COVER SHEET

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SEC Registration Number

D M C I H O L D I N G S , I N C .

(Company's Full Name)

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C H I N O R O C E S A V E . M A K A T I C I T Y

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

HERBERT M. CONSUNJI	8888-3000
Contact Person	Company Telephone Number

1 2	3 1	**SEC Form 17-Q** **Third Quarter Interim Report 2023**	0 5	1 7
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

N.A.

Secondary License Type, If Applicable

C F D

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended **September 30, 2023**

2. SEC Identification No. AS095-002283 3. BIR Tax Identification No. 004-703-376

DMCI Holdings, Inc.
4. Exact name of issuer as specified in its charter

5. Philippines 6. (SEC Use Only)

Province, Country or other jurisdiction of incorporation or organization Industry Classification Code:

7. 3rd Floor, Dacon Building, 2281 Pasong Tamo Ext., Makati city1231
Address of principal office Postal Code

8. Tel. (632) 8888-3000 Fax : None
Issuer's telephone number, including area code

9. Not applicable
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	No. of Shares Outstanding	Amount
Common Shares	Php13,277,470,000.00	Php13,277,470,000.00
Preferred Shares	960.00	960.00
TOTAL	Php13,277,470,960.00	Php13,277,470,960.00

11. Are any or all of these securities listed on a Stock Exchange.

Yes [X]   No [ ]

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

Philippine Stock Exchange	Class "A" Shares
	Preferred Shares

12. Indicate by check mark whether the registrant:

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

Yes [X]   No [ ]

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

Yes [X]   No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements as of and for the period ended **September 30, 2023** are contained herein.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION AS OF AND FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

September 30, 2023 (Unaudited) vs September 30, 2022 (Unaudited)

I. RESULTS OF OPERATIONS

The table below summarizes the performance of DMCI Holdings, Inc. (PSE: DMC), its subsidiaries and associate, also collectively referred to as "the DMCI Group", for the periods ended September 30, 2023 and 2022.

- D.M. Consunji, Inc. (DMCI), a wholly-owned subsidiary, is one of the leading engineering-based integrated construction firms in the country. It operates in two construction segments: building and infrastructure. It also has separate business units for joint ventures and project support (i.e., concrete production, steel fabrication and equipment rental).

- DMCI Project Developers, Inc. (DMCI Homes), a wholly-owned subsidiary, is one of the leading mid-segment developers in the Philippines, offering best-in-class amenities and value-for-money properties in Metro Manila and other key urban areas. The company has also started to expand its portfolio into leisure and the high-end market.

- Semirara Mining and Power Corporation (SMPC), a majority-owned subsidiary (56.65%), is the largest and most modern coal producer in the Philippines. It is the only vertically integrated power generation company in the country that runs on its own fuel (coal). Its two wholly-owned operating subsidiaries—Sem-Calaca Power Corporation (SCPC) and Southwest Luzon Power Generation Corporation (SLPGC)—provide baseload power to the Luzon and Visayas grids through bilateral contract quantity (BCQ) and the Wholesale Electricity Spot Market (WESM).

- DMCI Power Corporation (DMCI Power), a wholly-owned subsidiary, is the largest off-grid energy supplier in the Philippines. It currently operates and maintains thermal, bunker and diesel power plants in parts of Masbate, Oriental Mindoro and Palawan.

- DMCI Mining Corporation (DMCI Mining), a wholly owned subsidiary, extracts nickel ore through surface mining and ships these directly to China and other markets. Currently a single-mine operator, it has nickel assets in Palawan (Berong Nickel Corporation) and Zambales (Zambales Diversified Metals Corporation).

- Maynilad Holdings Corporation, a 27%-owned associate, owns 93% of Maynilad Water Services, Inc. (Maynilad). The largest private water service provider in the Philippines, Maynilad holds a 25-year franchise to establish, operate and maintain the waterworks system and sewerage and sanitation services in the West Zone service area of Metro Manila and the Province of Cavite.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

in Php millions except EPS	**July to September (Q3)**			**January to September (9M)**		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
I. SMPC (56.65%)	1,925	5,750	-67%	12,804	20,380	-37%
II. DMCI Homes	1,366	1,131	21%	3,857	3,853	0%
III. Maynilad (25%)	605	396	53%	1,678	1,108	51%
IV. DMCI Power	267	212	26%	632	549	15%
V. D.M. Consunji Inc.	47	(207)	123%	459	676	-32%
VI. DMCI Mining	(154)	78	-297%	569	1,087	-48%
VII. Parent and others	38	12	217%	47	(27)	274%
Core Net Income	**4,094**	**7,372**	**-44%**	**20,046**	**27,626**	**-27%**
Nonrecurring Items	(9)	(34)	74%	(27)	2	-1450%
Reported Net Income	**4,085**	**7,338**	**-44%**	**20,019**	**27,628**	**-28%**
EPS (reported)	**0.31**	**0.55**	**-44%**	**1.51**	**2.08**	**-28%**

Q3 2023 vs Q3 2022 Consolidated Highlights

- The DMCI Group (DMC) recognized Php 4.09 billion in consolidated net income, a 44-percent decline from its record-setting Php 7.34 billion last year. This translated to an earnings per share of Php 0.31 from Php 0.55.

  The downtrend was mainly attributable to high base effect coupled with weaker selling prices (coal, nickel and on-grid power generation).

  Quarter-over-quarter, group bottom line dropped by 50% from Php 8.24 billion (Q2 2023) but was nearly 44% better than its pre-pandemic profit level of Php 2.83 billion (Q3 2019).

- Core EBITDA margin thinned from 40% to 27%, while net income margin narrowed from 36% to 25%. Weaker topline together with a modest decline in total cash costs accounted for the contraction.

  Total revenues retraced by 32% from Php 32.83 billion to Php 22.41 billion on lower recognition from existing real estate accounts and weaker commodity and electricity prices, partially offset by higher sales volume (nickel and power sales).

  Total cash costs fell by 17% from Php 19.83 billion to Php 16.37 billion due to a steep decline in royalty expenses, offset by higher mine production and power generation costs.

  Other income stood at Php 1.33 billion, up by 5% from Php 1.27 billion due to the blended impact of higher forfeitures from sales cancellations (DMCI Homes), refund of wharfage fees by the Philippine Ports Authority (SMPC) and lower foreign exchange gains (SMPC and DMCI Mining).

  Depreciation and amortization rose by 3% from Php 1.91 billion to Php 1.98 billion on higher coal and nickel shipments, accounting for the noncash component of production costs and amortization against available reserves.

  Finance income (net of finance costs) grew 18-fold from Php 20 million to Php 378 million on the back of efficient cash management (SMPC), higher interests from in-house financing (DMCI Homes) and continuous debt amortization (DMCI, SMPC and DMCI Power). Loans payable declined by 11% from Php 55.28 billion (September 2022) to Php 49.47 billion (September 2023).

  Income taxes receded by 18% from Php 1.04 billion to Php 850 million on lower taxable income.

- 2023 nonrecurring items pertain to Maynilad donations and net foreign exchange gain, while 2022 nonrecurring items mainly pertain to DMCI gain from equipment sale and Maynilad miscellaneous and loan prepayment fees.

- SMPC, DMCI Homes and Maynilad accounted for 95% of core net income.

9M 2023 vs 9M 2022 Consolidated Highlights

- The Group posted a 28-decline in consolidated net income from Php 27.63 billion to Php 20.01 billion mainly due to high base effect, lower commodity prices and declining construction accomplishments.

  This reduced earnings per share from Php 2.08 to Php 1.51, generating a double-digit return on equity of 18.4%.

- Core EBITDA margin tightened from 42% to 38%, while net income margin slimmed from 38% to 32% on softer topline generation.

- Total revenues contracted by 19% from Php 114.30 billion to Php 92.40 billion due to the combined effect of normalizing prices (commodities and electricity), reduced coal shipments, lower construction accomplishments, higher revenue reversals from real estate sales cancellations and fewer new real estate accounts that qualified for revenue recognition.

- Total cash costs decreased by 13% from Php 65.98 billion to Php 57.51 billion on lower royalty expense and direct costs as a result of lower coal production and construction accomplishments.

- 2023 nonrecurring items pertain to Maynilad donations and net foreign exchange loss, while 2022 nonrecurring items relate to DMCI gain from land and equipment sale, Maynilad severance pay, loan prepayment fees, donations and net foreign exchange gain.

- SMPC, DMCI Homes and Maynilad contributed 92% of core net income.

- Consolidated cash level accelerated by 36% from Php 28.41 billion (December 31, 2022) to Php 38.60 billion largely due to prudent cash management (SMPC) and fresh collection of construction retention receivables (DMCI).

  Debt level decreased by 6% from Php 52.56 billion to Php 49.47 billion following regular loan amortization of DMCI, SMPC and DMCI Power. Net debt (Loans payable less cash) plummeted by 55% from Php 24.15 billion to 10.87 billion.

- Key liquidity, leverage and book value per share all improved amid healthy business margins during the period.

- Last October 10, the Board of Directors declared Php 9.56 billion or Php 0.72 per share in special cash dividends, scheduled for payment on November 9. With this, total payout for the year will reach Php 19.12 billion, the highest ever for the company.

Q3 2023 vs Q3 2022 Subsidiaries and Associate Performance

I. Semirara Mining and Power Corporation (SMPC)

SMPC net income contribution declined by 37% from P20.4 billion to P12.8 billion because of lower shipments and average selling prices, partly offset by higher power generation, sales and average selling price. To further elaborate:

<u>Coal</u>

- **Lower shipments.** Total shipments decreased by 22% from 3.2 MMT to 2.5 MMT amid limited commercial grade inventory (1.6 MMT).

  Foreign shipments plummeted by 55% from 1.1 MMT to 0.5 MMT on insufficient high-grade coal supply to meet demand from South Korea. Consequently, South Korea sales declined by 60% from 0.8 MMT to 0.3 MMT. Despite this, it remained the company's top foreign buyer, accounting for 57% of total shipments, followed by China (34%) and Brunei (9%).

  Domestic shipments slightly declined (5%) from 2.1 MMT to 2.0 MMT due to muted demand from cement manufacturers. Sale to own plants propped up domestic sales as shipments to Calaca surged by 43% from 0.7 MMT to 1.0 MMT, following improved SCPC plant availability. External domestic sales fell by 29% from 1.4 MMT to 1.0 MMT on lower demand from other power and industrial plants.

- **Stabilizing prices.** Semirara coal average selling price (ASP) decelerated by 36% from P5,173 per metric ton (MT) to P3,315 per MT on stabilizing market indices and lower shipments of commercial grade coal.

  Sale of commercial grade coal fell by 30% from 2.7 million metric tons (MMT) to 1.9 MMT on weaker take-up from foreign and domestic buyers.

  Average Newcastle prices plunged by 65% from US$420.7 (record high) to US$147.8, while average Indonesian Coal Index 4 (ICI4) pulled back at a slower pace (36%) from US$81.7 to US$52.0.

- **Thinner margins.** Core EBITDA margin narrowed from 51% to 32%, while net income margin tapered from 50% to 30%. While total revenues declined by 51% (from P16.58 billion to P8.13 billion), total cash costs fell at a slower rate (33%) from P8.21 billion to P5.50 billion.

  Cash component of COS marginally grew (2%) from P4.47 billion to P4.54 billion as lower production led to fixed costs driving up the expense per MMT.

  Moderating the impact of higher production costs was the dramatic decline in royalty expense (-77%) from P3.60 billion to P824 million and the 10-percent reduction in operating expenses. Opex fell by 10% from P147 million to P132 million due to lower commission fees, ICT expenses, and office repairs.

- **Slightly higher noncash items.** Depreciation and amortization grew by 4% from P820 million to P850 million, in line with continuous capital investments amid lower shipments.

- **Lower net foreign exchange gain.** Net forex gain dropped by 68% from P768 million to P246 million on lower export sales and less favorable foreign exchange rates. As of September 30, 2023, 43% of net forex gain remained unrealized.

- **Other income.** Other income expanded 205x from P1 million to P206 million following receipt of the PPA wharfage export fee refund in September 2023.

  Under Executive Order No. 226 (Omnibus Investments Code), a BOI-registered enterprise is exempt from paying wharfage dues. SMPC became a BOI-registered enterprise on September 26, 2008.

  On January 31, 2020, the Commission on Audit granted SMPC's petition to claim a refund of the wharfage export dues it erroneously paid to the PPA from September 26, 2008 up to December 31, 2014.

