

COVER SHEET

A S O 9 5 0 0 2 2 8 3
SEC Registration Number

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

(Company's Full Name)

3 R D F L R . D A C O N B L D G .

2 2 8 1 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
Contact Person

(632) 8888-3000
Company Telephone Number

1 2 3 1
Month Day

SEC Form 17-A
FORM TYPE

0 5 2 1
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 No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended December 31, 2023
2. SEC Identification Number ASO95-002283 3. BIR Tax Identification No. 004-703-376
4. Exact name of issuer as specified in its charter DMCI Holdings, Inc.
5. Philippines
Province, Country or other jurisdiction
of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 3rd Floor, Dacon Building, 2281 Chino Roces Avenue, Makati City 1231
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

<u>Title of Each Class</u>	<u>No. of Shares Outstanding</u>	<u>Amount</u>
Common Shares	13,277,470,000	Php13,277,470,000.00
Preferred Shares	960	960.00
TOTAL	13,277,470,960	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:

12. Check whether the issuer:

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

Yes [X]

No []

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

Yes [X]

No []

13. **Php33,654,013,879.50**

The aggregate market value of the voting stock held by non-affiliates of the registrant

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Not applicable

Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Audited Financial Statements as of December 31, 2023 (Part II C)

(b) Exhibits and Schedules (Part V)

DMCI HOLDINGS, INC.
ANNUAL REPORT ENDING DECEMBER 31, 2022

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ATTACHMENTS

A. STATEMENT OF MANAGEMENT'S RESPONSIBILITY

B. CONSOLIDATED AUDITED FINANCIAL STATEMENTS

- a. Independent Auditors' Report
- b. Consolidated Statements of Financial Position
- c. Consolidated Statements of Income
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C. INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

- a. Schedules required by Annex 68-J
- b. Reconciliation of Retained Earnings Available for Dividend Declaration (Annex 68-D)
- c. Statement of Financial Soundness Indicators (Annex 68-E)
- d. Map of the relationships of the companies within the group

D. SPECIAL FORM FOR FINANCIAL STATEMENTS

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS DESCRIPTION

DMCI Holdings, Inc. (the “Company”) was incorporated on March 8, 1995 as a holding company to extract greater value from the engineering expertise and construction resources of D.M. Consunji, Inc., the pioneering contractor behind some of the biggest and most complex infrastructures in the Philippines. It was listed on the Philippine Stock Exchange on December 18, 1995.

In only a few years after incorporation, the Company has expanded its business organization to include five major subsidiaries, namely: **D.M. Consunji, Inc.**, **DMCI Project Developers, Inc.**, **Semirara Mining and Power Corporation**, **DMCI Power Corporation** and **DMCI Mining Corporation**. In addition, the Company has an indirect ownership in Maynilad Water Services, Inc. through a 27 percent stake in **Maynilad Water Holding Company, Inc.**, which owns 93 percent of the water concessionaire.

D. M. Consunji, Inc. (DMCI), a wholly owned subsidiary, is engaged in general construction services. It is also engaged in various construction component businesses such as the production and trading of concrete products and electrical and foundation works. Incorporated and founded in 1954, DMCI is currently one of the leading engineering and construction firms in the country. It operates in four key construction segments: building, energy, infrastructure, and utilities. Over the years, its pioneering methodologies and expertise have allowed it to complete high-rise buildings, toll roads, bridges, power plants and water facilities of varying scale and complexity. DMCI is at the forefront of building important and technically challenging structures that will improve lives, sustain communities and enable growth in the Philippines.

DMCI Project Developers, Inc. (PDI), a wholly owned subsidiary incorporated in 1995 initially as a housing division under DMCI. Subsequently in 1999, DMCI Homes was spun off to address the surge in demand for urban homes. Since then, the Company has made high-quality living available to average Filipino families through its innovative designs, proprietary technologies and cost-efficient methodologies. Its core products include residential condominium units with resort-inspired amenities in mid-rise and high-rise developments in Metro Manila and other key areas in Luzon, as well as in Cebu and Davao City.

Semirara Mining and Power Corporation (SMPC), was established in 1980 and is engaged in the exploration, mining, development and sales of coal resources on Semirara Island in Caluya, Antique. It is the largest coal producer in the country. In 1997, the Company purchased 40% interest in SMPC. Currently, SMPC is 56.65% owned by the Company. SMPC has two wholly owned operating subsidiaries, Sem-Calaca Power Corporation (2x300 MW) and Southwest Luzon Power Generation Corporation (2x150 MW). The two companies provide baseload power through bilateral contracts with distribution utilities. Excess generation is sold to the Wholesale Electricity Spot Market (WESM).

DMCI Power Corporation (DPC) is a wholly-owned subsidiary of the Company incorporated in 2006 and is engaged in the business of a generation company which designs, constructs, invest in, and operate power plants. DPC provides off-grid power to missionary areas through long-term power supply agreements with local electric cooperatives. It currently operates and maintains thermal power plant, bunker-fired power plants and diesel generating sets in parts of Masbate, Oriental Mindoro and Palawan.

DMCI Mining Corporation (DMC) incorporated in 2007 to engage in ore and mineral mining and exploration. It has two nickel mining assets, namely Berong Nickel Corp (BNC) and Zambales Diversified Metals Corp (ZDMC). The former is located in Berong, Long Point, Moorsom and Ulugan, all in the province of Palawan, while the latter is located in Acoje, Zambales. Both mining companies use open pit technique to extract nickel, chromite and iron laterite.

Maynilad Water Holding Company, Inc. (Maynilad) (*formerly DMCI-MPIC Water Co.*) is a consortium with Metro Pacific Investments Corporation and Marubeni Philippines Corp. which owns 93% equity at Maynilad Water Services, Inc. (MWSI). The Company's economic interest in MWSI decreased to 25% from 41%, after Marubeni acquired 20% of economic interest in Maynilad in February 2013.

The lists of subsidiaries, associates and joint venture as well as the information of each operating segment of the Company are contained in the attached Consolidated Financial Statements as of December 31, 2023.

Any bankruptcy, receivership or similar proceeding

There has been no other business development such as bankruptcy, receivership or similar proceeding that affected the registrant for the past three years.

Material reclassification, merger, consolidation, or purchase or sale of a significant amount of asset not in the ordinary course of business

There has been no material reclassification, merger, consolidation or purchase or sale of a significant amount of asset that is not in the ordinary course of business for the past three years.

Business of Issuer

Principal products or services and their markets

The Company is a publicly-listed firm with subsidiaries or affiliates engaged in construction, real estate, coal mining, nickel mining, power generation, and water distribution businesses. Its revenues and net income are being generated and consolidated from its subsidiaries.

Percentage of sales or revenues and net income contributed by foreign sales

Except for coal and nickel segments, revenues of the Group were primarily derived from sales within the Philippines. Excluding sales from its own power plant, export sales from coal segment accounted

for 73%, 75% and 79% of coal sales in 2021, 2020 and 2019, respectively. For nickel segment, 100% are export sales.

Distribution methods of the products or services

This is not applicable to the Parent Company being a holding company. For the operating companies, the following are the distribution methods of products and services: DMCI pursue construction projects both from government and private investors. DMCI closely works with the project owners, concerned government agencies, qualified subcontractors and service providers in delivering quality service. Meanwhile, PDI has its own in-house sales team and external brokers in marketing its residential products to its customers. Marketing policy of SMPC is to sell directly to ultimate consumers for local sales on FOB basis. Export sales are distributed through coal traders, also on FOB basis. For nickel mining, DMC sells directly to the customers. All nickel sales are on FOB basis. The Company's power segments have power supply agreements to private distribution utilities, various cooperatives and other customers. Meanwhile, Water is distributed through Maynilad's network of pipelines, pumping stations and mini-boosters.

Status of any publicly-announced new product or service

There has been no new product or services aside from the existing products or services offered by the operating subsidiaries of the Company.

Competition

Among the publicly listed companies, DMCI Holdings, Inc. is the only holding company which has construction for its primary investment. Its construction business is primarily conducted by wholly-owned subsidiary, D.M. Consunji, Inc. (DMCI), which has, for its competitors, numerous construction contracting companies, both local and foreign, currently operating in the country. It has been an acknowledged trend that the state of construction industry depends mainly on prevailing economic conditions. Thus, the currently strong economic growth explains the continued expansion in the construction industry. To optimize its resources and profitability, DMCI has been focusing on selected markets where construction demand has remained relatively strong, particularly, in more complex building structures and civil works. The Company's coal mining is the largest coal producer in the country. Competition is coming from imported coal. The real estate business, PDI, is well-positioned to capture the end-user market with much lower price for the same market with that of its competitor.

Sources and availability of raw materials and the names of principal suppliers

Not applicable to DMCI Holdings, Inc. For DMCI and PDI, it has its own pool of equipment and construction materials supplies. Meanwhile, SMPC and DMC sources its ore from its mining properties under appropriate rights granted by law or the Government of the Philippines.

Dependence on single customer or a few customers

DMCI Holdings has successfully diversified into various business segments and market base. Total revenue consists of the following: coal (33%), real estate (22%), construction (21%), on-grid power (16%), off-grid power (4%) and nickel (4%). The subsidiaries have various customers in terms of

location, profile and target market such that the loss of a few customers would not have a material adverse effect on DMCI Holdings and its subsidiaries taken as a whole.

Transactions with and/or dependence on related parties

All transactions with related companies are done on market terms and arm's length basis. See Note 19 (Related Party Disclosures) of the Notes to the Consolidated Financial Statements.

Patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements held

Not applicable to DMCI Holdings, Inc. For DMCI, it is and remains a quadruple-A ("AAAA") licensed contractor, given by the Philippine Construction Accreditation Board (PCAB), in consideration of certain minimum requirements such as: (1) financial capacity; (2) equipment capacity; (3) experience of firm; and (4) experience of technical personnel. The Quadruple A license is currently the highest given to firms that satisfy the institution's requirements and allows the AAAA builder-developer to qualify to be invited to foreign bids. PDI is also recognized as a Quadruple A contractor by PCAB on January 2017. It is the first real estate firm to be recognized as such. Meanwhile, SMPC has existing royalty agreements with the Department of Energy (DOE) and land claimants. SMPC is in full compliance with its existing royalty agreements as of December 31, 2021.

Need for any government approval of principal products or services

Not applicable to DMCI Holdings, Inc. The operating subsidiaries and affiliate comply with all existing and applicable requirements to secure government approvals on its products/services.

Effect of existing or probable governmental regulations to the business

Not applicable to DMCI Holdings, Inc. but only to its operating subsidiaries and affiliate. The operating subsidiaries and affiliate comply with all existing and applicable government regulations and secure all government approvals for its registered activities. For DMCI and PDI, it is required under Philippine laws to secure construction permits and environmental clearances from appropriate government agencies prior to actually undertaking each project. Meanwhile, SMPC and DMC are required under Philippine laws to secure mining and exploration permits, as well as environmental clearances from appropriate government agencies for its continuing operations. The power businesses under SMPC and DPC, on the other hand, is required to comply with the provisions of the Electric Power Industry Reform Act (EPIRA) that was passed in June 2001. For Maynilad, any tariff rate adjustments require the approval of the Metropolitan Waterworks and Sewerage System (MWSS) and regulatory office.

Estimate of amount spent for research and development activities

Research and development activities of DMCI Holdings, Inc. and its subsidiaries are done on a per project basis. DMCI Holdings, Inc. and its subsidiaries do not allocate fixed percentages or specific amounts as the costs of research and development varies depending on the nature of the project.

Costs and effects of compliance with environmental laws

Not directly applicable to DMCI Holdings, Inc., but only to its operating subsidiaries. Costs vary depending on the size and nature of a construction project for the construction and real estate

businesses. SMPC and DMC must comply with the environmental standards in accordance to their respective Environmental Compliance Certificate (ECC). Meanwhile, the power businesses are required to be compliant with certain environmental laws such as the Clean Air Act (RA 9275). For Maynilad, wastewater facilities are required to be maintained in compliance with environmental standards set primarily by the Department of Environment and Natural Resources (DENR) regarding effluent quality. DMCI Holdings, Inc. and its subsidiaries has made continuous efforts to meet and exceed all statutory and regulatory standards.

Total Number of Employees

The total number of full-time employees of the Company is twelve (12) who are neither unionized nor covered by special incentive arrangements.

Major Risks

Risk management is entrenched in the decision-making process of the Company and its subsidiaries. We continually monitor and assess our risk areas and develop strategies and action plans to better manage them.

The Company identified three key risk management areas.

1. Key people movement

With a number of senior executives set to retire from key positions in the next few years, developing a clear succession plan and roadmap is key to sustaining the operations and growth of the organization.

The Company is now developing a pool of potential successors, from which future leaders and senior managers will be drawn.

Mentoring and talent development is also being intensified to prepare the next batch of professionals to assume greater responsibilities in the organization.

2. Portfolio management

Financial stability of the holding company

Our primary responsibility is to deliver value to our shareholders by ensuring the financial stability of the Company. We continue to maintain a strong balance sheet that will provide support for growth and cushion for economic uncertainties.

Our cash flows are dependent on the ability of our subsidiaries and affiliate to pay dividends. These are used to pay dividends to our shareholders and to fund new investments.

The senior management of the holding company participates in the strategic planning process of the subsidiaries and affiliates to align their strategic goals and actions with the holding company, to unlock synergies within the Group and to ensure that their capital allocation decisions will allow the holding company to deliver on its dividend commitment.

Entering into new or allied investments

We recognize that identifying and pursuing strategic business opportunities as they arise is critical for the creation of long-term value for the holding company.

A gating process is established wherein all new business opportunities are evaluated based on highly selective criteria identified by the Board and senior management. This is conducted to minimize the time and resources of evaluating potential investments that may not be pursued eventually.

In making investment decisions, Management considers investments in industries that will leverage the Company's engineering and management expertise and construction resources, along with the risk adjusted returns of the potential investments and specific measures to manage these identified risks.

Upon the Board's decision to pursue the investment, a technical working group is established to perform due diligence covering the financial, operational, regulatory and risk management of the investment. Once the holding company has invested, a post implementation review is performed to evaluate if project objectives are met and to identify improvements for mitigating future risks.

3. Regulatory and compliance risk

The Group operates in highly regulated, contract-based industries. Compliance with applicable laws, regulations, contractual obligations and stakeholder covenants is key to sustaining its businesses.

To manage our compliance risks, we have dedicated compliance and regulatory teams in our operating subsidiaries that coordinate with the different business units to ensure conformity to applicable laws and regulations and ISO standards. They also monitor emerging laws and regulations affecting the industries.

ITEM 2. PROPERTIES

The Company and its subsidiaries own and lease several tracts of land for operations and for administrative/office use. The leases are renewable under such terms and conditions that are agreed upon by the contracting parties. Rental rates are based on prevailing market rental rates for the said properties. Please refer to Note 31 of the accompanying Notes to the Consolidated Financial Statements for further details on lease agreements.

The Company and its subsidiaries also invested in equipment used especially in its construction, real estate, mining and power businesses.

All properties and equipment are free of any liens and encumbrances except for some equipment used as collateral for existing loans of the subsidiaries for which they are in full compliant with (see

Notes 11, 13 and 17 of the accompanying Notes to the Consolidated Financial Statements for further details).

SEMIRARA MINING AND POWER CORPORATION

Property

Coal segment

The mine site located in Semirara Island, Caluya, Antique, is part of the coal mining reservation under Proclamation No. 649 issued by then President Manuel L. Quezon on November 20, 1940. Certain areas in the mine site are leased with rental payments of Php5.15 million for 2022. The infrastructures and road network, office administration buildings, and power plants, are some of the improvements made by the Company on the leased area, as well as the following:

a. Building/Offices	Units		Units
Administration Building	1	Motorpool MWS	1
Analab Building	1	MS1 Building	1
Civil Works Office & Warehouse	1	MS2 Building	1
Coal Power Plant 2 x 7.5MW	1	MS3 Building	1
Coal Power Plant 1 x 15MW	1	MS4 Building	1
Coal Silo	4	MS5 Building	1
Core House	1	MS7 Building	1
		Oxygen/Acetylene Building	2
Refo Office	1	Molave Pit Offices	1
Genset Shed at CPP	1	Molave Pitshop	1
IMS Office & Library	1	Narra Pit Offices	1
Lime Plant	1	Product Offices	2
Magazine Building	3	RMO Office	1
Main Workshop	1	Sandblasting & Painting	3
Warehouse	1	Shipping Mayflower Office	1
		Shipping Shipyard Office	1
Coal Shed at Product	1	Tire Shop at MWS	1
HRD Building	1		
Diesel Power Plant	1		
Roller and Belt Repair Shop	1		

b. Housing

Altar Boys Quarter	1	Molave Housing (Laborer's Unit)	845
Group Staff House	4	Pinatubo Housing	52
Phase 7 Housing	153	Molave Phase 1 Extension	69
Kalamansig Housing	100	Waffle Crete Building	2
Laborer's Clusters 1-8	180	IS Extension	49
Bunlao Phase 5 & 6 Housing	200	Tabunan Staff House	3
Lebak Housing	150		
c. Others			
Commuter Terminal	1	Messhall at Waffle Crete	1
Covered Tennis Court	1	Mix Commercial Building	3
Gantry at mayflower	1	Multi-Purpose Gym	3
Gantry at MWS	1	Multi-Purpose Hall	4
Grotto	1	Evacuation/Covered Court	5
Hangar	4	ONB ATM Machine Building	1
Material Recovery Facility	1	Oval at Pinagpala Area	1
Messhall 1	1	Indoor Swimming Pool at Pinagpala	1
Messhall at Cluster 5	1	Pall Water Filtration Plant	1
Messhall at Cluster 7	1	Pottery Building	1
Semirara Plaza	1	Semirara Biodiversity Center	1
5k Slipway	1	Semirara Airstrip	1
SMC Infirmary	1	Wind Breaker	1
Tabunan hatchery & Laboratory	1	K2 Overpass Bridge	1
Desalination Plant	1		

All properties with the net book values are active assets. These are all located in Semirara Island, Caluya, Antique (mine site). All properties are free of any liens and encumbrances. The Company also invested in mining and other equipment worth Php3.43 billion, Php2.95 billion, and Php1.29 billion for 2022, 2021, and 2020, respectively.

Power segment

The power segment owns the following equipment, structures, buildings and improvements among others:

SCPC

1. 32.1 ha of land in Calaca, Batangas
2. 2x300 MW CFB with its major components and accessories
3. Other structures:
 - Harbour/Unloading Facilities 1
 - Site Grading and Access Roads 1
 - Ash Disposal Yard 1
 - Coal Storage Yard and Facilities 1
 - Diesel Station 1
 - Perimeter Fence and Gate 1
 - Perimeter Lighting 1
4. Buildings/offices:
 - Office Buildings 4
 - Coal handling control room and Fuel laboratory 1
 - Maintenance Shop and Office 1
 - Carpentry and Motor Pool Building 1
 - Training Center and Office 1
 - Messhall 1
 - Warehouse 3
 - Chapel 1
 - Guesthouse/Dormitories 5

SLPGC

1. 8.27 ha of land in Calaca, Batangas
2. 2x150 MW CFB with its major components and accessories*
3. 2x25 MW Gas Turbine with its major components and accessories
4. Other structures:
 - Coal Yard 2
 - Road Networks 1
 - SemCal Bridge 1
 - Perimeter Lighting 1
5. Buildings/offices:
 - Administration Building 1
 - Warehouse 1
 - Maintenance Workshop Building 1

**Currently in the process of negotiated sale.*

These assets are located over parcels of land in Calaca, Batangas under a 25-year lease contract between SCPC and Power Sector Assets Liabilities and Management Corporation (PSALM). Total rental for the entire duration of the lease amounting to Php150.57 million has already been paid in advanced. SCPC exercised its option to buy several parcels of land under the said lease contract with an aggregate area of 32.1 hectares on various dates. SCPC assigned its option to buy an

additional 8.27-hectare lot to SMPC which option was exercised on July 4, 2011. The 8.27 hectares of land was later sold to SLPGC on August 28, 2013.

D.M. CONSUNJI, INC.

The following are the properties and equipment owned by the Company:

Power Generating	258
Shop equipment	245
Hauling equipment	222
Lifting equipment	219
Service Vehicles	146
Excavation equipment	104
Special support equipment	75
Earthmoving equipment	66
Air equipment	65
Pile driving equipment	58
Compaction equipment	22
Personnel Lift Equipment	19
Concreting equipment	9
Trackworks	4
TOTAL	1,512

DMCI POWER

DMCI Power and its subsidiary owns the following power plant:

LOCATION (MASBATE)	TECHNOLOGY	DEPENDABLE CAPACITY (MW)
Mobo	Thermal	15.00
	Diesel	14.72
	Bunker	12.40
Cataingan	Diesel	4.23
Aroroy	Diesel	4.23
Cawayan	Diesel	1.00
Balud	Diesel	2.00
TOTAL		53.58

LOCATION (PALAWAN)	TECHNOLOGY	DEPENDABLE CAPACITY (MW)
Aborlan	Diesel	1.73
	Bunker	9.90
Irawan	Diesel	44.60
Quezon	Diesel	6.90
TOTAL		63.13

LOCATION (ORIENTAL MINDORO)	TECHNOLOGY	DEPENDABLE CAPACITY (MW)
Calapan	Bunker	19.71
TOTAL		19.71

DMCI PROJECT DEVELOPERS, INC.

Classification	Property Description	Location
EQUIPMENT	Office equipment Communication equipment Furniture and fixtures Transportation equipment Machinery & other construction equipment Software Mock-up assets	Various
LAND	Residential	Cavite, Laguna, Rizal, Batangas, Bulacan, Benguet, Pampanga, Davao City, Cebu City, Iloilo City, Manila, Quezon City, Taguig, Las Pinas, Makati, Pasay, Valenzuela, Pasig and Caloocan City

DMCI MINING CORPORATION

All mining equipment are owned by its operating subsidiaries, namely Berong Nickel Corporation and Zambales Diversified Metals Corp.

ITEM 3. LEGAL PROCEEDINGS

None of the directors and officers was involved in the past five (5) years in any bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree of competent jurisdiction, permanently enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in an action by any court or administrative body to have violated a securities or commodities law.

Except for the following, none of the directors, executive officers and nominees for election is subject to any pending material legal proceedings as of the date of this information statement.

(1) **Pp. vs. Consunji, et. al., Criminal Case No. Q-02-114052, RTC-QC, Branch 78.** - A complaint for violation of Article 315(2)(a) of the Revised Penal Code, as qualified by Presidential Decree No. 1689 was filed in RTC-QC Branch 78 as Criminal Case No. Q-02-114052 pursuant to a resolution of the Quezon City Prosecutor dated December 3, 2002 in I.S. No. 02-7259 finding probable cause against the directors and officers of Universal Leisure Club (ULC) and its parent company, Universal Rightfield Property Holdings, Inc., including Isidro A. Consunji as former Chairman, Cesar A. Buenaventura and Ma. Edwina C. Laperal as former directors of ULC. Complainants claim to have been induced to buy ULC shares of stock on the representation that ULC shall develop a project known as “a network of 5 world clubs.”

The case was re-raffled to RTC-QC Branch 85 (the “Court”). On January 10, 2003 respondents filed their Motion for Reconsideration on the resolution dated December 3, 2002 recommending the filing of the complaint in court, which was granted on August 18, 2003. Accordingly, a Motion to Withdraw Information was filed in Court. On September 11, 2003, complainants’ sought reconsideration of the resolution withdrawing the information, but was denied by the City Prosecutor. By reason of the denial, Complainants’ filed a Petition for Review with the Department of Justice (DOJ) on August 26, 2005.

Meanwhile, the Court granted the withdrawal of information on June 6, 2005. Complainants filed a Motion for Reconsideration and Urgent Motion for Inhibition, but were both denied by the Court in its Omnibus Order dated November 29, 2005. Thereafter, a Notice of Appeal was filed by the complainants, but was ordered stricken out from records by the Court for being unauthorized and declaring the Omnibus Order final and executory in its Order dated February 22, 2007. The Petition for Review, however, filed by the Complainants with the DOJ on August 26, 2005 is pending to date.

(2) **Rodolfo V. Cruz, et. al. vs. Isidro A. Consunji, et. al., I.S. Nos. 03-57411-I, 03-57412-I, 03-57413-I, 03-57414-I, 03-57415-I, 03-57446-I and 03-57447-I, Department of Justice, National Prosecution Service.** - These consolidated cases arose out of the same events in the immediately above-mentioned case, which is likewise pending before the DOJ.

In its 1st Indorsement dated December 9, 2003, the City Prosecutor for Mandaluyong City, acting on a motion for inhibition filed by complainants, through counsel, recommended that further proceedings be conducted by the DOJ. In an order dated February 3, 2004, the DOJ designated State Prosecutor Geronimo Sy to conduct the preliminary investigation of this case. The last pleading filed is a notice of change of address dated June 27, 2008 filed by complainants’ counsel. This case remains pending to date.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to vote of the security holders during the fourth quarter of the fiscal year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

(1) Market Information

Both common and preferred shares of DMCI Holdings, Inc. are traded on the Philippine Stock Exchange.

The high and low sales prices of the Company's equity at the Philippine Stock Exchange for each quarter of the last two fiscal years and the first quarter of 2024 are set forth below.

Common Share Prices

		High	Low
2022	First Quarter	9.85	7.65
	Second Quarter	9.33	7.98
	Third Quarter	10.72	8.49
	Fourth Quarter	12.00	8.28
2023	First Quarter	13.06	10.50
	Second Quarter	9.47	9.34
	Third Quarter	10.68	10.42
	Fourth Quarter	9.84	9.65
2024	First Quarter	12.16	11.36

Preferred Share Prices

		High	Low
2022	First Quarter	—	—
	Second Quarter	—	—
	Third Quarter	—	—
	Fourth Quarter	—	—
2023	First Quarter	—	—

		High	Low
	Second Quarter	–	–
	Third Quarter	–	–
	Fourth Quarter	–	–
2024	First Quarter	-	-

If the information called for by the aforementioned paragraph is being presented in a registration statement relating to a class of common equity for which at the time of filing there is no established public trading market in the Philippines, indicate the amounts of common equity – **Not applicable**

(2) Holders

(a) Set forth the approximate number of holders of each class of common equity of the registrant as of the latest practicable date but in no event more than ninety (90) days prior to filing the registration statement. Include the names of the top twenty (20) shareholders of each class and the number of shares held and the percentage of total shares outstanding held by each.

Number of Shareholders: As of March 31, 2024, the Company had a total of 723 shareholders of which 712 were holders of common shares and 11 were holders of preferred shares.

Common Shares: 13,277,470,000 - Of the total outstanding common shares, 732,434,104 common shares representing 5.52% of the outstanding common shares are owned by foreign shareholders as of March 31, 2024.

Title of Class	Name	Citizenship	Number of Shares Held	Percent of Class
Common	DACON Corporation	Filipino	6,621,561,069	49.87%
Common	Philippine Central Depository, Inc. (PCD)	Filipino	2,923,085,364	22.02%
Common	DFC Holdings, Inc.	Filipino	2,379,799,910	17.92%
Common	Philippine Central Depository, Inc. (PCD)	Foreigner	720,685,253	5.43%

Top 20 Common Shareholders: The list of the Top 20 common shareholders as of December 31, 2023 as contained in Exhibit (2) is herein incorporated by reference.

(3) Dividends

Set forth below are cash dividends declared on each class of its common equity by the Company for the two most recent fiscal years and any subsequent interim period for which financial statements are required to be presented by SRC Rule 68:

1. On March 29, 2021, the BOD of the Parent Company declared dividends amounting P0.13 regular cash dividends and P0.35 special cash dividends per outstanding common shares in favor of the common stockholders of record as of April 15, 2021. This will be paid on April 26, 2021 with a total amount of P6.37 billion.
2. On October 12, 2021, the BOD of the Parent Company declared cash dividends amounting Php 0.48 special dividends per common share for a total of Php 6.37 billion in favor of the stockholders of record as of October 26, 2021 and was paid on November 10, 2021.
3. On April 1, 2022, the BOD of the Parent Company declared cash dividends amounting t Php 0.34 regular cash dividends and Php 0.14 special cash dividends per outstanding common shares in favor of the common stockholders of record as of April 19, 2022. This will be paid on April 29, 2022 with a total amount of P6.37 billion.
4. On October 18, 2022, the BOD of the Parent Company declared cash dividends amounting to Php 0.72 special dividends per common share for a total of Php 9.56 billion in favor of the stockholders of record as of November 2, 2022, and was paid on November 16, 2022.
5. On October 10, 2023, the BOD of the Parent Company approved the declaration of special cash dividends of Php 0.72 per common share or a total of Php 9.56 billion in favor of the common stockholders of record as of October 24, 2023, and was paid on November 9, 2023.
6. On March 29, 2023, the BOD of the Parent Company approved the declaration of (1) regular cash dividends in the amount of Php 0.61 per common share or a total of Php 8.10 billion; and (2) special cash dividends of Php 0.11 per common share or a total of Php 1.46 billion, or a grand total of Php 9.56 billion in favor of the common stockholders of record as of April 17, 2023, and was paid on April 28, 2023.

There are no contractual or other restrictions on the Company's ability to pay dividends. However, the ability of the Company to pay dividends will depend upon the amount of distributions, if any, received from the Company's operating subsidiaries and joint venture investments and the availability of unrestricted retained earnings.

