,117		(33,734,000)	13,651,538,117
Acquisitions during the year		–	(20,688,000)	(20,688,000)
Balances at December 31, 2020	13,685,272,117		(54,422,000)	13,630,850,117
Acquisitions during the period		–	–	–
<b>Balances at September 30, 2021</b>	<b>13,685,272,117</b>		<b>(54,422,000)</b>	<b>13,630,850,117</b>

### Dividends

Dividends declared and paid by the Parent Company follows:

Year	Type of Dividend	Date of Declaration	Date of Record	Amount Declared	Dividend per Share	Date of Payment
2021	<i>Cash Dividends</i>					
	Regular	March 11, 2021	March 25, 2021	₱1,226,777	₱0.09	April 8, 2021
	Special	March 11, 2021	March 25, 2021	1,908,319	0.14	April 8, 2021
2020	<i>Cash Dividends</i>					
	Regular	March 13, 2020	March 27, 2020	₱1,090,638	₱0.08	April 8, 2020
	Special	August 7, 2020	August 24, 2020	2,998,787	0.22	September 4, 2020

### Appropriation of Retained Earnings

#### *Parent Company*

On November 27, 2018, the Parent Company's BOD approved the appropriation of retained earnings amounting to ₱1,500.0 million in relation to the share buy-back program of the Parent Company. On November 6, 2020, the Parent Company's BOD approved the reversal of the appropriation of up to ₱1,365.0 million which took effect on December 2, 2020, the end of the Parent Company's share buy-back program.

#### *HMC*

On December 17, 2020, the BOD of HMC approved the reversal of the ₱85.6 million appropriation following the completion of the purchase of mining equipment. On the same date, an appropriation was approved amounting to ₱54.9 million for HMC's capital expenditures for the year 2021.

### Treasury Stock

On November 27, 2018, the BOD of the Parent Company approved to undertake a two (2)-year share buy-back program authorizing management to buy from the market at its discretion the Parent Company's common shares up to an aggregate value of ₱1,500.0 million. As at September 30, 2021 and December 31, 2020, the Parent Company purchased from the market a total of 54,422,000 of its own common shares at an average price of ₱2.4625 per share or a total of ₱134.0 million.

## 16. Executive Stock Option Plan (ESOP)

### 2018 ESOP

On April 5, 2018, the New Plan was approved by the Parent Company's BOD and was ratified by the stockholders on May 28, 2018. As at November 4, 2021, the New Plan is yet to be approved by the SEC. The basic terms and conditions of the New Plan are as follows:

1. The New Plan covers up to 155.0 million shares, which was further increased to 375.0 million shares, allocated to the Parent Company's eligible participants.
2. The eligible participants are the directors and officers of the Parent Company and its operating subsidiaries, including CExCI, specifically those with positions of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱4.38, which is equivalent to ₱2.43 after the effect of stock dividends.
4. The New Plan was granted on June 15, 2018.
5. The term of the New Plan shall be five (5) years and the shares will vest to the participant yearly at a rate of 25% after the first year of the New Plan.
6. The participant can exercise the vested options by giving notice within the term of the New Plan, and can opt to either purchase the shares at the exercise price or request the Parent Company to advance the purchase price and to sell the shares in which case the participant will receive the sales proceeds less the exercise price.

The fair value of the stock option is ₱2.19, which was estimated as at grant date, using the Black Scholes-Merton model, taking into consideration the terms and conditions upon which the options were granted.

The following assumptions were used to determine the fair value of the 2018 ESOP at effective grant date:

Grant date	June 15, 2018
Spot price per share	₱5.01
Exercise price	₱4.38
Expected volatility	45.34%
Option life	5.00 years
Dividend yield	2.16%
Risk-free rate	5.93%

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Except for the increase in number of shares reserved for the exercise of 2018 ESOP, there have been no modifications or cancellations for the nine months ended September 30, 2021 and 2020.

As at September 30, 2021 and December 31, 2020, there are 278,947,780 total option shares granted.

The movements in the cost of share-based payment plan included in equity are as follows:

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
Balances at January 1	<b>₱441,589</b>	₱370,522
Stock option expense (see Note 24)	<b>26,207</b>	71,067
<b>Balances at end of period</b>	<b>₱467,796</b>	<b>₱441,589</b>

## 17. Earnings Per Share

The following reflects the income and share data used in the basic and diluted EPS computations:

	<b>For the nine-month period ended September 30</b>	
	<b>2021</b>	2020
	(Unaudited)	
a. Net income attributable to equity holders of the Parent	<b>₱6,172,311</b>	₱2,299,580
b. Weighted average number of common shares for basic EPS (in thousands)	<b>13,630,850</b>	13,634,805
c. Weighted average number of common shares adjusted for the effect of dilution (in thousands)	<b>13,630,850</b>	13,634,805
<b>Basic/Diluted EPS</b>	<b>₱0.45</b>	<b>₱0.17</b>

## 18. Cost of Sales

	<b>For the nine-month period ended September 30</b>	
	<b>2021</b>	2020
	(Unaudited)	
Cost of sale of:		
Ore	<b>₱5,593,158</b>	₱5,435,005
Limestone	<b>178,539</b>	200,833
Quarry materials	<b>85,975</b>	223,785
	<b>₱5,857,672</b>	<b>₱5,859,623</b>

Details of cost of sales follow:

<b>For the nine-month period ended September 30</b>		
	<b>2021</b>	<b>2020</b>
	(Unaudited)	
Production overhead	<b>₱2,180,647</b>	₱1,848,475
Outside services	<b>1,430,746</b>	1,542,780
Personnel costs (see Note 24)	<b>924,016</b>	870,558
Depreciation, amortization and depletion (see Note 25)	<b>689,471</b>	609,615
Long-term stockpile inventory sold (see Note 11)	<b>6,887</b>	100,923
	<b>5,231,767</b>	4,972,351
Net changes in beneficiated nickel ore and limestone	<b>625,905</b>	887,272
	<b>₱5,857,672</b>	₱5,859,623

Production overhead consists of fuel, oil and lubricants, materials and supplies, equipment rentals and other miscellaneous charges.