- **Higher net finance income.** Finance income (net of finance costs) expanded fourfold (308%) from P60 million to P245 million on higher cash base and prudent treasury management.

The coal segment also reported the following operational highlights:

- **Double-digit production decline.** Total production declined by 20% from 3.5 MMT to 2.8 MMT due to the heavier rainfall (454 mm vs 625 mm) from July to August, ongoing stripping activities in Molave South Block 6 and Narra North Block 1, and the commencement of stripping activities in Molave East Block 5.

  Following the depletion of Molave East Block 6 in early August, Narra mine accounted for bulk (81%) of total production. With this, Molave and Narra mines registered strip ratios of 50.6:1 and 10.7:1, respectively.

  Total materials moved surged by 37% from 37.8 million bank cubic meters (MBCM) to 51.7 MBCM due to simultaneous stripping activities in new and ongoing blocks within Molave and Narra mines. Coupled with the heavy rainfalls, the strip ratio rose significantly (81%) from 10.0 to 18.1. As a result, the full-year average strip ratio guidance has been adjusted from 12.09 (previous quarter guidance) to 12.83.

  Average rainfall level climbed by 16% from 445.3 to 516.9 millimeter due to strong typhoons during the period.

- **Ample inventory.** Total coal inventory grew by 11% from 2.7 MMT to 3.0 MMT on sufficient quarter beginning inventory (2.8 MMT), stable production and weaker sales. Commercial grade coal inventory rose by 14% year-on-year from 1.7 MMT to 1.9 MMT and by 19% from 1.6 MMT at the beginning of the quarter.

  Year-to-date, total coal inventory expanded by 50% from 2.0 MMT to 3.0 MMT, while higher-grade coal surged by 73% from 1.1 MMT to 1.9 MMT.

Power

Standalone power revenues fell by 13% from P6.05 billion to P5.29 billion mainly due to lower spot prices. Net income dropped by 35% from P1.54 billion to P994 million on thinner margins following higher cash costs, softened by lower replacement power purchases and income tax provisions.

Net of intercompany eliminations, power segment net income plunged by 43% from P2.77 billion to P1.59 billion.

The segment's results are attributable to the following:

- **Better plant availability.** Overall plant availability improved by 22% from 65% to 79% because of the commercial operation of SCPC Unit 2 last October 9, 2022, tempered by lower SLPGC plant availability.

  SCPC and SLPGC delivered mixed operating results. SCPC plant availability improved from 51% to 99% as its outage days decreased from 90 days to 2 days. SLPGC plant availability declined from 78% to 59% on increased outage days (76 days vs 40 days in 2022).

  Total average capacity fell by 12% from 697 MW to 613 MW owing to the occasional deration of SCPC and SLPGC plants.

- **Higher generation and dispatch.** Total gross generation climbed by 15% from 1,011 gigawatt hours (GWh) to 1,167 GWh as higher SCPC output offset the weaker performance of SLPGC. Consequently, total power sales grew by 13% from 970 GWh to 1,099 GWh, driven by spot sales which accounted for 68% of total power sales.

- **Heavy spot exposure.** Total spot sales jumped by 44% from 517 GWh to 746 GWh on higher gross generation and more (64%) uncontracted capacity (net of station service which varies from time to time).

  Combined uncontracted capacity stood at 462.6 MW (by end-June 2023) compared to 282.85 MW (by end-June 2022).

  Station service pertains to the electricity produced by the plant that is used within the facility to power the lights, motors, control systems and other auxiliary electrical loads that are necessary for plant operation.

BCQ sales receded by 22% from 453 GWh to 353 GWh because of a 10-percent decline in contracted capacity at the beginning of the periods from 210.35 MW (June 2022) to 188.70 MW (June 2023).

- **Lower selling prices.** Overall average selling price (ASP) went down by 23% from P6.23/ kilowatt hour (kWh) to P4.81/kWh due to lower spot market prices.

  ASP from spot sales plunged by 38% from P8.24/KWh to P5.14/KWh, while BCQ ASP improved by 4% from P3.96/KWh to P4.13/KWh. The latter was due to better contract prices and inclusion of pass-through provisions in signed contracts in H2 2022, tempered by the expiration of a 20MW Emergency Power Supply Contract last August 25.

  Despite sharp WESM correction, Spot ASP (P5.14/KWh) remained higher by 24% than BCQ ASP (P4.13/KWh).

- **Ample uncontracted capacity.** As of September 30 2023, only 23% (166.2 MW) of the 710MW dependable capacity has been contracted. Bulk of which is under SLPGC (73% or 121.2 MW).

  Net of station service (58.7MW), which varies from time to time, the segment has 483.7MW available for sale to the spot market.

- **Less spot purchases.** Total spot purchases declined by 42% from P496 million to P289 million on the back of lower contracted capacity (around 21.65 MW) and purchase price (-27%). SLPGC bought bulk (98%) of the replacement power.

  SLPGC Unit 1 had a total of 62 emergency outage days during the period following high axial displacement and coking in furnace, while SLPGC Unit 2 was placed on a 28-day (14 days in Q3 2023) forced outage starting September 16 due to coking in furnace and silo blockage.

  The power segment was a net seller to the spot market by 699 GWh (vs 458 GWh in Q3 2022).

The power segment also reported the following highlights:

- **Weaker ASP.** Overall ASP dropped by 36% from P8.01/KWh to P5.10/KWh largely due to lower spot prices and fuel costs.

  Spot ASP fell by 37% from P8.26/KWh to P5.22/KWh, while BCQ ASP also dropped by 37% from P6.84/KWh to P4.28/KWh. The steep declines were mainly attributable to higher supply margin and stabilizing fuel prices.

- **Improved plant performance.** Plant availability rallied by 94% from 51% to 99% following the resumption of Unit 2’s operations last October 9, 2022 and nearly uninterrupted operations of both plants.

Availability of Unit 1 rose from 99% to 100% while Unit 2 surged from 2% to 98%. Unit 2 had only two outage days compared to 90 days in Q3 2022.

Total average capacity declined by 6% from 414 MW to 391 MW owing to the occasional deration of both plants. Unit 1 capacity slightly declined (-4%) from 234 MW to 224 MW, while generator vibration issues led to a 7-percent drop in Unit 2 capacity from 180 MW to 167 MW.

- **Higher generation and dispatch.** Gross generation soared by 64% from 522 GWh to 856 GWh because of rebounding plant operations. In turn, total power sales accelerated by 59% from 491 GWh to 783 GWh. Bulk (88%) of total sales went to the spot market.

  With higher uncontracted capacity and plant availability, spot sales surged by 69% from 406 GWh to 686 GWh. At the start of Q3 2023, SCPC had 336.30MW in spot exposure versus 182.75 MW during the same period last year.

  Sale via bilateral contracts rose by 14% from 85 GWh to 97 GWh following an 11-percent hike in contracted capacity at the start of the period, from 40.45MW (June 2022) to 45.00MW (June 2023).

- **Negligible spot buy.** Replacement power purchases plunged from P90 million to P6 million on 99-percent plant availability. Spot buys were mainly WESM adjustments from transactions in previous period.

  SCPC was a net seller to the spot market in both years (686 GWh in 2023 vs 395 GWh)

- **Cash cost surge.** Total cash costs accelerated by 49% from P1.46 billion to P2.20 billion, driven by a 57-percent rise in COS from P1.14 billion to P1.79 billion because of higher generation. Operating expenses increased by double digits (24%) from P332 million to P411 million due to higher taxes and insurance premium.

- **Higher other income.** Other income more than tripled (224%) from P29 million to P94 million on higher fly ash sales from increased power generation.

- **Lower net finance cost.** Net interest cost decreased by 72% from P97 million to P27 million as loans payable at the beginning of the period fell by 19% from P8.40 billion (June 2022) to P6.77 billion (June 2023).

  Cash balance more than doubled (160%) from P2.00 billion (September 2022) to P5.14 billion (September 2023). This, coupled with efficient cash management, led to a sixfold (588%) upturn in gross finance income from P8 million to P55 million.

- **Lower income taxes.** Provisions for income taxes declined by 32% from P544 million to P369 million because of lower taxable earnings.

- **Ample uncontracted capacity.** As of September 30, 2023, SCPC had 45 MW or 11% capacity (out of 410 MW dependable capacity) set to expire in 2030 and beyond. 56% of contracted capacity has fuel passthrough provision.

  Net of station service (28.7MW), which varies from time to time, it has 336.3 MW capacity available for spot sale as of the end of the period.

At the standalone level, SMPC recognized a net income of P3.40 billion, down by 66% from its period record of P10.15 billion. No nonrecurring item was booked during the period.

II. DMCI Project Developers Inc. (DMCI Homes)

DMCI Homes core net income contribution climbed by 21% from Php 1.13 billion to Php 1.37 billion mainly due to lower cash cost and higher income from forfeitures and interests. Outlined below are their standalone results:

- **Lower revenues.** Total revenues receded by 17% from Php 5.37 billion to Php 4.45 billion because of lower recognition from ongoing accounts (net of previously cancelled accounts) and reversals from sales cancellations from accounts that reached the collection threshold lof the company. This was partially offset by the increase in newly-recognized accounts from prior-year sales that met the company threshold.

  Recognition from ongoing accounts accounted for 64% of total topline, down from 78% last year while newly-recognized accounts rose from 37% to 54%.

  Top revenue contributors from ongoing projects include Kai Garden Residences (2017), Aston Residences (2018), Fairlane Residences (2018) and Prisma Residences (2017).

  Meanwhile, Allegra Garden Place (2019), Satori Residences (2018) and Alder Residences (2020) were the top revenue contributors under newly-recognized accounts.

  Revenue reversals from sales cancellations grew by 4% from Php 745 million to Php 773 million as bulk buyers from mainland China terminated their purchase of units in Prisma Residences. Quarter-over-quarter, reversals declined by 9% from Php 845 million (Q2 2023) and by 32% from Php 1.14 billion (Q1 2023).

- **Steeper cash costs decline.** Total cash costs decreased by 20%, faster than topline (17%), from Php 4.27 billion to Php 3.44 billion largely attributable to higher selling prices from recognized accounts.

COS went down by 25% from Php 3.62 billion to Php 2.70 billion due to higher selling prices, while operating expenses rose by 14% from Php 647 million to Php 737 million on higher sales incentives and allowances following growth in residential unit sales, digital marketing initiatives, software maintenance costs and formworks repair.

- **Wider EBITDA and net income margins.** EBITDA margin expanded from 21% to 22% on higher selling prices while controlling construction costs. Net income margin increased from 21% to 31% on the marked rise in Other income and Finance income.

  Other income more than doubled (101%) from Php 362 million to Php 729 million as a result of higher forfeitures from sales cancellations and rental income.

  Net finance income expanded by 49% from Php 88 million to Php 131 million because of higher interests from in-house financing. In compliance with IFRS 15, finance costs from accounts that are pending recognition are capitalized.

The company also reported the following operational highlights:

- **Weaker sales.** Total units sold fell by 15% from 2,613 to 2,223, stemming from lower sales in parking slots. Parking slots sold almost halved (47%) from 1,158 to 618, while residential units sold grew by 10% from 1,455 to 1,605. Top-selling projects include Solmera Coast, Sage Residences, Allegra Garden Place, The Calinera Tower and Verdon Parc.

  Bulk (58%) of residential units sold were in Solmera Coast. Launched last August, the beachfront project has sold 926 residential units. The project does not sell parking slots.

- **Better selling prices**. While average selling price (ASP) per unit decreased by 4% from Php 7.40 million to Php 7.12 million, ASP per square meter surged by 20% from Php 132,000 to Php 159,000. The variances are largely attributable to the sale of smaller-cut units in Solmera Coast and Sage Residences.

- **Sales value uptick.** Total sales value increased by 2% from Php 11.69 billion to Php 11.91 billion on higher residential unit sale, despite lower project launches. Fortis Residences (a DMCI Homes Exclusive project) and Sage Residences were launched in the same period last year.

- **Higher cancellations.** Sales cancellations for residential units awaiting revenue recognition (threshold less than 14.5%) slightly increased year-on-year from 9.1% to 10.6% owing to rising interest rates. Year-to-date, cancellation rate declined from 17.4% to 12.7%, driven by lower total cancelled units and higher sold units.

- **Recovering unbooked revenues.** Unbooked revenues expanded by 10% from Php 60.2 billion to Php 66.0 billion following sales recovery amid the four projects launched in the past twelve months. The four projects have a total sales value of Php 36.7 billion.