(4) Recent Sales of Unregistered Securities – *NONE*

INCORPORATED HEREIN ARE THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 OF DMCI HOLDINGS, INC. (“The Corporation”).

II. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There has been no changes or disagreements with certifying accountants.

III. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD DECEMBER 31, 2023

Full Year 2023 vs Full Year 2022

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 December 31, 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, focused on Metro Manila and other key urban areas. It has expanded into luxury, leisure and microflat projects, in addition to providing property management, elevator maintenance, and construction services (to its joint venture project projects).
- 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 national grid 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. It has also diversified into renewable energy, particularly in solar and wind farms.

- 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

<i>in Php millions except EPS</i>	January to December (FY)		
	2023	2022	Change
I. SMPC (56.65%)	15,780	22,661	-30%
II. DMCI Homes	4,569	4,469	2%
III. Maynilad (25%)	2,090	1,467	42%
IV. DMCI Power	959	742	29%
V. DMCI Mining	655	1,285	-49%
VI. D.M. Consunji Inc.	573	587	-2%
VII. Parent and others	51	(28)	281%
Core Net Income	24,677	31,183	-21%
Nonrecurring Items	46	(93)	149%
Reported Net Income	24,722	31,090	-20%
EPS (reported)	1.86	2.34	-20%

FY 2023 vs FY 2022 Consolidated Highlights

- Reported net income fell by 20% from Php 31.09 billion to Php 24.72 billion, largely because of high base effect resulting from last year's soaring commodity prices. Lower contributions from the coal, nickel and construction subsidiaries more than offset gains in the power (on and off-grid), water and real estate businesses.

Earnings per share declined from Php 2.34 to Php 1.86, while return on equity reached 23.4%, the highest among publicly listed conglomerates in the Philippines.

Despite the notable decline in earnings, the group's performance secured the second-highest spot on record, soaring 134% above its pre-pandemic net income of Php 10.53 billion.

- Core EBITDA declined by 23% from Php 56.71 billion to Php 43.59 billion, as margin narrowed from 43% to 40% because of softer topline partially offset by lower government share in profits.

Total revenues dropped by 14% from Php 142.60 billion to Php 122.83 billion, largely on normalizing prices (commodities and electricity), lower construction accomplishments and higher revenue reversals from cancelled real estate sales. These effects were partially offset by an increase in commodity shipments, higher electricity dispatch and the addition of new real estate accounts eligible for recognition.

Total cash costs retreated by 8% to Php 79.24 billion from Php 85.89 billion, primarily due to a 33-percent reduction in government share from Php 15.96 billion to Php 10.68 billion.

Cash costs (COS and opex) was relatively flat at Php 68.56 billion, a 2-percent decrease from Php 69.93 billion. The slight reduction resulted from the combined impact of lower construction accomplishments, higher direct costs owing to record volumes of commodity and power sales, and increased expenses in plant maintenance, insurance, real estate marketing, personnel and taxes.

- Including net earnings from equity stake and other income, EBITDA declined by 20% from Php 61.13 billion to Php 48.76 billion. Equity in net earnings surged by 42% from Php 1.51 billion to Php 2.14 billion, buoyed by a stronger contribution from Maynilad.
- Other income grew by 4% from Php 2.91 billion to Php 3.02 billion on higher income from real estate forfeitures and rental, coupled with the sale of fly ash.
- Depreciation and amortization rose by 12% from Php 7.68 billion to Php 8.63 billion on account of higher commodity shipments, new mining equipment and accelerated amortization of Molave mine.
- Net finance income soared to Php 1.03 billion, a marked turnaround from last year's net finance cost of Php 252 million. This improvement was primarily driven by higher interest rates, ongoing loan amortization and increased income from in-house real estate financing.
- 2023 nonrecurring items relate to DMCI Homes' gain from sale of land to its joint-venture company (Php 106 million), share in loss from the final sale price of SLPGC's two 25MW gas turbines (Php 32 million) and Maynilad's donations and net foreign exchange gain (Php 28 million).

- 2022 nonrecurring items pertain to DMCI's gain from land and equipment sale (Php 43 million), share in asset write-down of SLPGC gas turbines (Php 88 million) and Maynilad severance pay, loan prepayment fees, donations and net foreign exchange loss (Php 47 million).
- SMPC, DMCI Homes and Maynilad accounted for 91% of core net income. Maynilad and DMCI Power set new contribution records following their stellar performances.
- Cash and cash equivalents increased by 13% to Php 32.16 billion from Php 28.41 billion (as of December 31, 2022), bolstered by DMCI's collection of construction retention receivables and new loan availments by DMCI Homes.
- Debt receded by 6% to Php 49.47 billion from Php 52.56 billion, attributed to regular loan repayments by DMCI, SMPC and DMCI Power. As a result, net debt (loans payable less cash) plunged by 28% from Php 24.15 billion to Php 17.31 billion. In turn, net debt-to-equity ratio went down from 18% to 13%.
- Key liquidity, leverage and book value per share all improved, even after a record dividend payout of Php 1.44 per share, totalling Php 19.12 billion.

This payout translates to a dividend yield of 13.2% against the 2023 volume-weighted average price of Php 10.9180, and a payout ratio of 61% of the previous year's core net income, which is well above the company's dividend policy of 25%.

FY 2023 vs FY 2022 Subsidiaries and Associate Performance

I. Semirara Mining and Power Corporation (SMPC)

The integrated energy business posted a 30-percent reduction in its contribution, from a record Php 22.57 billion to Php 15.75 billion. The decrease was due to a significant adjustment in market prices, which overshadowed the effects of record coal shipments and higher electricity dispatch.

Excluding nonrecurring items, core net income contribution declined by 30% from Php 22.66 billion to Php 15.78 billion. SLPGC recognized an additional loss of Php 57 million based on the final selling price for its two 25MW gas turbines. In 2022, SLPGC recorded a loss of Php 156 million in relation to the reclassification of the said turbines as Assets Held for Sale based on the estimated selling price at the time.

Coal

Standalone coal revenues dropped by 21% from Php 76.18 billion to Php 59.82 billion on the combined effect of lower average selling prices (-26%) and higher coal shipments (+7%).

Core EBITDA fell by 35% to Php 39.44 billion from Php 25.83 billion, as total cash costs declined at a slower pace (-7%). Meanwhile, net income dropped by 39% from Php 35.99 billion to Php 21.90 billion because of higher depreciation, absence of net foreign exchange gain, improved net finance income and normalized tax expense.

Net of intercompany eliminations, net income plunged by 44% from Php 32.40 billion to Php 17.99 billion. Eliminating entries rose by 9% from Php 3.59 billion to Php 3.91 billion on lower selling prices and thinner gross margins, muted by improved plant availability.

Eliminating entries reflect gross margins from intercompany transactions between the coal and power segments.

The following provides additional context on the segment's financial performance:

- **Highest-ever shipments.** Total shipments reached a record 15.8 million metric tons (MMT) from 14.8 MMT (+7%), exceeding the 2019 high of 15.6 MMT by 1%. Record exports and higher internal sales accounted for the spectacular results.

Exports expanded by 14% from 7.1 MMT to 8.1 MMT on higher fourth-quarter China demand (up 218% from 1.1 MMT to 3.5 MMT) and availability of commercial-grade coal.

China shipments surged by 31% from 4.0 MMT to 5.2 MMT, accounting for the export sales growth (+1.2 MMT). Coal deliveries to South Korea was unchanged at 2.2 MMT. The two countries accounted for 92% of total exports, followed by Brunei (4%), Japan (2%), India (1%) and Vietnam (1%).

Domestic sales was flat at 7.7 MMT, as higher shipments to SMPC-owned plants offset weaker sales to external local customers. High sulfur content in some commercial-grade coal curbed external sales.

Improved overall plant availability led to a 38-percent surge in internal sales from 2.6 MMT to 3.6 MMT, while sale to other power plants, cement and industrial plants contracted by 20% from 5.1 MMT to 4.1 MMT.

- **Stabilizing prices.** Semirara coal average selling price (ASP) declined by 26% from Php 5,136 per metric ton (MT) to Php 3,796 per MT, in line with the Indonesian Coal Index 4 (ICI4).

Full-year average Newcastle index (NEWC) plummeted by 52% from a historic high of US\$360.2 to US\$173.0, while average ICI4 fell at a slower pace (26%) from peak US\$85.9 to US\$63.2. Market differences and heightened geopolitical risks drove index price divergence and volatility last year.

For 2023, strong industrial activity and increased demand for lower-grade coal in Asia sustained the ICI4, while high coal stockpiles, slowing economic growth and increased renewable energy capacity in developed countries translated to elevated NEWC volatility.

- **Normalizing margins.** Core EBITDA margin declined from 52% to 43%, and standalone net income margin fell from 47% to 37%, primarily due to last year's record topline, which created a high base effect.

Strong profit margins were maintained, with the net income margin significantly exceeding both 2021 (35%) and pre-pandemic 2019 (23%) levels.

Revenues declined by 21% from Php 76.18 billion to Php 59.82 billion due to lower selling prices, but total cash costs fell slower (-7%) from Php 36.75 billion to Php 33.99 billion.

Cash component of the cost of sales (COS) went up by 13% from Php 19.96 billion to Php 22.50 billion owing to higher coal sales and carried-over production costs from beginning inventory.

Elevated fuel costs, accounting for 33% of cash costs in 2022, drove up COS due to the sale of high-cost inventory (beginning balance: 2.0 MMT). Opex remained flat year-on-year at Php 810 million.

Government share declined by 33% from Php 15.96 billion to Php 10.68 billion because of lower topline and higher costs. In effect, government share of the topline slipped from 21% to 18%.

- **Higher noncash items.** Depreciation and amortization accelerated by 38% from Php 3.29 billion to Php 4.54 billion, driven by higher shipment volumes, new mining equipment purchases and accelerated amortization of Molave mine due to its early closure (Php 247 million).
- **Absence of net forex gain.** Net forex gain reversed from Php 1.02 billion to a net forex loss of Php 159 million on stabilizing US\$:PHP forex market. As of December 31, 2023, Php 195 million of gross forex loss remained unrealized.
- **Better net finance income.** Finance income (net of finance costs) expanded 22x from Php 31 million to Php 675 million on the back of healthy cash levels, elevated interest rates, prudent treasury management and lower debt levels.

The segment also reported the following operational highlights:

- **Production at maximum capacity.** For the second straight year, coal production reached 16 MMT, which is the annual limit set by the company's Environmental Compliance Certificate (ECC).

Effective strip ratio rose by 30% to 12.5 from 9.6 because of higher rainfall (243.0 millimeter in 2023 vs 227.7 millimeter in 2022), resumption of Narra mine operations and low base effect from the near-depletion of Molave mine. In turn, materials moved jumped by 31% from 169.2 million bank cubic meters (MBCM) to 220.9 MBCM.

Total production was almost evenly split between Molave (51%) and Narra (49%) mines.

Molave's slightly higher average strip ratio (13.4 vs Narra's 12.8) stemmed from increased activity across more coal blocks.

Full-year actual strip ratio (13.1) was slightly higher than the initial 2023 guidance of 12.83, as mudflow in Molave South Block 6 prevented the full stripping of materials in the area.

- **Low inventory.** Total coal inventory dropped by 10% from 2.0 MMT to 1.8 MMT on lower third-quarter production and stronger China demand in the fourth quarter.

With record exports, commercial-grade coal inventory plummeted by 78% from 1.1 MMT to 0.2 MMT.

Power

Standalone power segment revenues jumped by 20% from Php 20.40 billion to Php 24.40 billion on improved plant availability. Core EBITDA climbed faster than topline from Php 8.22 billion to Php 10.50 billion (+28%), mostly from lower replacement power purchases.

Net income grew by 55% from Php 3.86 billion to Php 5.98 billion on higher gross generation and sales volume amid normalizing market prices.

Excluding nonrecurring items, core net income accelerated by 50% from Php 4.02 billion to Php 6.04 billion. Nonrecurring items pertain to an additional loss of Php 57 million, which was recognized in relation to the planned sale of the two 25MW gas turbines in 2023, while the Php 156 million pertains to asset write-down for said turbines, which were previously reclassified as Assets Held for Sale.

Net of intercompany eliminations, reported net income went up by 31% from Php 7.46 billion to Php 9.90 billion.

To further elaborate on the segment's results:

- **Better plant availability.** Overall plant availability improved from 62% to 81% on reduced outage days (279 days vs 552 days), following the commercial operations of SCPC Unit 2 on October 9, 2022.

SCPC and SLPGC reported contrasting results, with the former more than doubling (107%) its plant availability (from 44% to 91%) because of fewer outage days (from 411 to 68). Meanwhile, SLPGC plant availability contracted from 81% to 71% on increased outage days (from 141 to 211).

Total average capacity, based on running days, slipped by 5% from 706 MW to 672 MW on the occasional deration of SCPC Unit 2 and SLPGC Unit 1.

- **Improved output and sales.** With higher plant availability, total gross generation surged by 31% from 3,735 gigawatt hours (GWh) to 4,890 GWh. SCPC accounted for 65% of total output (versus 46% last year).

Increased plant output led to a 265-percent expansion in total power sales from 3,596 GWh to 4,515 GWh. Bulk (68%) of the volume sold went to the spot market, from 52% last year.

Total spot sales soared to a record high of 3,076 GWh, up by 64% from 1,881 GWh because of higher plant output and uncontracted capacity. Combined spot market exposure (excluding variable station service) grew by 6157% from 2989.835 MW (end-2021beginning-2022) to 469.5580.75 MW (b28beginning2023end-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.

Conversely, BCQ sales declined by 16% from 1,715 GWh to 1,439 GWh, as -contracted capacity at the beginning of the periods slightly declined from 194.35 MW (end-2021beginning-2022) to 189.15 MW (end-2022beginning-2023).

- **Normalizing selling price.** Overall average selling price (ASP) dipped by 5% from Php 5.67/ kilowatt hour (kWh) to Php 5.40/kWh mainly due to lower WESM prices, cushioned by better ASP for BCQ sales.

BCQ ASP rose by 19% from Php 3.71/KWh to Php 4.41/KWh, driven by a new SLPGC contract with higher pricing, and 2022 SCPC contracts with fuel pass-through provisions (covering 13% of its contracted capacity). Meanwhile, spot market ASP declined by 21% (Php 7.46/KWh to Php 5.87/kWh) due to wider grid supply margins and lower fuel costs.

- **Better contracted capacity.** As of December 31, 2023, more than a third (34% or 238.2 MW) of the power segment's dependable capacity (710MW) has been contracted. Contracted capacity grew by 26% over the twelve-month period, from 189.15 MW.

Majority (53%) of the contracted capacity is under SCPC, aligning with Management's guidance to contract approximately half of the dependable capacity.

Excluding variable station service requirements (58.7 MW), the segment has 413.10 MW available for spot sales.

- **Lower spot purchases.** Total spot purchases dropped by 59% from Php 1.76 billion to Php 721 million, owing to improved plant availability and lower spot prices.

The power segment was a net seller to the spot market by 2,973 GWh (vs 1,656 GWh in 2022).

SMPC's standalone net income decreased by 30% from Php 39.87 billion to Php 27.93 billion.

II. DMCI Project Developers Inc. (DMCI Homes)

Profit contribution from the real estate business increased by 5% to Php 4.68 billion from Php 4.47 billion because of higher forfeitures, rentals and finance income. A one-time gain from the sale of land for the Fortis Residences joint venture project also bolstered results.

Excluding the nonrecurring gain, DMCI Homes' core net income edged higher (+2%) from Php 4.47 billion to Php 4.57 billion.

The following further explains the company's results:

- **Double-digit topline decline.** Total revenues declined by 12% from Php 21.92 billion to Php 19.25 billion on slower revenue recognition for real estate projects, cushioned by higher revenues from construction services (for joint venture projects), property management and elevator maintenance. Real estate development accounted for 95% of total revenues (versus 97% last year).

Revenues from ongoing accounts (net of previously cancelled accounts) dropped to 67% of total revenues (versus 72% last year), owing to a slowdown in sales since the COVID-19 pandemic began. Among ongoing projects, Kai Garden Residences (2017), Aston Residences (2018), Fairlane Residences (2018), Prisma Residences (2017) and The Crestmont (2019) were the top revenue contributors.

Revenue reversals attributable to sales cancellations grew by 24% from Php 2.75 billion to Php 3.41 billion, after bulk buyers from Mainland China cancelled their Prisma Residences unit purchases. Reversals from cancellations significantly decreased each quarter: Php 1.19 billion in Q1 2023, Php 881 million in Q2 2023, Php 773 million in Q3 2023 and Php 572 million in Q4 2023.

Meanwhile, revenues from newly-recognized accounts improved to 51% (versus 41% last year) amid sales recovery. Top revenue contributors under newly-recognized accounts are: Allegra Garden Place (2019), Satori Residences (2018), Alder Residences (2020) and Prisma Residences (2018).

Construction revenues from joint venture projects accelerated by 32% from Php 420 million to Php 557 million, with the addition of Fortis Residences to Sonora Garden Residences. Revenues from property management, hotel operations and elevator maintenance expanded by 12% from Php 344 million to Php 384 million.

- **Cash costs aligned with revenue decline.** Total cash costs receded by 11% from Php 17.62 billion to Php 15.64 billion, mirroring a similar drop in revenues. This reduction was driven by lower direct costs (COS), which fell by 15% from Php 14.95 billion to Php 12.69 billion on slower construction progress.

The COS decline was partially offset by a 10% increase in operating expenses (from Php 2.68 billion to Php 2.95 billion), which was mostly the result of higher digital marketing spending, personnel costs, taxes and licensing fees.

With lower revenue and cash costs, Core EBITDA decreased by 16% from Php 4.29 billion to Php 3.60 billion. Consequently, core EBITDA margin saw a slight decrease from 20% to 19%.

- **Improved net margin.** Although Core EBITDA margin slightly thinned, core net income margin improved from 20% to 24% and reported net income (RNI) margin expanded from 21% to 25% because of higher contributions from other and finance incomes.

Other income jumped by 37% from Php 1.65 billion to Php 2.26 billion because of increased forfeitures and rentals, driven by the company's rent-to-own (RTO) program ("Home Ready"). Full-lease payments from Home Ready transactions were booked in other income.

Net finance income (net of finance costs) soared by 81% from Php 259 million to Php 471 million, owing to higher interest earnings from in-house financing. In compliance with IFRS 15, finance costs from accounts that are pending recognition are capitalized.

A nonrecurring gain of Php 106 million was also recognized from the sale of land to JV company DMC Estate Development Ventures, Inc. (EDVI) for the development of Fortis Residences.

The company also reported the following operational highlights:

- **Continued sales recovery.** Total units sold (including closed sales and reservations) increased by 8% from 7,701 to 8,284. While this marks the highest level since the pandemic, it remains 22% below the pre-pandemic level of 10,628 (2019).

The year-on-year sales recovery was driven by a 25-percent increase in residential unit sales (from 4,326 to 5,387 units). However, this growth was partially offset by a 14% contraction in parking unit sales (from 3,375 to 2,897), as the Solmera Coast project does not offer parking slots. Top-selling projects included Solmera Coast, Anissa Heights, Sage Residences and Allegra Garden Place.

Newly-launched projects Solmera Heights (August 2023) and Anissa Heights (November 2023) accounted for 37% of total residential sales. By the end of the period, 75% of Anissa Heights and 80% of Solmera Coast's inventories had been sold.

- **Better selling prices.** Average selling price (ASP) per square meter went up by 12% from Php 125,000 to Php 139,000, while ASP per unit moderated by 9% from Php 6.82 million to Php 6.24 million, following the company's entry to the microflat segment (Anissa Heights) and sale of smaller-cut units (Solmera Coast and Sage Residences).

Located in Pasay City, Anissa Heights provides affordable, compact units (16 sqm to 27.5 sqm) in the Php 3 million to Php 3.4 million range. Sage Residences is for urban professionals seeking a prime location (Mandaluyong City), while Solmera Coast serves as a leisure condotel investment opportunity.

- **Higher sales value.** Increased unit sales and better selling prices translated to a 12-percent increase in total sales value, from Php 32.1 billion to Php 35.9 billion – the highest in four years.
- **New project formats launched.** Four projects were launched in 2023: Calinea Tower (Caloocan City), Mulberry Place 2 (Taguig City), Solmera Coast (San Juan, Batangas) and Anissa Heights (Pasay City). These projects had a combined sales value of Php 35.6 billion, slightly below (-7%) the Php 38.2 billion generated from projects launched the previous year.

Solmera Coast offers a beachfront leisure experience, while Anissa Heights targets first-time buyers, young professionals, students, investors and downsizers with its microflats.

- **Slowing sales cancellations.** Sales cancellations for residential units (closed sale over total units sold) awaiting revenue recognition (threshold less than 14.5%) declined from 18% to 13%, owing to higher sales and fewer cancellations. At 13%, it fared slightly above pre-

pandemic (2019) level of 12%, mainly because of less residential units sold (5,387 units vs. 6,283 units in 2019).

- **More unbooked revenues.** Unbooked revenues rose by 8% from Php 64.9 billion to Php 69.9 billion, fueled by a rebound in total sales value and the launch of seven projects over the past two years. The seven projects had a combined sales value of Php 73.8 billion.
- **Higher inventory.** Total inventory expanded by 30% from Php 57.4 billion to Php 74.9 billion because of double-digit increases in both pre-selling and Ready-for-Occupancy (RFO) units. Bulk (75%) of the total inventory are pre-selling units, which include residential and parking.

Excluding joint venture projects, inventory went up by 42% from Php 43.4 billion to Php 61.5 billion.

Pre-selling inventory surged by 35% from Php 41.8 billion to Php 56.5 billion, following the launch of Calinea Tower, Mulberry Place 2, Solmera Coast and Anissa Heights.

RFO inventory rose by 19% from Php 15.5 billion to Php 18.4 billion due to the completion of The Atherton, Satori Residences, The Orabella, Infina Towers, Brixton Place, Prisma Residences and Verdon Parc.

- **Ample land bank.** Total land bank shrunk by 10% from 217.9 hectares to 196.9 hectares due to the development of a leisure project in Batangas, coupled with the acquisition of a 2.3-hectare property in Mindanao.
Land bank in Luzon declined by 24% or 23.3 hectares following the launch of Solmera Coast, while land bank in Mindanao grew threefold (209%) from 1.1 hectares to 3.4 hectares. Metro Manila and Visayas land bank were unchanged at 111.9 hectares and 3.4 hectares, respectively.

Total land bank remains concentrated in Metro Manila (57%) and Luzon (38%), with smaller portions in Visayas (3%) and Mindanao (2%).

- **Flattish CAPEX.** Capital spending was largely unchanged (+1%) from Php 15.80 billion to Php 15.90 billion, majority (92%) of which was spent on construction activities. Construction spending grew by 5% from Php 13.96 billion to Php 14.63 billion, whereas expenditures on land banking activities contracted by 41% from Php 1.53 billion to Php 906 million.
- **Healthy financial position.** Net debt-to-equity ratio slightly declined from 1.03x to 0.93x, as net debt rose by 3% from Php 32.21 billion to Php 33.02 billion to finance capital expenditures. Meanwhile, balance sheet remained robust with an interest coverage ratio of 3.0x, down from 3.6x.

At the standalone level, reported net income increased by 4% from Php 4.55 billion to Php 4.73 billion. Excluding nonrecurring gain from land sale to EDVI, core net income was mostly stable (+2%) from Php 4.55 billion to Php 4.63 billion.

III. **Maynilad Water Services, Inc. (Maynilad)**

Reported net income contribution from the water business rose by 42% from Php 1.42 billion to Php 2.06 billion, buoyed by stronger operating results, increased rates and the recognition of other income.

Excluding nonrecurring items, core net income contribution strengthened by 45% from 1.47 billion to Php 2.09 billion. DMC's share in nonrecurring items amounted to a Php 28 million loss in 2023, owing to foreign exchange fluctuations and donations. Meanwhile, loan prepayment fees, severance pay, donations and miscellaneous items amounted to a nonrecurring loss of Php 47 million in 2022.

To explain the company's standalone performance:

- **Double-digit topline growth.** Total revenues swelled by 19% from Php 22.88 billion to Php 27.32 billion on the back of improved billed volume, customer mix and average effective tariff, boosted by government tax collection.
- **Better EBITDA margins.** Core EBITDA rallied by 32% from Php 13.32 billion to Php 17.61 billion, with margin expanding from 58% to 64%. This was mainly attributable to improved topline, slower growth in total cash costs and recognition of other income, muted by higher provisioning for credit losses.

Total cash costs grew slower (+17%) than topline (+19%) from Php 8.62 billion to Php 10.09 billion, primarily from lower light and power expenses and milder increase in personnel costs, tempered by higher outside services, water treatment chemical costs, repairs and maintenance and cross-border water purchases.

Provisions accelerated by 281% from Php 170 million to Php 648 million on increased provisioning for potential losses from unpaid debts deemed uncollectible during the period.

Meanwhile, other income reversed from an expense of Php 771 million to an income of Php 1.02 billion owing to higher interest income and provision reversals for water service interruption penalties in 2022.

- **Record billed volume.** Billed volume went up by 2% from 526.9 million cubic meters (MCM) to 538.5 MCM, marking the highest level in the company's history. The uptick was driven by

record water production and higher non-domestic demand, along with the reactivation and reconnection of delinquent accounts.

- **Improving customer mix.** Non-domestic billed volume increased from 17.3% to 18.4%, driven by accelerating economic activity. In contrast, the share of domestic billed volume declined from 82.7% to 81.6%. This represents the most favorable customer mix in four years, following the achievement of a 20.0% non-domestic share in 2019.
- **Adjusted tariff.** Average effective tariff rose by 14% from Php 42.11 to Php 48.12 because of the staggered implementation of the Metropolitan Waterworks and Sewerage System (MWSS) – approved basic rate adjustment last January 1, 2023 and more favorable customer mix.
- **Higher noncash items.** Depreciation and amortization expenses increased by 11% from Php 2.95 billion to Php 3.27 billion owing to additional capex projects completed during the year. Capex disbursements reached Php 26.0 billion in 2023, up by 87% from last year.
- **Wider profit margin.** Net income margins expanded from 26% to 33% on faster EBITDA growth amid slower rise in noncash items, net finance costs and income tax provisions.

The company also reported the following operational and financial highlights:

- **Best-ever water production.** Total water production increased by 2% from 756.2 million cubic meters (MCM) to a record-breaking 774.8 MCM. Higher raw water supply from Angat Dam, increased cross-border water purchases, the activation of the “NEW WATER” treatment plant in Parañaque and the use of deep wells accounted for the uptrend.
- **Stable water losses.** Average non-revenue water (NRW) stood at 30.5%, slightly higher than last year (30.4%) because of improved production. End-of-period NRW dropped by 5% from 32.1% to 30.4%, largely attributable to higher billed volume and continuous NRW-reduction initiatives and projects, i.e. leak repairs and pipe replacement.
- **Expanded coverage and availability.** Water service coverage slightly grew from 94.6% to 94.8%, as the number of water service connections (WSCs) increased from 1,522,992 to 1,532,463. In effect, served population widened by 3% from 10.0 million to 10.3 million. 24-hour availability likewise improved from 92.7% to 97.5% because of higher water production.

Sewer service coverage rose to its highest level on aggressive infrastructure spending, expanding from 22.6% to 30.7%. This translated to a 40-percent increase in served population from 2.3 million to 3.1 million.

At the standalone level, Maynilad set a new profit record of Php 9.01 billion, 53-percent higher than the Php 5.88 billion net income reported last year. Excluding nonrecurring items, core net income surged by 51% from Php 6.05 billion to Php 9.12 billion.

For 2023, nonrecurring items included net foreign exchange losses (Php 39 million) and donations (Php 95 million). Meanwhile, 2022 nonrecurring items largely pertain to loan prepayment fees (Php 138 million), miscellaneous expenses (Php 47 million), severance pay (Php 45 million), donations (Php 29 million) and foreign exchange gains (Php 23 million).

IV. **DMCI Power Corporation (DMCI Power)**

The off-grid energy business delivered its highest-ever net income contribution, surging by 29% from Php 742 million to Php 959 million on the back of record sales volume and wider profit margins.

The synchronization of the Palawan thermal plant, which used more affordable fuel, resulted to lower topline, yet wider profit margins. Consequently, core EBITDA surged by 25% from Php 1.27 billion to Php 1.59 billion.

Key drivers behind its remarkable financial performance include:

- **Record capacity, output and dispatch.** The additional of an 8MW diesel plant in Masbate (January 2023) and a 15 MW thermal plant in Palawan (July 2023) boosted total installed capacity by 17% from 136.4 gigawatt hours (GWh) to an all-time high of 159.8 GWh.

With this, total gross generation climbed by 7% from 447.3 GWh to a record 479.7 GWh, fueling a 6-percent increase in sales volume from 426.0 GWh to a historic high of 452.6 GWh.

Palawan sales represented 79% of the total sales increase, after recording a dispatch growth of 12% from 178.8 GWh to 200.2 GWh. This upswing was driven by stronger economic activities and expanded capacity in the area. Meanwhile, Masbate saw a 6-percent rise in sales from 147.7 GWh to 156.1 GWh, supported by similar factors. On the other hand, sales in Oriental Mindoro slipped by 3% from 99.4 GWh to 96.2 GWh, amid higher availability of renewable energy and conventional power sources.