Outside services pertain to services offered by the contractors related to the mining activities of the Group. These services include, but are not limited to, hauling, stevedoring, maintenance, security and equipment rental.

## 19. Cost of Services

<b>For the nine-month period ended September 30</b>		
	<b>2021</b>	<b>2020</b>
	(Unaudited)	
Personnel costs (see Note 24)	<b>₱112,247</b>	₱104,233
Depreciation (see Note 25)	<b>81,320</b>	77,696
Overhead	<b>55,309</b>	62,117
Equipment operating cost	<b>24,764</b>	–
Outside services	<b>5,418</b>	6,316
	<b>₱279,058</b>	₱250,362

## 20. Cost of Power Generation

<b>For the nine-month period ended September 30</b>		
	<b>2021</b>	<b>2020</b>
	(Unaudited)	
Depreciation and amortization (see Note 25)	<b>₱180,854</b>	₱158,371
Overhead	<b>40,785</b>	34,921
Personnel costs (see Note 24)	<b>18,668</b>	18,139
Outside services	<b>14,226</b>	12,920
Materials and supplies	<b>5,930</b>	5,278
	<b>₱260,463</b>	₱229,629

Overhead in cost of power generation consists of insurance, taxes and licenses, utilities and other miscellaneous charges.



## 21. Excise Taxes and Royalties

	<b>For the nine-month period ended September 30</b>	
	2021	2020
	(Unaudited)	
Royalties	<b>₱1,272,638</b>	₱987,050
Excise taxes	<b>806,994</b>	575,692
	<b>₱2,079,632</b>	₱1,562,742

## 22. Shipping and Loading Costs

	<b>For the nine-month period ended September 30</b>	
	2021	2020
	(Unaudited)	
Contract fees	<b>₱1,307,743</b>	₱1,000,612
Materials and supplies	<b>361,078</b>	257,447
Depreciation and amortization (see Note 25)	<b>116,949</b>	119,251
Personnel costs (see Note 24)	<b>86,673</b>	79,651
Other services and fees	<b>4,501</b>	94,204
	<b>₱1,876,944</b>	₱1,551,165

## 23. General and Administrative Expenses

	<b>For the nine-month period ended September 30</b>	
	2021	2020
	(Unaudited)	
Personnel costs (see Note 24)	<b>₱291,633</b>	₱327,442
Depreciation and amortization (see Note 25)	<b>119,539</b>	111,916
Taxes and licenses	<b>82,712</b>	72,134
Outside services	<b>34,392</b>	33,535
Professional fees	<b>29,932</b>	40,586
Transportation and travel	<b>21,696</b>	13,977
Supplies	<b>18,963</b>	17,341
Dues and subscriptions	<b>18,651</b>	18,012
Communications, light and water	<b>17,646</b>	7,684
Publicity and promotions	<b>17,022</b>	10,864
Rentals	<b>12,376</b>	7,821
Repairs and maintenance	<b>11,828</b>	15,430
Entertainment, amusement and recreation	<b>5,899</b>	7,170
Others	<b>36,417</b>	47,123
	<b>₱718,706</b>	₱731,035

Other general and administrative expenses are composed of other service fees and other numerous transactions with minimal amounts.

## 24. Personnel Costs

<b>For the nine-month period ended September 30</b>		
	2021	2020
(Unaudited)		
Salaries, wages and employee benefits	<b>₱1,407,030</b>	₱1,348,084
Cost of share-based payment plan (see Note 16)	<b>26,207</b>	51,939
	<b>₱1,433,237</b>	₱1,400,023

The amounts of personnel costs are distributed as follows:

<b>For the nine-month period ended September 30</b>		
	2021	2020
(Unaudited)		
Cost of :		
Sales (see Note 18)	<b>₱924,016</b>	₱870,558
Services (see Note 19)	<b>112,247</b>	104,233
Power generation (see Note 20)	<b>18,668</b>	18,139
General and administrative (see Note 23)	<b>291,633</b>	327,442
Shipping and loading costs (see Note 22)	<b>86,673</b>	79,651
	<b>₱1,433,237</b>	₱1,400,023

## 25. Depreciation, Amortization and Depletion

The amounts of depreciation, amortization and depletion expense, including amortization of right-of-use (ROU) assets, are distributed as follows:

<b>For the nine-month period ended September 30</b>		
	2021	2020
(Unaudited)		
Cost of:		
Sales (see Note 18)	<b>₱689,471</b>	₱609,615
Power generation (see Note 20)	<b>180,854</b>	158,371
Services (see Note 19)	<b>81,320</b>	77,696
General and administrative (see Note 23)	<b>119,539</b>	111,916
Shipping and loading costs (see Note 22)	<b>116,949</b>	119,251
Others	<b>10,717</b>	6,159
	<b>₱1,198,850</b>	₱1,083,008