- **Ample inventory.** Total inventory rose by 12% from Php 58.2 billion to Php 65.4 billion. Pre-selling residential and parking units accounted for 73% of total inventory in both periods.

  Pre-selling inventory grew by 11% from Php 43.0 billion to Php 47.8 billion following the launch of Fortis Residences (a joint venture project), Sage Residences, The Calinea Tower, Mulberry Place and Solmera Coast.

  RFO inventory rose by 16% from Php 15.2 billion to Php 17.7 billion with the completion of The Atherton, Satori Residences, The Orabella, Infina Towers, Brixton Place, Prisma Residences and Verdon Parc.

- **Additional land bank.** Total land bank increased by 2% from 217.4 hectares to 221.3 hectares with the acquisition of 4.1 hectares of land in Luzon and Mindanao. Land bank in Metro Manila remained the largest at 113.3 hectares or 51% of total, followed by Luzon (44%), Visayas (3%) and Mindanao (2%).

- **Less CAPEX.** Quarterly capex declined by 20% from Php 5.11 billion to Php 4.08 billion mainly due to lower spending on construction and land banking. Year-to-date, total capex was flat at Php 12.0 billion, bulk (91%) of which was spent on construction activities for ongoing projects.

- **Lighter financial position.** Net debt to equity improved from 1.03x to 0.92x as net debt declined from Php 32.2 billion to Php 31.9 billion and equity book value increased from growing retained earnings.

  At the standalone level, DMCI Homes reported Php 1.38 billion in net income, up by 20% from Php 1.15 billion last year. No nonrecurring item was booked during both periods

III. Maynilad Water Services, Inc. (Maynilad)

Associate Maynilad delivered a 53-percent increase in core net income contribution from Php 396 million to Php 605 million. The significant improvement was largely due to higher revenues, muted cash cost growth and lower noncash costs, which effectively widened the company’s standalone net income margin from 26% to 35%.

To further explain:

- **Double-digit topline growth.** Revenues rebounded by 17% from Php 5.92 billion to Php 6.96 billion on the back of higher billed volume, better customer mix, increased average effective tariff and government tax.

- **Muted cash cost growth.** Cash costs grew slower (9%) than topline (17%) from Php 2.03 billion to Php 2.21 billion as lower light and power (due to lower fuel cost recovery adjustment or FCRA charged per kwh) tempered the impact of higher cross border water purchases, outside services and chemical costs.

- **Lower noncash items.** Depreciation and amortization contracted by 37% from Php 1.25 billion to Php 788 million mainly due to extension of amortization period starting Q4 2022.

  The company's legislative franchise under Republic Act 11600 effectively extends its service concession assets by ten years (from 2037 to January 2047), beginning January 2022.

- **Increased finance costs.** Net finance cost (less finance income) rose by 8% from Php 565 million to Php 613 million on fresh borrowings to refinance a US Dollar-denominated loan for the Metro Manila Waster Water Management Project (MWMP).

- **Wider profit margin.** Standalone net income margin expanded from 26% to 35% owing to better topline and lower depreciation, moderated by higher cash costs and income tax. Provision for income taxes expanded by 42% from Php 610 million to Php 866 million on higher taxable income.

- **Stronger billed volume.** Billed volume went up by 3% from 134.3 million cubic meters (MCM) to 137.8 MCM, exceeding its pre-pandemic (Q3 2019) level of 134.6 MCM. The uptick was attributable to robust water production coupled with the reactivation and reconnection of delinquent accounts.

- **Better customer mix.** Billed volume attributable to non-domestic customers widened from 17.4% to 18.4% as industrial demand continued to recover. Conversely, domestic customers accounted for 81.6% of billed volume, down from 82.6% last year.

- **Recovering tariff.** Average effective tariff grew by 15% from Php 42.36 to Php 48.60 due to better customer mix and the staggered implementation of the

Metropolitan Waterworks and Sewerage System (MWSS) – approved basic rate adjustment last January 1, 2023.

The company also reported the following operational and financial highlights:

- **Increased Production.** Total water production increased by 5% from 188.2 MCM to 198.2 MCM owing to the combined effect of higher raw water supply from Angat dam, cross-border water purchases and activation of the "NEW WATER" treatment plant in Parañaque.

- **Higher water losses.** Increased production and slower water service connection (WSC) growth led to higher average non-revenue water (NRW) from 28.6% to 30.4%, while end-of-period NRW rose from 28.7% to 30.3%.

- **Better coverage and availability.** Water service coverage slightly expanded from 94.5% to 94.7% as the number of WSCs increased from 1,621,990 to 1,644,439, raising served population by 3% from 10.0 million to 10.3 million.

  Improved water production allowed the company to boost 24-hour availability from 78.6% to 96.4%.

  Accelerated wastewater infrastructure spending expanded sewer service coverage from 21.6% to 28.7%, while served population surged by 37% from 2.1 million to 2.9 million.

At the standalone level, reported net income accelerated by 57% from Php 1.54 billion to Php 2.41 billion. Excluding nonrecurring items, core net income jumped by 48% from Php 1.66 billion to Php 2.45 billion.

2023 nonrecurring items include foreign exchange losses (Php 23 million) and donations (Php 14 million). 2022 nonrecurring items pertain to forex gain (Php 18 million), miscellaneous expense (Php 47 million) and expense from loan prepayment (Php 138 million).

IV. DMCI Power Corporation (DMCI Power)

Core net income contribution from DMCI Power increased by 26% from Php 212 million to Php 267 million on the back of electricity sales volume growth, lower fuel costs, and wider margins. To further explain:

- **Double-digit topline decline.** Total revenues fell by 13% from Php 2.13 billion to Php 1.86 billion due to operation of the Palawan thermal power plant with lower tariff, which softened the impact of higher energy sales.

- **Lower ASP.** Overall average selling price (ASP) plunged by 20% from Php 19.1/KWh to Php 15.3/KWh due to lower fuel costs and the August 15 energization of the 15MW Palawan thermal plant.

  Diesel costs fell by 19% from Php 67.6 to Php 55.1 per liter, while bunker costs dropped by 6% from Php 49.2 to Php 46.3 per liter. Meanwhile, thermal coal plunged by 59% from Php 14.0 to Php 5.7 per kg.

- **Higher generation.** Total gross generation expanded by 8% from 118.0 GWh to 128.9 GWh mainly attributable to plant expansions in Palawan and Masbate.

- **Better dispatch.** Total energy sales advanced by 9% from 112.0 GWh to 121.7 GWh on the combined effect of increased installed capacity, higher generation and improving demand in Masbate and Palawan.

  Palawan sales rallied by 22%—the highest among the three service areas of the company—from 42.7 GWh to 52.1 GWh. Masbate sales picked up by 9% from 37.1 GWh to 40.4 GWh. Oriental Mindoro sales receded by 9% from 32.2 GWh top 29.2 GWh as higher dispatch of wind and other conventional plants reduced market share.

  Palawan remained as the top contributor, accounting for 43% of total sales, followed by Masbate (33%) and Oriental Mindoro (24%).

- **Steeper cash costs drop.** Total cash costs fell by 19% from Php 1.78 billion to Php 1.44 billion (versus 13% decline in topline) due to lower fuel costs.

- **Higher finance costs.** Finance costs tripled (240%) from Php 13 million to Php 44 million on the combined effect of higher borrowing costs and commercial operation of two plants: the 8MW Masbate diesel plant and the 15MW Palawan thermal plant.

- **Healthier margins.** EBITDA margin widened from 16% to 23%, while net income margin expanded from 10% to 14% as the energization of the 15MW Palawan Thermal plant led cash costs to drop faster than revenues.

The company also reported the following operational and financial highlights:

- **Growing installed capacity.** Total installed capacity expanded by 17% from 136.4 MW to 159.8 MW following the commercial operation of a 2x4.17 MW diesel plant in Masbate last January and the synchronization of a 15 MW thermal plant in Palawan last June. The latter began supplying the community with affordable, reliable electricity last August 15.

- **Changes in market share.** Palawan market share improved from 48% % to 54% on higher installed capacty and dispatch. DPC market share in Oriental Mindoro fell from 33% to 27% on better availability of both the renewable and conventional plants in the area. The company remains the sole power provider in Masbate.

- **Better financial position.** Net debt to equity improved from 139% (January 1, 2023) to 114% (end of September 2023), owing to regular loan payments, better operating conditions and improved collection of pending receivables.

- **Normalizing capital expenditures.** Capital investments nearly halved (49%) from Php 444 million to Php 229 million largely due to the completion of the two expansion plants.

  The 15MW Palawan thermal plant and 8MW Masbate diesel plant accounted for 71% of total 9M 2023 capex, down from 87% last year. The rest of the capex was spent on regular plant maintenance activities and downpayment for the purchase of additional generating units.

At the standalone level, reported net income jumped by 26% from Php 212 million to Php 267 million. No nonrecurring item was recognized during both periods.

V. D.M. Consunji, Inc. (DMCI)

Core net income contribution from DMCI stood at Php 47 million, a marked improvement from its Php 207 million net loss. The recovery was due to improved gross margins. To elaborate:

- **Uptick in revenues.** Total revenues inched higher (2%) from Php 4.07 billion to Php 4.14 billion largely on low base effect following conservative take-up on price escalation claims last year.

  Building and Joint Venture (JV) projects accounted for a large portion (84%) of revenues. Topline contribution from building projects rose by 14% from Php 1.94 billion to Php 2.22 billion, while proportionate revenues from the joint venture projects more than tripled (235%) from Php 380 million to Php 1.27 billion.

  Infrastructure contributions declined by 72% from Php 1.36 billion to Php 385 million The downturns were mainly due to the absence of new projects and lower accomplishment on completion or near completion of most of the projects.

- **Lower cash costs.** Total cash costs subsided by 6% from Php 4.11 billion to Php 3.87 billion on few projects and lower accomplishments coupled with the decline in operating expense due to lower business permit and absence of major repairs.

- **Better margins.** EBITDA margin rebounded from -9% to 6% on improved topline and lower direct costs. Consequently, core net income margin recovered from -6% to 2%.

The company also reported the following operational and financial highlights:

- **Order book recovery.** Year-to-date, order book grew by 15% from Php 35.2 billion to Php 40.5 billion with the awarding of the South Commuter Railway Project Contract Package 02 (a joint venture with Acciona Construction Philippines)~~,~~ De La Salle University Laguna University Hall and Razon Hall, and other building, energy, and water projects.

  Newly-awarded projects in Q3 amounted to Php 4.8 billion, which include the Maynilad Las Pinas Water Reclamation Facility, Maynilad pipelaying works and the design-and-build of Manila Water Company's Levi Mariano Pump Station and Reservoir.

- **Higher capital expenditures.** Capital expenditures soared 5.5x (454%) from Php 24 million to Php 133 million with the acquisition of equipment needed for ongoing projects.

- **Stronger cash position.** DMCI's financial position improved on lower net debt to equity ratio from -0.16 in December 2022 to -0.36 in September following debt pare-down (from Php 222 million to Php 56 million) and collection of retention receivables from major infrastructure projects (Php 1.00 billion).

At the standalone level, core net income rebounded from a net loss of Php 231 million to Php 82 million in net income.

VI. DMCI Mining Corporation (DMCI Mining)

Core net income contribution from DMCI Mining tumbled from Php 78 million to a net loss of Php 154 million largely from lower selling prices and higher costs. To elaborate:

- **Lower revenues.** Revenues dropped by 34% from Php 240 million to Php 158 million as lower selling prices muted the impact of higher shipments.

- **Higher cash costs.** Cash costs accelerated by 46% from Php 204 million to Php 297 million as increased shipments led to higher shiploading, fuel consumption, labor costs and excise taxes.

  Operating expenses rose by 53% from Php 129 million to Php 197 million as BNC paid its wharfage dues (Php 38 million) for 2017 to 2022, following the review and billing of the Philippine Ports Authority. ZDMC likewise spent Php 38 million for its continued environmental and community activities.

- **Increased non-cash costs.** Depreciation and amortization jumped by 39% from Php 52 million to Php 72 million, in line with the 39-percent increase in nickel ore shipments. Under Philippine Accounting Standards (PAS) 16, shipments are amortized against a mine's available reserves.

- **Minimal other income.** Other income plummetted by 97% from Php 118 million to Php 3 million as net foreign exchange gain decreased from Php 118 million to Php 19 million, further dragged down by input tax provisions (Php 14 million).

- **Thinner margins.** From 15%, core EBITDA margin sank to -88%, while net income margin plunged from 33% to -108% because of topline weakness, double-digit growth in costs (cash and noncash) and lower net forex gain. Excluding net forex gain, core net losses grew fivefold (400%) from Php 38 million to Php 190 million.