While Palawan continued to lead in sales, its contribution to total sales edged up from 42% to 44%. Contributions from Masbate and Oriental Mindoro adjusted slightly, moving to 34% (from 35%) and 21% (from 23%), respectively.

- **Normalizing selling prices.** Overall ASP slipped by 7% from Php 17.5/KWh to Php 16.4/KWh, reflecting the cumulative impact of lower coal, bunker, and diesel costs amid stabilizing global

energy prices. This downtrend was magnified by the August 15 commercial operations of the 15MW Palawan thermal plant, which charged a lower tariff.

In line with market indices, coal expenses plummeted by 43% from Php 11.8 to Php 6.7 per kilogram. Bunker fuel prices dipped by 3% from Php 46.1 to Php 45.0 per liter, while diesel prices remained relatively stable (-1%) at Php 56.2 from Php 56.9 per liter.

- **Flat topline and healthier margins.** Total revenues was mostly flat (-1%) from Php 7.47 billion to Php 7.41 billion, as higher dispatch offset the effect of weaker ASP.

Total cash costs declined at a faster pace (-6%) than topline from Php 6.20 billion to Php 5.82 billion because of lower fuel costs, which was significantly influenced by the operations of the Palawan thermal plant.

Income tax provisions dropped by 12% from Php 142 million to Php 125 million, with the granting of income tax holidays (ITH) to the Masbate hybrid diesel plants, as well as the Palawan 15MW thermal plant.

The Masbate thermal plant's ITH will expire in September 2024, while the 8MW hybrid diesel plant's ITH will run until January 2029. The Palawan thermal plant's four-year ITH will end in August 2027.

As a result, the core EBITDA margin improved from 17% to 21%, and the net margin increased from 10% to 13%.

- **Higher noncash items and finance costs.** Depreciation and amortization increased by 10% from Php 337 million to Php 370 million, following the synchronization of the 8MW Masbate diesel plant and the 15MW Palawan thermal plant.

Meanwhile, net finance costs (net of income) more than tripled (208%) from Php 49 million to Php 152 million on the combined effect of elevated interest rates and higher borrowing costs associated with the additional 23MW capacity installed in Palawan and Masbate. As of December 31, 2023, 70% of the total loans payable were subject to floating interest rates.

The company also reported the following operational and financial highlights:

- **Stable market share.** Market shares in Masbate and Palawan stayed the same at 100% and 52%, respectively. The company remains the sole power provider in Masbate while slower demand in Palawan limited its diesel plant operation. Oriental Mindoro market share fell from 26% to 22% on better availability of both the renewable and conventional plants in the area.

- **Healthy financial position.** Net debt-to-equity ratio decreased from 139% (end of December 2022) to 105% (end of December 2023), as net debt contracted by 17% from Php 5.37 billion to Php 4.45 billion on continuing loan amortization without additional availment.
- **Less capital expenditures.** Capital investments plunged by 54% from Php 1.89 billion to Php 860 million, following the completion of two expansion plants.

The 15MW Palawan thermal plant and 8MW Masbate diesel plant accounted for 66% of the 2023 capex, a decrease from 81% the previous 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, DMCI Power recorded a 28-percent upturn in reported net income from Php 742 million to Php 946 million, its highest-ever. No nonrecurring items were recognized in either period.

V. DMCI Mining Corporation (DMCI Mining)

The nickel mining business posted weaker results, with net income contribution declining by 49% from Php 1.29 billion to Php 655 million because of lower selling prices and increased costs stemming from record-high shipments.

Standalone core EBITDA plunged by 37% from Php 2.19 billion to Php 1.38 billion, reducing margins from 58% to 41%.

Further details on the results include:

- **Weaker topline.** Total revenues dropped by 11% from Php 3.79 billion to Php 3.39 billion, as lower selling prices muted the impact of record shipments.
- **Elevated cash costs.** Total cash costs accelerated by 25% from Php 1.60 billion to Php 2.00 billion, resulting from higher production cash costs (COS).

COS expanded by 36% from Php 749 million to Php 1.02 billion on higher expenses related to shiploading, fuel consumption and labor as a result of increased shipments.

Operating expenses grew by 15% from Php 854 million to Php 985 million on higher BNC spending on environmental, mechanical and administrative support, and excise taxes, along with increased ZDMC spending for environmental and social development activities.

In turn, total cash costs per wet metric ton (WMT) rose by 4% from US\$ 20.5 to US\$ 21.3.

- **Higher noncash items.** Increased nickel ore shipments led to a 29-percent rise in amortization costs from Php 488 million to Php 628 million, boosted by higher depreciation costs from the acquisition of additional mining equipment. Under Philippine Accounting Standards (PAS) 16, shipments are amortized based on a mine's available reserves.
- **Thinner margins.** Net income margin narrowed from 36% to 18% on the combined effect of a weaker topline, elevated cash and non-cash expenses, lack of net foreign exchange gains, and a reduced provision for income taxes.

Additionally, other income fell by 27% from Php 122 million to Php 89 million on account of a stabilizing US\$:Philippine Peso exchange rate. This year, the company reversed a Php 90 million provision for long-outstanding operating costs incurred as a mining operator for another company from 2007 to 2014.

Provision for income tax dropped by 52% from Php 444 million to Php 211 million on lower taxable income.

The company also reported the following operational and financial highlights:

- **Expanded production.** Total production advanced by 65% from 1,031,000 WMT to 1,705,000 WMT, following an expansion in ZDMC's mining capacity and the acquisition of additional mining equipment in 2022.

ZDMC secured 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 more than doubled (141%) from 54,000 WMT to 130,000 WMT, owing to a 230-percent increase in ZDMC stockpile from 33,000 WMT to 109,000 WMT. BNC stockpile remained at 21,000 WMT, which is below the standard shipment size of 50,000 WMT.

With improved production capacity, ZDMC was able to sustain its stockpile above 100,000 WMT this year (157,000 WMT in Q1, 110,000 WMT in Q2 and 153,000 WMT in Q3).

- **Record shipments.** Total shipments rallied by 16% from 1,449,000 wet metric tons (WMT) to a historic level of 1,680,000 WMT, driven by improved ZDMC production and stockpile.
- **Lower selling prices.** Average selling price (ASP) tapered by 14% from US\$ 42/WMT to US\$36/WMT on weak market prices. While this aligned with the LME nickel price decline, it significantly outperformed the Philippine FOB trend.

Average yearly LME Nickel price contracted by 15% from US\$ 25,638/ton to US\$ 21,733/ton, while the Philippine FOB price for 1.30% grade ore declined even faster (-31%) from US\$39/WMT to US\$27/WMT.

- **Net cash position.** The company maintained its net cash position despite its weaker performance this year. Net debt-to-equity ratio improved from -0.17 to -0.12 after paying Php 667 million in dividends to shareholders and capital spending of Php 169 million. Debt level was unchanged at Php 350 million for both periods.
- **Reduced capital expenditures.** Committed capital spending fell by 38% from Php 459 million to Php 283 million owing to lower mining equipment requirements amid ongoing permitting of mining assets.

At the standalone level, reported net income plunged by 54% from Php 1.36 billion to Php 623 million. No nonrecurring item was recognized during both periods.

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

The construction business contributed Php 573 million in reported net income, 9% lower than Php 630 million last year mostly from reduced construction activity. Excluding nonrecurring items, core net income contribution slipped by 2% from Php 587 million to Php 573 million.

To further explain its performance:

- **Weaker topline.** Total revenues declined by double-digits (15%) from Php 19.50 billion to Php 16.51 billion owing to the near-completion of major projects and fewer new infrastructure contracts.

Revenues from Building contracts rose by 7% from Php 8.59 billion to Php 9.20 billion, mainly coming from Maynilad projects. Joint Venture project revenues increased by 4% from Php 3.04 billion to Php 3.17 billion on improved construction accomplishments and low base effect following delays and re-scoping of North South Commuter Railway Project Contract Package 01 (NSCR CP-01) project last year.

Meanwhile, revenues from the Infrastructure unit plunged by 62% from Php 6.38 billion to Php 2.43 billion with the absence of new major contracts. Project support revenues grew by 15% from Php 1.49 billion to Php 1.71 billion because of increased activity in NSCR CP-01.

The Building unit, which includes buildings, energy, plant and utilities projects, accounted for 56% of the revenues (versus 44% last year), followed by Joint Venture projects at 19% (from

16% last year), Infrastructure unit at 15% (from 33% last year) and Project Support at 10% (from 8% last year).

- **Cash costs mirror topline.** Total cash costs moved in line with revenues, dropping by 15% from Php 17.62 billion to Php 14.92 billion on reduced activity from fewer ongoing projects.

Operating expenses fell by 14% from Php 514 million to Php 441 million, attributable to lower retirement expense caused by a realignment of the projection rate, along with lower business permit expenses tied to decreased taxable revenue.

- **Lower noncash expenses.** Noncash items decreased by 12% from Php 794 million to Php 698 million, largely driven by a rise in fully depreciated assets, resulting from reduced project requirements in prior years.
- **Stable margins.** EBITDA margin was unchanged during both periods (10%), as a proportionate decline in both revenue and cash costs offset each other. Standalone net income margin saw a slight increase from 4% to 5% on the combined effect of higher other income, improved net finance income and reduced income tax provisions.

Other income surged by 347% from Php 19 million to Php 87 million, propelled by a foreign currency adjustment after the revaluation of joint venture financial statements (Php 39 million). This increase was further supported by management fees (Php 17 million) and rental income (Php 1.7 million).

Net finance cost of Php 22 million shifted to net finance income (Php 10 million) on debt pay-down and increase in cash position.

The company also reported the following operational and financial highlights:

- **Order book recovery.** Total order book expanded by 19% from Php 35.2 billion to Php 41.9 billion, following the awarding of Php 20.2 billion in new projects.

These projects include the South Commuter Railway Project Contract Package 02 (a joint venture with Acciona Construction Philippines), St. Luke's Medical Center (New Hospital Building), pipelaying works in Muntinlupa, University Hall and Razon Hall in the De La Salle University Laguna Campus, an 88 MLD Water Reclamation Facility in Las Piñas City, the Levi Mariano Pumping Station and Reservoir in Taguig City among others.

- **Higher capital expenditures.** Capital spending surged by 68% from Php 227 million to Php 382 million due to the acquisition of new heavy equipment to support ongoing projects.
- **Net cash position.** Debt-to-equity ratio improved from -0.2x to -0.6x after a reduction in debt (from Php 222 million to zero), the collection of retention receivables from

infrastructure projects (Php 1.59 billion), and a down payment from a new project (Php 2.93 billion).

At the standalone level, reported net income fell by 9% from Php 863 million to Php 783 million. Excluding nonrecurring items, core net income declined by 7% from Php 815 million to Php 757 million. Nonrecurring items pertain to gain on sale of equipment, which amounted to Php 26 million in 2023 and Php 48 million in 2022.

Intercompany eliminations slowed by 12% from Php 294 million to Php 258 million, associated largely with the construction of various water projects for Maynilad, a DMCI Holdings affiliate.

CAPEX

In 2023, total committed capital spending increased by 8% from Php 38.0 billion to Php 41.2 billion, mostly the result of increased Maynilad spending on water and wastewater projects.

Excluding Maynilad, the DMCI Group capex contracted by 5% from Php 22.7 billion to Php 21.5 billion because of lower DMCI Power spending, following the completion and synchronization of its 15MW Palawan thermal plant in August 2023.

In Php billions	2023	2022	Change	2024F	2023	Change
DMCI	0.4	0.2	100%	0.3	0.4	-25%
DMCI Homes	15.9	15.8	1%	17.0	15.9	7%
SMPC	4.0	4.3	-7%	7.0	4.0	75%
DMCI Power	0.9	1.9	-53%	2.3	0.9	156%
DMCI Mining	0.3	0.5	-40%	1.1	0.3	267%
Maynilad*	19.7	15.3	29%	31.4	26.0	21%
Total	41.2	38.0	8%	59.1	47.5	24%

**Maynilad 2024F vs 2023 based on capex disbursement*

Looking ahead to 2024, total capital expenditures are expected to expand to Php 59.1 billion, as Maynilad earmarks P31 billion to meet its water and wastewater service obligations. This is the biggest capital investment for the company since the 1997 privatization of water services in Metro Manila.

Excluding Maynilad, the DMCI Group capex is expected to increase by 29% from Php 21.5 billion to Php 27.7 billion. This growth is attributed to a series of strategic initiatives, including refueling and exploration activities in the coal and nickel businesses, the construction of a 2x8MW bunker power plant in Palawan, wind power projects on Semirara Island, and the completion of ongoing DMCI Homes projects.

Outlook and Updates

For 2024, the DMCI Group expects market conditions to be challenging as slowing global economic growth, particularly in China, could dampen demand, and ultimately the commodity prices, for coal and nickel.

Elevated interest rates and high inventories will keep construction and real estate demand subdued, as buyers and developers adopt a more cautious approach in their investment decisions.

Utilities, specifically power and water, should benefit from a controlled inflation rate and a gradual stabilization in fuel and raw material costs, which can strengthen operating profit margins.

To counter market headwinds, the DMCI Group intends to optimize costs, improve productivity and generate value from its integrated operations, shared expertise and strong financial position.

Additionally, the DMCI Group is setting its sights on strategic investments such as renewable energy, leisure properties and joint ventures in its core businesses to diversify its revenue streams and address changing consumer preferences. To elaborate:

DMCI: With the demand for office and commercial spaces continuing to show sluggish growth, the company will shift its focus towards resilient and emerging areas such as infrastructure and industrial projects.

These include Overseas Development Assistance (ODA)-funded contracts, public-private partnership projects, government infrastructure initiatives and private sector industrial projects.

DMCI Homes: Sales and reservations are unlikely to return to pre-pandemic levels owing to steep loan rates, market oversupply and weak consumer confidence. However, new product formats like leisure (Solmera Coast) and microflats (Anissa Heights) could drive demand from underserved markets.

More joint venture (JV) projects are in the pipeline to maximize partner synergies and reduce financial risks. In February 2024, the company launched The Valeron Tower with Marubeni Corporation, a transit-oriented mixed-use development poised to transform the urban landscape of Pasig City.

SMPC: With coal and electricity prices stabilizing at what appears to be their "new normal," the company is concentrating on achieving its production (16 MT), shipment (15.5 MMT) and plant availability (83%) targets for the year.

The power segment could provide some upside once SCPC Unit 2's dependable capacity returns to 300MW by the second quarter of 2024. This increase is contingent on the successful rewinding and swapping of its generator in the first quarter of the year.

DMCI Power: The company is expected to reach a new earnings milestone (Php 1 billion) this year on the back of increased demand and additional capacity (42.48 MW), which would increase its total installed capacity by 27% to 202.2 MW.

Upcoming projects include a 12MW wind energy project on Semirara Island, a 16.6MW bunker power plant in Palawan, an 8.8MW bunker power plant in Masbate, and a 4MW solar project also in Masbate. The growth of its renewable energy portfolio will depend on the success of its wind and solar projects with an aggregate capacity of 16MW.

DMCI Mining: Despite increased investments in clean energy, global demand and prices are expected to decline due to sluggish global trade, challenges in China's property sector, a slowdown in the electric vehicle market and rising production in Indonesia, combined with increased supply of the metal worldwide.

Amid this slowdown in demand, the company is focusing on increasing its shipments to 2 million metric tons and securing the required permits to open a new mine in Palawan by the second half of 2024. Preparations are also underway to open a new site in Zambales by the second quarter of 2024.

Maynilad: Declining inflation and the rebound of tourist arrivals to pre-pandemic levels could bolster both residential and commercial demand, while supply should continue to improve on the back of aggressive infrastructure spending and supply augmentation measures.

Average effective tariff is likewise expected to improve given the shift in customer mix towards non-domestic customers and the approval of a rate hike by the Metropolitan Waterworks and Sewerage System (MWSS) effective January 1, 2024.

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Explanation of movement in consolidated income statement accounts:

Revenue

Consolidated revenue for 2023 decline by 14% from P142.6 billion to P122.8 billion due to lower commodity prices coupled with fewer construction projects and lower percentage-of-completion of its real estate developments.

Cost of Sales and Services

From P68.5 billion in 2022, cost of sales and services decreased marginally by 2% cost of sales related to real estate and construction softened. As a result, gross profit margin declined to 45% in 2023 from 52% of the previous year.

Operating Expenses

Government royalties for the year amounted to P10.7 billion, a 33% drop from P16.0 billion the previous year due to lower profitability of the coal business. Excluding government royalties, operating expenses incurred increased by 10% to P10.0 billion due mainly to higher repairs and maintenance, outside services, and marketing and advertising expenses.

Equity in Net Earnings

Equity in net earnings of associates increased by 42%, from P1.5 billion to P2.1 billion in 2023 and 2022, respectively, as a result of higher income take up from Maynilad.

Finance Income - net

Consolidated finance income (net) income increased by 511% due mainly to higher amount of placements during the period with better interest rates.

Other Income (Expense) - net

Other income (net) slightly increased by 4% due to the higher sales forfeitures and cancellation fees and fly ash sales during the year.

Provision for Income Tax

Lower taxable income resulted to a 9% drop in the consolidated provision for income tax (both current and deferred) during the year. Income tax in 2022 includes the accrual of the income tax expense amounting to P897 million for 2020 is in relation to the deferral of the Molave mine's income tax holiday.

II. CONSOLIDATED FINANCIAL CONDITION

December 31, 2023 (Audited) vs December 31, 2022 (Audited)

The Company's financial condition for the year improved as total assets reached P248.0 billion, a 3% increase from December 31, 2022. Meanwhile, consolidated stockholders' equity increased by 4% to Php 137.4 billion following the dividend declaration during the year.

Consolidated cash balance increased by 13% from P28.4 billion in December 31, 2022 to P32.2 billion in December 31, 2023 as a result of collection of construction receivables and net loan availment which was offset by the higher dividend payment during the year.

Receivables decreased by 13% from P26.8 billion to P23.3 billion in 2023 mainly due to lower coal sales and collection of construction receivables.

Contract assets (current and non-current) amounting to P30.1 billion in 2023 is higher by 4% versus the previous year due to higher accomplishments on the real estate and construction businesses.

Consolidated inventories increased by 10% in 2023 from P61.5 billion to P67.9 billion following higher construction costs incurred on ongoing residential projects, as well as higher coal inventory and spare parts.

Other current assets increased by 17% to P12.8 billion which comprised mainly of creditable withholding taxes, prepaid expenses and recoverable deposit.

Investments in associates and joint ventures grew by 5%, reflecting the net impact of the income take-up and dividends received from Maynilad.

Right-of-use assets grew by 20% due to the additional office space leased during the year.

Property, plant and equipment stood at P53.7 billion from P57.6 billion last year as depreciation expense more than offset the capital expenditures in 2023.

Exploration and evaluation assets increased by 29% due to the relevant engineering studies conducted for the nickel mining segment.

Pension assets and remeasurements on retirement plans (under equity) decline by 2% and 8%, respectively. Meanwhile, pension liabilities grew by 125% in 2023. The movements in these accounts were mainly due to the effects of the differences between the actual results and previous actuarial assumptions.

Deferred tax assets increased by 66% versus the previous year, from P0.55 billion to P0.92 billion due to the reversal of deferred tax liability arising from the taxable temporary difference on unrealized foreign exchange gains.

Other noncurrent assets expanded by 11% due mainly to the long-term advances and deposits to suppliers.

Accounts and other payables, which includes income tax payables, increased by 9% to P31.0 billion mainly due to the accrual of production related expenses and higher government share in profits payable to DOE.

Contract liabilities (current and non-current) grew by 22% from last year to P19.4 billion due to the additional advances from customers.

Liabilities for purchased land declined by 28% in 2023 versus the previous year as the real estate segment pay down the related liabilities.

Total debt (under short-term and long-term debt) from 2022 amounting to P52.6 billion decreased by 6% to P49.5 billion following net loan payments during the year.

Other noncurrent liabilities decreased by 6% due amortization of deferred rent income.

Net accumulated unrealized gains on equity investments designated at FVOCI grew by 33% as fair market value of quoted securities during the year increased.

Consolidated retained earnings stood at P90.8 billion at the end of December 2023, 7% higher from P85.2 billion at the close of 2022 after generating P24.7 billion of net income and payment of P19.2 billion in cash dividends.

Non-controlling interest decreased by 3%, from P29.2 billion in 2022 to P28.4 billion in 2023, as a result of the lower minority share in profits of SMPC.

III. KEY RESULT INDICATORS

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

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

SEGMENT REVENUES

<i>(in Php Millions)</i>	For the Year		Variance	
	2023	2022	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P76,326	P90,382	(P14,056)	(16%)
DMCI HOMES	19,248	21,911	(2,663)	(12%)
D.M. CONSUNJI, INC.	16,117	18,656	(2,539)	(14%)
DMCI POWER	7,414	7,470	(56)	(1%)
DMCI MINING	3,386	3,789	(403)	(11%)
PARENT & OTHERS	337	392	(55)	(14%)
TOTAL REVENUE	P122,829	P142,600	P19,771	(14%)

The initial indicator of the Company's gross business results is seen in the movements of revenue in each business segment. As shown above, consolidated revenue decreased by 14% primarily due to normalizing commodity and electricity prices and lower construction accomplishments.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

<i>(in Php Millions)</i>	For the Period		Variance	
	2023	2022	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P15,780	P22,661	(P6,881)	(30%)
DMCI HOMES	4,569	4,469	100	2%
MAYNILAD	2,090	1,467	623	42%
DMCI POWER	959	742	217	29%
DMCI MINING	655	1,285	(630)	(49%)
D.M. CONSUNJI, INC.	571	587	(16)	(3%)
PARENT & OTHERS	53	(28)	81	289%
CORE NET INCOME	24,677	31,183	(6,506)	(21%)
NON-RECURRING ITEMS	46	(93)	130	149%
REPORTED NET INCOME	P24,722	P31,090	(6,367)	(20%)

The net income (after non-controlling interest) of the Group declined due to lower contributions from its coal and nickel mining segments due to normalizing commodity prices which is cushioned by higher income take up from Maynilad and contribution by the off grid power segment. The non-recurring items primarily pertain to the gain on sale of land, negated by the additional write down of the on-grid power segment's gas turbines.

EARNINGS PER SHARE

Earnings per share (EPS) pertains to how much profits a company makes for each of its common shares. EPS is one of the most common ways to gauge a company's profitability attributable to common shareholders.

The Company's consolidated basic and diluted EPS was P1.86/share for the year ended December 31, 2023, a 20% decline from P2.34/share EPS year-on-year.

RETURN ON COMMON EQUITY

Return on common equity is defined as the amount of net income a company earns relative to the book value of common equity. It is a primary financial metric used by equity investors to determine whether management is efficiently and effectively utilizing the capital that shareholders have provided to generate profits. It is calculated by dividing the net income attributable to common equity shareholders of the parent company divided by the average book value of equity attributable to the equity holders of the parent company. The Company's return on common equity stood at 27% and 33% for the year ended December 31, 2023 and 2022, respectively.

NET DEBT TO EQUITY RATIO

The net debt-to-equity ratio measures the amount of debt financing relative to the equity capital. The ratio tells the Company the amount of risk associated with the way its capital structure is set up. The ratio highlights the amount of debt a company is using to run their business and the financial leverage that is available to the Company. The net debt-to-equity ratio is calculated by dividing the interest-bearing loans less cash and cash equivalents by total shareholders' equity.

Total borrowings in 2023 stood at P49.5 billion from P52.6 billion in the previous year, which resulted to a net debt-to-equity ratio of 0.13:1 as of December 31, 2023 and 0.18:1 as of December 31, 2022.

FINANCIAL SOUNDNESS RATIOS

	December 31, 2023	December 31, 2022
Gross Margin	45%	52%
Net Profit Margin	30%	34%
Return on Assets	15%	22%
Return on Common Equity	27%	33%
Current Ratio	277%	290%
Net Debt to Equity Ratio	13%	18%
Asset to Equity Ratio	180%	181%
Interest Coverage Ratio	14 times	20 times

PART II--OTHER INFORMATION

1. The Group's operation is a going concern and is expected to remain in business indefinitely.
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 demand and supply of the commodities market and is also affected by weather conditions. Businesses that are not affected by known business cyclicity, trends, or other uncertainties would include power generation and water utility.
3. On October 10, 2023, the BOD of the Parent Company approved the declaration of special cash dividends of Php 0.72 per common share or a total of Php 9.56 billion in favor of the common stockholders of record as of October 24, 2023, and was paid on November 9, 2023.
4. On March 29, 2023, the BOD of the Parent Company approved the declaration of (1) regular cash dividends in the amount of Php 0.61 per common share or a total of Php 8.10 billion; and (2) special cash dividends of Php 0.11 per common share or a total of Php 1.46 billion, or a grand total of

Php 9.56 billion in favor of the common stockholders of record as of April 17, 2023, and was paid on April 28, 2023.

5. On October 18, 2022, the BOD of the Parent Company declared cash dividends amounting to Php 0.72 special dividends per common share totaling Php 9.56 billion in favor of the stockholders of record as of November 2, 2022, and was paid on November 16, 2022.
6. On April 1, 2022, the BOD of the Parent Company declared cash dividends amounting to Php 0.34 regular dividends per common share and Php 0.14 special dividends per common share totaling Php 6.37 billion in favor of the stockholders of record as of April 19, 2022, and was paid on April 29, 2022.
7. There are no undisclosed material subsequent events and transfer of assets not in the normal course of business that have not been disclosed for the period that the Group has knowledge of;
8. There are no known material contingencies during the interim period; events that will trigger direct or contingent financial obligations that are material to the Group, including any default or acceleration of an obligation has been disclosed in the notes to financial statements.
9. There are no known material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
10. Except for interest payments on loans, which the Group can fully service, the only significant commitment that would have a material impact on liquidity would be construction guarantees. These are usually required from contractors in case of any damage and/or destruction on a completed project.
11. There are no known trend or demand, commitment, event or uncertainty that will result in or have a material impact on the Group's liquidity.
12. The Group does not have any rights offering, issuance of primary shares, granting of stock options, and corresponding plans at this time.
13. All necessary disclosures were made under SEC Form 17-C.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD DECEMBER 31, 2022

Full Year 2022 vs Full Year 2021

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 December 31, 2022 and 2021.

- 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: buildings 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-market 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 two ongoing joint venture projects namely, Robinsons Land Corporation (RLC) - DMCI Property Ventures and DMC Estate Development Ventures.
- 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 power generation company in the country that is vertically integrated and 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 transports 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 concessionaire in terms of customer base 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

<i>in Php millions except EPS</i>	January to December (FY)		
	2022	2021	Change
I. SMPC (57%)	22,661	9,234	145%
II. DMCI Homes	4,469	4,397	2%
III. Maynilad (27%)	1,467	1,559	-6%
IV. DMCI Mining	1,285	1,206	7%
V. DMCI Power	742	580	28%
VI. D.M. Consunji, Inc.	587	378	55%
VII. Parent and others	-28	11	-355%
Core Net Income	31,183	17,365	80%
Nonrecurring Items	(93)	1,031	-109%
Reported Net Income	31,090	18,396	69%
EPS (reported)	2.34	1.39	69%

FY 2022 vs FY 2021 Consolidated Highlights

- The DMCI Group set a new record as reported net income expanded by 69% from Php 18.40 billion to Php 31.09 billion, translating to an earnings per share (EPS) of Php 2.34. Its 2022 net income is 65% higher than its longstanding profit record of Php 18.94 billion from 2013.

Moreover, the group registered its best-ever topline as consolidated revenues accelerated by 32% to Php 142.60 billion, from its previous high of Php 108.34 billion. This was mainly driven by elevated coal, power and nickel average selling prices, which was tempered by lower revenue recognition from construction activities and real estate sales.

Cash costs—together with royalties, interest expense and income tax—grew by 14% from Php 77.56 billion to Php 88.62 billion largely due to the accrual of 2020 tax expense, increased power plant maintenance expenses and higher insurance costs under SMPC, coupled with higher association dues of unsold ready-for-occupancy (RFO) real estate units and digital marketing spending under DMCI Homes.

Excluding dividends paid out during the year, its return on equity (ROE) of 33% is the highest among mid- and large-cap conglomerate peers in the Philippines.

Other income and finance income boosted earnings by Php 1.41 billion, which stemmed from foreign exchange gains and higher cash balance. However, income taxes more than doubled (169%) from Php 1.76 billion to Php 4.72 billion on higher operating income, accrual of SMPC's 2020 tax expense and expiry of SLPGC's income tax holiday (ITH).

- Excluding nonrecurring items, core net income accelerated by 80% from Php 17.34 billion to Php 31.18 billion.
- 2022 nonrecurring loss includes the write-down of SLPGC's 2x25MW gas turbines (Php 88 million) and miscellaneous Maynilad payments (Php 47 million), partially offset by DMCI gain on land sale (Php 43 million).
- 2021 nonrecurring gain primarily due the combined effect of gain from deferred tax remeasurement under CREATE Act (Php 955 million) and land sale (Php 203 million), as well as Maynilad's severance and other expenses (Php 127 million).
- SMPC, DMCI Homes and DMCI Mining accounted for 92% of core net income.
- All subsidiaries reported core net income growth.
- Financial credit health remained strong as key liquidity, solvency and book value per share (BVPS) ratios all significantly improved. Even after record high dividend payout (Php 15.93 billion), current ratio increased by 29% from 2.25x to 2.90x, while BVPS expanded by 18% from 6.61 to 7.80. Net debt to equity ratio improved to 18% in 2022 versus the previous year's 32% owing to the prepayment of debt by SMPC and DMCI.
- Ending consolidated cash balance stood at Php 28.41 billion, 55% higher than Php 18.34 billion in 2021. The group delivered strong cash growth even after its capital expenditures (Php 22.81 billion), net loan payment (Php 491 million) and all-time high cash dividend payout (Php 1.20 per share or Php 15.93 billion).