The above is distributed as follows:

<b>For the nine-month period ended September 30</b>		
	2021	2020
(Unaudited)		
Property and equipment (see Note 8)	<b>₱1,173,433</b>	₱1,073,811
Computer software under "Other noncurrent assets"	<b>25,417</b>	9,197
	<b>₱1,198,850</b>	₱1,083,008

## 26. Finance Income

	<b>For the nine-month period ended September 30</b>	
	<b>2021</b>	<b>2020</b>
	(Unaudited)	
Interest income from:		
Financial assets at (see Note 7):		
FVOCI	<b>₱87,793</b>	₱79,737
FVTPL	<b>16,236</b>	7,825
Amortized cost	<b>6,288</b>	9,297
Cash and cash equivalents and others	<b>14,266</b>	84,992
Loans	<b>11,360</b>	17,910
Long-term negotiable instruments	<b>1,042</b>	1,042
	<b>₱136,985</b>	₱200,803

## 27. Finance Expenses

	<b>For the nine-month period ended September 30</b>	
	<b>2021</b>	<b>2020</b>
	(Unaudited)	
Interest expense on:		
Short-term debts (see Note 13)	<b>₱70,993</b>	₱80,221
Pension	<b>18,347</b>	20,705
Long-term debts (see Notes 13 and 30)	<b>14,684</b>	26,166
Accretion of interest on:		
Lease liabilities (see Note 31)	<b>40,800</b>	40,319
Provision for mine rehabilitation and decommissioning (see Note 14)	<b>8,177</b>	10,239
Long-term payable	<b>450</b>	595
Guarantee service fee (see Note 30)	<b>27,127</b>	38,813
	<b>₱180,578</b>	₱217,058

## 28. Other Income (Charges) - Net

	For the nine-month period ended September 30	
	2021	2020
	(Unaudited)	
Foreign exchange gains (losses) - net	P587,151	(P333,536)
Gain (loss) on:		
Changes in fair value of financial assets at FVTPL (see Note 7)	(42,740)	(23,236)
Sale of financial assets at FVOCI	6,546	46,689
Sale of property and equipment	-	932
Write-off of input value added tax	-	(8,649)
Dividend income (see Note 7)	29,833	31,328
Trust fee	(18,557)	(9,403)
Rentals and accommodations	9,239	9,446
Reversals of allowance (provision) for impairment losses on inventories - net (see Note 6)	8,081	(15,539)
Issuance of fuel, oil and lubricants	7	1,713
Others	101,362	124,198
	<b>P680,922</b>	<b>(P176,057)</b>

## 29. Revenue from Contracts with Customers

### Disaggregated Revenue Information

The table below shows the disaggregation of revenues of the Group by location of the customers for sale of ore, limestone and quarry materials, type of services rendered for sale of services and others and source of electricity for sale of power for the nine months ended September 30, 2021 and 2020:

	For the nine-month period ended September 30, 2021 (Unaudited)			
	China	Local	Japan	Total
Sale of (see Note 30):				
Ore	P15,214,675	P3,212,484	P1,391,296	P19,818,455
Limestone	-	209,449	-	209,449
	<b>P15,214,675</b>	<b>P3,421,933</b>	<b>P1,391,296</b>	<b>P20,027,904</b>
	For the nine-month period ended September 30, 2020 (Unaudited)			
	China	Local	Japan	Total
Sale of (see Note 30):				
Ore	P10,417,934	P2,566,882	P742,187	P13,727,003
Limestone	-	280,787	-	280,787
	<b>P10,417,934</b>	<b>P2,847,669</b>	<b>P742,187</b>	<b>P14,007,790</b>

<b>For the nine-month period ended September 30</b>		
	<b>2021</b>	<b>2020</b>
(Unaudited)		
<b>Services and others</b> (see Note 30)		
Materials handling and others	P <b>516,334</b>	P504,167
Sale of quarry materials	P <b>146,936</b>	384,504
	P <b>663,270</b>	P888,671
 <b>Sale of power</b>		
Solar	P <b>246,615</b>	P95,413
Diesel	P <b>24,265</b>	22,088
	P <b>270,880</b>	P117,501

### 30. Related Party Transactions

Set out below are the Group's transactions with related parties for the nine-month period ended September 30, 2021 and 2020, including the corresponding assets and liabilities arising from the said transactions as at September 30, 2021 (Unaudited) and December 31, 2020 (Audited):

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 13)		Terms	Conditions
	September 30, 2021	September 30, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020		
<i>Stockholders</i>														
<b>Pacific Metals Co., Ltd.</b>														
Sale of ore	<b>₱1,299,762</b>	₱742,187	<b>₱64,074</b>	₱151,507	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	80% to 90% upon receipt of documents and 20% to 10% after the final dry weight and applicable assay have been determined; noninterest-bearing	Unsecured; no guarantee
Despatch income and others	-	337	-	-	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Dividends	<b>1,107,241</b>	1,115,792	-	-	-	627,700	-	-	-	-	-	-	Payable on agreed pay-out date	Unsecured; no guarantee
<b>Sumitomo Metal Mining Co., Ltd.</b>														
Sale of ore	<b>91,535</b>	-	-	-	-	-	-	-	-	-	-	-	Collectible upon billing; non-interest bearing	Unsecured; no guarantee