The company also reported the following operational and financial highlights:

- **Weaker selling prices.** Average selling price (ASP) receded by 52% from US$ 42/WMT to US$20/WMT on the combined effect of lower average nickel grade sold (from 1.31% to 1.25%) and softening market prices.

  Average monthly Q3 LME Nickel price retreated by 8% from US$ 22,054/ton to US$ 20,342/ton, while the Philippine FOB price for 1.30% grade declined by 10% from $ 30/WMT from $ 27/WMT.

  The volatility was more pronounced in July when most of the Q3 shipment were booked. Philippine FOB price (1.30%) plunged by 25% from $29/WMT to $22/WMT.

- **Increased shipments.** Total shipments grew by 39% from 106,000 wet metric tons (WMT) to 147,000 WMT on double-digit production growth. All the shipments came from ZDMC.

- **Expanded production.** Total production rose by 28% from 149,000 WMT to 190,000 WMT on increased mining capacity. Year to date, production topped 1,312,000 WMT after ZDMC received the necessary Environmental Compliance Certificate (ECC) to boost its nickel ore production from 1 million metric tons to 2 million metric tons (effective January 2023).

- **More stockpile.** Total ending inventory improved by 60% from 109,000 WMT to 174,000 MWT, as ZDMC stockpile expanded by 74% from 88,000 WMT to 153,000 WMT. BNC stockpile remained at 21,000 WMT, which is below the standard shipment size of 50,000 WMT.

- **Net cash position.** While the company remained at net cash position, net debt to equity declined from -0.17 to -0.08 following payment of Php 667 million in dividends to shareholders. Debt level stood at Php 350 million for both periods.

- **Minimal capital expenditures.** Committed capital spending fell by 94% from Php 133 million to Php 8 million on marginal ZDMC machinery spending and absence of Palawan exploration activities.

At the standalone level, reported net income swung from a net income of Php 80 million to a net loss of Php 171 million. No nonrecurring item was recognized during both periods.

Outlook

Through the course of 2023, the DMCI Group has been navigating a complex economic landscape, marked by correcting commodity prices, sluggish construction and real estate demand, high interest rates, inflationary pressures and geopolitical tensions.

Improved operational efficiencies, cost-saving initiatives and prudent cash management have allowed its businesses to weather these challenges and position themselves for sustainable growth in the coming years. To provide a clearer perspective on our outlook for each business:

DMCI: While bidding for private sector-led projects have started to pick up, the company remains cautious in rebuilding its order book. It is meticulously selecting its project bids, focusing on Overseas Development Assistance (ODA) contracts, such as the packages associated with the Metro Manila Subway Project (MMSP) and water infrastructure projects. It is also on the lookout for infrastructure projects where it can serve as both an equity investor and contractor.

DMCI Homes: Encouraged by the successful launch of Solmera Coast, its first beachfront venture, the company is refining its development plans for its next leisure projects in Baguio and Laguna. Project launches are likewise being revisited to ensure they align with the evolving market demands and preferences, while also maximizing the unique strengths and potential of each location.

SMPC: Anticipating stable coal and electricity prices in the foreseeable future, the company is focusing on managing the water seepage level in Narra mine and improving plant availability to optimize coal production and maintain its high spot market exposure.

DMCI Power: After growing its total capacity by 17% in the first nine months of the year, the company has set a goal to enhance its portfolio by an additional 21% (equivalent to 45 MW) in 2024. Around 35% of the new capacity will come from renewable energy sources, specifically wind and solar.

DMCI Mining: The company plans to open new mines by the end of this year and mid-next year. Concurrently, efforts are underway to obtain the necessary permits for securing at least 200 million metric tons of nickel resources, which would allow the company to invest in a processing plant.

Maynilad: To meet its 2023 service commitments and position itself for a tariff adjustment in 2024, the company is making significant investments in both infrastructure and operations. Recognizing the potential challenges posed by the ongoing El Nino phenomenon, it has also initiated a series of supply augmentation measures, which include the reactivation of deep wells, cross-border acquisitions, the use of modular treatment plants, among other strategies.

Explanation of movement in consolidated income statement accounts:

Revenues
Consolidated revenues for the 9-month period of 2023 declined by 19% from Php 114.3 billion to Php 92.4 billion due to a decline in commodity prices coupled with lower percentage of completion of its real estate projects.

Cost of Sales and Services
Cost of sales and services during the period decline in a much slower pace by 5% compared to the same period of last year corresponding to the decline in real estate and construction revenue.

Operating Expenses
Government royalties for the period amounted to Php 7.4 billion, 46% lower from Php 13.7 billion last year as the coal business recorded lower profits. Excluding government royalties, operating expenses incurred during the 9-month period of the year increased by 15% to Php 6.5 billion due mainly to higher outside services, salaries and wages and advertising and marketing expenses.

Equity in Net Earnings
Equity in net earnings of associates increased by 49% as a result of higher income take up from Maynilad.

Finance Income
Consolidated finance income increased by 197% due mainly to higher amount of placements during the period with better interest rates.

Finance Cost
Consolidated finance costs slightly decreased by 12%, as a result of the loan payment of the Group.

Other Income-net
Other income decreased by 23% due to the net forex loss as Philippine peso appreciated against the US dollar. This is mitigated by higher sales forfeitures and cancellation, and sale of fly ash during the period.

Provision for Income Tax
Income tax jumped due to the higher taxable income driven by power generation units.

II. CONSOLIDATED FINANCIAL CONDITION

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

The Company's financial condition for the period improved as total assets reached P250.8 billion, a 4% increase from December 31, 2022. Likewise, consolidated total equity rose by 10% to Php 146.5 billion.

Consolidated cash increased by 36% from Php 28.4 billion to Php 38.6 billion owing to collection of coal, construction and real estate sales.

Receivables decreased by 26% from Php 26.7 billion to Php 19.7 billion on the back of lower coal prices and collection from customers.

Contract assets (current and non-current) is flat at Php 29.8 billion.

Consolidated inventories grew by 11% from Php 61.5 billion to Php 68.1 billion mainly due to higher coal inventory and power plant spare parts of SMPC and higher development costs incurred for ongoing projects.

Other current assets are flat at Php 10.2 billion which consists mainly of advances made to suppliers of fuel, spare parts and mining equipment.

Investments in associates and joint ventures increased by 4% as a result of the net impact of the income take up and dividend received from Maynilad.

Property, plant and equipment stood at Php 55.0 billion from Php 57.6 billion as depreciation and depletion more than offset capital expenditures for the 9-month period of the year.

Right-of-use assets decreased by 4% due to amortization.

Other noncurrent assets grew by 30% due mainly to higher refundable deposits, advances to suppliers and costs to obtain real estate contracts.

The decrease in accounts and other payables is mainly attributable to lower payable to government and payment to suppliers of machine and spare parts.

Contract liabilities (current and non-current) grew by 3% to Php 16.4 billion as the construction segment received down payment from customers.

From Php 52.6 billion, total debt (under short-term and long-term debt) stood at Php 49.5 billion on the back of the debt payment made by SMPC, DMCI and DMCI Power negated by the additional loan of the real estate segment.

Liabilities for purchased land decreased by 17% as a result of payment of previously acquired land for development.

Pension liabilities rose by 71% due to accrual of retirement benefits expense.

Other noncurrent liabilities decreased by 25% due mainly to recoupments of advances from contract owners.

Consolidated retained earnings stood at Php 95.7 billion at the end of September 2023, 12% growth from Php 85.2 billion at the close of 2022 after generation of Php 20.0 billion net income and declaration of Php 9.6 billion dividend.

Non-controlling interest increase by 11% as a result of the non-controlling share in net income reduced by dividends to non-controlling interest of SMPC.

III. KEY PERFORMANCE INDICATORS

The Company and its Subsidiaries (the “Group”) use the following key performance indicators to evaluate its performance:

a) Segment Revenues
b) Segment Net Income (after Noncontrolling Interests)
c) Earnings Per Share
d) Return on Common Equity
e) Net Debt to Equity Ratio

SEGMENT REVENUES

	For the Period		Variance	
(in Php Millions)	2023	2022	Amount	%
Semirara Mining and Power Corporation	56,200	73,168	(16,967)	-23%
DMCI Homes	15,189	17,818	(2,629)	-15%
D.M. Consunji, Inc.	12,568	14,674	(2,106)	-14%
DMCI Power	5,642	5,489	153	3%
DMCI Mining	2,552	2,877	(325)	-11%
Parent and Others	244	275	(31)	-11%
Total Revenues	**92,395**	**114,301**	**(21,906)**	**-19%**

The initial indicator of the Company’s gross business results is seen in the movements in the different business segment revenues.

As shown above, consolidated revenues decreased by 19% due to declining commodity prices coupled with slower percentage of completion of real estate accounts.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

(in Php Millions)	For the Period		Variance	
	2023	2022	Amount	%
Semirara Mining and Power Corporation	12,804	20,380	(7,576)	-37%
DMCI Homes	3,857	3,853	4	0%
Maynilad	1,678	1,108	570	51%
DMCI Mining	569	1,087	(518)	-48%
D.M. Consunji, Inc.	459	676	(217)	-32%
DMCI Power	632	549	83	15%
Parent and Others	47	(27)	74	274%
Core Net Income	**20,046**	**27,626**	**(7,580)**	**-27%**
Non-recurring Items	(27)	2	(29)	-1450%
Reported Net Income	**20,019**	**27,628**	**(7,609)**	**-28%**

The decline in net income (after non-controlling interest) of the Company is attributed to the lower coal and nickel prices and fewer construction projects. These are cushioned by higher contribution from the water and power segments.

EARNINGS PER SHARE

Earnings per share (EPS) pertains to the company's income allocated to each outstanding share of common stock. It serves as an indicator of the company's profitability.

The Company's consolidated basic and diluted EPS was Php 1.51/share for the 9-month period ended September 30, 2023, a 28% decline from Php 2.08/share EPS year-on-year.

RETURN ON COMMON EQUITY

Return on common equity is defined as the amount of net income a company earns per amount of shareholders equity. It is one of the common metrics used by investor to determine how effectively their capital is being reinvested. It is arrived at by dividing the net income share of the parent company over the average parent equity. The Company's return on common equity stood at 18% and 28% for the first nine months of 2023 and 2022, respectively.

NET DEBT TO EQUITY RATIO

As a stockholder/investor, financial position and stability would be an important aspect. The Company tests its solvency and leverage exposure through the net debt to equity ratio. This test indicates the Company's ownership of creditors vs. owners/investors. Net debt to equity ratio is computed by dividing the interest-bearing loans net of cash and cash equivalents over total equity.

Total borrowings stood at Php 49.5 billion, which resulted to a net debt to equity ratio of 0.7:1 and 0.18:1 as of September 30, 2023 and December 31, 2022, respectively.

FINANCIAL SOUNDNESS RATIOS

	September 30, 2023	**December 31, 2022**

Current Ratio	3.37 times	2.90 times
Net Debt to Equity Ratio	0.7 times	0.18 times
Asset to Equity Ratio	1.71 times	1.81 times
	September 30, 2023	**September 30, 2022**
Return on Assets	12%	19%
Return on Common Equity	18%	28%
Interest Coverage Ratio	22 times	24 times
Gross Profit Margin	46%	54%
Net Profit Margin	32%	38%

PART II--OTHER INFORMATION

1. The Company's operation is a continuous process. It is not dependent on any cycle or season;
2. Economic and infrastructure developments in the country may affect construction business; Interest rate movements may affect the performance of the real estate industry; Mining activities are generally hinged on the commodities market and affected by weather conditions. Businesses not affected by known cycle, trends or uncertainties are power and water.
3. On March 29, 2023, the BOD approved the declaration of (1) regular cash dividends in the amount of P0.61 per common share or a total of P8,099.27 million; and (2) special cash dividends of P0.11 per common share or a total of P1,460.52 million, or a grand total of P9,559.78 million out of the unrestricted retained earnings of the Parent Company as of March 28, 2023, in favor of the common stockholders of record as of April 17, 2023, and was paid on April 28, 2023.
4. On October 18, 2022, the BOD approved the declaration of special cash dividends in the amount of P0.72 per common share or a total of P9,559.77 million out of the unrestricted retained earnings of the Parent Company as of October 17, 2022, in favor of the common stockholders of record as of November 2, 2022, and was paid on November 16, 2022
5. On April 1, 2022, the BOD approved the declaration of (1) regular cash dividends in the amount of P0.34 per common share or a total of P4,514.34 million; and (2) special cash dividends of P0.14 per common share or a total of P1,858.85 million, or a grand total of P6,373.19 million out of the unrestricted retained earnings of the Parent Company as of March 31, 2022, in favor of the common stockholders of record as of April 19, 2022, and was paid on April 29, 2022
6. There are no undisclosed material subsequent events and transferring of assets not in the normal course of business that have not been disclosed for the period that the Company has knowledge of.
7. There are no material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation has been disclosed in the notes to financial statements.

8. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
9. Except for interest payments on loans, which the Company can fully service, the only significant commitment that would have a material impact on liquidity are construction guarantees. These are usually required from contractors in case of any damage/ destruction to a completed project.
10. Any known trends or any known demands, commitments, events or uncertainties that will result in or that will have a material impact on the registrant's liquidity. - None
11. The Group does not have any offering of rights, granting of stock options and corresponding plans therefore.
12. All necessary disclosures were made under SEC Form 17-C.

SIGNATURES

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

Issuer DMCI Holdings, Inc.

Signature and Title **Herbert M. Consunji**
Executive Vice President and CFO

Signature and Title **Joseph Adelbert V. Legasto**
Deputy Chief Financial Officer

Date October 27, 2023

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱38,597,291**	₱28,408,474
Receivables - net (Note 9)	**19,695,279**	26,738,903
Current portion of contract assets	**17,794,043**	16,643,258
Inventories	**68,102,057**	61,524,534
Other current assets	**10,213,087**	10,189,642
	154,401,757	143,504,811
Asset held-for-sale (Note 9)	**789,313**	789,313
Total Current Assets	**155,191,070**	144,294,124
Noncurrent Assets		
Contract asset - net of current portion	**12,003,299**	12,765,717
Investments in associates and joint ventures (Note 6)	**18,935,309**	18,195,324
Investment properties	**90,528**	101,894
Property, plant and equipment	**54,951,219**	57,638,317
Exploration and evaluation asset	**475,714**	390,384
Pension assets - net	**1,065,863**	1,012,667
Deferred tax assets - net	**590,025**	554,597
Right-of-use assets	**111,764**	116,945
Other noncurrent assets	**7,385,316**	5,690,015
Total Noncurrent Assets	**95,609,037**	96,465,860
	₱250,800,107	₱240,759,984

LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt	**₱429,947**	₱1,129,418
Current portion of long-term debt	**6,702,321**	6,758,448
Current portion of liabilities for purchased land	**750,388**	960,623
Accounts and other payables	**27,286,091**	28,376,732
Current portion of contract liabilities and other customers' advances and deposits	**10,850,168**	12,322,699
Income tax payable	**17,394**	174,227
Total Current Liabilities	**46,036,309**	49,722,147

(Forward)

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Noncurrent Liabilities		
Long-term debt - net of current portion	**₱ 42,337,373**	₱44,669,935
Contract liabilities - net of current portion	**6,379,015**	3,596,710
Liabilities for purchased land - net of current portion	**748,619**	844,078
Deferred tax liabilities - net	**6,424,576**	6,245,576
Pension liabilities - net	**254,917**	148,850
Other noncurrent liabilities	**2,155,421**	2,863,054
Total Noncurrent Liabilities	**58,299,921**	58,368,203
Total Liabilities	**104,336,230**	108,090,350
Equity (Note 3)		
Equity attributable to equity holders of the Parent Company:		
Paid-in capital	**17,949,868**	17,949,868
Treasury shares - Preferred	**(7,069)**	(7,069)
Retained earnings	**95,653,037**	85,194,218
Premium on acquisition of non-controlling interests	**(817,958)**	(817,958)
Remeasurements on retirement plans - net of tax	**975,442**	975,442
Net accumulated unrealized gains on equity investments designated at FVOCI	**133,661**	131,613
Other equity	**25,290**	25,290
	113,912,271	103,451,404
Non-controlling interests	**32,551,606**	29,218,230
Total Equity	**146,463,877**	132,669,634
	₱250,800,107	₱240,759,984

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

For the Period and Quarter Ended September 30, 2023 and 2022
(Amounts in Thousands, except for Earnings Per Share figures)

	For the period		For the quarter	
	Jan to Sep 2023	Jan to Sep 2022	**Jul to Sep 2023**	Jul to Sep 2022
REVENUE (Notes 4 and 8)				
Coal mining	**₱36,207,208**	₱57,380,459	**₱6,267,416**	₱15,042,137
Electricity sales	**25,635,049**	21,276,538	**7,223,025**	8,249,428
Real estate sales	**15,188,783**	17,817,823	**4,452,773**	5,370,818
Construction contracts	**12,567,587**	14,673,892	**4,214,011**	3,841,581
Nickel mining	**2,552,050**	2,877,482	**158,335**	240,056
Merchandise sales and others	**244,046**	274,576	**90,153**	90,414
	92,394,723	114,300,770	**22,405,713**	32,834,434
COSTS OF SALES AND SERVICES				
Coal mining	**15,005,337**	15,417,430	**4,166,296**	4,735,786
Electricity sales	**12,173,974**	10,801,848	**4,272,611**	3,920,912
Real estate sales	**9,977,195**	12,152,309	**2,698,691**	3,621,703
Construction contracts	**11,637,211**	13,331,220	**4,019,287**	3,893,781
Nickel mining	**1,084,428**	864,037	**162,781**	121,683
Merchandise sales and others	**180,877**	198,921	**64,436**	66,125
	50,059,022	52,765,765	**15,384,102**	16,359,990
GROSS PROFIT	**42,335,701**	61,535,005	**7,021,611**	16,474,444
OPERATING EXPENSES (Note 5)	**13,839,906**	19,304,542	**2,958,238**	5,382,048
	28,495,795	**42,230,463**	**4,063,373**	11,092,396
OTHER INCOME (EXPENSES)				
Equity in net earnings of associates (Note 6)	**1,717,683**	1,152,008	**625,167**	399,504
Finance income	**1,442,655**	486,124	**576,765**	245,564
Finance costs	**(697,705)**	(797,007)	**(198,844)**	(225,823)
Other income - net	**2,546,425**	3,318,181	**1,329,236**	1,269,359
INCOME BEFORE INCOME TAX	**33,504,853**	46,389,769	**6,395,697**	12,781,000
PROVISION FOR INCOME TAX	**3,703,736**	3,077,002	**849,534**	1,035,361
NET INCOME	**₱29,801,117**	₱43,312,767	**₱5,546,163**	₱11,745,639
NET INCOME ATTRIBUTABLE TO				
Equity holders of the Parent Company (Note 4)	**₱20,018,598**	₱27,628,808	**₱4,084,857**	₱7,338,260
Non-controlling interests	**9,782,519**	15,683,959	**1,461,306**	4,407,379
	₱ 29,801,117	₱43,312,767	**₱5,546,163**	₱11,745,639
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY-BASIC AND DILUTED (Note 7)	**₱1.51**	₱2.08	**₱ 0.31**	₱0.55

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Period and Quarter Ended September 30, 2023 and 2022
(Amounts in Thousands)

	For the period		For the quarter	
	Jan to Sep 2023	Jan to Sep 2022	**Jul to Sep 2023**	Jul to Sep 2022
NET INCOME	**₱29,801,117**	₱43,312,767	**₱5,546,163**	₱11,745,639
OTHER COMPREHENSIVE INCOME (LOSS)				
Items to be reclassified subsequently to profit or loss				
Changes in fair values of investments in equity instruments designated at FVOCI	**2,048**	–	–	–
	–	–	–	–
Items not to be reclassified to profit or loss in subsequent periods				
Remeasurement gains on retirement plans	–	–	–	–
Income tax effect	–	–	–	–
	–	–	–	–
OTHER COMPREHENSIVE INCOME	–	–	–	–
TOTAL COMPREHENSIVE INCOME	**₱29,803,165**	₱43,312,767	**₱29,801,117**	₱11,745,639
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company (Note 4)	**₱20,020,646**	₱27,628,808	**₱4,084,857**	₱7,338,260
Non-controlling interests	**9,782,519**	15,683,959	**1,461,306**	4,407,379
	₱29,803,165	₱43,312,767	**₱5,546,163**	₱11,745,639

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Period Ended September 30, 2023 and 2022
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 3)	Additional Paid-in Capital (Note 3)	Total Paid-in Capital (Note 3)	Treasury Shares - Preferred (Note 3)	Unppropriated Retained Earnings (Note 3)	Premium on Acquisition of Non-controlling Interest	Remeasurements on Retirement Plans	Net Accumulated Unrealized Gain on equity investments designated at FVOCI	Other Equity	Parent Equity	Non controlling Interests	Total Equity
	For the Period Ended September 30, 2023											
Balances as of January 1, 2023	**₱13,277,474**	**₱4,672,394**	**₱17,949,868**	**(₱7,069)**	**₱85,194,218**	**(₱817,958)**	**₱975,442**	**₱131,613**	**₱25,290**	**₱103,451,404**	**₱29,218,230**	**₱132,669,634**
Comprehensive income												
Net income	–	–	–	–	**20,018,598**	–	–	–	–	**20,018,598**	**9,782,519**	**29,801,117**
Other comprehensive income	–	–	–	–	–	–	–	**2,048**	–	**2,048**	–	**2,048**
Total comprehensive income	–	–	–	–	**20,018,598**	–	–	**2,048**	–	**20,020,646**	**9,782,519**	**29,803,165**
Cash dividends declared (Note 3)	–	–	–	–	**(9,559,779)**	–	–	–	–	**(9,559,779)**	**(6,449,143)**	**(16,008,922)**
Balances at September 30, 2023	**₱13,277,474**	**₱4,672,394**	**₱17,949,868**	**(₱7,069)**	**₱95,653,037**	**(₱817,958)**	**₱975,442**	**₱133,661**	**₱25,290**	**₱113,912,271**	**₱32,551,606**	**₱146,463,877**
	For the Period Ended September 30, 2022											
Balances as of January 1, 2022	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱70,039,693	(₱817,958)	₱513,860	₱100,319	(₱21,611)	₱87,757,102	₱21,089,510	₱108,846,612
Comprehensive income												
Net income	–	–	–	–	27,628,808	–	–	–	–	27,628,808	15,683,959	43,312,767
Other comprehensive income	–	–	–	–	–	–	0	–	–	–	–	–
Total comprehensive income	–	–	–	–	27,628,808	–	0	–	–	27,628,808	15,683,959	43,312,767
Cash dividends declared (Note 3)	–	–	–	–	(6,373,186)	–	–	–	–	(6,373,186)	(2,767,219)	(9,140,405)
Balances at September 30, 2022	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱91,295,315	(₱817,958)	₱513,860	₱100,319	(₱21,611)	₱109,012,724	₱34,006,250	₱143,018,974

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Period Ended September 30, 2023 and 2022
(Amounts in Thousands)

	September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱33,504,853**	₱46,389,769
Adjustments for:		
Depreciation, depletion and amortization	**6,388,281**	6,094,961
Finance cost	**697,705**	797,007
Net unrealized foreign exchange loss (gain)	**(80,051)**	(1,786,203)
Movement in net retirement asset	**52,870**	106,395
Equity in net earnings of associates and joint ventures	**(1,717,683)**	(1,152,008)
Finance income	**(1,442,655)**	(486,124)
Gain or loss on sale property, plant and equipment	**(65,187)**	(46,873)
Movement in net retirement liability	**–**	–
Gain on sale of undeveloped land	**–**	–
Operating income before changes in working capital	**37,338,133**	49,916,924
Decrease (increase) in:		
Receivables and contract assets	**6,655,257**	(6,483,777)
Inventories	**(4,948,843)**	(6,596,553)
Other current assets	**(23,445)**	1,072,940
Increase (decrease) in:		
Accounts and other payables	**(1,028,493)**	4,120,990
Contract liabilities and other customer advances and deposits	**493,820**	(1,792,309)
Liabilities for purchased land	**(305,694)**	367,777
Cash generated from operations	**38,180,735**	40,605,992
Interest received	**1,442,655**	486,124
Income taxes paid	**(3,716,998)**	(2,944,493)
Interest paid and capitalized as cost of inventory	**(1,462,207)**	(1,198,426)
Net cash provided by operating activities	**34,444,184**	36,949,197
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	**(3,587,922)**	(5,787,600)
Exploration and evaluation asset	**(85,330)**	(112,150)
Investment properties	**–**	(16,163)
Proceeds from disposal of property, plant and equipment	**76,604**	93,413
Dividends received	**915,551**	759,831
Interest paid and capitalized as part of property, plant and equipment	**(74,143)**	(1,188)
Decrease (increase) in other noncurrent assets	**(1,895,761)**	(1,372,970)
Net cash used in investing activities	**(4,651,001)**	(6,436,827)

(Forward)

	September 30	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Long-term debt	**₱3,473,750**	₱9,886,892
Short-term debt	**–**	1,688,318
Payments of:		
Dividends paid to equity holders of parent company	**(9,559,778)**	(6,373,186)
Dividends to non-controlling interests	**(6,449,143)**	(2,767,218)
Long-term debt	**(5,862,439)**	(8,506,589)
Short-term debt	**(699,471)**	(835,081)
Interest	**(697,705)**	(797,007)
Increase/ (decrease) in other noncurrent liabilities	**108,320**	234,932
Net cash used in financing activities	**(19,686,466)**	(7,468,939)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**82,099**	1,786,203
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**10,188,817**	24,829,634
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**28,408,474**	18,342,019
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱38,597,291**	₱43,171,653

DMCI HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

DMCI Holdings, Inc. (the Parent Company) was incorporated on March 8, 1995 with a corporate life of 50 years from and after the date of incorporation and is domiciled in the Philippines. The Parent Company's registered office address and principal place of business is at 3rd Floor, Dacon Building, 2281 Chino Roces Avenue, Makati City.