FY 2022 vs FY 2021 Subsidiaries and Associate Performance

I. Semirara Mining and Power Corporation (SMPC)

From a historic high of Php 9.23 billion in 2021, SMPC more than doubled (+145%) its contribution, setting a new record of Php 22.66 billion. Its exceptional performance was primarily driven by all-time high coal production, strategic coal and power market pivots, elevated market prices, and favorable foreign exchange movement.

The coal segment's contribution to the DMCI group surged by 151% from Php 8.13 billion to Php 20.39 billion, representing 65% of the total core net income in 2022. Meanwhile, the power

segment's contribution doubled (+105%) from Php 1.11 billion to Php 2.27 billion, accounting for 7% of the group's total core net income.

Additionally, the Board of Investments (BOI) recently approved the correction of the ITH availment period of Molave mine, which was originally set to expire in October 2022. The approval effectively extends SMPC's ITH status up to October 2023, subject to the payment of its 2020 tax due (without the ITH incentive) of P897 million and P184 million to cover related interest.

The following elaborates more on the performance of the two segments:

Coal

Standalone revenues advanced by 86% from P40.86 billion to P76.18 billion on higher selling prices, and further boosted by favorable forex rates. Reported net income more than doubled (+149%) owing to better operating margins.

The above results are due to the combined results of the following:

- **Elevated selling prices.** Semirara coal average selling price (ASP) sizzled by 91% from P2,695 per metric ton (MT) to P5,136 per MT on elevated market indices and the company's strategic pivot to domestic and other Asian markets.

Average Newcastle index (NEWC) surged by 162% from US\$137.3 to US\$360.2 per metric ton (MT), peaking at US\$452.8/MT on September 9 before ending the year at US\$398.50/MT. Average Indonesian Coal Index (ICI4) grew at a slower pace (32%) from US\$65.3/MT to US\$85.9/MT, closing the year at US\$90.45.

- **Lower sales.** Shipments slightly declined (-3%) from 15.2 MMT to 14.8 MMT, mainly due to weaker demand from Chinese buyers.

Semirara coal exports dropped by 24% from 9.4 MMT to 7.1 MMT as China sales cratered by 55% from 8.9 MMT to 4.0 MMT. However, sale to other foreign buyers improved more than 6x (520%) from 0.5 MMT to 3.1 MMT.

China accounted for 56% of foreign shipments, followed by South Korea (31%), Thailand (7%), Cambodia (2%), Vietnam (2%), Brunei (1%) and India (1%).

Domestic sales climbed by 33% from 5.8 MMT to 7.7 MMT mainly due to the company's strategic pivot away from China and stronger demand from SLPGC.

Coal shipments to other power plants skyrocketed by 83% from 1.8 MMT to 3.3 MMT while sale to own plants rose by 13% from 2.3 MMT to 2.6 MMT. Sale to industrial and cement

plants stood at 1.8 MMT in 2022, 6% higher than 1.7 MMT in 2021.

- **Better EBITDA margin.** Core EBITDA more than doubled (+115%) from P18.35 billion to P39.44 billion, which translated to higher Core EBITDA margin from 45% to 52%.

The margin expansion was due to the cumulative impact of stronger topline, slower growth in cost of sales (COS) – cash component and higher government share.

COS – cash increased by 27% from P15.67 billion to P19.96 billion largely due to a 71-percent increase in fuel costs from P5.31 billion in 2021 to P9.05 billion in 2022. Fuel costs accounted for 48% of total COS-cash costs, versus 36% the previous year.

Government share surged by 151% from P6.36 billion to an all-time high of P15.96 billion.

- **Favorable foreign exchange rate.** The segment booked P1.02 billion in net foreign exchange gain following an 11-percent jump in average US\$/PHP exchange rate from US\$: Php 49.3 to US\$: Php 54.5.
- **Higher tax expenses.** Tax expense multiplied more than 20x (+1,918%) from Php 60 million to Php 1.21 billion owing to the accrual of income tax expense of Php 897 million for year 2020 in relation to the deferral of Molave mine's ITH.

The coal segment also reported the following operational highlights:

- **All-time high production.** Production rose by 12% from 14.3 MMT to 16 MMT, which is the maximum allowable volume under the company's Environmental Compliance Certificate. Good weather conditions, sustained water seepage management and better-than-expected strip ratio led to the record high production.
- **Better strip ratio.** Strip ratio was at 9.9, 10% lower than last year (11.0) and 8% below the expected level for 2022 (10.8). The improved strip ratio was attributable to the near-depletion of East Block 4 and South Block 5 (both in Molave mine), together with the reduced water seepage level in the area.
- **Double-digit inventory growth.** Ending high-grade coal inventory grew by 22% from 0.9 MMT to 1.1 MMT on robust production and slightly lower shipments. Including lower grade coal, inventory increased by 67% from 1.2 MMT to 2.0 MMT.

Power

Standalone net income of the power segment more than doubled (+117%) from Php 1.78 billion to Php 3.86 billion as a result of better average selling prices, higher spot sales volume, and lower replacement power purchases.

Net of intercompany eliminations, the segment's net income contribution rose by 56% from Php 4.78 billion to Php 7.46 billion on better margins.

The above financial results are due to the combined impact of the following:

- **Reduced plant availability, average capacity and gross generation.** Overall plant availability dipped from 63% to 62%, as the 54-day increase in SCPC outage days (412 days vs 358 days in 2021) was moderated by the 34-day decrease in SLPGC outage days (143 days from 177 days in 2021). In turn, better SLPGC availability (from 76% to 80%) cushioned the effect of lower SCPC availability (from 51% to 44%).

Total average capacity fell by 5% from 749 MW to 708 MW because of the deration of SCPC Unit 2 from 230 MW to 190 MW (average dependable capacity).

Gross generation dropped by 6% from 3,959 GWh to 3,729 GWh following lower plant availability and average capacity. SLPGC contributed the bulk (54%) of total generation (versus 48% last year) on better operating performance.

- **Muted power sales.** Reduced power generation led to an 11-percent decline in total power sales from 4,032 GWh to 3,596 GWh. BCQ sales sustained a 43-percent drop from 3,004 GWh to 1,715 GWh, cushioned by an 83-percent upsurge in spot sales from 1,028 GWh to 1,881 GWh. Spot sales accounted for 52% of power sales (vs. 25% last year) due to lower contracted capacity.
- **Higher spot exposure.** At the beginning of 2022, the segment had 345.65MW or 64% of running dependable capacity (540MW) uncontracted and available for spot selling.

By the end of 2022, spot exposure widened by 56% to 540.85 MW due to the commercial operation of SCPC Unit 2 on October 9. This represents 74% of the segment's total dependable capacity (730MW).

- **Robust selling prices.** Overall ASP increased by 38% from Php 4.11/KWh to Php 5.67/KWh mainly due to elevated spot prices.

Persistent red and yellow alerts, elevated fuel prices and thin supply margins led to a 53-percent jump in average spot prices in the Luzon-Visayas grid, from Php 4.83/KWh to Php 7.39/KWh.

BCQ ASP firmed up by 2% from Php 3.64/KWh to Php 3.71/KWh owing to fixed prices in the companies' power supply agreements, while spot ASP rose by 35% from Php 5.51/KWh to Php 7.46/KWh.

At the standalone level, SMPC set a new annual profit record after more than doubling (+146%) its bottom line from Php 16.2 billion to Php 39.9 billion. This translated to a return on equity of 73%, the highest among power and mining peers for the year.

II. DMCI Project Developers Inc. (DMCI Homes)

Core net income contribution from DMCI Homes improved by 2% from Php 4.40 billion to Php 4.47 billion largely due to better earnings from income-generation activities. The following provides more substantiation on the net income drivers:

- **Lower revenue recognition.** Total revenues fell by 11% from Php 24.66 billion to Php 21.91 billion as fewer prior-year sales qualified for recognition and sales cancellations continued to trend higher. Revenue contribution from newly-recognized accounts (out of total) declined from 47% to 41% while cancellations rose from 6% to 13% .

Helping offset these results were higher construction accomplishment and better selling prices from qualified accounts.

- **Proportional cash costs decline.** Total cash costs dropped by 12% from Php 19.94 billion to Php 17.62 billion. This was mainly driven by a 15-percent decline in cost of sales (COS) from Php 17.67 billion to Php 14.94 billion, following lower revenues.

Operating expenses, on the other hand, increased by 18% from Php 2.27 billion to Php 2.68 billion owing to higher association dues related to unsold RFO units, sales incentives and digital marketing spending.

- **Higher other income.** Other income increased (+30%) from Php 1.27 billion to Php 1.65 billion on higher forfeitures from cancelled accounts.
- **Better margins.** While EBITDA margin remained flattish at 19%, core net income margin rose from 18% to 21% on higher other income and net finance income earned during the period.

The company also reported the following operational highlights:

- **Sales recovery.** Total units sold soared by 49% from 5,180 units to 7,701 units, driven by more project launches. Residential units sold expanded by 46% from 2,959 units to 4,326 units, while parking slot sales surged by 52% from 2,221 units to 3,375 units. Residential units accounted for 56% of total sales (versus 57% the previous year).
- **Double-digit ASP growth.** ASP per unit improved by 12% from Php 6.10 million to Php 6.82 million, while ASP per square meter similarly grew by 12% from Php 111,000 to Php 125,000. The value appreciation was attributable to the prime locations (Makati City and Mandaluyong

City) of its project launches, coupled with new amenities and features introduced in the launched projects, i.e. full water reuse capabilities and e-charging stations.

- **Increased sales value.** With better sales volume and ASP, total sales value rallied by 63% from Php 19.65 billion to Php 32.09 billion.
- **More project launches.** Three projects were launched during the year, versus just one in 2021. Consequently, sales value more than doubled (+130%) from Php 16.1 billion to Php 37.0 billion.
- **Sufficient inventory.** Total inventory swelled by 25% from Php 45.8 billion to Php 57.4 billion, driven by the increase in pre-selling units. Pre-selling inventory rose by 32% from Php 31.6 billion to Php 41.8 billion, following the launch of The Erin Heights, Fortis Residences (a joint venture project) and Sage Residences. Pre-selling units accounted for 73% of fourth-quarter inventory.

RFO inventory moderately increased (+9%) from Php 14.2 billion to Php 15.5 billion due to the completion of several projects namely, Infina Towers, Brixton Place, Prisma Residences and Verdon Parc.

- **Land bank for new product/s.** Total land bank expanded by 17% from 186.5 hectares to 217.9 hectares because of land banking activities for a new product formats. Luzon land bank ramped up by 52% from 64.9 hectares to 98.4 hectares, mostly for a soon-to-be launched leisure projects. Project launches for the year trimmed Metro Manila land bank by 2% from 114.0 hectares to 111.9 hectares.

Standalone net income declined by 12% from Php 5.19 billion to Php 4.55 billion mainly due to high base effect from CREATE Act.

Excluding 2021 nonrecurring gain of Php 649 million pertaining to deferred tax remeasurement under CREATE act, core net income was flat at Php 4.55 billion (versus Php 4.54 billion).

III. Maynilad Water Services, Inc. (Maynilad)

Attributable income from associate Maynilad decreased by 6% from Php 1.56 billion to Php 1.47 billion largely due to higher cash costs, tempered by lower noncash expenses. The following provides more context:

- **Flat billed volume.** The company reported flattish billed volume growth (+1%) from 519.6 million cubic meters (MCM) to 526.9 MCM, still below (-1.6%) the pre-pandemic level of 535.3 MCM.

Easing pandemic restrictions boosted commercial consumption by 10% from 59.3 MCM to 65.3 MCM while industrial and semi-business accounts both showed improvements.

Industrial consumption grew by 5% from 24.5 MCM to 25.8 MCM while semi-business accounts posted a 4-percent uptick in billed volume from 35.9 MCM to 37.4 MCM. Domestic consumption was mostly flat at 398.5 MCM compared to 399.9 MCM last year.

Served population also inched up (+1%) from 9.9 million to 10.0 million as the company continued its network expansion program.

- **Flat tariff.** Average effective tariff showed a slight improvement (1%) from Php 41.7 per cubic meter to Php 42.1 per cubic meter owing to non-domestic consumption recovery and absence of inflationary tariff adjustment.
- **Narrower margins.** While total revenue rose by 4% from Php 21.95 billion to Php 22.88 billion, core EBITDA margin compressed from 67% to 58% due to higher cash costs (+29%) and booked provisions (+2,557%).

Revenue increased from collected government tax, recovering billed volume and average effective tariff uptick.

The government tax pertains to other percentage tax implemented on March 21 in lieu of the 12-percent value-added tax. It consists of the national and local franchise taxes.

- **Elevated cash costs.** Total cash costs expanded by 29% from Php 6.69 billion to Php 8.62 billion largely due to higher electricity spending, increased chemical expenses, franchise tax and crossborder water purchases.

Higher electricity spending is mainly attributable to a supplier-imposed fuel cost recovery adjustment (FCRA), while additional chemical costs were incurred to treat the raw water from Laguna Lake.

- **More booked provisions.** The company accrued Php 170 million for credit losses and inventory obsolescence.
- **Lower noncash items.** Noncash items dropped by 36% from Php 4.58 billion to Php 2.95 billion mainly due to depreciation adjustments following the January 2022-effectivity of the company's legislative franchise under Republic Act 11600, which extended its service concession assets by ten years (from 2037 to January 2047).
- **Higher income taxes.** Provisions for income taxes increased by 36% from Php 1.60 billion to Php 2.17 billion on higher taxable income brought by lower noncash expenses.

The company also reported the following operational highlights:

- **Reduced water losses.** Average non-revenue water (NRW) improved from 44.9% to 43.4% brought about by growth in service connection, better supply-demand management and continuing network diagnostic activities.
- **Downscaled production.** Water production edged lower (-1%) from 762.3 million cubic meters (MCM) to 756.2 MCM as algal bloom and high turbidity in Laguna lake curbed Putatan plant production.
- **Expanded sewer coverage.** With aggressive capital spending, sewer coverage improved from 21.6% to 23.0%, while served population increased by 1% from 2.1 million to 2.3 million.

Standalone reported net income contracted by 4% from Php 6.14 billion to Php 5.88 billion. Excluding nonrecurring items, core net income fell by 7% from Php 6.53 billion to Php 6.05 billion. 2022 and 2021 nonrecurring losses pertain to , the impact of change in method of deduction for deferred tax liability and COVID-19 expenses.

IV. DMCI Mining Corporation (DMCI Mining)

Despite operating a single mine, DMCI Mining achieved a 7-percent increase in core net income which rose from Php 1.21 billion to Php 1.29 billion. The growth can be attributed to improved selling prices and favorable foreign exchange rates. To elaborate:

- **Reduced production and shipments.** Total production retreated by 42% from 1,788,000 wet metric tons (WMT) to 1,031,000 WMT following the depletion of its Palawan mine in Q4 2021. Consequently, total shipments dropped by 26% from 1,945,000 WMT to 1,449,000 WMT.

ZDMC production expanded by 10% from 934,000 WMT to roughly 1,000,000 WMT, its maximum allowable production volume under its Environmental Compliance Certificate (ECC). In turn, Zambales shipments grew by 22% from 894,000 WMT to 1,088,000 WMT.

- **Higher selling prices.** While average nickel grade sold declined from 1.36% to 1.33%, ASP increased by 14% from US\$ 42/WMT to US\$ 48/WMT on rallying global nickel prices. Average LME Nickel index surged by 39% from US\$18,478 per metric ton (MT) to US\$25,638 per MT, while the Philippine FOB prices for 1.50%-grade rose by 22% from US\$49 per tonne to US\$60 per tonne.
- **Favorable foreign exchange rates.** Average US\$/Php exchange rate rose by 10% from US\$ 1: Php 49 to US\$ 1: Php 54 driven by currency market volatility, global inflationary environment and central banks' hawkish policy stance.

- **Flat profit margins.** Core EBITDA margin declined modestly from 59% to 58% as revenues fell steeper (-6%) than cash costs (-3%) on higher costs including environment spending. Core net income margins stood at around 35% following lower noncash expenses and higher foreign exchange gains (other income).

Noncash expenses dropped by 17% from Php 584 million to Php 488 million mainly due to lower shipments, which led to lower amortizations.

The company also reported the following operational and financial highlights:

- **Lower stockpile.** Total ending inventory slumped by 86% from 389,000 WMT to 54,000 WMT due to the 93-percent decline in BNC inventory. From 287,000 WMT, Palawan stockpile fell to 21,000 WMT. Zambales stockpile receded by 68% from 102,000 WMT to 33,000 WMT with the resumption of shipment season in the fourth quarter. Both mines ended the year with stockpiles less than the standard shipping volume of 50,000 WMT.
- **Higher cash and flat debt level.** Cash levels increased by 38% from Php 800 million to Php 1.10 billion, even after paying cash dividends (Php 1.0 billion) to the parent company and capital expenditures (Php 590 million). Debt level remained at Php 350 million.
- **More Capital expenditures.** Committed capital expenditures climbed by 43% from Php 322 million to Php 459 million on BNC exploration activities and heavy equipment purchases of ZDMC. Explorations have started in the Dangla and Longpoint sites, while ZDMC ramped up its production capacity to sustain shipments amid BNC depletion.

Standalone reported net income decreased by 18% from Php 1.65 billion to Php 1.36 billion mainly on high base from nonrecurring gains from deferred tax remeasurement under CREATE law amounting to Php 247 million in 2021.

V. DMCI Power Corporation (DMCI Power)

Core net income contribution from DMCI Power jumped by 28% from Php 580 million to a historic high of Php 742 million mainly due to record breaking operating performance of the business. The following elaborates on the highlights:

Historic revenue. Revenue increased by 61% from Php 4.65 billion to an all-time high of Php 7.47 billion due to record generation, dispatch and average selling prices.

Record output. Total gross generation grew by 15% from 388.0 GWh to 447.3 GWh, as all service areas posted notable growth. Oriental Mindoro generation surged by 42% from 72.8 GWh to 103.5 GWh while Palawan generation went improved by 10% from 162.7 GWh to 178.9 GWh. Masbate generation also grew (+8%) from 152.5 GWh to 165.0 GWh.

Best-ever dispatch. Total power sales rose by 16% from 367.6 GWh to 426.0 GWh, as all three locations posted record-high dispatch. Palawan remained as the top contributor, accounting for 42% of total sales, followed by Masbate (35%) and Oriental Mindoro (23%).

Record selling prices. ASP climbed by 39% from Php 12.6/KWh to Php 17.5/KWh, mainly due to elevated fuel prices. Diesel prices accelerated by 44% from Php 39.6/liter to Php 56.9/liter, while bunker prices advanced by 31% from Php 35.31/liter to Php 46.1/liter.

COS growth. COS grew (+73%) from Php 3.58 billion to Php 6.17 billion due to the Masbate plant maintenance in Q1 and higher fuel costs.

The company also reported the following operational matters:

Higher market share in Oriental Mindoro. Oriental Mindoro market share grew by 25% mainly due to the unavailability of the renewable energy plant, coupled with tourism demand recovery.

Changes in Masbate and Palawan market shares were flat (0% and -1%) at 100% and 52%, respectively.

More infrastructure spending. Capital spending rose by 35% from Php 1.40 billion to Php 1.89 billion largely from the construction of the 15MW power plant in Palawan.

Higher debt. Total debt swelled by 45% from Php 3.8 billion to Php 5.6 billion primarily due to the development of the 15MW Masbate plant, 15MW Palawan thermal plant (targeted for commercial operation on Q2 2023) and 8.34MW hybrid diesel plant in Masbate (targeted for commercial operation in 2023).

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

DMCI profit improved by 55% from Php 378 million to Php 587 million mainly due to steeper decline in cash (-6%) and noncash costs (-11%), relative to topline (-4%). The following provides more elaboration on the performance:

- Lower revenue. Construction revenue decreased by 4% from Php 20.26 billion to Php 19.50 billion on fewer projects and demand for project support, coupled with rescoping of North South Commuter Railway (NSCR) contract package (CP) 01. Slower revenue recognition was cushioned by the completion of major projects such as the CCLEX and IKEA MOA.
- Lower costs. Cost of sales slipped by 6% due to construction accomplishment slowdown and high base effect, which resulted from conservative revenue recognition in 2021 and absence of COVID-19 related expenses.

- Better profit margins. EBITDA margin improved from 7.3% to 9.6% partly due to relatively fast decline costs versus sales drop. Core net income margin also widened from 1.6% to 4.2% following an 11-percent decline in depreciation from Php 886 million to Php 790 million, stemming from capital expenditure rationalization.
- Higher intercompany accounting eliminations. Intercompany eliminations grew by 303% from Php 73 million to Php 294 million largely attributable to the Poblacion Water Treatment Plant and Camana Water Reclamation Facility projects of DMCI Holdings associate Maynilad.
- Lower debt and cash balances. Ending cash balance dropped by 30% as debt was paid down. Consequently, loan balance decreased by 71% from Php 700 million to Php 200 million.

The company also reported the following operational highlights:

- **Order book reduction.** Order book declined by 29% from Php 49.3 billion to Php 35.2 billion due to weak construction demand and rescoping of the North South Commuter Rail Contract Package 01 (Taisei-DMCI Joint Venture).

Current obstructions prevented access, possession and delivery of the NSCR CP 01 project site, resulting in the omission of Section 1 (amounting to Php 7.0 billion) from the order book.

Cushioning the impact of the omission, the company bagged Php 10.7 billion worth of new projects, which included Pioneer BGC and Metro Manila Subway Project contract package 102.

Standalone net income increased by 61% from Php 535 million to Php 863 million. Excluding nonrecurring items pertaining to gain from equipment and land sale, core net income expanded roughly 2.5x (+146%) from Php 331 million to Php 815 million.

Outlook

The DMCI Group expects mixed results in 2023 owing to coal and nickel market volatility, cost inflation, high interest rates and lingering impact of the pandemic. Bright spots would be the power and water businesses, which are expected to benefit from resilient consumption and elevated pricing.

Global coal price indices are seen to pull back on easing energy security risk, high fuel stockpiles, mild winter, slow economic recovery and influx of steeply-discounted Russian coal.

With Semirara coal pricing mostly derived from the Indonesian Coal Index, SMPC expects its ASP to be more stable, hovering below the 2022-level but still above pre-pandemic level.

Global nickel supply surplus is set to push average selling prices down but should remain supported during the year owing to strong demand from the stainless steel and electric vehicle sectors.

To counter the price volatility, SMPC and DMCI Mining are focusing on optimizing their production, which could go up to as much as 16 MMT and 2 MMT, respectively.

On-grid power (SCPC and SLPGC) has around 540 MW of uncontracted capacity for dispatch to the Wholesale Electricity Spot Market (WESM). For 2023, WESM prices are forecasted to remain elevated (~P7.10/kWh), with some upside potential given growing demand and limited baseload capacity entering the market in 2023 (~300MW).

Off-grid power (DMCI Power) is projected to grow with the commissioning of the 15 MW thermal plant in Palawan and the 12 MW hybrid plant (diesel and solar) in Masbate at various periods during the year.

The water business (Maynilad) expects a marked improvement in its financial performance on the combined effect of billed volume recovery, improved customer mix and implementation of its basic rate adjustment starting January 1.

Construction (DMCI) and real estate (DMCI Homes) should continue to face headwinds as high interest rates and hybrid work models nip demand and inflated raw materials cost gnaw at margins. New product formats (leisure and premium segment), value engineering and alternative business models (joint ventures and partnerships) should help both businesses weather these challenges.

Explanation of movement in consolidated income statement accounts:

Revenue

Consolidated revenue for 2022 grew by 32% from P108.3 billion to P142.6 billion primarily driven by stronger coal, electricity, and nickel markets.

Cost of Sales and Services

From P69.7 billion in 2021, cost of sales and services decreased marginally by 2% in spite of the surge in revenue as cost of sales related to real estate and construction softened. As a result, gross profit margin improved to 57% in 2022 from 43% of the previous year.

Operating Expenses

Government royalties for the year amounted to P16.0 billion, a 151% surge from P6.4 billion the previous year due to higher profitability of the coal business. Excluding government royalties, operating expenses incurred increased by 17.7% to P9.1 billion due mainly to higher salaries and wages, repairs and maintenance, and association dues.

Equity in Net Earnings

Equity in net earnings of associates decreased by 7%, from P1.61 billion to 1.51 billion in 2022 and 2021, respectively, as a result of lower income take up from Maynilad.

Finance Costs - net

Consolidated finance costs (net) declined by 66% as cash placements generated higher returns during the year.

Other Income (Expense) - net

Other income (net) increased by 48% due to the higher sales forfeitures and cancellation fees coupled with the higher foreign exchange gain owing to favorable foreign exchange rates and higher dollar-denominated short-term placements rates.

Provision for Income Tax

Higher taxable income amounted to P4.7 billion, which is a 169%-percent year-on-year increase in consolidated provision for income tax (both current and deferred) during the year. The accrual of the income tax expense amounting to P897 million for 2020 is in relation to the deferral of the Molave mine's income tax holiday, which contributed to the increase in tax provisions for the year.

II. CONSOLIDATED FINANCIAL CONDITION

December 31, 2022 (Audited) vs December 31, 2021 (Audited)

The Company's financial condition for the year improved as total assets reached P240.8 billion, a 12% increase from December 31, 2021. Meanwhile, consolidated stockholders' equity increased by 22% to Php 132.7 billion following the dividend declaration during the year.

Consolidated cash balance increased by 55% from P18.3 billion in December 31, 2021 to P28.4 billion in December 31, 2022 as a result higher coal and nickel earnings, which was offset by the higher dividend payment during the year.

Receivables rose by 14% from P23.5 billion to P26.8 billion in 2022 mainly due to the bulk of coal sales that transpired in the latter part of 2022 and timing difference of the collection from the government.

Contract assets (current and non-current) amounting to P29.4 billion in 2022 is higher by 11% versus the previous year due to higher accomplishments on the real estate and construction businesses.

Consolidated inventories increased by 13% in 2022 from P54.2 billion to P61.5 billion following higher construction costs incurred on ongoing residential projects, as well as higher coal inventory and spare parts.

Other current assets decreased by 7% to P10.2 billion due mainly to the application of tax credits to income tax payables during the year.

Investments in associates and joint ventures grew by 4%, reflecting the net impact of the income take-up and dividends received from Maynilad.

Right-of-use assets declined by 20% due to the amortization recognized in 2022.

Property, plant and equipment stood at P57.6 billion from P59.4 billion last year as depreciation expense more than offset the capital expenditures in 2022. The reclassification of gas turbine to “Asset held for sale” further pulled down the balance of the account.

Exploration and evaluation assets increased by 66% due to the relevant engineering studies conducted for the nickel mining segment.

Pension assets and remeasurements on retirement plans (under equity) grew by 24% and 60%, respectively. Meanwhile, pension liabilities slipped by 51% in 2022. The movements in these accounts were mainly due to the effects of the differences between the actual results and previous actuarial assumptions.

Deferred tax assets decreased by 7% versus the previous year, from P0.60 billion to P0.55 billion, following the realization of previous year tax benefit.

Other noncurrent assets expanded by 107% due mainly to the retention receivables which are expected to be collected after the completion of construction projects.

Accounts and other payables, which includes income tax payables, increased by 1% to P28.3 billion mainly due to the accrual of production related expenses and higher government share in profits payable to DOE.

Contract liabilities (current and non-current) declined by 3% from last year to P15.9 billion due to the recoupment of advances from customers.

Liabilities for purchased land rose by 15% in 2022 versus the previous year due to acquisition of land for real estate development.

Total debt (under short-term and long-term debt) from 2021 amounting to P53.0 billion slightly decreased by 1% to P52.6 billion following net loan prepayments during the year.

Other noncurrent liabilities increased by 75% due mainly to noncurrent portion of retention payables which are expected to be paid to suppliers and subcontractors after the completion of projects.

Net accumulated unrealized gains on equity investments designated at FVOCI grew by 31% as fair market value of quoted securities during the year increased.

Consolidated retained earnings stood at P85.2 billion at the end of December 2022, 22% higher from P70.0 billion at the close of 2021 after generating P31.2 billion of net income and payment of P15.9 billion in cash dividends.

Non-controlling interest increased by 139%, from P21.09 billion in 2022 to P29.22 billion in 2021, as a result of the higher minority share in profits of SMPC.