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 13)		Terms	Conditions
	September 30, 2021	September 30, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020		
<b>Sumitomo Metal Mining Co., Ltd.</b>														
Guarantee service fee (see Note 27)	<b>₱27,127</b>	₱38,813	<b>₱-</b>	₱-	<b>₱1,595</b>	₱10,896	<b>₱-</b>	₱-	<b>₱-</b>	₱-	<b>₱-</b>	₱-	Every twenty first (21st) of February, March, August and September	Unsecured
<i>With Common Stockholders</i>														
<b>Manta Equities, Inc.</b>														
Rentals, dues and utilities	<b>32,584</b>	29,449	-	-	<b>58</b>	161	-	-	-	-	-	-	Payable upon billing; noninterest-bearing	Unsecured; no guarantee
Rental deposits	<b>9,109</b>	9,093	-	-	-	-	-	-	-	-	-	-	Collectible at the end of the lease; noninterest-bearing	Unsecured; no guarantee
<i>Associates</i>														
<b>CBNC</b>														
Sale of ore and limestone	<b>1,447,685</b>	1,085,916	<b>483,435</b>	104,158	-	-	-	-	-	-	-	-	Thirty (30) days term; noninterest-bearing	Unsecured; no guarantee
Materials handling	<b>143,285</b>	171,518	<b>39,135</b>	119,352	-	-	-	-	-	-	-	-	Fifteen (15) days term; noninterest-bearing	Unsecured; no guarantee
Infrlease and throughput	<b>3,628</b>	3,722	<b>11,813</b>	16,055	-	-	-	-	-	-	-	-	Collectible at the end of February and August; noninterest-bearing	Unsecured; no guarantee
Other income	<b>151,559</b>	156,311	<b>120,182</b>	13,427	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	Unsecured; no guarantee

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 13)		Terms	Conditions
	September 30, 2021	September 30, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020		
<b>THNC</b>														
Sale of ore	<b>₱1,910,920</b>	₱1,680,909	<b>₱320,019</b>	₱192,102	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	Thirty (30) days term, noninterest-bearing	Unsecured; no guarantee
Sale of quarry materials	<b>146,936</b>	384,504	-	8,338	-	-	-	-	-	-	-	-	Thirty (30) days term, noninterest-bearing	Unsecured; no guarantee
Rendering of service	<b>86,907</b>	100,045	<b>59,819</b>	29,898	-	-	-	-	-	-	-	-	Semi-annual term; noninterest-bearing	Unsecured; no guarantee
Materials handling	<b>194,313</b>	204,324	<b>27,201</b>	14,815	-	-	-	-	-	-	-	-	Fifteen (15) days term; noninterest-bearing	Unsecured; no guarantee
Rental income	<b>5,296</b>	5,206	-	-	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Rental deposit	-	-	-	-	<b>3,351</b>	3,471	-	-	-	-	-	-	Collectible at the end of the lease term; noninterest-bearing	Unsecured; no guarantee
Loan facility	-	-	-	-	-	-	-	-	-	-	<b>892,500</b>	882,423	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus 2% spread	Unsecured; with guarantee

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 13)		Terms	Conditions
	September 30, 2021	September 30, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020		
<b>THNC</b>														
Interest expense on long-term debt (see Notes 13 and 27)	<b>₱14,684</b>	₱26,166	₱-	₱-	<b>₱7,820</b>	₱3,885	₱-	₱-	₱-	₱-	₱-	₱-	Payable semi-annually on April 10 and October 10	Unsecured; no guarantee
Short-term advances	-	-	-	-	-	-	<b>6,682</b>	2,275	-	-	-	-	Collectible upon billing; noninterest-bearing; with allowance for ECL of ₱4.2 million as at December 31, 2020	Unsecured; no guarantee
<i>Affiliates</i>														
<b>OGIPL</b>														
Short-term advances	-	-	-	-	-	-	-	-	<b>2,205,387</b>	2,197,840	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
<b>Orka Geothermal Holdings, Inc.</b>														
Short-term advances	-	-	-	-	-	-	<b>666</b>	666	<b>2,225,413</b>	2,225,413	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
<b>BGHI</b>														
Short-term advances	-	-	-	-	-	-	<b>19</b>	19	<b>908,049</b>	908,049	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 13)		Terms	Conditions
	September 30, 2021	September 30, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020		
<b>TBEA</b>														
Loan facility	<b>₱13,395</b>	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	<b>₱108,461</b>	₱95,026	Principal is payable on or before the end of the fifth (5th) year after drawdown or on June 17, 2025; interest-bearing at 5.00% p.a.	
Interest expense on long-term debt (see Note 13)	<b>4,031</b>	697	-	-	<b>5,870</b>	1,839	-	-	-	-	-	-	Payable on or before the end of the fifth (5th) year after drawdown or on June 17, 2025	
			<b>₱1,125,678</b>	₱649,652	<b>₱18,694</b>	₱647,952	<b>₱7,367</b>	₱2,960	<b>₱5,338,849</b>	₱5,331,302	<b>₱1,000,961</b>	₱977,449		

Terms and Conditions of Transactions with Related Parties

All sales to and purchases from related parties are made at prevailing market prices. Outstanding balances as at September 30, 2021 and December 31, 2020 pertain to the extension and receipt of advances to and from related parties and these are unsecured, short-term, interest-free and settlement occurs in cash.

Compensation of Key Management Personnel

The Group considers as key management personnel all employees holding managerial positions up to the chairman. The short-term benefits of key management personnel of the Group for the nine months ended September 30, 2021 and 2020 amounted to about ₱222.0 million and ₱231.9 million, respectively.