The Parent Company and its subsidiaries (collectively referred to herein as the Group) is primarily engaged in general construction, coal and power generation, real estate development, water concession, nickel mining and manufacturing.

The Parent Company's shares of stock are listed and are currently traded at the Philippine Stock Exchange (PSE).

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on October 27, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation
The interim unaudited condensed consolidated financial statements of the Group have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2022.

The interim financial statements have been prepared using the historical cost basis, except for financial assets at fair value through profit or loss (FVPL) and at fair value through comprehensive income (FVOCI) financial assets that have been measured at fair value. The Group's functional and presentation currency is the Philippine Peso (₱). All amounts are rounded to the nearest thousand (₱000), unless otherwise indicated.

Statement of Compliance
The interim unaudited condensed consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), which include availment of the relief granted by the Securities and Exchange Commission (SEC) under Memorandum Circular No. 14, Series of 2018, Memorandum Circular No. 3, Series of 2019 and Memorandum Circular No. 4, Series of 2020. PFRS include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by Philippine Interpretations Committee (PIC).

Basis of Consolidation
The interim unaudited condensed consolidated financial statements comprise the financial statements of the Group as of September 30, 2023 and December 31, 2022.

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

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:
- 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 result in control. To support this presumption and 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
- 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.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests (NCI), even if this results in the NCI having a deficit balance. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other similar events. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any noncontrolling-interests and the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnigns, as appropriate.

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries (which are all incorporated in the Philippines). The voting rights held by the Group in these subsidiaries are in proportion of their ownership interest.

	Nature of Business	**2023** Direct	**2023** Indirect	**2023** Effective Interest	2022 Direct	2022 Indirect	2022 Effective Interest
				(In percentage)			
General Construction:							
D.M. Consunji, Inc. (DMCI)	General Construction	**100.00**	**–**	**100.00**	100.00	–	100.00
Beta Electromechanical Corporation (Beta Electric) [1]	General Construction	**–**	**53.20**	**53.20**	–	53.20	53.20
Raco Haven Automation Philippines, Inc. (Raco) [1]	Non-operating	**–**	**50.14**	**50.14**	–	50.14	50.14
Oriken Dynamix Company, Inc. (Oriken) [1]	Non-operating	**–**	**89.00**	**89.00**	–	89.00	89.00
DMCI Technical Training Center (DMCI Training) [1]	Services	**–**	**100.00**	**100.00**	–	100.00	100.00
Bulakan North Gateway Holdings Inc (Bulakan North)[1]	Non-operating	**–**	**100.00**	**100.00**	–	100.00	100.00
Real Estate:							
DMCI Project Developers, Inc. (PDI)	Real Estate Developer	**100.00**	**–**	**100.00**	100.00	–	100.00
DMCI-PDI Hotels, Inc. (PDI Hotels) [2]	Hotel Operator	**–**	**100.00**	**100.00**	–	100.00	100.00
DMCI Homes Property Management Corporation (DPMC) [2]	Property Management	**–**	**100.00**	**100.00**	–	100.00	100.00
Zenith Mobility Solutions Services, Inc. (ZMSSI)[2]	Services	**–**	**100.00**	**100.00**	–	100.00	100.00
Riviera Land Corporation (Riviera) [2]	Real Estate Developer	**–**	**100.00**	**100.00**	–	100.00	100.00
Hampstead Gardens Corporation (Hampstead) [2*]	Real Estate Developer	**–**	**100.00**	**100.00**	–	100.00	100.00
DMCI Homes, Inc. (DMCI Homes) [2*]	Marketing Arm	**–**	**100.00**	**100.00**	–	100.00	100.00
L & I Development Corporation (LIDC)	Real estate Developer	**–**	**100.00**	**100.00**	–	100.00	100.00
Coal Mining:							
Semirara Mining and Power Corporation (SMPC)	Mining	**56.65**	**–**	**56.65**	56.65	–	56.65
On-Grid Power:							
Sem-Calaca Power Corporation (SCPC) [3]	Power Generation	**–**	**56.65**	**56.65**	–	56.65	56.65
Southwest Luzon Power Generation Corporation (SLPGC) [3]	Power Generation	**–**	**56.65**	**56.65**	–	56.65	56.65
Sem-Calaca RES Corporation (SCRC) [3]	Retail	**–**	**56.65**	**56.65**	–	56.65	56.65
SEM-Cal Industrial Park Developers, Inc. (SIPDI) [3]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65
Semirara Energy Utilities, Inc. (SEUI) [3]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65

(Forward)

	Nature of Business	2023 Direct	2023 Indirect	2023 Effective Interest	2022 Direct	2022 Indirect	2022 Effective Interest
				(In percentage)			
Southeast Luzon Power Generation Corporation (SeLPGC) [3]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65
Semirara Claystone, Inc. (SCI) [3]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65
St. Raphael Power Generation Corporation (SRPGC) [3]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65
Sem-Calaca Port Facilities, Inc. (SCPFI) [3 & 6]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65
Off-Grid Power:							
DMCI Power Corporation (DPC)	Power Generation	**100.00**	**–**	**100.00**	100.00	–	100.00
DMCI Masbate Power Corporation (DMCI Masbate) [4]	Power Generation	**–**	**100.00**	**100.00**	–	100.00	100.00
Nickel Mining:							
DMCI Mining Corporation (DMC)	Holding Company	**100.00**	**–**	**100.00**	100.00	–	100.00
Berong Nickel Corporation (BNC) [5]	Mining	**–**	**74.80**	**74.80**	–	74.80	74.80
Ulugan Resouces Holdings, Inc. (URHI) [5]	Holding Company	**–**	**30.00**	**30.00**	–	30.00	30.00
Ulugan Nickel Corporation (UNC) [5]	Holding Company	**–**	**58.00**	**58.00**	–	58.00	58.00
Nickeline Resources Holdings, Inc. (NRHI) [5]	Holding Company	**–**	**58.00**	**58.00**	–	58.00	58.00
TMM Management, Inc. (TMM) [5]	Services	**–**	**40.00**	**40.00**	–	40.00	40.00
Zambales Diversified Metals Corporation (ZDMC) [5]	Mining	**–**	**100.00**	**100.00**	–	100.00	100.00
Zambales Chromite Mining Company Inc. (ZCMC) [5]	Non-operational	**–**	**100.00**	**100.00**	–	100.00	100.00
Fil-Asian Strategic Resources & Properties Corporation (FASRPC) [5]	Non-operational	**–**	**100.00**	**100.00**	–	100.00	100.00
Montague Resources Philippines Corporation (MRPC) [5]	Non-operational	**–**	**100.00**	**100.00**	–	100.00	100.00
Montemina Resources Corporation (MRC) [5]	Non-operational	**–**	**100.00**	**100.00**	–	100.00	100.00
Mt. Lanat Metals Corporation (MLMC) [5]	Non-operational	**–**	**100.00**	**100.00**	–	100.00	100.00
Fil-Euro Asia Nickel Corporation (FEANC) [5]	Non-operational	**–**	**100.00**	**100.00**	–	100.00	100.00
Heraan Holdings, Inc. (HHI) [5]	Holding Company	**–**	**100.00**	**100.00**	–	100.00	100.00
Zambales Nickel Processing Corporation (ZNPC) [5]	Non-operational	**–**	**100.00**	**100.00**	–	100.00	100.00
Zamnorth Holdings Corporation (ZHC) [5]	Holding Company	**–**	**100.00**	**100.00**	–	100.00	100.00
ZDMC Holdings Corporation (ZDMCHC) [5]	Holding Company	**–**	**100.00**	**100.00**	–	100.00	100.00
Manufacturing:							
Semirara Cement Corporation (SemCem)	Non-operational	**100.00**	**–**	**100.00**	100.00	–	100.00
Wire Rope Corporation of the Philippines (Wire Rope)	Manufacturing	**45.68**	**16.02**	**61.70**	45.68	16.02	61.70

*Ongoing liquidation.

[1] DMCI's subsidiaries. Bulakan North was incorporated on October 10, 2019 and has not yet started commercial operations.

[2] PDI's subsidiaries. In 2020, ZMSSI became a wholly-owned subsidiary thru the acquisition of 49% noncontrolling-interests. In addition, on October 1, 2020, PDI entered into a share purchase agreement to acquire 100% of the total outstanding shares of LIDC. The acquisition of LIDC was accounted for as an asset acquisition (see Note 3).

[3] SMPC's subsidiaries. During the year, SMPC entered into a deed of assignment for acquisition of remaining 50% ownership interest in SRPGC. The acquisition of SRPGC was accounted for as an asset acquisition (see Note 3).

[4] DPC's subsidiaries.

[5] DMC's subsidiaries.

[6] Wholly owned subsidiary of SCPC. Incorporated on December 20, 2022.

Change in Corporate Name of Semirara Claystone, Inc.
On April 15, 2022, SEC approved the change in name of Semirara Claystone, Inc. (SCI) to Semirara Materials and Resources, Inc.(SMRI).

Incorporation of Semirara Ports Facilities, Inc.
Semirara Ports Facilities, Inc. (SPFI) was incorporated on December 20, 2022 and is 100% owned by Sem-Calaca Power Corporation, a wholly owned subsidiary of SMPC. The Company is organized primarily to manage, operate and develop the ports in the Philippines.

Noncontrolling Interests
Noncontrolling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

Noncontrolling interests are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

The proportion of ownership interest held by noncontrolling interests on the consolidated subsidiaries are presented below. The voting rights held by the Group in these subsidiaries are in proportion of their ownership interest.

	(In Percentage)
Beta Electromechanical Corporation (Beta Electromechanical)	46.80
Raco Haven Automation Philippines, Inc. (Raco)	49.86
Oriken Dynamix Company, Inc. (Oriken)	11.00
Semirara Mining and Power Corporation (SMPC)	43.35
Sem-Calaca Power Corporation (SCPC)	43.35
Southwest Luzon Power Generation Corporation (SLPGC)	43.35
Sem-Calaca RES Corporation (SCRC)	43.35
SEM-Cal Industrial Park Developers, Inc. (SIPDI)	43.35
Semirara Energy Utilities, Inc. (SEUI)	43.35
Southeast Luzon Power Generation Corporation (SeLPGC)	43.35
Semirara Claystone, Inc. (SCI)	43.35
St. Raphael Power Generation Corporation (SRPGC)	43.35
Sem-Calaca Port Facilities, Inc. (SCPFI)	43.35
Berong Nickel Corporation (BNC)	25.20
Ulugan Resouces Holdings, Inc. (URHI)	70.00
Ulugan Nickel Corporation (UNC)	42.00
Nickeline Resources Holdings, Inc. (NRHI)	42.00
TMM Management, Inc. (TMM)	60.00
Wire Rope Corporation of the Philippines (Wire Rope)	38.30

The voting rights held by the Group in the these subsidiaries are in proportion to their ownership interests, except for URHI and TMM.

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements starting January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these new standards did not have a significant impact on the consolidated financial statements of the Group.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

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

        This amendment has no material impact to the Group.

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

        The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

        This amendment has no material impact to the Group.