III. KEY RESULT INDICATORS

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

- f) Segment Revenues
- g) Segment Net Income (after Non-controlling Interests)
- h) Earnings Per Share
- i) Return on Common Equity
- j) Net Debt to Equity Ratio

SEGMENT REVENUES

<i>(in Php Millions)</i>	For the Year		Variance	
	2022	2021	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P90,382	P52,424	P37,958	72%
DMCI HOMES	21,911	24,657	(2,746)	(11%)
D.M. CONSUNJI, INC.	18,656	22,233	(3,577)	(16%)
DMCI POWER	7,470	4,640	2,830	61%
DMCI MINING	3,789	4,022	(233)	(6%)
PARENT & OTHERS	392	367	25	7%
TOTAL REVENUE	P142,600	P108,343	P34,257	32%

The initial indicator of the Company’s gross business results is seen in the movements of revenue in each business segment. As shown above, consolidated revenue increased by 32% primarily driven by higher coal and energy sales volume and average selling prices.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

<i>(in Php Millions)</i>	For the Period		Variance	
	2022	2021	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P22,661	P9,234	P13,427	145%
DMCI HOMES	4,469	4,395	74	2%
MAYNILAD	1,467	1,559	(92)	(6%)
DMCI MINING	1,285	1,206	79	7%
DMCI POWER	742	580	162	28%
D.M. CONSUNJI, INC.	587	378	209	55%
PARENT & OTHERS	(28)	11	(39)	(355%)

CORE NET INCOME	31,183	17,363	13,820	80%
NON-RECURRING ITEMS	(93)	1,031	(1,124)	(109%)
REPORTED NET INCOME	P31,090	P18,394	12,696	69%

The net income (after non-controlling interest) of the Group was driven by the stronger performance of its coal, power, and construction segments arising from higher commodity prices and completion of various developmental projects. The non-recurring items primarily pertain to the write down of the on-grid power segment's gas turbines.

EARNINGS PER SHARE

Earnings per share (EPS) pertains to how much profits a company makes for each of its common shares. EPS is one of the most common ways to gauge a company's profitability attributable to common shareholders.

The Company's consolidated basic and diluted EPS was P2.34/share for the year ended December 31, 2022, a 69% jump from P1.39/share EPS year-on-year.

RETURN ON COMMON EQUITY

Return on common equity is defined as the amount of net income a company earns relative to the book value of common equity. It is a primary financial metric used by equity investors to determine whether management is efficiently and effectively utilizing the capital that shareholders have provided to generate profits. It is calculated by dividing the net income attributable to common equity shareholders of the parent company divided by the average book value of equity attributable to the equity holders of the parent company. The Company's return on common equity stood at 33% and 22% for the year ended December 31, 2022 and 2021, respectively.

NET DEBT TO EQUITY RATIO

The net debt-to-equity ratio measures to amount of debt financing relative to the equity capital. The ratio tells the Company the amount of risk associated with the way its capital structure is set up. The ratio highlights the amount of debt a company is using to run their business and the financial leverage that is available to the Company. The net debt-to-equity ratio is calculated by dividing the interest-bearing loans less cash and cash equivalents by total shareholders' equity.

Total borrowings in 2022 stood at P52.6 billion from P53.0 billion in the previous year, which resulted to a net debt-to-equity ratio of 0.18:1 as of December 31, 2022 and 0.32:1 as of December 31, 2021.

FINANCIAL SOUNDNESS RATIOS

	December 31, 2022	December 31, 2021
Gross Margin	52%	36%
Net Profit Margin	34%	24%
Return on Assets	22%	13%
Return on Common Equity	33%	22%
Current Ratio	290%	225%
Net Debt to Equity Ratio	18%	32%
Asset to Equity Ratio	181%	198%
Interest Coverage Ratio	20 times	10 times

PART II--OTHER INFORMATION

1. The Group's operation is a going concern and is expected to remain in business indefinitely.
14. 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 demand and supply of the commodities market and is also affected by weather conditions. Businesses that are not affected by known business cyclicity, trends, or other uncertainties would include power generation and water utility.
15. On October 18, 2022, the BOD of the Parent Company declared cash dividends amounting to Php 0.72 special dividends per common share totaling Php 9.56 billion in favor of the stockholders of record as of November 2, 2022, and was paid on November 16, 2022.
16. On April 1, 2022, the BOD of the Parent Company declared cash dividends amounting to Php 0.34 regular dividends per common share and Php 0.14 special dividends per common share totaling Php 6.37 billion in favor of the stockholders of record as of April 19, 2022, and was paid on April 29, 2022.
17. On October 12, 2021, the BOD of the Parent Company declared cash dividends amounting to Php 0.48 special dividends per common share totaling Php 6.37 billion in favor of the stockholders of record as of October 26, 2021 and was paid on November 10, 2021.
18. On March 29, 2021, the BOD of the Parent Company declared cash dividends amounting Php 0.13 regular dividends per common share and Php 0.35 special dividends per common share totaling Php 6.37 billion in favor of the stockholders of record as of April 15, 2021 and was paid on April 26, 2021.
19. There are no undisclosed material subsequent events and transfer of assets not in the normal course of business that have not been disclosed for the period that the Group has knowledge of;

20. There are no known material contingencies during the interim period; events that will trigger direct or contingent financial obligations that are material to the Group, including any default or acceleration of an obligation has been disclosed in the notes to financial statements.
21. There are no known material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
22. Except for interest payments on loans, which the Group can fully service, the only significant commitment that would have a material impact on liquidity would be construction guarantees. These are usually required from contractors in case of any damage and/or destruction on a completed project.
23. There are no known trend or demand, commitment, event or uncertainty that will result in or have a material impact on the Group's liquidity.
24. The Group does not have any rights offering, issuance of primary shares, granting of stock options, and corresponding plans at this time.
25. All necessary disclosures were made under SEC Form 17-C.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD DECEMBER 31, 2021

Full Year 2021 vs Full Year 2020

I. RESULTS OF OPERATIONS

Below is a table on the net income contributions of the Company's businesses for 2021 and 2020:

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

<i>(in Php Millions)</i>	For the Period		Variance	
	2021	2020	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P9,234	P2,009	P7,225	360%
DMCI HOMES	4,395	1,940	2,455	127%
MAYNILAD	1,559	1,540	19	1%
DMCI MINING	1,206	483	723	150%
DMCI POWER (SPUG)	580	537	43	8%
D.M. CONSUNJI, INC.	378	109	269	247%
PARENT & OTHERS	11	(51)	62	122%
CORE NET INCOME	17,363	6,567	10,796	164%
NON-RECURRING ITEMS	1,031	(708)	1,739	246%
REPORTED NET INCOME	P18,394	P5,859	12,535	214%

FY 2021 vs FY 2020 Consolidated Highlights

- Reported net income grew threefold (214%) from Php 5.86 billion to Php 18.40 billion as all of the businesses delivered robust growth on the back of stronger-than-expected coal, electricity and nickel markets, coupled with higher construction accomplishments. This translated to Php 1.39 in earnings per share and 21.7% in return on equity.
- Excluding nonrecurring gain in 2021 which comes mostly from deferred tax remeasurement because of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act (Php 955 million) and gain on sale of land (Php 203 million), versus a nonrecurring loss of Php 708 million in 2020 pertaining mainly to sales cancellations for a Davao project, core net income accelerated by 164% from Php 6.57 billion to Php 17.37 billion, the highest ever recorded by the group.
- SMPC and DMCI Homes accounted for 79% of core net income.
- Strong operating cashflow from elevated commodity and electricity prices allowed the group pay out Php 6.37 billion in regular (Php 0.23/share) and special (Php 0.25/share) cash dividends in April and Php 6.37 billion in special (Php 0.48/share) cash dividends in

November. In effect, total cash dividends reached Php 12.75 billion (Php 0.96 per share), which translates to a payout ratio of 194%—well above the company dividend policy of 25% of the previous year's core net income and an all-time high for the group.

FY 2021 vs FY 2020 Subsidiaries and Associate Performance

I. Semirara Mining and Power Corporation (SMPC)

Core income contribution from SMPC expanded four times (360%) from Php 2.0 billion to Php 9.23 billion, a record high for the business. The strong performance was attributable to soaring coal and electricity prices, improved coal production, substantial beginning inventory and ample uncontracted power capacity. The following summarizes the performance of its two operating segments:

Coal Segment

- **Better production.** Aggregate (actual) strip ratio declined from 13.9 to 11.0 on significantly improved weather and water seepage conditions. Consequently, total production advanced by 8% from 13.2 million metric tons (MMT) to 14.3 MMT.
- **High inventory.** At the end of 2020, coal stockpile stood at 2.0 MMT, around 45% of which was high grade (820,000 MT).
- **Double-digit sales volume growth.** Higher production and inventory levels allowed the company to boost shipments by 16% from 13.1 MMT to 15.2 MMT, mainly driven by external sales. Exports rallied by 24% from 7.6 MMT to 9.4 MMT, and accounted for 62% of total shipments. Excluding sale to own plants, domestic sales grew faster (35%) than exports from 2.6 MMT to 3.5 MMT. Sale to own plants declined by 21% from 2.9 MMT to 2.3 MMT because of the prolonged outage of SEM-Calaca Power Corporation (SCPC) Unit 2.
- **Record-high prices.** Tempered by contracts from December 2020 that were delivered in Q1 and ceiling prices for domestic sales, Semirara coal average selling prices (ASP) rebounded by 71% from P1,577 to P2,695. Faster-than-expected economic recovery and supply disruptions led to a global energy crunch, which more than doubled index prices. Average Newcastle coal prices (NEWC) rocketed by 127% from USD 60.45 to USD 127.28 while Average Indonesian Coal Index 4 (ICI4) swelled by 122% from USD 29.40 to USD 65.30.

Power Segment

- **Lower output.** Overall gross generation dropped by 15% from 4,677 GWh to 3,959 GWh as the combined plant outages of SCPC and Southwest Luzon Power Generation Corporation (SLPGC) reached 535 days, up by 14% from 471 days.
- **Reduced sales.** Total power sales slid by 4% from 4,218 GWh to 4,032 GWh due to the 25-percent decline in SCPC sales (2,692 GWh vs. 2,023 GWh), which was significantly offset by the 32-percent growth in SLPGC sales (1,526 GWh vs. 2,009 GWh). 75% of total power sales went to BCQ.
- **Elevated prices.** Overall ASP recovered by 49% from Php 2.76/KWh to Php 4.11/KWh largely due to higher spot market prices and an SCPC 170MW bilateral contract with a fuel pass-

through provision (expired October 25). Bilateral contract quantity (BCQ) ASP picked up by 8% from Php 3.37/KWh to Php 3.64/KWh while Wholesale Electricity Spot Market (WESM) ASP more than doubled (138%) from Php 2.31/KWh to Php 5.51KWh. Magnifying the impact of the spot price movement is the 1,028 GWh of electricity sales to WESM.

- **Higher replacement power purchases.** Total replacement power purchases expanded by 139% from 162 GWh to 387 GWh owing to lower gross generation and elevated spot prices.

DMCI Holdings recognized a nonrecurring loss of Php 74 million for SMPC from deferred tax asset remeasurement and income tax adjustment from CREATE Act.

II. DMCI Project Developers Inc. (DMCI Homes)

Core net income contribution from DMCI Homes more than doubled (127%) from Php 1.94 billion to Php 4.40 billion due to the combined effect of the following:

- **Higher revenue recognition.** Revenues increased by 39% from Php 17.69 billion to a record high of Php 24.66 billion because of higher construction accomplishments and uptick in new accounts that qualified for revenue recognition.
- **Better gross margin.** Gross margin improved from 22.4% to 28.3% following the normalization of dress-up costs for ready-for-occupancy (RFO) units.
- **Higher operating expenses (OPEX).** OPEX rose by 12% from Php 2.03 billion to Php 2.27 billion on higher manpower costs, association dues and utilities from unsold RFO units, taxes and licenses.
- **Rise in other income.** Other income spiked by 66% from Php 767 million to Php 1.27 billion because of unit cancellations, forfeitures and rental income.

The company also reported the following operational highlights:

- **Weak sales and reservations.** Units sold slipped by 3% from 5,353 to 5,180 following a 9-percent sales slowdown in residential units (2,959 vs 3,267) and a 6-percent upswing in parking slots sold (2,221 vs 2,086).
- **Flattish sales value.** Total sales value was flat at Php 19.65 billion (vs Php 19.58 billion) as higher selling prices offset the impact of lower unit sales.
- **Higher selling prices.** ASP per square meter was largely unchanged at Php 111,000 (vs Php 110,000) but ASP per unit improved by 10% from Php 5.51 million to Php 6.07 million with the sale of larger cut units.
- **Substantial inventory.** Total Inventory rose by 66% from Php 24.6 billion to Php 40.8 billion as more RFO units and newly-launched units from pre-selling projects became available. RFO units accounted for 28% of total inventory.

DMCI Homes recognized a nonrecurring gain of Php 640 million from deferred tax liabilities remeasurement and income tax adjustment from CREATE Act and Php 12 million from the sale of land.

III. Maynilad Water Services, Inc. (Maynilad)

Core net income contribution from associate Maynilad was steady at Php 1.56 billion (vs Php 1.54 billion) due to the following:

- **Lower billed volume.** Billed volume dropped by 3% from 536.4 million cubic meters (MCM) to 519.6 MCM as COVID-19 restrictions continued to sap overall demand.
- **Lower average effective tariff.** Average effective tariff receded by 1% from Php 42.1 to Php 41.6 due to lower billed volume and absence of tariff and inflationary adjustments.
- **Unfavorable customer mix.** From 16.2%, non-domestic demand dipped to 16.1% as business establishments closed down or reduced operations because of the pandemic.
- **Lower gross margin.** Standalone revenues fell by 4% from Php 22.93 billion to Php 21.95 billion while cost of sales (COS) increased by 4% from Php 3.79 billion to Php 3.93 billion. The COS upturn was largely due to higher utilities consumption, repairs and maintenance and water treatment chemicals for Putatan water treatment plants 1 and 2, coupled with low-base effect as some utilities billings for 2020 were received and expensed in 2021.

The nonrecurring expenses pertain to the impact of change in method of deduction for deferred tax recognition (Php 380 million), COVID-19 expenses (Php 57 million) and donations (Php 55 million).

DMCI Holdings also recognized Php 132 million pesos of nonrecurring gain from the impact of CREATE Act to its investments on Maynilad.

IV. DMCI Mining Corporation (DMCI Mining)

Core net income contribution from DMCI Mining widened by 150% from Php 483 million to an all-time high of Php 1.21 billion owing to historic revenues. Standalone topline surged by 63% from Php 2.47 billion to Php 4.02 billion as a result of the following:

- **Double-digit production growth.** Total production increased by 13% from 1.58 million wet metric tons (WMT) to 1.79 million WMT on the uneven nickel output of Berong Nickel Corporation (BNC) and Zambales Diversified Metals Corporation (ZDMC). BNC production dropped by 22% from 1.09 million WMT to 854,000 WMT with the depletion of its Berong mine at the latter part of the year. Meanwhile, ZDMC production nearly doubled (91%) from 490,000 WMT to 934,000 WMT on ramped-up capacity.
- **Higher Shipments.** Total shipment accelerated by 18% from 1.65 million WMT to 1.94 million WMT on strong China demand and higher mine production.

- **Surging selling prices.** ASP escalated by 40% from USD 30/WMT to USD 42/WMT on robust market demand and supply disruptions. Average London Metal Exchange (LME) nickel spot prices went up by 34% from USD13,773 to USD 18,478. After peaking at USD21,135 in November, LME closed the year at USD20,925.
- **Better nickel grades.** Average nickel grade sold improved from 1.33% to 1.36% on higher shipments from BNC.
- **Higher noncash cost.** Noncash costs climbed by 68% from Php 348 million to Php 584 million largely due to depletion rate adjustments from operating mine assets.
- **Final mine rehabilitation.** The company fully expensed Php 110 million for the rehabilitation of its Berong mine.

The company also reported the following operational highlights:

- **Substantial inventory.** Total inventory receded by 17% from 469,000 WMT to 389,000 WMT as BNC inventory retreated by 31% from 418,000 WMT to 287,000 WMT. Mitigating the impact of this decline was the doubling of ZDMC inventory from 51,000 WMT to 102,000 WMT.
- **New debt for capital expenditures (CAPEX).** DMCI Mining availed a long-term loan of Php 350 million to boost ZDMC's in-house mine production capacity. Around Php 47 million was spent to acquire additional heavy equipment for the Zambales operations.

At the parent level, a nonrecurring gain of Php 236 million was recognized from deferred tax liabilities remeasurement and income tax adjustment from CREATE Act.

V. DMCI Power Corporation (DMCI Power)

Core net income contribution from DMCI Power rose by 8% from Php 537 million to Php 580 million due to the combined effect of the following:

- **Higher energy sales.** Energy dispatch climbed by 5% from 349.0 GWh to 368.0 GWh as demand in Masbate, Oriental Mindoro and Palawan recovered on looser quarantine restrictions, together with the first full-year operation of its 15MW Masbate thermal plant.
- **Elevated selling prices.** ASP expanded by 11% from Php 11.4/KWh to Php 12.7 /KWh on higher fuel costs.
- **Cost of sales (COS) in line with revenues.** COS grew by 18% (vs revenues by 17%) from Php 3.03 billion to Php 3.58 billion, slightly lifted by higher fuel costs during a Masbate plant maintenance outage.

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

Core net income contribution from DMCI grew threefold (247%) from Php 109 million to Php 378 million because of the following:

- **Revenue recovery.** Gross revenues climbed by 19% from Php 17.01 billion to Php 20.26 billion on looser quarantine restrictions and higher construction accomplishments from infrastructure projects, tempered by conservative revenue recognition.
- **Flattish gross margin.** Gross profit was largely flat (9.9% vs 9.3%) due to lower pandemic-related expenses and conservative revenue recognition. COS jumped by 18% from Php 15.43 billion to Php 18.26 billion, in line with topline growth (19%).
- **Higher operating expenses (OPEX).** OPEX rose by 8% from Php 523 million to Php 566 million on COVID-19 vaccine procurement.

The company also reported the following updates:

- **Order book slowdown.** Balance of work decreased by 16% from Php 58.7 billion to Php 49.3 billion as project bidding and construction spending remained sluggish. The current order book is enough to sustain the company for roughly three years. The company secured Php 4.7 billion in new contracts and Php 2.9 billion in variation orders but realized Php 17.1 billion in order book during the year.
- **Higher ending cash balance.** Down payment from new projects raised cash balance by 37% from Php 1.4 billion to Php 2.0 billion, as of end of December 2021.

DMCI posted a nonrecurring gain of Php 191 million from the sale of land.

Parent and Others

Parent and other investments recorded a net income of Php 11 million from a net loss of Php 51 million last year mainly due to absence of COVID-19 related expenses.

Outlook

Our 2022 performance will be largely defined by the ongoing geopolitical crisis and rate of economic recovery of the Philippines from the COVID-19 pandemic. The outcome of this year's elections could also affect the growth and sustainability of our businesses.

We anticipate significant volatility in the coal and nickel markets because of global supply disruptions and economic sanctions on Russia, the world's third-largest and sixth-largest producer of nickel and coal, respectively.

While the escalation and prolonged aftermath of these sanctions will keep index prices elevated, possible policy interventions by China and Indonesia could create significant drawbacks for SMPC and DMCI Mining. Supply disruptions could also mean higher fuel expenses and raw materials costs for DMCI and DMCI Homes.

Meanwhile, we expect our power and water businesses to benefit from the full economic reopening of the Philippines. Consumption should return to normal as companies and schools revert to on-site arrangements. Off-grid demand could also grow with the unrestricted entry of foreign and local tourists.

More in-person activities leading up to the elections should also boost electricity demand. Historically, the highest power consumption growths were seen in 2010 and 2016, which were both election years.

Post elections, we expect some changes in regulation with the takeover of a new administration. These changes could have significant impacts on our coal operating contract, Mineral Production Sharing Agreement (MPSA) applications, rate rebasing exercise and project bids under the Build, Build program.

Explanation of movement in consolidated income statement accounts:

Revenue

Consolidated revenue for 2021 grew by 60% from P67.7 billion to P108.3 billion owing to stronger coal, electricity and nickel markets. Improved collection and higher construction accomplishments raised the sales revenues of DMCI Homes while DMCI revenues surged on improved project accomplishments.

Cost of Sales and Services

From P51.9 billion in 2020, cost of sales and services increased by 34% to P69.7 billion, slower than the recorded revenue growth. This is due to higher global coal and nickel prices which boosted gross profit margin.

Operating Expenses

Government royalties for the year amounted to P6.4 billion, 250% surge from P1.8 billion last year due to higher profitability of the coal business. Excluding government royalties, operating expenses incurred increased by 9% to P7.7 billion due mainly to higher salaries and wages and taxes and licenses.

Equity in Net Earnings

Equity in net earnings of associates increased by 4% as a result of higher income take up from Maynilad.

Finance Costs - net

Consolidated finance costs (net) rose by 8% due mainly to additional loan availments during the year coupled with lower interest income from placements.

Other Income (Expense) - net

Other income - net increased by 90% due to the higher sales forfeitures and cancellation during the year coupled with the gain resulting from the sale of land.

Provision for Income Tax

Higher taxable income resulted in a 31-percent jump in consolidated provision for income tax (both current and deferred) during the year.

II. CONSOLIDATED FINANCIAL CONDITION

December 31, 2021 (Audited) vs December 31, 2020 (Audited)

The Company's financial condition for the year improved as total assets reached P215.2 billion, a 5% increase from December 31, 2020. Meanwhile, consolidated total equity increased by 8% to Php 108.8 billion following dividend declaration during the year.

Consolidated cash decreased by 3% from P18.9 billion in December 31, 2020 to P18.3 billion in December 31, 2021 due mainly to payment of dividends and capital expenditures during the period.

Receivables rose by 15% from P20.4 billion to P23.5 billion in 2021 due mainly to the bulk of coal sales which transpired in the latter part of 2021.

Contract assets (current and non-current) increased by 47% as accomplishments in the real estate and construction businesses improved.

Consolidated inventories slightly increased by 1% from P53.9 billion to P54.2 billion following higher construction materials and supplies which are offset by lower nickel inventories.

Other current assets jumped by 39% to P11.0 billion due mainly to advances to suppliers and subcontractors and reclassification of the current portion of cost to obtain contract from other noncurrent assets.

Investments in associates and joint ventures grew by 6% due mainly to income take-up from Maynilad.

Investment properties and right-of-use assets decreased by 26% and 20%, respectively, due to depreciation and amortization recognized during the year.

Property, plant and equipment stood at P59.4 billion from P62.0 billion last year as depreciation and depletion more than offset capital expenditures in 2021.

Exploration and evaluation asset increased by 3% due to exploration and evaluation activity of the nickel mining segment.

Pension assets and remeasurements on retirement plans (under equity) grew by 15% and 244%, respectively. Meanwhile, pension liabilities slipped by 62% in 2021. The movements in these accounts were due mainly to the effects of differences between actual results and previous actuarial assumptions.

Deferred tax assets decreased by 36% following the realization of previous year tax benefit and impact of CREATE law adjustment.

Other noncurrent assets contracted by 38% due mainly to recoupment of advances to suppliers as construction activities continue to ramp up.

Accounts and other payables including income tax payable increased by 13% to P28.1 billion attributable to accruals of production related expenses and higher government share payable to DOE.

Contract liabilities (current and non-current) declined by 2% from last year due to recoupment of advances from customers.

Liabilities for purchased land declined by 22% as a result of net payment of land previously acquired for real estate development.

From P51.9 billion, total debt (under short-term and long-term debt) slightly grew by 2% to P53.0 billion following loan availments during the year.

Other noncurrent liabilities slipped by 5% due mainly to lower lease liabilities and commission payable following payments made during the year.

Net accumulated unrealized gains on equity investments designated at FVOCI grew 1% due to the increase in fair market value of quoted securities during the year.

Share in other comprehensive loss of associates decline by 82% due mainly to the take-up from Maynilad.

Consolidated retained earnings stood at P70.0 billion at the end of December 2021, 9% up from P64.4 billion at the close of 2020 after generation of P18.4 billion net income and payment of P12.7 billion Parent dividends.

Non-controlling interest increased by 8% as a result of the non-controlling share in net income and dividends in SMPC.

III. KEY RESULT INDICATORS

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

- k) Segment Revenues
- l) Segment Net Income (after Non-controlling Interests)
- m) Earnings Per Share
- n) Return on Common Equity
- o) Net Debt to Equity Ratio

SEGMENT REVENUES

<i>(in Php Millions)</i>	For the Year		Variance	
	2021	2020	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P52,424	P28,250	24,174	86%
DMCI HOMES	24,657	16,267	8,390	52%
D.M. CONSUNJI, INC.	22,233	16,445	5,788	35%
DMCI POWER (SPUG)	4,640	3,969	671	17%
DMCI MINING	4,022	2,472	1,550	63%
PARENT & OTHERS	367	297	70	24%
TOTAL REVENUE	P108,343	P67,700	P40,643	60%

The initial indicator of the Company’s gross business results is seen in the movements of revenues in each business segment. As shown above, consolidated revenue increased by 60% due to higher coal sales volume and selling price. Higher accomplishments in real estate and construction, coupled with better electricity and nickel sales, pushed revenues further.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

<i>(in Php Millions)</i>	For the Period		Variance	
	2021	2020	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P9,234	P2,009	P7,225	360%
DMCI HOMES	4,395	1,940	2,455	127%
MAYNILAD	1,559	1,540	19	1%
DMCI MINING	1,206	483	723	150%
DMCI POWER (SPUG)	580	537	43	8%
D.M. CONSUNJI, INC.	378	109	269	247%
PARENT & OTHERS	11	(51)	62	122%
CORE NET INCOME	17,363	6,567	10,796	164%
NON-RECURRING ITEMS	1,031	(708)	1,739	246%
REPORTED NET INCOME	P18,394	P5,859	12,535	214%

The net income (after non-controlling interest) of the Company was driven by the improved results of all its subsidiaries. Topline improved on the solid recovery of coal and nickel prices, which resulted in better gross margin. Higher real estate sales recognition and ramped up of construction activities further pushed net income higher. Gain on sale of land and impact of CREATE law also contributed to the 214-percent growth in net income.

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 P1.39/share for the year ended December 31, 2021, a 214% jump from P0.44/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 book value of common shares. 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 common equity. The Company's return on common equity stood at 22% and 7% for the year ended December 31, 2021 and 2020, 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 P53.0 billion from P51.9 billion last year, which resulted to a net debt to equity ratio of 0.32:1 as of December 31, 2021 and 0.33:1 as of December 31, 2020.

FINANCIAL SOUNDNESS RATIOS

	December 31, 2021	December 31, 2020
Gross Margin	36%	23%
Net Profit Margin	24%	11%
Return on Assets	13%	4%
Return on Parent Equity	22%	7%
Current Ratio	225%	231%
Net Debt to Equity Ratio	32%	33%
Asset to Equity Ratio	198%	202%
Interest Coverage Ratio	10 times	4 times

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 October 12, 2021, the BOD of the Parent Company declared cash dividends amounting Php 0.48 special dividends per common share for a total of Php 6.37 billion in favor of the stockholders of record as of October 26, 2021 and was paid on November 10, 2021.
4. On March 29, 2021, the BOD of the Parent Company declared cash dividends amounting Php 0.13 regular dividends per common share and Php 0.35 special dividends per common share for a total of Php 6.37 billion in favor of the stockholders of record as of April 15, 2021 and was paid on April 26, 2021.
5. On March 5, 2020, the BOD of the Parent Company declared cash dividends amounting Php 0.23 regular dividends per common share and Php 0.25 special dividends per common share for a total of Php 6.37 billion in favor of the stockholders of record as of March 23, 2020 and was paid on April 3, 2020.
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.

ITEM 7. FINANCIAL STATEMENTS

Please see the attached consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules.

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

- a. The external auditors of the Company and its subsidiaries is the accounting firm Sycip, Gorres, Velayo and Co. (SGV & Co.). Pursuant to the General Requirements of SRC Rule 68, paragraph 3 (Qualifications and Reports of Independent Auditors), the Board of Directors of the Company, upon recommendation of its Audit Committee, approved the engagement of the services of SGV & Co. as external auditor and Ms. Jennifer D. Ticlaog as the Partner-in-Charge starting 2022 audit period given the required audit partner rotation every five years.

The re-appointment of the external auditor SGV & Co. will be presented to the stockholders for their approval at the annual stockholders' meeting.

Representatives of SGV & Co. are expected to be present at the stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and they are expected to be available to respond to appropriate questions.

- b. The Company's Audit Committee reviews and discusses with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management. It also reviews the external auditor's audit plans that increase the credibility and objectivity of the Company's financial reports and public disclosure.

The Company's Audit Committee reviews the external auditor's fee schedules and any related services proposals for Board approval.

External audit fees and services

Below are the External Audit Fees of the Company and its subsidiaries for two fiscal years:

	2023	2022
Audit and audit related fees	P23,324,509	P20,633,069
Non-audit	0	110,000

SGV & Co. was engaged by the Company to audit its annual financial statements in connection with the statutory and regulatory filings or engagements for the years ended 2022 and 2021. The audit-related fees include assurance services that are reasonably related to the performance of the audit of the Company's financial statements pursuant to the regulatory requirements.

Tax fees

No tax consultancy services were secured from SGV & Co. for the past two years.

Non-audit fees

Non-audit fees pertain to an agreed upon procedures performed by SGV for the review of the Company's financial statements pursuant to the regulatory requirements in connection with the Company's dividend declaration.

Changes in and disagreements with accountants on accounting and financial disclosure

The Company has engaged the services of SGV & Co. during the two most recent fiscal years. There were no disagreements with SGV & Co. on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

(1) Identify Directors, Including Independent Directors, and Executive Officer.