Intercompany Guarantees

As discussed in Note 13, the Parent Company has entered into a Continuing Suretyship Agreement with SBC covering the loans obtained by EPI.

Except for the guarantee on the THNC and EPI loan obligations, there have been no guarantees received or provided for any related party receivables or payables, respectively.

### 31. Leases

The lease liabilities as at September 30, 2021 and December 31, 2020, discounted using incremental borrowing rate, are as follows:

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
Lease liabilities	<b>₱614,294</b>	₱615,904
Less noncurrent portion	<b>584,151</b>	584,922
Current portion	<b>₱30,143</b>	₱30,982

The rollforward analysis of lease liabilities as at September 30, 2021 and December 31, 2020 follows:

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
Balances at January 1	<b>₱615,904</b>	₱606,678
Additions	–	10,031
Accretion of interest (see Note 27)	<b>40,800</b>	54,344
Payments	<b>(42,410)</b>	(55,149)
Balances at end of period	<b>₱614,294</b>	₱615,904

For the nine months ended September 30, 2021 and 2020, accretion of interest on lease liabilities amounted to ₱40.8 million and ₱40.3 million, respectively (see Note 27), while the amortization of ROU assets included in “Property and equipment” amounted to ₱31.7 million and ₱30.1 million, respectively.

### 32. Income Taxes

The provision for (benefit from) income tax shown in the unaudited interim consolidated statements of income includes:

<b>For the nine-month period ended September 30</b>		
	<b>2021</b>	2020
(Unaudited)		
Current	<b>₱2,211,860</b>	₱1,504,755
Deferred	<b>216,109</b>	(83,111)
	<b>₱2,427,969</b>	₱1,421,644

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law as Republic Act No. 11534. The CREATE Act introduces reforms to the corporate income tax and incentives system and took effect on April 11, 2021. Among the relevant provisions of the CREATE Act which have an impact to the Group are as follows:

- Effective July 1, 2020, the regular corporate income tax rate for domestic corporations is reduced depending on its total assets and taxable income as follows:

Total Assets	Net Taxable Income	Tax Rate
₱100.0 million and below	₱5.0 million and below	20%
All Other Domestic Corporations		25%

- Change in minimum corporate income tax rate (MCIT) from 2% to 1% on gross income applicable to both domestic corporations and resident foreign corporation effective July 1, 2020 up to June 30, 2023. Thereafter, it shall revert to the 2% MCIT rate.
- Amendment of the rate of income tax on non-resident foreign corporations from 30% to 25% on gross income sourced from the Philippines effective January 1, 2021.
- Amendment of the rate of income tax on resident foreign corporations from 30% to 25% on taxable income sourced from the Philippines effective July 1, 2020.
- Reduction by 20% of the interest income subjected to final tax of the allowable deduction for interest expense.

The impact on the December 31, 2020 consolidated balances had the CREATE Act been substantially enacted as of then, that were adjusted as at September 30, 2021, are as follows:

	Increase (decrease)
<i>Unaudited Interim Consolidated Statement of Financial Position</i>	
Income tax payable	(₱213,619)
Deferred income tax asset	(66,193)
Net valuation gains on financial assets at FVOCI	(40)
Prepayments and other current assets	2
 <i>Unaudited Interim Consolidated Statement of Income</i>	
Provision for current income tax	(213,621)
Provision for deferred income tax	66,153

### 33. Financial Instruments

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

#### *Cash and Cash Equivalents and Short-term Cash Investments*

The carrying amounts of cash and cash equivalents and short-term cash investments approximate their fair value due to the short-term nature and maturity of these financial instruments.

#### *Trade and Other Receivables, Trade and Other Payables and Short-term Debts*

Similarly, the carrying amounts of trade and other receivables, trade and other payables and short-term debts approximate their fair values due to the short-term nature of these accounts.

#### *Loan Receivable*

The carrying amount of loan receivable, which is the transaction price, approximates its fair value.

#### *Long-term Negotiable Instruments*

The carrying amount long-term negotiable instruments approximate their fair values since interest are earned based on long-term cash investment rates.

#### *Financial Assets at FVTPL and at FVOCI*

The fair values were determined by reference to market bid quotes as at the end of the financial reporting period. Upon adoption of PFRS 9, the Group used the net asset approach with consideration of lack of marketability discount and lack of control discount in determining the fair value of unquoted equity securities since the fair value measurement is unobservable (Level 3).

*Financial Assets at Amortized Cost*

The carrying amount of financial assets at amortized cost, which is measured using the effective interest rate (EIR), is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

*Long-term Debt and Long-term Payable*

The fair values of long-term debt and long-term payable are based on the present value of future cash flows discounted using applicable risk free rates for similar types of loans adjusted for credit risk.

Fair Value Hierarchy of Financial Instruments

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

- Quoted prices in active markets for identical asset or liability (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability; either directly (as prices) or indirectly (derived from prices; Level 2); and
- Those inputs for assets or liability that are not based on observable market data (unobservable inputs; Level 3).

As at September 30, 2021 and December 31, 2020, the Group's financial assets in debt and equity securities are classified under Level 1 and 3.

As at September 30, 2021 and December 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

### **34. Business Segment Information**

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The mining segment is engaged in the mining and exploration of nickel saprolite and limonite ore, limestone and quarry materials.