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

        The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

        This amendment is not applicable to the Group.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, 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, 2023

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

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

  The Group is currently assessing the impact of adopting these amendments.

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

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

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

  The Group is currently assessing the impact of adopting these amendments.

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

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

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

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023. This amendment has no material impact to the Group.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1*, Classification of Liabilities as Current or Noncurrent*

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or noncurrent.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact of adopting these amendments.

- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

  This amendment has no material impact to the Group.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted. This standard is not applicable to the Group.

Deferred effectivity

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. The Group is currently assessing the impact of adopting these amendments.

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3. **Equity**

Capital Stock

As of September 30, 2023 and December 31, 2022, the Parent Company's capital stock consists of:

Authorized capital stock

	No. of shares
Common stock, ₱1 par value	19,900,000,000
Preferred stock - ₱1 par value	100,000,000

Outstanding capital stock

	No. of shares
Common shares	13,277,470,000
Preferred shares	3,780
Less: treasury shares	2,820
	960

The preferred stock is redeemable, convertible, non-voting, non-participating and cumulative with par value of ₱1.00 per share. The preferred shareholders' right of converting the preferred shares to common shares expired in March 2002.

On October 1, 2018, the Board authorized the Parent Company to make an offer (the "Redemption Offer") to the outstanding preferred shareholders for the Parent Company to acquire the remaining outstanding 3,780 preferred shares at the purchase price of ₱2,500 per preferred share from October 8 to November 29, 2018. The Redemption Offer is intended to provide the preferred shareholders a final chance to divest of their preferred shares in view of their previous inability to avail of the Exchange Offer in 2002. On November 29, 2018, the Parent Company has redeemed a total of 2,820 preferred shares for a total cost of ₱7.07 million.

On May 21, 2019, the Stockholders approved the amendment of Articles of Incorporation to increase the Par Value of Preferred Shares from ₱1.00 to ₱1,000 per Preferred Share.

Retained Earnings

On March 29, 2023, the BOD approved the declaration of (1) *regular cash dividends* in the amount of ₱0.61 per common share or a total of ₱8,099.27 million; and (2) *special cash dividends* of ₱0.11 per common share or a total of ₱1,460.52 million, or a grand total of ₱9,559.78 million out of the unrestricted retained earnings of the Parent Company as of March 28, 2023, in favor of the common stockholders of record as of April 17, 2023, and was paid on April 28, 2023.

On October 18, 2022, the BOD approved the declaration of *special cash dividends* in the amount of ₱0.72 per common share or a total of ₱9,559.77 million out of the unrestricted retained earnings of the Parent Company as of October 17, 2022, in favor of the common stockholders of record as of November 2, 2022, and was paid on November 16, 2022

On April 1, 2022, the BOD approved the declaration of (1) *regular cash dividends* in the amount of ₱0.34 per common share or a total of ₱4,514.34 million; and (2) *special cash dividends* of ₱0.14 per common share or a total of ₱1,858.85 million, or a grand total of ₱6,373.19 million out of the unrestricted retained earnings of the Parent Company as of March 31, 2022, in favor of the common stockholders of record as of April 19, 2022, and was paid on April 29, 2022

Capital Management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. There were no changes made in the Group's capital management objectives, policies or processes. The Group considers total equity attributable to equity holders of the Parent Company less net accumulated unrealized gain or loss on equity investments designated at FVOCI as capital.

The Group is not subject to any externally imposed capital requirements.

4. Business Segments

The following tables present the net income of the specific business segments for the period ended September 30, 2023 and 2022:

Segment Revenues

	For the period		Variance	
(in PHP Millions)	**September 2023**	September 2022	Amount	%
Semirara Mining and Power Corporation	**₱56,200**	₱73,168	(₱16,967)	-23%
DMCI Homes	**15,189**	17,818	(2,629)	-15%
D.M. Consunji, Inc.	**12,568**	14,674	(2,106)	-14%
DMCI Power (SPUG)	**5,642**	5,489	153	3%
DMCI Mining	**2,552**	2,877	(325)	-11%
Parent and others	**244**	275	(31)	-11%
	₱92,395	₱114,301	(₱21,906)	-19%

Net income after non-controlling interests

(in PHP Millions)	For the period **September 2023**	September 2022	Variance Amount	%
Semirara Mining and Power Corporation	**₱12,804**	₱20,380	(₱7,576)	-37%
DMCI Homes	**3,857**	3,853	4	0%
Maynilad	**1,678**	1,108	570	51%
DMCI Power (SPUG)	**632**	549	83	15%
DMCI Mining	**569**	1,087	(518)	-48%
D.M. Consunji, Inc.	**459**	676	(217)	-32%
Parent and others	**47**	(27)	74	274%
Core net income	**20,046**	27,626	(7,580)	-27%
Non-recurring items	**(27)**	2	(29)	-1450%
	₱20,019	₱27,628	(₱7,609)	-28%

5. **Operating Expenses**

The following tables present the consolidated operating expenses for the period ended September 30, 2023 and 2022:

	2023	2022
Government share	**₱7,360,002**	₱13,688,925
Salaries, wages and employee benefits	**1,688,977**	1,701,870
Taxes and licenses	**1,290,374**	1,156,287
Outside services	**949,473**	376,159
Repairs and maintenance	**845,219**	751,611
Insurance	**373,616**	294,828
Advertising and marketing	**305,627**	189,982
Depreciation, depletion and amortization	**176,968**	158,756
Supplies	**162,365**	193,619
Association dues	**112,135**	170,471
Transportation and travel	**110,101**	94,576
Entertainment, amusement and recreation	**106,900**	95,599
Communication, light and water	**73,953**	82,692
Rent	**39,923**	37,943
Miscellaneous expense	**244,273**	311,224
	₱13,839,906	₱19,304,542

6. **Summarized Financial Information of Interests in Related Entities**

Financial information as of and for the period ended September 30, 2023 and December 31, 2022 on the Group's subsidiary with material non-controlling interest (NCI) follows:

Semirara Mining and Power Corporation and Subsidiaries (SMPC)

(in millions)	**September 30, 2023**	December 31, 2022
Statements of Financial Position		
Current assets	**₱51,516**	₱44,900
Noncurrent assets	**40,076**	42,203
Current liabilities	**15,210**	15,449
Noncurrent liabilities	**4,390**	7,402
Equity	**71,992**	64,252

(in millions)	**September 30, 2023**	September 30, 2022
Statements of Comprehensive Income		
Revenue	**₱56,200**	₱73,168
Net income	**22,615**	35,955
Other comprehensive income	**–**	–
Total comprehensive income	**22,615**	35,955

Financial information as of and for the period ended September 30, 2023 and December 31, 2022 on the Group's material interest in associate follows:

Maynilad Water Holdings Company, Inc. and Subsidiaries

(in millions)	**September 30, 2023**	December 31, 2022
Statements of Financial Position		
Current assets	**₱12,056**	₱16,158
Noncurrent assets	**149,992**	136,735
Current liabilities	**26,303**	27,467
Noncurrent liabilities	**61,953**	54,472
Equity	**73,791**	70,954

(in millions)	**September 30, 2023**	September 30 2022
Statements of Comprehensive Income		
Revenue	**₱20,269**	₱17,128
Net income	**6,542**	4,225
Other comprehensive income	**–**	–
Total comprehensive income	**6,542**	4,225

Investment in Maynilad Water Holdings Company, Inc. (MWHCI) is accounted for using the equity method. Equity in net earnings in the nine-month ended September 30 amounted to ₱1,651.64 million in 2023 and ₱1,066.58 million in 2022.

Financial information as of and for the period ended September 30, 2023 and December 31, 2022 on the Group's immaterial interest in associate and joint ventures follows:

Subic Water

On January 22, 1997, PDI subscribed to 3.26 million shares at the par value of ₱10 per share for an aggregate value of ₱32.62 million in Subic Water, a joint venture company among Subic Bay Metropolitan Authority (SBMA), a government-owned corporation, Olongapo City Water District, and Cascal Services Limited (a company organized under the laws of England).

The Group owns a total of 30% of Subic Water's outstanding capital stock after the sale of 10% share to the City of Olongapo on March 23, 2016.

The investment in Subic Water is accounted for as an investment in an associate using the equity method. The carrying amount of the investment in associate amounted to ₱290.02 million and ₱276.02 million as of September 30, 2023 and December 31, 2022, respectively. The unaudited share in net earnings amounted to ₱14.00 million and ₱24.25 million for the period ended September 30, 2023 and 2022, respectively.

RLC DMCI Property Ventures Inc (RDPVI).

In March 2019, the RLC DMCI Property Ventures Inc., a joint venture agreement with Robinsons Land Corporation, was incorporated to purchase, acquire and develop into a residential condominium project a portion of the parcels of land situated in Las Pinas City with an area of fourteen thousand four hundred ninety-two (14,492) square meters or less. Initial capitalization to the joint venture from DMCI PDI amounted to ₱500 million.

The carrying amount of the investment amounted to ₱538.77 million and ₱499.27 million as of September 30, 2023 and December 31, 2022, respectively.

DMC Estate Development Ventures, Inc. (DMC EDVI)

In June 2021, the Group and DMC Urban Property Developers Inc. (UPDI) entered into a joint venture agreement to purchase, acquire and develop parcels of land into condominium project for residential and commercial uses. Each party holds a 50% ownership interest in the joint venture. Initial capitalization to the joint venture from DMCI PDI amounted to ₱500 million.

The carrying amount of the investment amounted to ₱430.80 million and ₱492.38 million as of September 30, 2023 and December 31, 2022, respectively

7. Earnings Per Share

The following table presents information necessary to calculate basic and diluted earnings per share on net income attributable to equity holders of the Parent Company (in thousands except basic earnings per share):

Basic/diluted earnings per share

	For the period (2023)	For the period (2022)	**For 3rd Quarter (2023)**	For 3rd Quarter (2022)
Net income attributable to equity holders of Parent Company	**₱20,018,598**	₱27,628,808	**₱4,084,857**	₱7,338,260
Divided by weighted average number of common shares	**13,277,470**	13,277,470	**13,277,470**	13,277,470
Basic and diluted earnings per share	**₱1.51**	₱2.08	**₱0.31**	₱0.55

8. Related Party Transactions

Related parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making the financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Transactions entered into by the Group with related parties are at arm’s length and have terms similar to the transactions entered into with third parties. In the regular course of business, the Group’s significant transactions with related parties include the following:

a. Engineering and construction works of the water business is contracted to the construction segment of the Group. These projects are bid out to various contractors and are awarded on arm’s length transactions. Booked revenues from these contracts amounted to ₱946.14 million and ₱913.14 million for the period ended September 30, 2023 and 2022, respectively.

b. An affiliate had transactions with the Group for services rendered relating to the Group's coal operations. These include services for the confirmatory drilling for coal reserve and evaluation of identified potential areas, exploratory drilling of other minerals within the Island, dewatering well drilling along the mine and fresh water well drilling for industrial and domestic supply under an agreement.

   The affiliate also provides to the group marine vessels for use in the delivery of coal to its various customers. The coal freight billing is on a per metric ton basis plus demurrage charges when delay will be incurred in the loading and unloading of coal cargoes.

c. An affiliate of the Group transports visitors and employees from point to point in relation to the Group's ordinary course of business and vice versa and bills the related party for the utilization costs of the aircrafts.

9. **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments comprise interest-bearing loans and borrowings. The main purpose of these financial instruments is to raise financing for its operations and capital expenditures. The Group has various other financial assets and liabilities, such as receivables and payables which arise directly from its operations.

The main risks arising from the use of financial instruments are liquidity risk, market risk and credit risk. The Group's BOD reviews and approves policies for managing each of these risks and they are summarized below.

a. *Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations.

A significant part of the Group's financial assets that are held to meet the cash outflows include cash equivalents and accounts receivables. Although accounts receivables are contractually collectible on a short-term basis, the Group expects continuous cash inflows. In addition, although the Group's short-term deposits are collectible at a short notice, the deposit base is stable over the long term as deposit rollovers and new deposits can offset cash outflows.

Moreover, the Group considers the following as mitigating factors for liquidity risk:

- It has available lines of credit that it can access to answer anticipated shortfall in sales and collection of receivables resulting from timing differences in programmed inflows and outflows.
- It has very diverse funding sources.
- It has internal control processes and contingency plans for managing liquidity risk. Cash flow reports and forecasts are reviewed on a weekly basis in order to quickly address liquidity concerns. Outstanding trade receivables are closely monitored to avoid past due collectibles.
- The Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and capital market issues both on-shore and off-shore which is included in the Group's corporate planning for liquidity management.

b. *Market Risk*

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in equity prices, market prices, interest rates and foreign currency exchange rates.