Name	Position	Age	Citizenship
Isidro A. Consunji	Chairman of the Board President/Chief Executive Officer	75	Filipino
Cesar A. Buenaventura	Vice-Chairman of the Board	94	Filipino
Ma. Edwina C. Laperal	Director/ Treasurer	62	Filipino
Maria Cristina C. Gotianun	Director/ Assistant Treasurer	69	Filipino
Luz Consuelo A. Consunji	Director	70	Filipino
Jorge A. Consunji	Director	72	Filipino
Roberto L. Panlilio	Director (Independent)	69	Filipino
Bernardo M. Villegas	Director (Independent)	85	Filipino
Cynthia R. Del Castillo	Director (Independent)	71	Filipino
Herbert M. Consunji	Executive Vice President & Chief Finance Officer/Chief Compliance Officer/Chief Risk Officer	71	Filipino
Noel A. Laman	Corporate Secretary	84	Filipino
Ma. Pilar P. Gutierrez	Asst. Corporate Secretary	47	Filipino
Joseph Adelbert V. Legasto	Deputy Chief Finance Officer/ Chief Strategy and Sustainability Officer	46	Filipino
Cherubim O. Mojica	Senior Vice President for Corporate Communications & Investor Relations/ Chief Diversity Officer	46	Filipino

REGULAR DIRECTORS

Isidro A. Consunji – is 75 years old; has served the Corporation as a regular director for twenty eight (28) years since March 1995; is a regular Director of the following: **(Listed)** Semirara Mining and Power Corp. and Atlas Consolidated Mining and Development Corp.; **(Non-listed)** D. M. Consunji, Inc., DMCI Project Developers, Inc., DMCI Mining Corp., DMCI Power Corp., DMCI Masbate Corp., Maynilad Water Holdings, Co. Inc., Maynilad Water Services, Inc., Sem-Calaca Power Corp., Southwest Luzon Power Generation Corp., Sem-Calaca Res Corp., Sem-Cal Industrial Park Developers, Inc., Semirara Claystone, Inc., Dacon Corp., DFC Holdings, Inc., Beta Electric Corp. and Crown Equities, Inc., Wire Rope Corporation of the Philippines, Philippine Overseas Construction Board (Chairman), Construction Industry Authority of the Phils. **Education.** Bachelor of Science in Engineering (University of the Philippines), Master of Business Economics (Center for Research and Communication), Master of Business Management (Asian Institute of Management), Advanced Management (IESE School, Barcelona, Spain). **Civic Affiliations.** Philippine Overseas Construction Board, *Chairman*, Construction Industry Authority of the Philippines, *Board Member*, Philippine Constructors Association, *Past President*, Philippine Chamber of Coal Mines, *Past President*, Asian Institute of Management Alumni Association, *Member*, UP Alumni Engineers, *Member*, UP Aces Alumni Association, *Member*.

Cesar A. Buenaventura – is 94 years old; has served the Corporation as a regular director for twenty eight (28) years since March 1995; is a regular/independent Director of the following: **(Listed)** Semirara Mining and Power Corp., iPeople Inc. (Independent Director), Petroenergy Resources Corp., Concepcion Industrial Corp (Independent Director); Pilipinas Shell Petroleum Corp. (Independent Director); International Container Terminal Services, Inc. (Independent Director), Manila Water Company, Inc.; **(Non-listed)** D.M. Consunji, Inc., Mitsubishi-Hitachi Power Systems Phils, Inc. (Chairman) **Education.** Bachelor of Science in Civil Engineering (University of the Philippines), Masters Degree in Civil Engineering, Major in Structures (Lehigh University, Bethlehem, Pennsylvania). **Civic Affiliations.** Pilipinas Shell Foundation, *Founding Member*, Makati Business Club, *Founding Member and Former Trustee*, University of the Philippines, *Former Board of Regents*, Asian Institute of Management, *Former Board of Trustee*, Benigno Aquino Foundation, *Past President*, Trustee of Bloomberry Cultural Foundation, Trustee of ICTSI Foundation Inc.; **Special Recognition.** Honorary Officer, Order of the British Empire (OBE) by Her Majesty Queen Elizabeth II; MAP Management Man of the Year 1985; One of the top 100 graduates of the University of the Philippines College of Engineering in its 100-year History; Outstanding Professional in Engineering, Professional Regulatory Commission; Outstanding Fullbrighter (Business), Philippine Fulbright Association.

Jorge A. Consunji – is 72 years old; has served the Corporation as a regular director for twenty eight (28) years since March 1995; is a regular Director of the following: **(Listed)** Semirara Mining and Power Corp.; **(Non-listed)** D.M. Consunji Inc., DMCI Project Developers, Inc., DMCI Mining Corp., DMCI Power Corp., DMCI Masbate Corp., Sem-Calaca Power Corp., Southwest Luzon Power Generation Corp., Maynilad Water Holdings, Co. Inc., Maynilad Water Services, Inc., Dacon Corp., DFC Holdings, Inc., Beta Electric Corporation, Wire Rope Corporation of the Phils., Manila Herbal Corporation, Sirawai Plywood & Lumber Co., M&S Company, Inc. **Education.** Bachelor of Science in Industrial Engineering (De La Salle

University); Advanced Management Program Seminar at the University of Asia and the Pacific and Top Management Program at the Asian Institute of Management. **Civic Affiliations.** PLDT-Smart Foundation, *Trustee*, Construction Industry Authority of the Phils, *Board Member*, Asean Constructors Federation, *Former Chairman*, Phil. Constructors Association, *Past President/Chairman*, Phil. Contractors Accreditation Board, *Former Chairman*, Association of Carriers & Equipment Lessors, *Past President*.

Ma. Edwina C. Laperal - is 62 years old; has served the Corporation as a regular director from March 1995 to July 2006 (11years and 4 months) and from July 2008 to present (15 years); is a regular Director of the following: **(Listed)** Semirara Mining and Power Corporation; **(Non-listed)** D.M. Consunji, Inc., DMCI Project Developers, Inc., Dacon Corporation, DMCI Urban Property Developers, Inc, Sem-Calaca Power Corp., DFC Holdings, Inc. **Education.** BS Architecture (University of the Philippines), Masters in Business Administration (University of the Philippines), Certificate in Strategic Business Economics, Center for Research and Communication. **Civic Affiliations.** UP College of Architecture Alumni Foundation Inc., *Member*; United Architects of the Philippines, *Member*; Guild of Real Estate Entrepreneurs And Professionals (GREENPRO) formerly Society of Industrial-Residential-Commercial Realty Organizations, *Member*; Institute of Corporate Directors, *Fellow*.

Luz Consuelo A. Consunji – is 70 years old; has served the Corporation as a regular director for seven (7) years since 2016. She is a regular director of the following: **(Listed)** Semirara Mining and Power Corporation; **(Non-listed)** South Davao Development Corp., Dacon Corp. and Zanorte Palm-Rubber Plantation, Inc.; **Education.** Bachelor’s Degree in Commerce, Major in Management (Assumption College), Master’s in Business Economics (University of Asia and the Pacific). **Civic Affiliations.** Missionaries of Mary Mother of the Poor, Treasurer (May 2012 – present).

Maria Cristina C. Gotianun is 69 years old; has served the Corporation as a regular director for four years since 2019 and as Assistant Treasurer for twenty eight (28) years. She is a regular director of the following positions: **(Listed)** Semirara Mining and Power Corporation; **(Non-listed)** D.M. Consunji, Inc., DMCI Project Developers, Inc., DMCI Power Corporation, DMCI Masbate Power Corp., Sem-Calaca Power Corp., Sem-Cal Industrial Park Development Corp., Semirara Claystone, Inc., Semirara Training Center, Inc., Southwest Luzon Power Generation Corp., Southeast Luzon Power Corp., St. Raphael Power Generation Corp., Dacon Corporation, DFC Holdings, Inc., Sirawan Food Corporation, **Education.** Bachelor of Science in Business Economics (University of the Philippines), and Strategic Business Economics Program, University of Asia & the Pacific. **Civic Affiliations.** Institute of Corporate Directors, *Fellow*.

INDEPENDENT DIRECTORS

Roberto L. Panlilio, is 69 years old; he served previously as J.P. Morgan’s Country Chairman for the Philippines and as Senior Country Officer (SCO) for the Philippines from 1999-2019 and led the management, governance and control of J.P. Morgan’s franchise in the Philippines across all lines of

business and the bank's Corporate Centers in the Philippines. He is also director of the following: **(Listed)** Semirara Mining and Power Corporation (Independent Director); Lopez Holdings Corporation (Independent Director); **(Non-listed)** Maya Bank, Philippine Association of Securities Brokers and Dealers, Inc., Endeavor Philippines. He is president of L&R Corporation. Prior to joining J.P. Morgan, he was the Senior Executive Vice President & Chief Operating Officer for non-commercial banking activities of PCIBank in Manila. He held various Treasury and Investment Banking posts in Manila, Hong Kong and Kuala Lumpur in Citibank from 1979 to 1993. **(Education)** He holds a Master's Degree in Business Administration and International Finance from the University of Southern California and a bachelor of science degree in Business Management from the Ateneo de Manila University.

Bernardo M. Villegas is 85 years old; He is a Visiting Professor of IESE Business School in Barcelona, Professor at the University of Asia and the Pacific (UA&P) and Research Director of the Center for Research and Communication, Manila. He is currently a member of the boards of directors or advisory boards of leading national and multinational firms, such as the; **(Listed)** Benguet Corporation, Filipino Fund, Inc., First Metro Philippine Equity Exchange Traded Fund, Inc.; **(Non-listed)** Cuervo Appraisers, Inc., PHINMA Properties Corporation, and Transnational Diversified, Inc. He served in the boards of Bank of the Philippine Islands, Alaska Milk Corporation, AES, Globe Telecom, Insular Life, McDonalds and IBM. **(Education)** Doctor of Philosophy in Economics, Harvard University; Master of Arts in Economics, Harvard University, Bachelor of Arts in Humanities and Bachelor of Science in Commerce, De La Salle University (Summa Cum Laude). He is a Certified Public Accountant, having been one of the CPA board toppers. At Harvard, at the age of 21, he was one of the youngest ever to be a teaching fellow in the College of Arts and Sciences. His special fields of study are development economics, social economics, business economics and strategic management.

Atty. Cynthia R. Del Castillo is 71 years old; She is currently a Senior Partner and member of the Executive Board of Romulo Mabanta Buenaventura Sayoc and De Los Angeles since 1977. **(Directorship in Listed Companies)** Shang Properties, Inc. **(Professional Affiliations)** Senior Partner, Romulo Mabanta Buenaventura Sayoc & delos Angeles; Dean of the Ateneo de Manila University School of Law (May 1990-June 2000); Professor of Law at the Ateneo de Manila University School of Law (April 1977-Present); Admitted to the Philippine Bar in March 1977, placing 11th in the Philippine Bar Examinations given November 1976. **(Education)** Bachelor of Laws, Ateneo de Manila School of Law, 1976. Graduated Valedictorian. Recipient of Gold Medal for Academic Excellence and Golden Leaf Awards for academics. Editor-in-Chief of the Ateneo Law Journal. Member of the Board of Editors of the school paper; Bachelor of Arts, Major in Political Science. University of Santo Tomas, 1972. President of Arts & Letters Student Council, Section Editor of the official student organ and Quezon Leadership Awardee for 1972. **(Other Affiliations)** Bar Examiner in Civil Law, 2008 and 2019 Philippine Bar Examinations; Member, Audit Committee of the International School, Inc. (2012-Present); Member, Supreme Court of the Philippines Legal Education Committee for Bar Reforms (May 2019 – Present); Amicus Curiae in Supreme Court Cases (2019-Present).

KEY OFFICERS

Herbert M. Consunji – is 71 years old; has served the Corporation as a regular director for twenty seven (27) years since March 1995 until May 2022; is a regular Director of the following: **(Listed)** Semirara Mining and Power Corporation; **(Non-listed)** D.M. Consunji, Inc., DMCI Project Developers, Inc., Subic Water and Sewerage Company, Inc., DMCI Mining Corp., Sem-Calaca Res Corporation, DMCI Power Corp., Sem-Calaca Power Corp., Southwest Luzon Power Generation Corp., Sem-Cal Industrial Park Developers, Inc. **Education.** Top Management Program, Asian Institute of Management; Bachelor of Science in Commerce, Major in Accounting (De La Salle University), Certified Public Accountant (CPA). **Civic Affiliations.** Philippine Institute of Certified Public Accountants, *Member*; Financial Executives Institute of the Phils., *Member*; Shareholders' Association of the Phils., *Member*; *Management Association of the Philippines, Member.*

Noel A. Laman is 84 years old; has been the Corporate Secretary of the Corporation for twenty-nine (29) years since March 1995; he holds the following positions: **(Non-listed)** Castillo Laman Tan Pantaleon & San Jose Law Offices, Founder/Senior Partner; Co-founder, DCL Group of Companies; President, DCL Management Ventures, Inc. **Education.** Bachelor of Science, Jurisprudence (University of the Philippines); Bachelor of Laws (University of the Philippines); Master of Laws (University of Michigan Law School); **Civic Affiliations.** Integrated Bar of the Philippines, Past Secretary, Treasurer, Vice President, Makati Chapter; Rotary Club Makati West, Past President; Intellectual Property Association of the Philippines (IPAP), Past President; Asian Patent Attorneys Association (APAA), Past Council Member; Firm Representative to the German Philippine Chamber of Commerce, Inc., Member.

Ma. Pilar P. Gutierrez is 47 years old; has served the Corporation as Assistant Corporate Secretary for fourteen (14) years since 2010; she holds the following positions: **(Listed)** National Reinsurance Corporation of the Philippines, Assistant Corporate Secretary; **(Non-listed)** Castillo Laman Tan Pantaleon & San Jose Law Firm, Senior Partner. She serves as Assistant Corporate Secretary of the following subsidiaries/affiliates of the Corporation: D.M. Consunji, Inc., DMCI Project Developers, Inc., Dacon Insurance Brokers, Inc., Wire Rope Corporation of the Philippines, and DM Consunji Technical Training Center Inc. She is also the Corporate Secretary of the following companies: Pricon Microelectronics, Inc., Test Solution Services, Inc., MRA Offshore Corporation, Sealanes Marine Services, Inc., Software AG Philippines, Inc., Mercury Battery Industries, Inc., Philippine Advanced Processing Technology, Inc., Rentokil Initial Philippines, Inc., Draeger Philippines Corporation, NCSI Philippines Inc., CBRE Corporate Outsourcing Inc., Pratt Whitney Global Philippines, Inc. Cement Roadstone Holdings Philippines Inc. , Top Keen Philippines Inc., Plaza Premium Lounge CRK Inc. and Jacobs Projects Philippines, Inc. She is likewise the Assistant Corporate Secretary of the following companies: IQVIA Solutions Philippines, Inc., IQVIA Solutions Operations Center Philippines, Inc., SingTel Philippines, Inc., CCT Constructors Corporation, GTVL Manufacturing Industries, Inc., Multisports, Inc., KBP Real Estate Corporation and JTEKT Philippines Corporation. She is currently a Senior Lecturer at the University of the Philippines, College of Law. **Education.** Bachelor of Laws, University of the Philippines (2001); Bachelor of Science in Management, Major in Legal Management (B.S.L.M.), Ateneo de Manila University (1997).

Cherubim O. Mojica is 46 years old, and is currently the Senior Vice President and Head of Corporate Communications of the Company. She previously worked as the Head of Corporate Communications Department of Maynilad from October 2008 to 2014; Corporate Communications Coordinator of First Philippine Corp. from December 2000 to July 2007; Deputy Supervisor of the US Embassy Manila from July 2000 to November 2007; and Political Affairs Officer VI of House of Representatives of the Philippines from March 1999 to February 2000. She joined the Company last September 2014 as Corporate Communications Officer and was appointed as Senior Vice President for Corporate Communications and Investor Relations in October 2021.

Joseph Adelbert V. Legasto is 46 years old and is currently the Deputy Chief Financial Officer of DMCI Holdings, Inc. He joined the Company in June 2022. Prior to his current role, he was an Assistant Vice President under the Corporate Planning and Project Development Department of San Miguel Corporation and Vice President and Strategic Planning Head of ABS-CBN Global. He also worked in the banking industry as an Associate for Deutsche Bank and Analyst for UnionBank of the Philippines. **Education.** Joseph graduated with a master's degree in finance (with Honors) from New York University's Stern School of Business and holds a bachelor's degree in finance from De La Salle University.

Currently, there are no director or executive officer share options relating to the capital of the Company.

(2) Identify Significant Employees –

The following are other significant employees of the Corporation other than the executive officers.

Hannah Cecille L. Chan, Investor Relations Officer. Served as Business Development and Investor Relations Manager at Chelsea Logistics and Infrastructure Holdings Corporation before joining the Company in July 2020. A CFA Level 2 passer, she holds BS Applied Economics and BS Commerce, Management of Financial Institutions degrees (Honorable Mention) from De La Salle University in Manila.

Mary Grace M. Garcia, Finance Officer. A certified public accountant with over eight years of experience in financial audit, reporting and analysis, she joined the Company in March 2021 after working in Makati Development Corporation and SGV & Co. (EY Philippines). She holds a BS Accountancy degree (cum laude) from the University of Batangas.

Kent Sydney H. Mercader, Environmental, Social and Governance Officer. Joined the Company in November 2022 after gaining ESG analyst experience at S&P Global and Institutional Shareholder Services, Inc. He holds a Bachelor of Science in Agricultural

Biotechnology from the University of the Philippines Los Banos, where he was a scholarship recipient from the Department of Science and Technology.

Although the Corporation has and will likely continue to rely significantly on the aforementioned individuals, it is not dependent on the services of any particular employee. It does not have any special arrangements to ensure that any employee will remain with the Corporation and will not compete upon termination.

(3) Family Relationships - Describe any family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons nominated or chosen by the registrant to become directors or executive officers. – **See below:**

<u>Name</u>	<u>Relationship</u>
Isidro A. Consunji	Brother of Jorge A. Consunji, Luz Consuelo A. Consunji, Ma. Edwina C. Laperal and Maria Cristina C. Gotianun

(4) Involvement in Certain Legal Proceedings -

(Please refer to PART I-C. Legal Proceedings)

(a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time - **NONE**

- i. Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses - **NONE**
- ii. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities - **NONE**
- iii. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to

have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated – **NONE**

ITEM 10. EXECUTIVE COMPENSATION

ANNUAL COMPENSATION

Name	Principal Position	Salary	Bonus	Per Diem Allowance**	Other annual compensation
Isidro A. Consunji	President and CEO		None		None
Herbert M. Consunji	Executive Vice President & Chief Finance Officer		None		None
Ma. Edwina C. Laperal ¹	Treasurer		None		None
Maria Cristina C. Gotianun ²	Asst. Treasurer		None		None
Cherubim O. Mojica	Senior Vice President for Corporate Communications and Investor Relations		None		None
Joseph Adelbert V. Legasto	Deputy Chief Financial Officer		None		None
	YEARS	In Php		In Php	
	2020	9,178,322.29	-	1,760,000.00	-
	2021	10,529,999.02	-	2,600,000.00	-
	2022	12,771,693.83	-	1,640,000.00	-
	2023	14,855,321.00		1,680,000.00	-
	2024*	14,855,321.00		1,680,000.00	-
	TOTAL:	62,190,657.14		9,360,000.00	
	YEARS	In Php		In Php	
All other directors and executive officers as a group unnamed	2020	2,059,876.48		2,720,000.00	-
	2021	0		2,560,000.00	-
	2022	0	None	3,200,000.00	-
	2023	0		4,160,000.00	-
	2024*	0		4,160,000.00	-
	TOTAL:	2,059,876.48		16,800,000.00	-

¹ The Treasurer does not receive any compensation as Treasurer of the Corporation. However, she receives the usual *per diem* as a regular director of the Corporation.

² The Assistant Treasurer does not receive any compensation as Assistant Treasurer of the Corporation. However, she receives the usual *per diem* as a regular director of the Corporation.

PER DIEM AS DIRECTORS FOR 2023

Name	Principal Position	Per Diem Allowance**
Isidro A. Consunji	Chairman of the Board of Directors/President	680,000.00
Ma. Edwina C. Laperal	Director/ Treasurer	400,000.00
Maria Cristina C. Gotianun	Director/ Asst. Treasurer	600,000.00
Jorge A. Consunji	Director	440,000.00
Luz Consuelo A. Consunji	Director	480,000.00
Cesar A. Buenaventura	Vice Chairman of the Board	680,000.00
Roberto L. Panlilio	Independent Director	1,000,000.00
Bernardo M. Villegas	Independent Director	960,000.00
Cynthia R. Del Castillo	Independent Director	600,000.00
	Total	5,840,000.00
	YEARS	
	2020	4,480,000.00
	2021	5,160,000.00
	2022	4,840,000.00
	2023	5,840,000.00
	2024*	5,840,000.00
	TOTAL	26,160,000.00

**Approximate figures*

***The directors receive per diem in the amount of Php80,000.00 for every regular board meeting and Php40,000.00 for every committee meeting.*

There is no contract covering their employment with the Corporation and they hold office by virtue of their election to office. The Company has no agreements with its named executive officers regarding any bonus, profit sharing, pension or retirement plan.

There are no outstanding warrants, options, or right to repurchase any securities held by the directors or executive officers of the Company.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

a. Beneficial Ownership of Directors of the Corporation as of March 31, 2024.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Isidro A. Consunji	65,000 Direct	Filipino	0.0005%
Common	Cesar A. Buenaventura	650,000 Direct	Filipino	0.0068%
Common	Ma. Edwina C. Laperal	3,315,000 Direct	Filipino	0.0050%
Common	Jorge A. Consunji	5,000 Direct	Filipino	0.0000%
Common	Luz Consuelo A. Consunji	101,000 Direct	Filipino	0.0008%
Common	Maria Cristina C. Gotianun	5,500 Direct	Filipino	0.0000%
Common	Roberto L. Panlilio	1,000 Direct	Filipino	0.0000%
Common	Bernardo M. Villegas	1,000 Direct	Filipino	0.0000%
Common	Cynthia R. Del Castillo	1,000 Direct	Filipino	0.0000%
Common	Herbert M. Consunji	293,000 Direct	Filipino	0.0022%
Common	Noel A. Laman	100,000 Direct	Filipino	0.0008%
Common	Ma. Pilar P. Gutierrez	0 N/A	Filipino	0.0000%
Common	Joseph Adelbert V. Legasto	0 N/A	Filipino	0.0000%
Common	Cherubim O. Mojica	0 N/A	Filipino	0.0000%
Aggregate Ownership of Directors and Officers as a group, unnamed		4,537,500 Direct	Filipino	0.0342%

b. Owners owning 5% or more of the voting stocks of the Corporation as of March 31, 2024

Title of Class	Name and Address of Beneficial Owner	Amount/Nature of Beneficial Ownership	Percent of Class
Common	Dacon Corporation (Fil) 2281 Chino Roces Avenue Makati City	6,621,561,069	49.87%
Common	PCD Nominee Corp. (Fil) 6764 Ayala Avenue Legaspi Village, Makati City	2,923,085,364	22.02%
Common	DFC Holdings, Inc. (Fil) 2281 Chino Roces Avenue Makati City	2,379,799,910	17.92%
Common	PCD Nominee Corp. (For) 6764 Ayala Avenue Legaspi Village, Makati City	720,685,253	5.43%

Below is the list of the individual beneficial owners under PCD account who holds more than 5% of the voting securities of Registrant.

Title of Class	Name and Address of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
	None			

There is no person under PCD account who hold more than 5% of the company's shares.

c. Changes in Control – NONE

ITEM 12. Certain Relationships and Related 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 which includes affiliates. Related parties may be individuals or corporate entities.

The Group, in the regular conduct of business, has entered into transactions consisting of construction contracts, equipment rentals, sale and purchases of goods, services and properties, reimbursement of operating expenses, with associates, joint ventures and other related parties. Transactions entered into with related parties are made at normal commercial prices and terms. These are settled in cash, unless otherwise specified.

Material related party transactions are reviewed by the Audit and Related Party Transactions Committee of the Board and properly disclosed in the accompanying consolidated financial statements. The Company have approval requirements and limits on the amount and extent of related party transactions in compliance with the requirements under Revised SRC Rule 68.

PART IV - CORPORATE GOVERNANCE AND SUSTAINABILITY REPORT

Item 13. CORPORATE GOVERNANCE

For a detailed report on 2023 Corporate Governance please refer to this link

<https://www.dmciholdings.com/governance/corporate-governance-report>

Item 14. SUSTAINABILITY REPORT

<https://www.dmciholdings.com/sustainability/#sustainability-reports>

PART V - EXHIBITS AND SCHEDULES

Item 15. Exhibits and Reports on SEC Form 17-C

(a) Exhibits - See accompanying index to exhibits

(a) Reports on SEC Form 17-C - The list of the reports from the preceding period ending December 31, 2023 is herein incorporated by reference.

**LIST OF TOP 20 STOCKHOLDERS
AS OF DECEMBER 31, 2023**

Rank	Last Name	Shareholdings	Percentage
1	DACON CORPORATION	6,621,561,069	49.87%
2	PCD NOMINEE CORPORATION (FILIPINO)	3,049,591,163	22.97%
3	DFC HOLDINGS INC.	2,379,799,910	17.92%
4	PCD NOMINEE CORPORATION (FOREIGN)	759,653,254	5.72%
5	BERIT HOLDINGS CORPORATION	117,573,568	0.89%
6	AUGUSTA HOLDINGS INC.	108,297,072	0.82%
7	DMCI RETIREMENT PLAN	99,900,000	0.75%
8	MERU HOLDINGS INC.	18,689,266	0.14%
9	GREAT TIMES HOLDINGS CORP.	15,803,015	0.12%
10	DMCI RETIREMENT FUND	13,000,000	0.10%
11	DAVEPRIME HOLDINGS, INC.	7,487,377	0.06%
12	ARTREGARD HOLDINGS INC.	6,580,776	0.05%
13	F. YAP SECURITIES INC.	6,500,000	0.05%
14	JOSEFA CONSUNJI REYES	5,650,000	0.04%
15	JAIME B. GARCIA	3,300,000	0.02%
16	WINDERMERE HOLDINGS, INC.	2,905,715	0.02%
17	LAPERAL, MA. EDWINA/MIGUEL DAVID C.	2,750,000	0.02%
18	YNTALCO REALTY DEVT. CORPORATION	2,500,000	0.02%
19	BENIGNO DELA VEGA	2,050,000	0.02%
20	ZHENG, AO	1,840,000	0.01%

**Summary of Submittals of SEC Form 17-C
For the Year 2023**

Date	Nature of Report
January 3, 2023	Monthly Report on Redemption of Preferred Shares
January 13, 2023	Attendance of Directors in 2022 Board Meetings
January 16, 2023	Trading of DMC shares by Director/Vice Chairman
January 23, 2023	Press Release: DMCI Holdings, SMPC among best governed PLCs
January 30, 2023	Trading of DMC shares by Director/Vice Chairman
February 1, 2023	Press Release: DMC Holdings, SMPC named to Bloomberg Gender-Equity Index for third straight year
February 1, 2023	Monthly Report on Redemption of Preferred Shares
February 6, 2023	Trading of DMC shares by Director/Asst. Treasurer
March 1, 2023	Notice of Analysts' Briefing
March 1, 2023	Monthly Report on Redemption of Preferred Shares
March 6, 2023	Results of the Board of Directors' Meeting
March 6, 2023	Press Release: DMCI Holdings FY earnings rally to record high; up 60% to P31.1B
March 14, 2023	Trading of DMC shares by Director/Treasurer
March 20, 2023	Notice of Annual Stockholders' Meeting
March 29, 2023	Declaration of Cash Dividends
March 29, 2023	Press Release: DMCI Holdings cash dividends up 50%; eligible shareholders to receive P0.72/share
April 3, 2023	Monthly Report on Redemption of Preferred Shares
May 2, 2023	Monthly Report on Redemption of Preferred Shares
May 3, 2023	Notice of Analysts' Briefing
May 9, 2023	Results of the Board of Directors' Meeting
May 9, 2023	Press Release: DMCI Holdings nets P7.6B in Q1: down 32% on high base effect
May 11, 2023	Maynilad signs the Amendments to the Revised Concession Agreement (RCA) with the MWSS
May 16, 2023	Trading of DMC shares by Director/Asst. Treasurer
May 17, 2023	Results of the Annual Stockholders' Meeting
May 17, 2023	Results of the Organizational Meeting of the Board


Date	Nature of Report
May 17, 2023	Trading of DMC shares by DFC Holdings, Inc.
May 17, 2023	Trading of DMC shares by Director/Asst. Treasurer
May 18, 2023	Trading of DMC shares by Director/Asst. Treasurer
May 18, 2023	Trading of DMC shares by DFC Holdings, Inc.
May 19, 2023	Amended Results of the Annual Stockholders' Meeting
May 22, 2023	Trading of DMC shares by Director/Asst. Treasurer
May 22, 2023	Trading of DMC shares by Director/President
May 29, 2023	Press Release: DMCI Orderbook at P42.4B
June 1, 2023	Trading of DMC shares by Director/Vice Chairman
June 1, 2023	Monthly Report on Redemption of Preferred Shares
June 5, 2023	Press Release: DMCI Power to build wind facility in Semirara Island
June 7, 2023	Press Release: DMCI Mining target 1.5 million WMT Nickel Ore Shipment in 2023
June 9, 2023	Trading of DMC shares by Director/Asst. Treasurer
June 9, 2023	Trading of DMC shares by Director/President
June 13, 2023	Press Release: DMCI Homes expands Luzon land bank for new formats
June 14, 2023	Trading of DMC shares by Director/Asst. Treasurer
June 14, 2023	Trading of DMC shares by Director/President
June 15, 2023	Trading of DMC shares by Director/President
June 15, 2023	Trading of DMC shares by Director/Vice Chairman
June 16, 2023	Trading of DMC shares by Director/Asst. Treasurer
June 16, 2023	Trading of DMC shares by Director/President
June 19, 2023	Trading of DMC shares by Director/Vice Chairman
June 20, 2023	Trading of DMC shares by Director/Asst. Treasurer
June 20, 2023	Trading of DMC shares by Director/President
June 22, 2023	Trading of DMC shares by Director/President
June 27, 2023	Trading of DMC shares by Director/Asst. Treasurer
June 30, 2023	Press Release: DMCI Holdings wins in 13 th Asian Excellent Award
July 3, 2023	Monthly Report on Redemption of Preferred Shares
July 6, 2023	Trading of DMC shares by Director/Deputy CFO
July 20, 2023	Supreme Court denies petition for the issuance of Writ of Kalikasan

Date	Nature of Report
August 1, 2023	Monthly Report on Redemption of Preferred Shares
August 3, 2023	Notice of Analysts' Briefing
August 8, 2023	Results of the Board of Directors' Meeting
August 8, 2023	Press Release: DMCI Holdings Q2 net income down 9% to P8.2 B
August 11, 2023	Notice of Investors' Briefing
August 15, 2023	Trading of DMC shares by Director/Asst. Treasurer
August 16, 2023	Trading of DMC shares by Director/Asst. Treasurer
August 18, 2023	Trading of DMC shares by Director/Asst. Treasurer
August 22, 2023	Trading of DMC shares by Director/Asst. Treasurer
September 4, 2023	Monthly Report on Redemption of Preferred Shares
September 24, 2023	Press Release: DMCI Mining surpasses 2022 production output
September 27, 2023	Press Release: Berong Nickel exceeds mine rehab targets
September 29, 2023	Press Release: DMCI Holdings, DMPC recognized for Corporate Governance Excellence
October 2, 2023	Monthly Report on Redemption of Preferred Shares
October 10, 2023	Declaration of Cash Dividends
October 10, 2023	Press Release: DMCI Holdings Board Approves Special Cash Dividends
October 27, 2023	Results of the Board of Directors' Meeting
October 31, 2023	Press Release: DMCI Holdings nets P20B in nine months
November 3, 2023	Monthly Report on Redemption of Preferred Shares
November 3, 2023	Notice of Analysts' Briefing
November 23, 2023	Press Release: ZDMC wins prestigious environmental award
December 1, 2023	Monthly Report on Redemption of Preferred Shares
December 29, 2023	Trading of DMC shares by Director/Asst. Treasurer

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on 11 APR 2024.