The services segment is engaged in the chartering out of LCT, construction and rendering of services to CBNC, THNC and other parties and leasing of aircraft to World Aviation International Services Corporation.

The power segment is engaged in power generation and exploration for geothermal resources.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group is also using net income (loss) in evaluating total performance. Net income is the performance of business segments based on a measure of recurring profit. This measurement basis is determined as profit attributable to equity holders of the Parent Company.

Segment assets include all operating assets used by a segment and consist principally of cash and cash equivalents, trade and other receivables, inventories, financial assets at FVTPL, at FVOCI and at amortized cost, prepayments and other current assets, property and equipment, investments in associates, geothermal exploration and evaluation assets and other noncurrent assets. Segment liabilities include all operating liabilities and consist principally of trade and other payables, short-term and long-term debts and other liabilities. Segment assets and liabilities do not include deferred income taxes.

The amounts of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring principles that are similar to those used in measuring assets and liabilities and profit or loss in the consolidated financial statements, which are in accordance with PFRSs.

There were no changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect, if any, of those changes on the measure of segment profit or loss.

The Group's identified reportable segments are consistent with the segments reported to the BOD, which is the Chief Operating Decision Maker of the Group.

Financial information on the operation of the various business segments are set out on next page.

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	September 30, 2021 (Unaudited)											
	Mining					Power		Services			Eliminations	Total
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC	HMC	Others		
External customers	P2,102,598	P4,156,915	P9,616,752	P4,286,027	P12,548	P246,615	P125,019	P417,179	P-	P99,155	P-	P21,062,808
Inter-segment revenues	-	-	-	-	-	-	-	-	-	729,867	(729,867)	-
<b>Total revenues</b>	<b>2,102,598</b>	<b>4,156,915</b>	<b>9,616,752</b>	<b>4,286,027</b>	<b>12,548</b>	<b>246,615</b>	<b>125,019</b>	<b>417,179</b>	<b>-</b>	<b>829,022</b>	<b>(729,867)</b>	<b>21,062,808</b>
Cost of sales	1,014,784	1,257,917	2,289,042	1,285,288	10,641	-	-	-	-	-	-	5,857,672
Cost of services	-	-	-	-	-	-	-	234,184	-	44,874	-	279,058
Cost of power generation	-	-	-	-	-	187,410	73,053	-	-	-	-	260,463
Excise taxes and royalties	189,234	737,852	937,743	214,301	502	-	-	-	-	-	-	2,079,632
Shipping and loading costs	191,181	443,609	981,206	251,590	2,224	-	-	-	7,134	-	-	1,876,944
Marketing	-	145,492	30,348	-	-	-	-	-	-	-	-	175,840
<b>Segment operating earnings (loss)</b>	<b>P707,399</b>	<b>P1,572,045</b>	<b>P5,378,413</b>	<b>P2,534,848</b>	<b>(P819)</b>	<b>P59,205</b>	<b>P51,966</b>	<b>P182,995</b>	<b>(P7,134)</b>	<b>P784,148</b>	<b>(P729,867)</b>	<b>P10,533,199</b>
General and administrative	P48,234	P44,101	P81,562	P65,797	P67,557	P43,785	P-	P-	P-	P367,670	P-	P718,706
Finance income	P872	P13,092	P3,976	P4,871	P18	P95	P183	P-	P-	P113,878	P-	P136,985
Finance expenses	P276	P3,456	P23,396	P7,781	P24	P108,538	P-	P4,983	P-	P32,124	P-	P180,578
Provision for (benefit from) income tax	P151,570	P337,064	P1,072,081	P580,623	P14,709	P2,816	P-	P-	(P1,784)	P270,890	P-	P2,427,969
Net income (loss) attributable to equity holders of the parent	P537,758	P1,276,077	P3,011,914	P1,348,333	(P82,908)	(P50,953)	P52,154	P-	P-	P79,936	P-	P6,172,311
Segment assets	P1,849,504	P3,322,565	P13,688,371	P4,916,414	P1,437,137	P13,319,828	P821,980	P-	P32,377	P15,418,149	P-	P54,806,325
Deferred income tax assets - net	41,232	32,329	28,822	131,701	73,547	1,829	-	-	-	38,323	-	347,783
<b>Total assets</b>	<b>P1,890,736</b>	<b>P3,354,894</b>	<b>P13,717,193</b>	<b>P5,048,115</b>	<b>P1,510,684</b>	<b>P13,321,657</b>	<b>P821,980</b>	<b>P-</b>	<b>P32,377</b>	<b>P15,456,472</b>	<b>P-</b>	<b>P55,154,108</b>
Segment liabilities	P416,725	P859,758	P5,064,289	P904,403	P183,883	P7,658,384	P7,587	P-	P-	P543,651	P-	P15,638,680
Deferred income tax liabilities	-	-	-	82,524	164,105	99,366	-	-	10,070	124,683	-	480,748
<b>Total liabilities</b>	<b>P416,725</b>	<b>P859,758</b>	<b>P5,064,289</b>	<b>P986,927</b>	<b>P347,988</b>	<b>P7,757,750</b>	<b>P7,587</b>	<b>P-</b>	<b>P10,070</b>	<b>P668,334</b>	<b>P-</b>	<b>P16,119,428</b>
<i>Other segment information:</i>												
Capital expenditures	P43,280	P85,142	P212,765	P126,079	P25,674	P723,866	P196	P-	P-	P7,562	P-	P1,224,564
Depreciation, amortization and depletion	P88,235	P139,189	P488,043	P201,163	P35,539	P141,694	P41,632	P-	P7,134	P56,221	P-	P1,198,850