The sensitivity analyses have been prepared on the following bases:

- Equity price risk - movements in equity indices
- Market price risk - movements in one-year historical coal and nickel prices
- Interest rate risk - market interest rate on unsecured bank loans
- Foreign currency risk - yearly movement in the foreign exchange rates

The assumption used in calculating the sensitivity analyses of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at September 30, 2023 and December 31, 2022.

Equity Price Risk
The Group's equity price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, equity securities classified as Equity investment designated at FVOCI.

Quoted securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. The Group's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; and limits on investment in each industry or sector.

Commodity Price Risk
Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Coal
The price that the Group can charge for its coal is directly and indirectly related to the price of coal in the world coal market. In addition, as the Group is not subject to domestic competition in the Philippines, the pricing of all of its coal sales is linked to the price of imported coal. World thermal coal prices are affected by numerous factors outside the Group's control, including the demand from customers which is influenced by their overall performance and demand for electricity. Prices are also affected by changes in the world supply of coal and may be affected by the price of alternative fuel supplies, availability of shipping vessels as well as shipping costs.

As the coal price is reset on a periodic basis under coal supply agreements, this may increase its exposure to short-term coal price volatility.

There can be no assurance that world coal prices will be sustained or that domestic and international competitors will not seek to replace the Group in its relationship with its key customers by offering higher quality, better prices or larger guaranteed supply volumes, any of which would have a materially adverse effect on the Group's profits.

To mitigate this risk, the Group continues to improve the quality of its coal and diversify its market from power industry, cement industry, other local industries and export market. This will allow flexibility in the distribution of coal to its target customers in such manner that minimum target average price of its coal sales across all its customers will still be achieved. Also, in order to mitigate any negative impact resulting from price changes, it is the Group's policy to set minimum contracted volume for customers with long term supply contracts for each given period (within the duration of the contract) and pricing is negotiated on a monthly basis to even out the impact of any fluctuation in coal prices, thus, protecting its target margin. The excess volumes are allocated to spot sales which may command different price than those contracted already since the latter shall follow pricing formula per contract.

Nevertheless, on certain cases temporary adjustments on coal prices with reference to customers following a certain pricing formula are requested in order to recover at least the cost of coal if the resulting price is abnormally low vis-à-vis cost of production (i.e., abnormal rise in cost of fuel, foreign exchange).

Below are the details of the Group's coal sales to the domestic market and to the export market (as a percentage of total coal sales volume):

	September 30, 2023	December 31, 2022
Domestic market	**41.00%**	41.76%
Export market	**59.00%**	58.24%

The following table shows the effect on income before income tax should the change in the prices of coal occur based on the inventory of the Group as of September 30, 2023 and December 31, 2022 with all other variables held constant. The change in coal prices used in the simulation assumes fluctuation from the lowest and highest price based on one-year historical price movements in 2023 and 2022.

	Effect on income before income tax	
Change in coal price (in thousands)	**September 30, 2023**	December 31, 2022
Based on ending coal inventory		
Increase by 83% in 2023 and 19% in 2022	**₱1,990,489,**	₱1,088,407
Decrease by 83% in 2023 and 19% in 2022	**(1,990,489)**	(1,088,407)
Based on coal sales volume		
Increase by 20% in 2023 and 18% in 2022	**7,944,877**	9,880,538
Decrease by 20% in 2023 and 18% in 2022	**(7,944,877)**	(9,880,538)

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

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

	Effect on income before income tax	
Basis points (in thousands)	**September 30, 2023**	December 31, 2022
+100	**(₱451,546)**	₱227,669
-100	**451,546**	(227,669)

The sensitivity analyses shown above are based on the assumption that the interest movements will be more likely be limited to hundred basis points upward or downward fluctuation in both 2023 and 2022. The forecasted movements in percentages of interest rates used were derived based on the Group's historical changes in the market interest rates on unsecured bank loans.

There was no effect on the equity other than those affecting the income before tax.

Foreign Currency Risk
Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group does not have any foreign currency hedging arrangements.

Information on the Group's foreign currency-denominated monetary assets and liabilities and their Philippine peso equivalents follows (amounts in thousands):

	September 30, 2023				
	U.S. Dollar	**Japanese Yen**	**UK Pounds**	**Euro**	**Equivalent in PHP**
Financial assets					
Cash and cash equivalents	**$179,945**	**¥412,902**	**£7**	**€862**	**₱10,456,970**
Receivables	**723**	**–**	**–**	**–**	**41,198**
	180,668	**412,902**	**7**	**862**	**10,498,168**
Financial liabilities					
Accounts payable and accrued expenses	**5,056**	**–**	**–**	**–**	**288,007**
	$175,612	**¥412,902**	**£7**	**€862**	**₱10,210,161**

The following tables demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) as of September 30, 2023 (amounts in thousands):

	Exchange rate movement	**Effect on profit before tax**
In Peso per US Dollar		
Increase	**2.00%**	**₱198,516**
Decrease	**(2.00%)**	**(198,516)**
In Peso per Japanese Yen		
Increase	**1.60%**	**2,502**
Decrease	**(1.60%)**	**(2,502)**
In Peso per UK Pound		
Increase	**1.09%**	**6**
Decrease	**(1.09%)**	**(6)**
In Peso per Euro		
Increase	**0.44%**	**229**
Decrease	**(0.44%)**	**(229)**

There is no impact on the Group's equity other than those already affecting profit or loss. The movement in sensitivity analysis is derived from current observations on movement in dollar average exchange rates.

c. *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's maximum exposure to credit risk for the components of the statement of financial position at September 30, 2023 and December 31, 2022 is the carrying amounts except for real estate receivables. The Group's exposure to credit risk arises from default of the counterparties which include certain financial institutions, real estate buyers, subcontractors, suppliers and various electric companies. Credit risk management involves dealing only with recognized, creditworthy third parties. It is the Group's policy that all counterparties who wish to trade on credit terms are subject to credit verification procedures. The Treasury Department's policy sets a credit limit for each counterparty. In addition, receivable balances are monitored on an ongoing basis.

The Group's financial assets are not subject to collateral and other credit enhancement except for real estate receivables. As of September 30, 2023 and December 31, 2022, receivables that are doubtful of collection had been provided with allowance.

Real estate contracts

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (using incurred loss model prior to adoption of PFRS 9). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another CTS to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default (i.e., recovery rate is more than 100%). The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Electricity sales

The Group earns substantially all of its revenue from bilateral contracts, WESM and from various electric companies. WESM and the various electric companies are committed to pay for the energy generated by the power plant facilities.

Under the current regulatory regime, the generation rate charged by the Group to WESM is determined in accordance with the WESM Price Determination Methodology (PDM) approved by the ERC and are complete pass-through charges to WESM. PDM is intended to provide the specific computational formula that will enable the market participants to verify the correctness of the charges being imposed. Likewise, the generation rate charged by the Group to various electric companies is not subject to regulations and are complete pass-through charges to various electric companies.

Mining
The Group evaluates the financial condition of the local customers before deliveries are made to them. On the other hand, export sales are covered by sight letters of credit issued by foreign banks subject to the Group's approval, hence, mitigating the risk on collection.

The Group generally offers 80% of coal delivered payable within thirty (30) days upon receipt of billing and the remaining 20% payable within 15 days after receipt of final billing based on final analysis of coal delivered.

Construction contracts
The credit risk for construction receivables is mitigated by the fact that the Group can resort to carry out its contractor's lien over the project with varying degrees of effectiveness depending on the jurisprudence applicable on location of the project. A contractor's lien is the legal right of the Group to takeover the projects-in-progress and have priority in the settlement of contractor's receivables and claims on the projects-in-progress and have priority in the settlement of contractor's receivables and claims on the projects in progress is usually higher than receivables from and future commitments with the project owners. Trade and retention receivables from project owners are normally high standard because of the creditworthiness of project owners and collection remedy of contractor's lien accorded contractor in certain cases.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

Generally, trade receivables are writtenoff when deemed unrecoverable and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

With respect to the credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group transacts only with institutions or banks that have proven track record in financial soundness.

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

Cash and Cash Equivalents
Cash and cash equivalents are short-term placements and working cash fund placed, invested or deposited in foreign and local banks belonging to top 10 banks in the Philippines in terms of resources and profitability. These financial assets are classified as Grade A due to the counterparties' low probability of insolvency.

Equity investment designated at FVOCI
The Group's Equity investment designated at FVOCI are classified as Grade B because these assets are susceptible to untoward consequences due to the current financial positions of counterparties.

Receivables
Included under Grade A are accounts considered to be of high value and are covered with coal supply, power supply, and construction contracts. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Grade B accounts are active accounts with minimal to regular instances of payment default, due to collection issues or due to government actions or regulations. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly. The Group determines financial assets as impaired when probability of recoverability is remote and in consideration of lapse in period which the asset is expected to be recovered.

For real estate receivables, and other receivables, Grade A are classified as financial assets with high credit worthiness and probability of default is minimal. While receivables under Grade B and C have favorable and acceptable risk attributes, respectively, with average credit worthiness.

Receivable from related parties are considered Grade A due to the Group's positive collection experience.

Impairment analysis (using incurred loss model prior to adoption of PFRS 9) is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of customer segments with similar loss patterns (i.e., by geographical region, payment scheme, type of customers, etc.). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Security and Refundable Deposits
Security and refundable deposits are classified as Grade A since these are to be refunded by the lessor and utility companies at the end of lease term and holding period, respectively, as stipulated in the agreements.

As of September 30, 2023, the aging analysis of the Group's receivables presented per class follows:

	September 30, 2023							
	Neither past nor impaired	Past due but not impaired					Impaired assets	Total
		<30 days	30-60 days	61-90 days	91-120 days	>120 days		
Receivables								
Trade								
Real estate	**₱3,213,931**	**₱156,646**	**₱509,570**	**₱54,655**	**₱189,637**	**₱608,106**	**₱26,185**	**₱4,758,730**
General construction	**2,539,557**	**245,074**	**161,053**	**193,892**	**3,109**	**184,330**	**31,595**	**3,358,610**
Electricity sales	**3,895,081**	**470,223**	**60,574**	**240,025**	**653,739**	**514,315**	**1,572,615**	**7,406,572**
Coal mining	**1,772,081**	**197,431**	**1,552**	**–**	**72,216**	**–**	**36,113**	**2,079,393**
Nickel mining	**11,680**	**–**	**–**	**–**	**–**	**–**	**–**	**11,680**
Merchandising and others	**30,113**	**–**	**14,289**	**8,802**	**1,647**	**21,545**	**9,072**	**85,468**
Receivables from related parties	**2,035,138**	**–**	**–**	**–**	**–**	**–**	**–**	**2,035,138**
Other receivables	**1,015,364**	**72,563**	**2,177**	**32,673**	**15,155**	**413,480**	**117,849**	**1,669,261**
	₱14,512,945	**₱1,141,937**	**₱749,215**	**₱530,047**	**₱935,503**	**₱1,741,776**	**₱1,793,429**	**₱21,404,852**

Financial assets
The fair values of cash and cash equivalents and receivables (except installment contract receivables) approximate their carrying amounts as of reporting dates due to the short-term nature of the transactions.

The fair values of installment contracts receivables are based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables.

Refundable deposits are carried at cost since these are mostly deposits to a utility company as a consequence of its subscription to the electricity services of the said utility company needed for the Group's residential units.

Financial assets
In the absence of a reliable basis of determining fair values due to the unpredictable nature of future cash flows and the lack of suitable methods in arriving at a reliable fair value, security deposits other than those pertaining to operating leases and unquoted equity investment designated at FVOCI are carried at cost less impairment allowance, if any.

Financial liabilities
The fair values of accounts and other payables and accrued expenses and payables to related parties approximate their carrying amounts as of reporting dates due to the short-term nature of the transactions.

Estimated fair value of long-term fixed rate loans and liabilities for purchased land are based on the discounted value of future cash flows using the applicable rates for similar types of loans with maturities consistent with those remaining for the liability being valued. For floating rate loans, the carrying value approximates the fair value because of recent and regular repricing (quarterly) based on market conditions.

Fair values of receivables, long-term debt, liabilities for purchased land and investment properties are based on level 3 inputs while that of quoted Equity investment designated at FVOCI and financial assets at FVTPL are from level 1 inputs.

There has been no reclassification from Level 1 to Level 2 or 3 category as of September 30, 2023 and December 31, 2022.