By:


Isidro A. Consunji
Chairman and President *nt*


Herbert M. Consunji *nt*
Executive Vice President & Chief Finance Officer

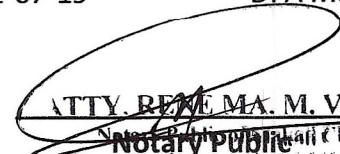

Joseph Adelbert V. Legasto
Deputy Chief Financial Officer *nt*


Atty. Noel A. Laman *nt*
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 11 APR 2024 day of _____ 2024 affiants exhibiting to me his/their Passport details, as follows:

NAMES	Passport No.	DATE OF ISSUE	PLACE OF ISSUE
Isidro A. Consunji	P2690001B	07-31-19	DFA Manila
Herbert M. Consunji	P9195543A	10-17-18	DFA NCR North East
Joseph Adelbert V. Legasto	P8250661B	11-23-21	DFA NCR Central
Atty. Noel A. Laman	P0578138B	02-07-19	DFA Manila

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Page No. 106
Book No. 271X
Series of 2024


ATTY. REMY M. VILLA
Notary Public
Appointment No. 81-111
Until December 31, 2024
PTR No. MKT 10073901; 01-02-2024; Makati City
IBP Lifetime No. 015395; 12-27-2013; LC
Roll No. 37226
MCLE Compliance No. VII-0024195; 02-15-2022
Ground Floor, Makati Terraces Condominium
2650 Davila St., Brgy. Tejeros, Makati City 1204



DMCI HOLDINGS
INCORPORATED

3rd floor
DACON Building
2281 Don Chino Roces Ave.
(formerly Pasing Tamo Ext.)
Makati City 1231, Philippines

(632) 8888 . 3000
E-MAIL
investors@dmcinet.com
WEBSITE
www.dmciholdings.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

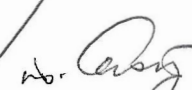
The management of **DMCI HOLDINGS, INC. AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.


The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

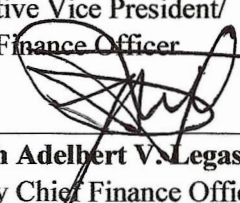
SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



Isidro A. Consunji ✓
Chairman of the Board/ President



Herbert M. Consunji ✓
Executive Vice President/
Chief Finance Officer



Joseph Adelbert V. Legasto ✓
Deputy Chief Finance Officer

Signed this March 05, 2024

Subsidiaries:

D.M. Consunji, Inc.

DMCI Project Developers, Inc.

DMCI Power Corporation

DMCI Mining Corporation

Semirara Mining and Power Corporation


Maynilad Water Holdings, Inc.

Wire Rope Corporation of the Phils.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in
MAKATI CITY, this day of 19 MAR 2024.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal on
the date and place above written.

Doc No. 82
Page No. 78
Book No. LXV
Series No. 2024


NOTARY PUBLIC
ATTY. RENE MA M VILLA
~~Notary Public of Makati City~~
Appointment No. M-111
Until December 31, 2024
PTR No. MKT 10073901; 01-02-2024; Makati City
BSP License No. 013595; 12-27-2013; LC
Roll No. 37226
ICLIS Compliance No. VII-0024195; 02-15-2022
Ground Floor, Makati Terraces Condominium
659 Bayan St., Brgy. Tejeros, Makati City 1204

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	5	0	0	2	2	8	3
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COMPANY NAME

D	M	C	I		H	O	L	D	I	N	G	S	,		I	N	C	.		A	N	D		S	U	B	S	I	D
I	A	R	I	E	S																								

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

3	R	D		F	L	O	O	R	,		D	A	C	O	N		B	U	I	L	D	I	N	G	,		2	2	8
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T		I				C	I	T																					

Form Type
A A F S

Department requiring the report
C R M D

Secondary License Type, If Applicable
N / A

COMPANY INFORMATION

Company's Email Address www.dmciholdings.com	Company's Telephone Number 8888-3000	Mobile Number N/A
No. of Stockholders 707	Annual Meeting (Month / Day) Third Tuesday of May	Fiscal Year (Month / Day) December 31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person Herbert M. Consunji	Email Address hmc@dmcinet.com	Telephone Number/s 8888-3000	Mobile Number N/A
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CONTACT PERSON'S ADDRESS

3rd Floor Dacon Building, 2281 Chino Roces Avenue, Makati City

NOTE 1 In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
DMCI Holdings, Inc.
3rd Floor, Dacon Building
2281 Chino Roces Avenue
Makati City

Opinion

We have audited the consolidated financial statements of DMCI Holdings, Inc. and its subsidiaries (collectively, the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) as described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs, which are applicable to DMCI Project Developers, Inc., a subsidiary under the Group's real estate segment, on the 2023 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recognition of Revenue from Real Estate and Construction Contracts

For real estate contracts, the following matters are significant to our audit because these involve the application of significant judgment and estimation around: (a) the assessment of the probability that the Group will collect the consideration from the buyer; and (b) the application of the output method as the measure of progress in determining real estate revenue.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as history with the buyer, age of real estate receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on the physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (i.e., project engineers).

For construction contracts, revenues are determined using the input method, which is based on the actual costs incurred to date relative to the total estimated costs to complete the construction projects. The Group also recognizes, as part of its revenue from construction contracts, the effects of variable considerations arising from various change orders and claims, to the extent that they reflect the amounts the Group expects to be entitled to and to be received from the customers, provided that it is highly probable that a significant reversal of the revenue recognized in connection with these variable considerations will not occur in the future. We considered this as a key audit matter because this process requires significant management judgements and estimates, particularly with respect to the identification of the performance obligations, estimation of the variable considerations arising from the change orders and claims, and calculation of estimated costs to complete the construction projects, which requires the technical expertise of the Group's engineers.

Relevant disclosures related to this matter are provided in Note 3 to the consolidated financial statements.



Audit Response

We obtained an understanding of the Group's revenue recognition process.

Real estate contracts

For the buyer's equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales collections from buyers with accumulated payments above the collection threshold. We traced the analysis to cancelled sales monitoring and supporting documents such as notice of cancellations.

For the application of the output method in determining real estate revenue, we obtained an understanding of the Group's processes for determining the percentage of completion (POC) and performed tests of the relevant controls. We inspected the certified POC reports prepared by the project engineers and assessed their competence, capabilities and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries, and inspected the supporting details of POC reports showing the completion of the major activities of the project construction.

Construction contracts

We inspected sample contracts and supplemental agreements (e.g., purchase orders, approved variation orders) and reviewed management's assessment on the identification of performance obligation within the contract and the timing of revenue recognition. For the selected contracts with variable considerations arising from change orders for which the corresponding change in price has not yet been finalized, we obtained an understanding of the management's process to estimate the amount of consideration expected to be received from the customers. For change orders and claims of sample contracts, we compared the amounts recognized as revenue to the change orders and claims approved by the customers and other relevant documentary evidences supporting the management's estimate of revenue recognized.

For the measurement of progress of the construction projects, we obtained an understanding of the Group's processes to accumulate actual costs incurred and to estimate the expected costs to complete and tested the relevant controls. We considered the competence, capabilities and objectivity of the Group's engineers by referencing their qualifications, experience and reporting responsibilities. We examined the approved total estimated completion costs, any revisions thereto, and the cost report and cost-to-complete analysis. On a sampling basis, we tested actual costs incurred through examination of invoices and other supporting documents such as progress billings from subcontractors. We conducted ocular inspections on selected projects and inquired the status of the projects under construction with the Group's project engineers. We also inspected the associated project documentation, such as accomplishment reports and variation orders, and inquired about the significant deviations from the targeted completion. We also performed test computation of the POC calculation of management.

Accounting for the Investment in a Significant Associate

The Group has an investment in Maynilad Water Holdings Company, Inc. (MWHCI) that is accounted for under the equity method. More than 90% of MWHCI's net income is derived from Maynilad Water Services, Inc. (MWSI). For the year ended December 31, 2023, the Group's share in the net income of MWHCI amounted to ₱2,060.29 million and is material to the consolidated financial statements. The Group's share in the net income of MWHCI is significantly affected by: (a) MWSI's recognition of water and sewerage service revenue, (b) the amortization of MWSI's service concession assets (SCA) using the units-of-production (UOP) method, and (c) MWSI's recognition and measurement of provisions related to ongoing regulatory proceedings, disputes and tax assessments.



These matters are significant to our audit because (a) the recognition of water and sewerage service revenue of MWSI depends on the completeness and accuracy of capture of water consumption based on meter readings over the concession area taken on various dates, propriety of rates applied across various customer types, and reliability of the systems involved in processing the bills and in recording revenues; (b) the UOP method involves significant management judgment, estimates, and assumptions, particularly in determining the total estimated billable water volume over the remaining period of the Concession Agreement; and (c) significant management judgment is involved in MWSI's estimation of provisions related to ongoing regulatory proceedings, disputes and tax assessments. The inherent uncertainty over the outcome of these regulatory, legal and tax matters is brought about by the differences in the interpretation and implementation of the Revised Concession Agreement, relevant laws and tax regulations and/or rulings.

The Group's disclosures regarding these matters are included in Notes 3 and 10 to the consolidated financial statements.

Audit Response

Our audit procedures included, among others, obtaining the relevant financial information from management about MWHCI and performed recomputation of the Group's equity in net earnings of MWHCI as recognized in the consolidated financial statements.

On the recognition of water and sewerage service revenue of MWSI, we obtained an understanding of the water and sewerage service revenue process, which includes maintaining the customer database, capturing billable water consumption, uploading captured billable water consumption to the billing system, calculating billable amounts based on MWSS-approved rates, and uploading data from the billing system to the financial reporting system. We also evaluated the design of and tested the relevant controls over this process. In addition, we performed test recalculation of the billed amounts using the MWSS-approved rates and formulae, and compared these with the amounts reflected in the billing statements. Moreover, we involved our internal specialist in understanding the information technology (IT) processes and in testing the IT general controls over the IT systems supporting the revenue process.

On the amortization of MWSI's SCA using the UOP method, we reviewed the report of the management's specialist and gained an understanding of the methodology and the basis of computing the forecasted billable water. We evaluated the competence, capabilities, and objectivity of management's specialist who estimated the forecasted volumes. Furthermore, we compared the billable water volume during the year against the data generated from the billing system. We recalculated the amortization expense for the year based on the established billable water volume.

On the recognition and measurement of MWSI's provisions, we involved our internal specialist in evaluating management's assessment on whether provisions on the contingencies should be recognized, and the estimation of such amount. We also discussed with management and obtained their assessment on the expected outcome and the status of the regulatory proceedings and disputes arbitration. In addition, we obtained correspondences from relevant government agencies and tax authorities, replies from third party legal counsels and any relevant historical and recent decisions by the courts/tax authorities on similar matters.



Estimation of Mineable Ore Reserves

The Group's coal mining properties with a carrying value of ₱3,751.88 million as of December 31, 2023 are amortized using the units-of-production method. Under this method, management is required to estimate the volume of mineable ore reserves for the remaining life of the mine which is a key input to the amortization of the coal mining properties. This matter is significant to our audit because the estimation of the mineable ore reserves of the Group's coal mines requires use of assumptions and significant estimation from management's specialists.

The related information on the estimation of mineable ore reserves and related coal mining properties are discussed in Notes 3 and 12 to the consolidated financial statements.

Audit response

We obtained an understanding on management's processes and controls in the estimation of mineable ore reserves. We evaluated the competence, capabilities and objectivity of management's internal specialists engaged by the Group to perform an assessment of the ore reserves by considering their qualifications, experience and reporting responsibilities. We reviewed the internal specialists' report and obtained an understanding of the nature, scope and objectives of their work and basis of estimates, including the changes in the reserves during the year. We also tested the application of the estimated ore reserves in the amortization of mining properties.

Presentation and Valuation of 2x25 MW Gas Turbine Plant as Asset Held-for-Sale

The Group disclosed its intention to sell the 2x25 MW Gas Turbine Plant (the Asset) as discussed and approved in the minutes of meeting of the Board of Directors (BOD) held on August 2, 2022. The Group maintains that the carrying amount of the Asset will be recovered principally through a sale transaction rather than through continuing use. In October 2022, the Group has completely secured all relevant clearances from regulatory bodies to disconnect, deregister, decommission, and sell the Asset. In October 2023, upon the completion of the one-year period, the sale of the Asset was not finalized due to circumstances beyond the control of the Group but the commitment to the plan to sell the Asset remains. As of December 31, 2023, the Group has yet to complete the sale of the Asset with a carrying value of ₱713.22 million. The Group assessed that the Asset will continue to be accounted for as asset held-for-sale in accordance with Philippine Financial Reporting Standards (PFRS) 5, *Non-current Assets Held-for-Sale and Discontinued Operations*.

This is a key audit matter because the presentation and valuation of asset held-for-sale involves significant management judgments and estimates in assessing whether the requirements under PFRS 5 have been met.

The relevant information on this matter is disclosed in Notes 3 and 9 to the consolidated financial statements.



Audit response

We obtained management's evaluation on whether the requirements of PFRS 5 have been met, including the events and circumstances that extended the period to complete the sale beyond one year, as regards the proper presentation of the Asset in the consolidated financial statements. We determined whether these events and circumstances are within the exceptions of PFRS 5 requirements. We evaluated whether necessary actions were initiated by management to respond to these events and circumstances, and whether the sale of the Asset is still highly probable to take place by inspecting the agreements and any correspondences with the active buyer.

We determined that the Asset is carried at the lower of carrying amount and fair value less costs to sell. We reviewed the fair value assessment made by management, including assessment of key assumptions applied by comparing the fair value with the information from the agreements and correspondences with the active buyer. We obtained an understanding and reviewed the appropriateness of the nature, scope and basis of estimates of costs to sell the Asset.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC as described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in accordance with PFRS, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jennifer D. Ticlao.

SYCIP GORRES VELAYO & CO.



Jennifer D. Ticlao

Partner

CPA Certificate No. 109616

Tax Identification No. 245-571-753

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-110-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10082023, January 6, 2024, Makati City

March 5, 2024



DMCI HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands of Pesos)

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱32,158,078	₱28,408,474
Receivables - net (Note 5)	23,265,106	26,738,903
Current portion of contract assets (Note 6)	19,304,451	16,643,258
Inventories (Note 7)	67,902,205	61,524,534
Other current assets (Note 8)	12,088,585	10,189,642
	154,718,425	143,504,811
Asset held-for-sale (Note 9)	713,218	789,313
Total Current Assets	155,431,643	144,294,124
Noncurrent Assets		
Property, plant and equipment (Note 12)	53,673,801	57,638,317
Investments in associates and joint ventures (Note 10)	19,091,633	18,195,324
Contract assets - net of current portion (Note 6)	10,839,030	12,765,717
Pension assets - net (Note 22)	992,028	1,012,667
Deferred tax assets - net (Note 28)	922,891	554,597
Exploration and evaluation assets (Note 13)	505,513	390,384
Right-of-use assets (Note 32)	140,629	116,945
Investment properties (Note 11)	86,739	101,894
Other noncurrent assets (Note 13)	6,311,316	5,690,015
Total Noncurrent Assets	92,563,580	96,465,860
	₱247,995,223	₱240,759,984

LIABILITIES AND EQUITY

Current Liabilities		
Short-term debt (Note 14)	₱1,547,386	₱1,129,418
Accounts and other payables (Notes 16, 20 and 32)	30,495,688	28,376,732
Income tax payable	488,465	174,227
Current portion of liabilities for purchased land (Note 15)	753,046	960,623
Current portion of long-term debt (Note 18)	6,660,721	6,758,448
Current portion of contract liabilities and other customers' advances and deposits (Note 17)	16,151,576	12,322,699
Total Current Liabilities	56,096,882	49,722,147

(Forward)



	December 31	
	2023	2022
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 18)	₱41,261,215	₱44,669,935
Deferred tax liabilities - net (Note 28)	6,434,245	6,245,576
Contract liabilities - net of current portion (Note 17)	3,199,429	3,596,710
Liabilities for purchased land - net of current portion (Note 15)	538,221	844,078
Pension liabilities - net (Note 22)	334,982	148,850
Other noncurrent liabilities (Notes 19 and 32)	2,693,099	2,863,054
Total Noncurrent Liabilities	54,461,191	58,368,203
Total Liabilities	110,558,073	108,090,350
Equity		
Equity attributable to equity holders of the Parent Company:		
Paid-in capital	17,949,868	17,949,868
Treasury shares - Preferred (Note 21)	(7,069)	(7,069)
Retained earnings (Note 21)	90,797,032	85,194,218
Premium on acquisition of noncontrolling-interests (Note 31)	(817,958)	(817,958)
Remeasurements on pension plans - net of tax (Note 22)	899,283	975,442
Net accumulated unrealized gains on equity investments designated at fair value through other comprehensive income (FVOCI) (Note 13)	174,698	131,613
Share in other comprehensive income of associates (Note 10)	25,385	25,290
	109,021,239	103,451,404
Noncontrolling interests (Note 31)	28,415,911	29,218,230
Total Equity	137,437,150	132,669,634
	₱247,995,223	₱240,759,984

See accompanying Notes to Consolidated Financial Statements.



DMCI HOLDINGS, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME****(Amounts in Thousands of Pesos, Except for Earnings Per Share Figures)**

	Years Ended December 31		
	2023	2022	2021
REVENUE (Note 33)			
Coal mining	₱51,633,898	₱69,759,876	₱35,592,979
Electricity sales	32,106,384	28,092,159	21,471,122
Real estate sales	18,587,311	21,398,777	24,328,512
Construction contracts	16,674,696	19,076,915	22,469,649
Nickel mining	3,386,352	3,788,595	4,022,442
Merchandise sales and others	440,473	483,371	458,165
	122,829,114	142,599,693	108,342,869
COSTS OF SALES AND SERVICES (Note 23)			
Coal mining	23,255,381	21,169,795	17,449,383
Electricity sales	14,481,403	13,685,705	11,814,131
Real estate sales	12,141,546	14,480,400	17,387,078
Construction contracts	15,316,709	17,577,604	21,194,313
Nickel mining	1,611,941	1,206,505	1,436,291
Merchandise sales and others	363,045	387,935	384,835
	67,170,025	68,507,944	69,666,031
GROSS PROFIT	55,659,089	74,091,749	38,676,838
OPERATING EXPENSES (Note 24)	20,700,298	25,066,956	14,087,696
	34,958,791	49,024,793	24,589,142
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES (Note 10)	2,145,377	1,506,278	1,612,328
OTHER INCOME (EXPENSES)			
Finance income (Note 25)	1,989,202	858,495	394,817
Finance costs (Note 26)	(964,167)	(1,108,564)	(1,139,255)
Other income - net (Note 27)	3,025,473	2,918,662	1,969,255
	4,050,508	2,668,593	1,224,817
INCOME BEFORE INCOME TAX	41,154,676	53,199,664	27,426,287
PROVISION FOR INCOME TAX (Note 28)	4,317,762	4,723,689	1,759,163
NET INCOME (Note 33)	₱36,836,914	₱48,475,975	₱25,667,124
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	₱24,722,372	₱31,087,484	₱18,394,231
Noncontrolling interests (Note 31)	12,114,542	17,388,491	7,272,893
	₱36,836,914	₱48,475,975	₱25,667,124
Basic/diluted earnings per share attributable to equity holders of the Parent Company (Note 29)	₱1.86	₱2.34	₱1.39

See accompanying Notes to Consolidated Financial Statements.

DMCI HOLDINGS, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2023	2022	2021
NET INCOME	₱36,836,914	₱48,475,975	₱25,667,124
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in subsequent periods			
Changes in fair values of investments in equity instruments designated at FVOCI (Note 13)	43,085	30,006	(1,262)
Net remeasurement gain (loss) on pension plans - net of tax (Note 22)	(94,733)	475,940	297,082
Share in other comprehensive income of associates (Note 10)	95	46,901	157,525
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(51,553)	552,847	453,345
TOTAL COMPREHENSIVE INCOME	₱36,785,361	₱49,028,822	₱26,120,469
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	₱24,689,393	₱31,627,261	₱18,857,152
Noncontrolling interests	12,095,968	17,401,561	7,263,317
	₱36,785,361	₱49,028,822	₱26,120,469

See accompanying Notes to Consolidated Financial Statements.

DMCI HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands of Pesos)

Attributable to Equity Holders of the Parent Company												
	Capital Stock (Note 21)	Additional Paid-in Capital (Note 21)	Total Paid-in Capital (Note 21)	Treasury Shares - Preferred (Note 21)	Retained Earnings (Note 21)	Premium on Acquisition of Non- controlling Interests (Note 31)	Remeasuremen ts on Pension Plans - net of tax (Note 22)	Net Accumulated Unrealized Gains on Equity Investments Designated at FVOCI (Note 13)	Share in Other Comprehensive Income (Loss) of Associates (Note 10)	Total	Noncontrolling Interests (Note 31)	Total Equity
For the Year Ended December 31, 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	–	–	–	–	24,722,372	–	–	–	–	24,722,372	12,114,542	36,836,914
Other comprehensive income	–	–	–	–	–	–	(76,159)	43,085	95	(32,979)	(18,574)	(51,553)
Total comprehensive income	–	–	–	–	24,722,372	–	(76,159)	43,085	95	24,689,393	12,095,968	36,785,361
Cash dividends declared (Note 21)	–	–	–	–	(19,119,558)	–	–	–	–	(19,119,558)	(12,898,287)	(32,017,845)
Balances at December 31, 2023	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱90,797,032	(₱817,958)	₱899,283	₱174,698	₱25,385	₱109,021,239	₱28,415,911	₱137,437,150
For the Year Ended December 31, 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	–	–	–	–	31,087,484	–	–	–	–	31,087,484	17,388,491	48,475,975
Other comprehensive income	–	–	–	–	–	–	461,582	31,294	46,901	539,777	13,070	552,847
Total comprehensive income	–	–	–	–	31,087,484	–	461,582	31,294	46,901	31,627,261	17,401,561	49,028,822
Cash dividends declared (Note 21)	–	–	–	–	(15,932,959)	–	–	–	–	(15,932,959)	(9,272,841)	(25,205,800)
Balances at December 31, 2022	₱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

(Forward)



Attributable to Equity Holders of the Parent Company

	Capital Stock (Note 21)	Additional Paid-in Capital (Note 21)	Total Paid-in Capital (Note 21)	Treasury Shares - Preferred (Note 21)	Retained Earnings (Note 21)	Premium on Acquisition of Non- controlling Interests (Note 31)	Remeasurement on Pension Plans - net of tax (Note 22)	Net Accumulated Unrealized Gains on Equity Investments Designated at FVOCI (Note 13)	Share in Other Comprehensive Income (Loss) of Associates (Note 10)	Noncontrolling Interests (Note 31)	Total Equity	
For the Year Ended December 31, 2022												
Balances as of January 1, 2021	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱64,391,833	(₱817,958)	₱149,316	₱99,131	(₱118,800)	₱81,646,321	₱19,556,450	₱101,202,771
Comprehensive income (loss)												
Net income	-	-	-	-	18,394,231	-	-	-	-	18,394,231	7,272,893	25,667,124
Other comprehensive income (loss)	-	-	-	-	-	-	364,544	1,188	97,189	462,921	(9,576)	453,345
Total comprehensive income	-	-	-	-	18,394,231	-	364,544	1,188	97,189	18,857,152	7,263,317	26,120,469
Cash dividends declared (Note 21)	-	-	-	-	(12,746,371)	-	-	-	-	(12,746,371)	(5,730,257)	(18,476,628)
Balances at December 31, 2021	₱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

See accompanying Notes to Consolidated Financial Statements.



DMCI HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱41,154,676	₱53,199,664	₱27,426,287
Adjustments for:			
Depreciation, depletion and amortization (Notes 11, 12, 13, 23, 24 and 32)	8,630,329	7,817,903	8,674,659
Finance costs (Note 26)	964,167	1,108,564	1,139,255
Net unrealized foreign exchange loss (gain)	217,125	(1,283,418)	174,050
Write-down/impairment of property, plant and equipment and asset held-for-sale (Notes 3, 12, 24 and 27)	76,095	466,240	1,041
Equity in net earnings of associates and joint ventures (Note 10)	(2,145,377)	(1,506,278)	(1,612,328)
Finance income (Note 25)	(1,989,202)	(858,495)	(394,817)
Gain on sale of undeveloped parcel of land (Note 27)	(141,792)	–	(12,432)
Net movement in net pension asset (liability)	80,460	171,771	(158,969)
Gain on sale of property, plant and equipment - net (Notes 12 and 27)	(55,914)	(69,346)	(189,372)
Recoveries from insurance claims and claims from third party settlement	(31,884)	–	–
Operating income before changes in working capital	46,758,683	59,046,605	35,047,374
Decrease (increase) in:			
Receivables and contract assets	3,224,211	(6,090,904)	(11,824,299)
Inventories	(4,866,708)	(5,372,448)	1,402,585
Other current assets	(1,898,943)	2,575,202	(2,471,300)
Increase (decrease) in:			
Contract liabilities and other customers' advances and deposits	3,431,596	(81,212)	(272,686)
Accounts and other payables	2,787,862	(481,531)	4,253,926
Liabilities for purchased land	(513,434)	233,332	(448,237)
Cash generated from operations	48,923,267	49,829,044	25,687,363
Income taxes paid	(3,998,389)	(6,354,377)	(2,198,634)
Interest paid (including interest capitalized as cost of inventory) (Note 7)	(1,858,629)	(1,611,318)	(1,407,899)
Interest received	1,504,282	858,495	392,642
Net cash provided by operating activities	₱44,570,531	₱42,721,844	₱22,473,472

(Forward)



	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates	₱915,551	₱834,367	₱45,000
Additions to:			
Property, plant and equipment (Note 12)	(5,460,280)	(6,514,073)	(6,451,869)
Investments in associates and joint ventures (Note 10)	-	-	(207,376)
Investment properties and exploration and evaluation assets (Notes 13)	(43,965)	(174,766)	(6,132)
Interest paid and capitalized as cost of property, plant and equipment (Note 12)	(74,143)	(1,188)	(3,162)
Proceeds from disposals of:			
Undeveloped land	1,339,286	-	-
Property, plant and equipment	86,777	93,684	469,388
Investment properties	-	-	19,320
Insurance claims and claims from third party settlement	31,884	-	-
Decrease (increase) in other noncurrent assets	(774,131)	(2,932,467)	1,662,636
Net cash used in investing activities	(3,979,021)	(8,694,443)	(4,472,195)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of:			
Short-term debt (Note 37)	917,968	1,065,655	350,000
Long-term debt (Note 37)	4,466,250	11,906,818	17,759,494
Payments of:			
Short-term debt (Note 37)	(500,000)	(975,600)	(5,110,697)
Long-term debt (Note 37)	(8,015,595)	(12,487,673)	(11,838,767)
Dividends to equity holders of the Parent Company (Notes 21 and 37)	(19,119,558)	(15,932,959)	(12,746,371)
Dividends to noncontrolling-interests (Notes 21 and 37)	(12,914,997)	(9,256,131)	(5,730,257)
Interest	(1,206,426)	(1,045,927)	(1,384,172)
Lease liabilities (Note 32)	(35,840)	(32,940)	(46,625)
Increase (decrease) in other noncurrent liabilities (Note 37)	(216,583)	1,514,788	164,271
Net cash used in financing activities	(36,624,781)	(25,243,969)	(18,583,124)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	(217,125)	1,283,023	5,416
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,749,604	10,066,455	(576,431)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	28,408,474	18,342,019	18,918,450
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱32,158,078	₱28,408,474	₱18,342,019

See accompanying Notes to Consolidated Financial Statements.