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	December 31, 2020 (Audited)											Eliminations	Total
	Mining					Power		Services					
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC	HMC	Others			
External customers	₱1,991,195	₱5,078,125	₱9,106,145	₱4,678,504	₱-	₱124,144	₱164,014	₱629,454	₱-	₱-		₱-	₱21,771,581
Inter-segment revenues	-	-	-	-	-	-	-	-	-	789,423		₱-	-
Total revenues	1,991,195	5,078,125	9,106,145	4,678,504	-	124,144	164,014	629,454	-	789,423		(789,423)	21,771,581
Cost of sales	1,048,457	1,544,636	2,872,321	2,054,567	-	-	-	-	-	-		-	7,519,981
Cost of services	-	-	-	-	-	-	-	328,562	-	-		-	328,562
Cost of power generation	-	-	-	-	-	211,818	101,432	-	-	-		-	313,250
Excise taxes and royalties	179,208	920,655	910,614	233,925	-	-	-	-	-	-		-	2,244,402
Shipping and loading costs	232,748	581,788	1,022,254	276,476	-	-	-	-	9,513	-		-	2,122,779
Marketing	-	175,429	32,649	-	-	-	-	-	-	-		-	208,078
<b>Segment operating earnings (loss)</b>	<b>₱530,782</b>	<b>₱1,855,617</b>	<b>₱4,268,307</b>	<b>₱2,113,536</b>	<b>₱-</b>	<b>(₱87,674)</b>	<b>₱62,582</b>	<b>₱300,892</b>	<b>(₱9,513)</b>	<b>₱789,423</b>		<b>(₱789,423)</b>	<b>₱9,034,529</b>
General and administrative	₱84,575	₱57,352	₱106,950	₱96,756	₱129,101	₱60,116	₱-	₱-	₱-	₱582,816		₱-	₱1,117,666
Finance income	₱1,333	₱28,062	₱22,601	₱16,775	₱32	₱146	₱2,302	₱-	₱-	₱167,042		₱-	₱238,293
Finance expenses	₱1,748	₱4,668	₱15,894	₱13,191	₱1,973	₱153,027	₱-	₱31,509	₱-	₱52,492		₱-	₱274,502
Provision for (benefit from) income tax	₱101,026	₱473,458	₱1,137,649	₱592,949	(₱39,059)	(₱949)	₱-	₱-	(₱2,854)	₱56,630		₱-	₱2,318,850
Net income (loss) attributable to equity holders of the parent	₱345,649	₱1,298,806	₱2,069,800	₱1,014,064	(₱91,980)	(₱256,237)	₱64,888	₱-	₱-	(₱376,258)		₱-	₱4,068,732
Segment assets	₱1,582,753	₱2,870,615	₱10,241,256	₱4,988,713	₱1,353,208	₱12,643,376	₱852,992	₱-	₱38,958	₱13,734,155		₱-	₱48,306,026
Deferred income tax assets - net	52,232	47,420	64,436	188,983	88,256	364	-	-	-	165,573		-	607,264
<b>Total assets</b>	<b>₱1,634,985</b>	<b>₱2,918,035</b>	<b>₱10,305,692</b>	<b>₱5,177,696</b>	<b>₱1,441,464</b>	<b>₱12,643,740</b>	<b>₱852,992</b>	<b>₱-</b>	<b>₱38,958</b>	<b>₱13,899,728</b>		<b>₱-</b>	<b>₱48,913,290</b>
Segment liabilities	₱280,715	₱547,605	₱3,027,714	₱1,693,564	₱167,733	₱7,600,393	₱7,547	₱-	₱-	₱490,031		₱-	₱13,815,302
Deferred income tax liabilities - net	-	-	-	132,938	164,105	98,732	-	-	11,853	93,571		-	501,199
<b>Total liabilities</b>	<b>₱280,715</b>	<b>₱547,605</b>	<b>₱3,027,714</b>	<b>₱1,826,502</b>	<b>₱331,838</b>	<b>₱7,699,125</b>	<b>₱7,547</b>	<b>₱-</b>	<b>₱11,853</b>	<b>₱583,602</b>		<b>₱-</b>	<b>₱14,316,501</b>
<i>Other segment information:</i>													
Capital expenditures	₱87,688	₱110,263	₱498,191	₱445,251	₱9,841	₱967,453	₱3,330	₱-	₱-	₱10,831		₱-	₱2,132,848
Depreciation, amortization and depletion	₱145,621	₱176,627	₱593,715	₱184,958	₱45,390	₱161,443	₱57,178	₱-	₱9,513	₱70,815		₱-	₱1,445,260

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	September 30, 2020 (Unaudited)												
	Mining					Power		Services			Eliminations	Total	
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC	HMC	Others			
External customers	₱1,615,094	₱3,729,876	₱6,207,480	₱2,839,844	₱-	₱95,413	₱122,842	₱504,167	₱-	₱-	₱-	₱-	₱15,114,716
Inter-segment revenues	-	-	-	-	-	-	-	-	-	522,203	-	-	-
<b>Total revenues</b>	<b>1,615,094</b>	<b>3,729,876</b>	<b>6,207,480</b>	<b>2,839,844</b>	<b>-</b>	<b>95,413</b>	<b>122,842</b>	<b>504,167</b>	<b>-</b>	<b>522,203</b>	<b>-</b>	<b>-</b>	<b>15,114,716</b>
Cost of sales	880,505	1,259,986	2,263,063	1,456,069	-	-	-	-	-	-	-	-	5,859,623
Cost of services	-	-	-	-	-	-	-	250,362	-	-	-	-	250,362
Cost of power generation	-	-	-	-	-	156,107	73,522	-	-	-	-	-	229,629
Excise taxes and royalties	145,359	654,643	620,748	141,992	-	-	-	-	-	-	-	-	1,562,742
Shipping and loading costs	191,755	455,335	727,554	169,387	-	-	-	-	7,134	-	-	-	1,551,165
Marketing	-	145,412	27,806	-	-	-	-	-	-	-	-	-	173,218
<b>Segment operating earnings (loss)</b>	<b>₱397,475</b>	<b>₱1,214,500</b>	<b>₱2,568,309</b>	<b>₱1,072,396</b>	<b>₱-</b>	<b>(₱60,694)</b>	<b>₱49,320</b>	<b>₱253,805</b>	<b>(₱7,134)</b>	<b>₱522,203</b>	<b>(₱522,203)</b>	<b>₱-</b>	<b>₱5,487,977</b>
General and administrative	₱56,575	₱35,526	₱72,234	₱56,607	₱92,681	₱48,017	₱-	₱-	₱-	₱369,395	₱-	₱-	₱731,035
Finance income	₱922	₱22,994	₱21,023	₱15,493	₱26	₱117	₱2,173	₱-	₱-	₱138,055	₱-	₱-	₱200,803
Finance expenses	₱2,569	₱3,654	₱40,260	₱10,093	₱36	₱115,581	₱-	₱-	₱-	₱44,865	₱-	₱-	₱217,058
Provision for (benefit from) income tax	₱82,034	₱311,981	₱699,907	₱313,959	₱-	(₱77)	₱-	₱-	(₱2,140)	₱15,980	₱-	₱-	₱1,421,644
Net income (loss) attributable to equity holders of the parent	₱264,690	₱842,523	₱1,332,055	₱535,305	(₱92,691)	(₱186,532)	₱51,495	₱-	₱-	(₱447,265)	₱-	₱-	₱2,299,580
Segment assets	₱1,641,255	₱4,148,577	₱9,661,200	₱3,843,129	₱1,293,877	₱12,539,936	₱1,019,070	₱-	₱41,336	₱12,395,724	₱-	₱-	₱46,584,104
Deferred income tax assets - net	41,010	43,441	6,234	78,496	49,197	-	-	-	-	100,293	-	-	318,671
<b>Total assets</b>	<b>₱1,682,265</b>	<b>₱4,192,018</b>	<b>₱9,667,434</b>	<b>₱3,921,625</b>	<b>₱1,343,074</b>	<b>₱12,539,936</b>	<b>₱1,019,070</b>	<b>₱-</b>	<b>₱41,336</b>	<b>₱12,496,017</b>	<b>₱-</b>	<b>₱-</b>	<b>₱46,902,775</b>
Segment liabilities	₱365,679	₱1,024,955	₱2,836,154	₱821,766	₱100,381	₱7,547,137	₱7,501	₱-	₱-	₱580,907	₱-	₱-	₱13,284,480
Deferred income tax liabilities	-	-	-	88,021	164,105	99,247	-	-	12,567	99,299	-	-	463,239
<b>Total liabilities</b>	<b>₱365,679</b>	<b>₱1,024,955</b>	<b>₱2,836,154</b>	<b>₱909,787</b>	<b>₱264,486</b>	<b>₱7,646,384</b>	<b>₱7,501</b>	<b>₱-</b>	<b>₱12,567</b>	<b>₱680,206</b>	<b>₱-</b>	<b>₱-</b>	<b>₱13,747,719</b>
<i>Other segment information:</i>													
Capital expenditures	₱78,924	₱74,733	₱443,366	₱51,046	₱8,210	₱814,611	₱2,691	₱-	₱-	₱10,177	₱-	₱-	₱1,483,758
Depreciation, amortization and depletion	₱117,234	₱134,340	₱442,682	₱133,193	₱34,142	₱119,926	₱41,826	₱-	₱7,134	₱52,531	₱-	₱-	₱1,083,008

The Group has revenues from external customers as follows:

Country of Domicile	<b>For the nine-month period ended September 30</b>	
	<b>2021</b>	2020
	(Unaudited)	
China	<b>₱15,214,675</b>	₱10,417,934
Local	<b>4,456,837</b>	3,954,595
Japan	<b>1,391,296</b>	742,187
	<b>₱21,062,808</b>	₱15,114,716

The revenue information above is based on the location of the customers. Local customers include CBNC and THNC, which are Philippine Economic Zone Authority-registered entities.

Revenue arising from two key customers for the sale of ore amounted to ₱12,455.8 million and ₱9,623.5 million for the nine months ended September 30, 2021 and 2020, respectively.

### 35. Supplemental Disclosure to Consolidated Statements of Cash Flows

EPI paid ₱500.0 million out of its outstanding loan from the Parent Company by way of dation in payment of all of EPI's rights and interest for a portion of its shares of stock in JSI equivalent to ₱500.0 million.

### 36. Event after the End of the Financial Reporting Period

On November 4, 2021, the Company's BOD declared special cash dividend of ₱0.22 per common share to stockholders of record as at November 18, 2021 which will be paid on December 2, 2021.