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 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 nickel mining, power generation, real estate development, and manufacturing of certain construction materials. In addition, the Group has equity ownership in water concession business.

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 March 5, 2024.

2. Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) which have been measured at fair value. The Parent Company's functional currency and the Group's presentation currency is the Philippine Peso (₱). All amounts are rounded to the nearest thousand (₱000), except for earnings per share and par value information or unless otherwise indicated.

Any other differences in the comparative amounts from the amounts in the consolidated financial statements for the year ended December 31, 2023 are solely the result of reclassifications for comparative purposes and are not material.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs as issued and approved by SEC in response to COVID-19 pandemic.

Through DMCI Project Developers, Inc., a subsidiary under its real estate segment, the Group has availed of the relief granted by the SEC under Memorandum Circular (MC) No. 34-2020 which further extended the deferral of Philippine Interpretations Committee (PIC) Q&A 2018-12-D (assessment if the transaction price includes a significant financing component) until December 31, 2023.

The Group has also availed of the relief granted by SEC under MC No. 34-2020 deferring the adoption of IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, *Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) until December 31, 2023.

SEC MC No. 34-2020 deferring the adoption of the exclusion of land in the calculation of percentage of completion is not applicable to the Group as it is already in full compliance with the requirements of the provisions of (PIC) Q&A No. 2018-12 (see Note 7).



The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations section of this Note.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations Committee (PIC).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023.

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.

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.

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 earnings, as appropriate.

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 in 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.



The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries (which are all incorporated and domiciled in the Philippines).

	Nature of Business	2023			2022		
		Direct	Indirect	Effective Interest	Direct	Indirect	Effective Interest
(In percentage)							
<u>General Construction:</u>							
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
<u>Real Estate:</u>							
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) ^{2*}	Real estate Developer	–	100.00	100.00	–	100.00	100.00
<u>Coal Mining:</u>							
Semirara Mining and Power Corporation (SMPC)	Mining	56.65	–	56.65	56.65	–	56.65
<u>On-Grid Power:</u>							
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
Southeast Luzon Power Generation Corporation (SeLPGC) ³	Non-operational	–	56.65	56.65	–	56.65	56.65
Semirara Materials and Resources Inc. (SMRI) 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
<u>Off-Grid Power:</u>							
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

(Forward)



Nature of Business	2023			2022			
	Direct	Indirect	Effective Interest	Direct	Indirect	Effective Interest	
(In percentage)							
<u>Nickel Mining:</u>							
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 Resources 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
<u>Manufacturing:</u>							
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.

² PDI's subsidiaries.

³ SMPC's subsidiaries. SMRI was formerly known as Semirara Claystone, Inc. (SCI)

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 equity holders of the Parent Company. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interests even if these result 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 interests is recognized in equity of the parent company in transactions where the noncontrolling interest are acquired or sold without loss of control.

The proportion of ownership interest held by noncontrolling interests presented below on the consolidated subsidiaries are consistent with the prior year:

	<u>(In Percentage)</u>
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 Materials and Resource, Inc. (SMRI)	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 (see Note 3).

Interests in Joint Control

DMCI, a wholly-owned subsidiary of the Parent Company, has interests in various joint arrangements (see Note 35), whereby the parties have a contractual arrangement that establishes joint control. DMCI recognizes its share of jointly held assets, liabilities, income and expenses of the joint operation with similar items, line by line, in its consolidated financial statements.

The financial statements of the joint operations are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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, 2023. 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.



- 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 have had an impact on the Group’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group’s consolidated financial statements.

- 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.

- 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).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.



The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules.

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, 2024

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

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 non-current.
- 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 impact to the Group's consolidated financial statements.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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

These amendments are not expected to have a material impact on the Group's consolidated financial statements.



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.

- Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

These amendments are not expected to have a material impact on the Group's consolidated financial statements

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.

These amendments are not expected to have a material impact on the Group's consolidated financial statements.

- *Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	Deferral Period
a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021.

The Group availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12 on determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively. The Group will adopt the guidance using the modified retrospective approach. The adoption of this guidance will impact interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability and the opening balance of retained earnings.

- *Deferment of Implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (IAS 23, Borrowing Cost) for the Real Estate Industry*

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35I of IFRS 15. IFRIC concluded that borrowing costs



cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

The IFRIC agenda decision would change the Parent Company's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

On February 21, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023.

The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. The Group will adopt the IFRIC agenda decision using the modified retrospective approach. Adoption of this guidance would have impacted net income, real estate inventories, provision for deferred income tax, deferred tax liability, interest and other financing charges and the opening balance of retained earnings for the statement of financial position, and the cash flows from operations and financing activities for the statement of cash flows.

Material Accounting Policies

The material accounting policies that have been used in the preparation of consolidated financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Recognition and Measurement of Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

a. Initial recognition

Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or at FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test' and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.



Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets comprise of financial assets at amortized cost, financial assets at FVPL and financial assets at FVOCI.

b. Subsequent measurement – Financial assets at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model, the objective of which is to hold assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group classifies cash and cash equivalents, receivables, due from related parties, and refundable deposit and deposit in escrow fund as financial assets at amortized cost (see Notes 4, 5, 8, and 13).

c. Subsequent measurement - Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its quoted and unquoted equity investments under this category (see Note 13).

c. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired; or
- the Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks



and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

a. Initial recognition

Financial liabilities are classified, at initial recognition, either as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities comprise of financial liabilities at amortized cost including accounts and other payables and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as pension liabilities, income tax payable, and other statutory liabilities).

b. Subsequent measurement – Payables, loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statements of income.

This category generally applies to short-term and long-term debt.

c. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Impairment of Financial Assets

The Group recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate (EIR). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit



exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For receivables, except for receivables from related parties where the Group applies general approach, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For real estate, installment contracts receivable (ICR) and contract assets, the Group uses the vintage analysis for ECL by calculating the cumulative loss rates of a given ICR pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

As these are future cash flows, these are discounted back to the time of default (i.e., is defined by the Group as upon cancellation of CTS) using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

For other financial assets such receivable from related parties, other receivables and refundable deposits, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard & Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For short term investments, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



Deferred Financing Costs

Deferred financing costs represent debt issue costs arising from the fees incurred to obtain project financing. This is included in the initial measurement of the related debt. The deferred financing costs are treated as a discount on the related debt and are amortized using the effective interest method over the term of the related debt.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Inventories

Real Estate Held for Sale and Development

Real estate held for sale and development consists of condominium units and subdivision land for sale and development.

Condominium units and subdivision land for sale are carried at the lower of aggregate cost and net realizable value (NRV). Costs include acquisition costs of the land, plus costs incurred for the construction, development and improvement of residential units. Borrowing costs are capitalized while the development and construction of the real estate projects are in progress, and to the extent that these are expected to be recovered in the future. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Undeveloped land is carried at lower of cost and NRV.

The costs of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Valuation allowance is provided for real estate held for sale and development when the NRV of the properties are less than their carrying amounts.

Coal Inventory

Inventories are valued at the lower of cost NRV. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale for coal inventory or replacement cost for spare parts and supplies. Cost is determined using the weighted average production cost method for coal inventory and the moving average method for spare parts and supplies.

The cost of extracted coal includes stripping costs and other mine-related costs incurred during the period and allocated on per metric ton basis by dividing the total production cost with total volume of coal produced. Except for ship loading cost, which is a period cost, all other production related costs are charged to production cost. Spare parts and supplies are usually carried as inventories and are recognized in the consolidated statement of comprehensive income when consumed.

Inventories transferred to property, plant and equipment are used as a component of self-constructed property, plant and equipment and are recognized as expense during the useful life of that asset. Transfers of inventories to property, plant and equipment do not change the carrying amount of the inventories transferred, and that carrying amount becomes cost for recognition.



Nickel Ore Inventory

Nickel ore inventories are valued at the lower of cost and NRV. Cost of beneficiated nickel ore or nickeliferous laterite ore is determined by the moving average production cost and comprise of outside services, production overhead, personnel cost, and depreciation, amortization and depletion that are directly attributable in bringing the beneficiated nickel ore or nickeliferous laterite ore in its saleable condition. NRV for beneficiated nickel ore or nickeliferous laterite ore is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Stockpile tonnages are verified by periodic surveys.

Materials in Transit

Cost is determined using the specific identification basis.

Equipment Parts, Materials and Supplies

The cost of equipment parts, materials and supplies is determined principally by the average cost method (either by moving average or weighted average production cost).

Equipment parts and supplies are transferred from inventories to property, plant and equipment when the use of such supplies is expected to extend the useful life of the asset and increase its economic benefit. Transfers between inventories to property, plant and equipment do not change the carrying amount of the inventories transferred and they do not change the cost of that inventory for measurement or disclosure purposes.

Equipment parts and supplies used for repairs and maintenance of the equipment are recognized in the consolidated statements of income when consumed.

NRV for supplies and fuel is the current replacement cost. For supplies and fuel, cost is also determined using the moving average method and composed of purchase price, transport, handling and other costs directly attributable to its acquisition. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision or obsolescence.

Assets Held-for-Sale

The Group classifies noncurrent assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Noncurrent assets classified as held-for-sale are carried at the lower of carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification under PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations* is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification. Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset (or disposal group).



Property, plant and equipment are not depreciated or amortized once classified as held for sale. Assets classified as held for sale are presented separately as current items in the consolidated statements of financial position.

Immediately before the initial classification of the asset as held for sale, the carrying amount of the asset will be measured in accordance with applicable PFRSs. Any impairment loss on initial classification and subsequent measurement is recognized as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognized) is recognized in profit or loss.

Stripping Costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalized as part of the cost of mine properties and subsequently amortized over its useful life using the units-of-production method over the mine life. The capitalization of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The costs of such stripping are accounted for in the same way as development stripping (as discussed above).

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory or improved access to the coal body to be mined in the future. Where the benefits are realized in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a noncurrent asset, referred to as a stripping activity asset, if the following criteria are met:

- Future economic benefits (being improved access to the coal body) are probable;
- The component of the coal body for which access will be improved can be accurately identified; and
- The costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the consolidated statements of income as operating costs as they are incurred.

In identifying components of the coal body, the Group works closely with the mining operations department for each mining operation to analyze each of the mine plans. Generally, a component will be a subset of the total coal body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the coal body, the geographical location, and/or financial considerations.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of coal body, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory



produced and the stripping activity asset. This production measure is calculated for the identified component of the coal body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is included as part of 'Mine properties, mining tools and other equipment' under 'Property, plant and equipment' in the consolidated statement of financial position. This forms part of the total investment in the relevant cash generating unit (CGU), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the coal body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the coal body. The stripping activity asset is then carried at cost less accumulated amortization and any impairment losses.

Mineable Ore Reserves

Mineable ore reserves are estimates of the amount of coal that can be economically and legally extracted from the Group's mining properties. The Group estimates its mineable ore reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the coal body, and require complex geological judgments to interpret the data.

The estimate on the mineable ore reserve is determined based on the information obtained from activities such as drilling, core logging or geophysical logging, coal sampling, sample database encoding, coal seam correlation and geological modelling. The Group will then estimate the recoverable reserves based upon factors such as estimates of commodity prices, future capital requirements, foreign currency exchange rates, and production costs along with geological assumptions and judgments made in estimating the size and grade of the coal body. Changes in the reserve or resource estimates may impact the amortization of mine properties included as part of 'Mine properties, mining tools and other equipment' under 'Property, plant and equipment'.

Other assets

Other current and noncurrent assets, which are carried at cost, pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

Advances to Suppliers and Contractors

Advances to suppliers and contractors are recognized in the consolidated statement of financial position when it is probable that the future economic benefits will flow to the Group and the assets has cost or value that can be measured reliably. These assets are regularly evaluated for any impairment in value. Current and noncurrent classification is determined based on the usage/realization of the asset to which it is intended for (e.g., inventory, investment property, property plant and equipment).

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. Input VAT pertains to the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services. Deferred input VAT pertains to input VAT on accumulated purchases of property, plant and equipment for each month amounting to ₱1.00 million or more. This is amortized over five (5) years or the life of the property, plant and equipment, whichever is shorter,



in accordance with the Bureau of Internal Revenue (BIR) regulation. Output VAT pertains to the 12% tax due on the local sale of goods and services by the Group.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statements of financial position. When input VAT exceeds output VAT, the excess is recognized as an asset in the consolidated statements of financial position to the extent of the recoverable amount.

Investments in Associates and Joint Ventures

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investments in associate or joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized and is not tested for impairment individually.

The consolidated statements of income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share in profit or loss of an associate and joint venture is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss after tax and noncontrolling-interests in the subsidiaries of the associate or joint venture. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group discontinues recognizing its share to the extent of the interest in associate or joint venture.

The financial statements of associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.



Investment Properties

Investment properties comprise completed property and property under construction or redevelopment that are held to earn rentals or capital appreciation or both and that are not occupied by the Group.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties, except land, are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost less any impairment in value.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of income in the period of derecognition.

Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives (EUL) of assets of 20 to 25 years.

The assets' residual value, useful life, and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortizations are consistent with the expected pattern of economic benefits from items of investment property.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

Exploration and Evaluation Assets and Mining Properties

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Researching and analyzing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies



License costs paid in connection with a right to explore in an existing exploration area are capitalized and amortized over the term of the permit. Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to consolidated statement of income as incurred, unless the Group's management concludes that a future economic benefit is more likely than not to be realized. These costs include materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalized, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Expenditure is transferred from 'Exploration and evaluation assets' to 'Mining properties' which is a subcategory of 'Property, plant and equipment' once the work completed to date supports the future development of the property and such development receives appropriate approvals. After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized in 'Mining properties and equipment'.

Development expenditure is net of proceeds from the sale of ore extracted during the development phase.

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost less accumulated depreciation, depletion and amortization, and any impairment in value. Land is stated at cost, less any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Costs also include decommissioning and site rehabilitation costs. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period in which the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property, plant and equipment.

Construction-in-progress included in property, plant and equipment is stated at cost. This includes the cost of the construction of property, plant and equipment and other direct costs. Construction-in-progress is not depreciated until such time that the relevant assets are completed and put into operational use.

Depreciation, depletion and amortization of assets commences once the assets are put into operational use.



Depreciation and amortization of property, plant and equipment, except mine properties, are calculated on a straight-line basis over the following EUL of the respective assets or the remaining contract period, whichever is shorter:

	Years
Land improvements	5-25
Power plant, buildings and building improvements	10-25
Equipment and machinery under “coal mining properties and equipment”	2-3
Equipment and machinery under “nickel mining properties and equipment”	2-5
Construction equipment, machinery and tools	5-10
Office furniture, fixtures and equipment	3-5
Transportation equipment	4-5
Leasehold improvements	5-7

The EUL and depreciation, depletion and amortization methods are reviewed periodically to ensure that the period and methods of depreciation, depletion and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Land is stated at historical cost less any accumulated impairment losses. Historical cost includes the purchase price and directly attributable costs.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. When assets are retired, or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement income in the year the item is derecognized.

Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded as part of cost of sales in the consolidated statement of income. During the period of development, the asset is tested for impairment annually.

Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Group’s property, plant and equipment, investment properties, right-of-use assets, intangible assets, assets held-for-sale, exploration and evaluation assets and investments in associates and joint ventures.



Property, Plant and Equipment, Investment Properties, Right-of-Use Assets, Intangible Assets and Assets Held-for-Sale

The Group assesses at each reporting date whether there is an indication that these assets may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, depletion and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation assets may exceed its recoverable amount. Under PFRS 6 one or more of the following facts and circumstances could indicate that an impairment test is required. The list is not intended to be exhaustive: (a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

Investments in associates and joint ventures

For investments in associates and joint ventures, after application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in associates or jointly controlled entities is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the carrying value and the recoverable amount of the investee company and recognizes the difference in the consolidated statement of income.

Liabilities for Purchased Land

Liabilities for purchased of land represents unpaid portion of the acquisition costs of raw land for future development, including other costs and expenses incurred to effect the transfer of title of the property. Noncurrent portion of the carrying amount is discounted using the applicable interest rate for similar type of liabilities at the inception of the transactions.



Equity

Capital Stock

Capital stock consists of common and preferred shares which are measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. Direct cost incurred related to the equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to 'Additional paid-in capital' account.

Treasury Shares

Treasury shares pertains to own equity instruments which are reacquired and are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings

Retained earnings represent accumulated earnings of the Group, and any other adjustments to it as required by other standards, less dividends declared. The individual accumulated earnings of the subsidiaries are available for dividend declaration when these are declared as dividends by the subsidiaries as approved by their respective BOD.

Dividends on common shares are deducted from retained earnings when declared and approved by the BOD or shareholders of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the reporting date and disclosed accordingly.

Asset Acquisitions

To assess whether a transaction is the acquisition of a business, the Group applies first a quantitative concentration test (also known as a screening test). The Group is not required to apply the test but may elect to do so separately for each transaction or other event. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is required. Otherwise, or if the Group elects not to apply the test, the Group will perform the qualitative analysis of whether an acquired set of assets and activities includes at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business as defined under PFRS 3, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets) and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.



When the Group obtains control over a previously held joint operation, and the joint operation does not constitute a business, the transaction is also accounted for as an asset acquisition which does not give rise to goodwill. The acquisition cost to obtain control of the joint operation is allocated to the individual identifiable assets acquired and liabilities assumed, including the additional share of any assets and liabilities previously held or incurred jointly, on the basis of their relative fair values at the date of purchase. Previously held assets and liabilities of the joint operation should remain at their carrying amounts immediately before the transaction.

Revenue and Cost recognition

Revenue from contract with customers

The Group is primarily engaged in general construction, coal and nickel mining, power generation, real estate development, water concession and manufacturing. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is acting as principal in all of its significant revenue arrangements since it is the primary obligor in these revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Revenue recognized at a point in time

- *Coal Mining*

Revenue is recognized when control passes to the customer, which occurs at a point in time once the performance obligation to the customer is satisfied. The revenue is measured at the amount to which the Group expects to be entitled, being the price expected to be received upon final billing, and a corresponding trade receivable is recognized.

Revenue from local and export coal sales are denominated in Philippine Peso and US Dollar (US\$), respectively.

Cost of coal includes directly related production costs such as materials and supplies, fuel and lubricants, labor costs including outside services, depreciation and amortization, cost of decommissioning and site rehabilitation, and other related production overhead. These costs are recognized when incurred.

- *Nickel Mining*

Revenue is recognized when control passes to the customer, which occurs at a point in time when the beneficiated nickel ore/nickeliferous laterite ore is physically transferred onto a vessel or onto the buyer's vessel.

Cost of nickel includes cost of outside services, production overhead, personnel cost and depreciation, amortization and depletion that are directly attributable in bringing the inventory to its saleable condition. These are recognized in the period when the goods are delivered.

- *Sales and services*

Revenue from room use, food and beverage sales and other services are recognized when the related sales and services are rendered.

- *Merchandise Sales*

Revenue from merchandise sales is recognized upon delivery of the goods to and acceptance by the buyer and when the control is passed on to the buyers.



Revenue recognized over time using output method

- *Real Estate Sales*

The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period using the percentage of completion (POC) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by project engineers, and reviewed and approved by area managers under construction department which integrates the surveys of performance to date of the construction activities for both subcontracted and those that are fulfilled by the developer itself.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables, under "Receivables", is included in the "Contract asset" account in the asset section of the consolidated statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the "Contract liabilities" account in the liabilities section of the consolidated statement of financial position. The impact of the significant financing component on the transaction price has not been considered since the Group availed of the relief granted by the SEC under MC Nos. 14-2018 for the implementation issues of PFRS 15 affecting the real estate industry. Under the SEC MC No. 34-2020, the relief has been extended until December 31, 2023.

The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Group recognizes as an asset these costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

- *Electricity Sales*

Revenue from sale of electricity is derived from its primary function of providing and selling electricity to customers of the generated and purchased electricity. The Group recognizes revenue from contract energy sales over time, using output method measured on actual energy delivered or nominated by the customer, net of adjustments, as agreed between parties.

Revenue from spot electricity sales is derived from the sale to the spot market of excess generated electricity over the contracted energy using price determined by the spot market, also known as Wholesale Electricity Spot Market (WESM), the market where electricity is traded, as mandated by Republic Act (RA) No. 9136 of the Department of Energy (DOE). Revenue is recognized over time using the output method measured principally on actual generation delivered to trading participants of WESM.



Under PFRS 15, the Group has concluded that revenue should be recognized over time since the customer simultaneously receives and consumes the benefits as the seller supplies power. In this case, any fixed capacity payments for the entire contract period is determined at contract inception and is recognized over time. The Group has concluded that revenue should be recognized over time and will continue to recognize revenue based on amounts billed.

Cost of electricity sales includes costs directly related to the production and sale of electricity such as cost of coal, coal handling expenses, bunker, lube, diesel, depreciation and other related production overhead costs. Cost of electricity sales are recognized at the time the related coal, bunker, lube and diesel inventories are consumed for the production of electricity. Cost of electricity sales also includes electricity purchased from the spot market and the related market fees. It is recognized as cost when the Group receives the electricity and simultaneously sells to its customers.

Revenue recognized over time using input method

- *Construction Contracts*

Revenue from construction contracts are recognized over time (POC) using the input method. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated costs of the project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on onerous contracts are recognized immediately when it is probable that the total unavoidable contract costs will exceed total contract revenue. The amount of such loss is determined irrespective of whether or not work has commenced on the contract; the stage of completion of contract activity; or the amount of profits expected to arise on other contracts, which are not treated as a single construction contract. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements that may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined. Profit incentives are recognized as revenue when their realization is reasonably assured.

The asset "Costs and estimated earnings in excess of billings on uncompleted contracts", which is presented under "Contract assets", represents total costs incurred and estimated earnings recognized in excess of amounts billed. The liability "Billings in excess of costs and estimated earnings on uncompleted contracts", which is presented under "Contract liabilities", represents billings in excess of total costs incurred and estimated earnings recognized. Contract retention receivables are presented as part of "Trade receivables" under the "Receivables" and "Other Noncurrent Assets" accounts in the consolidated statement of financial position.

Contract Balances

Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).



Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

For the Group's real estate segment, contract assets are initially recognized for revenue earned from development of real estate projects as receipt of consideration is conditional on successful completion of development. Upon completion of development and acceptance by the customer, the amounts recognized as contract assets are reclassified to receivables. It is recognized as "contract asset" account in the consolidated statement of financial position.

For the Group's construction segment, contract asset arises from the total contract costs incurred and estimated earnings recognized in excess of amounts billed.

Costs to obtain contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group's commission payments to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Cost of Sales and Services – Real estate sales" account in the consolidated statement of income. Capitalized cost to obtain a contract is included in 'Other current and noncurrent assets' account in the consolidated statement of financial position.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

For the Group's real estate segment, contract liability arises when the payment is made or the payment is due (whichever is earlier) from customers before the Group transfers goods or services to the customer. Contract liabilities are recognized as revenue when the Group performs (generally measured through POC) under the contract. The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

For the Group's construction segment, contract liability arises from billings in excess of total costs incurred and estimated earnings recognized.

Contract fulfillment assets

Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered.



The assessment of these criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets pertain to connection fees and land acquisition costs as included in the 'Inventory' account in the consolidated statement of financial position.

Amortization, derecognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract

The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that contract fulfillment asset or capitalized cost to obtain a contract may be impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive, less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits.

Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Revenue and Income Recognition

Forfeitures and cancellation of real estate contracts

Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Income from commissioning

Income from commissioning pertains to the excess of proceeds from the sale of electricity produced during the testing and commissioning of the power plant over the actual cost incurred to perform the testing and commissioning.

Dividend income

Dividend income is recognized when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.



Rental income

Rental income arising from operating leases on investment properties and construction equipment is accounted for on a straight-line basis over the lease terms.

Interest income

Interest income is recognized as interest accrues using the effective interest method.

Operating Expenses

Operating expenses are expenses that arise in the ordinary course of operations of the Group. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, supplies, investment properties and property, plant and equipment. Expenses are recognized in the consolidated statement of income when incurred.

Borrowing Costs

As discussed above, the Group availed of the relief granted by SEC under MC No. 34-2020 (see Note 7). Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Borrowing costs are also capitalized on the purchased cost of a site property acquired specially for development but only where activities necessary to prepare the asset for development are in progress.

Foreign Currency Translations and Transactions

The consolidated financial statements are presented in Philippine Peso. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate at the reporting date. All differences are taken to consolidated statement of income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Pension Cost

The Group has a noncontributory defined benefit multi-employer retirement plan.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.



The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.



Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessor

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

The Group as a lessee

Except for short-term leases and leases of low-value assets, the Group applies a single recognition and measurement approach for all leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

“Right-of-use assets” are presented under noncurrent assets in the consolidated statement of financial position.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.



Short-term leases

The Group applies the short-term lease recognition exemption to its leases of office spaces, storage and warehouse spaces that have lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on these short-term leases are recognized as expense on a straight-line basis over the lease term.

Income Taxes

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences with certain exception. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic associates and investments in joint ventures.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantially enacted at the financial reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets relate to the same taxable entity and the same taxation authority.

For periods where the income tax holiday (ITH) is in effect, no deferred taxes are recognized in the consolidated financial statements as the ITH status of the subsidiary neither results in a deductible temporary difference or temporary taxable difference. However, for temporary differences that are expected to reverse beyond the ITH, deferred taxes are recognized.



Earnings Per Share (EPS)

Basic EPS is computed by dividing the consolidated net income for the year attributable to equity holders of the Parent Company (net income for the period less dividends on convertible redeemable preferred shares) by the weighted average number of common shares issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period. Diluted EPS is computed by dividing the net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year adjusted for the effects of dilutive convertible redeemable preferred shares. Diluted EPS assumes the conversion of the outstanding preferred shares. When the effect of the conversion of such preferred shares is anti-dilutive, no diluted EPS is presented.

Operating Segment

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group generally accounts for intersegment revenues and expenses at agreed transfer prices. Income and expenses from discontinued operations are reported separate from normal income and expenses down to the level of income after taxes. Financial information on operating segments is presented in Note 33 to the consolidated financial statements.

Provisions

Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Provision for decommissioning and site rehabilitation costs

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes closure of plants, dismantling and removing of structures, reforestation, rehabilitation activities on marine and rainwater conservation and maintenance of rehabilitated area.

The obligation generally arises when the asset is installed, or the ground environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets and restoration of power plant sites. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of income as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of comprehensive income.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated



financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements on the period in which the change occurs.

Events After the Reporting Period

Post year-end events up to the date of the auditor's report that provide additional information about the Group's position at reporting date (adjusting events) are reflected in the consolidated financial statements. Any post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. **Material Accounting Judgments, Estimates and Assumptions**

The preparation of the accompanying consolidated financial statements in conformity with PFRSs requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments

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

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include the renewal and termination period of several lease contracts since the renewal and termination options is based on mutual agreement, thus currently not enforceable (see Note 32).

Classification of asset held-for-sale

The Group classified its 2x25 MW gas turbine plant as asset held-for-sale under PFRS 5, *Noncurrent Assets Held-for-Sale and Discontinued Operations*, as result of the assessment that the assets' carrying amount will be recovered principally through a sale transaction rather than through continuing use.



The following criteria are met:

- a) The asset is available for immediate sale in its present condition.
- b) The sale is highly probable to be completed within 12 months from the classification date.
- c) The Group is committed to sell the 2x25 MW gas turbine plant as evidenced by the approval of the Group's BOD on August 2, 2022, and the clearances obtained from relevant government agencies in October 2022.
- d) The Group has initiated an active programme to locate a buyer upon approval of the BOD.
- e) The Group determined that it is unlikely that the plan will be significantly changed or withdrawn.

The Group identified that the above criteria are met in October 2022 upon completely securing all relevant clearances from regulatory bodies to disconnect, deregister, decommission and sell the asset and reclassified the asset as held-for-sale (see Note 9).

During the initial one-year period, circumstances arise that were previously considered unlikely, and, as a result, the sale of the gas turbine plant was not finalized as of the end of October 2023. The Group took the necessary actions to respond to these circumstances and was able to locate a buyer and agree with the terms and conditions of the sale. As of December 31, 2023, the criteria for the extension of the one-year period are met and the gas turbine plant remains as an Asset held-for-sale in accordance with PFRS 5.

Revenue recognition method and measure of progress

- *Real estate revenue recognition*

The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use; and (b) the Group has an enforceable right to payment for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. The Group also considers the buyer's commitment to continue the sale which may be ascertained through the significance of the buyer's initial payments and the stage of completion of the project.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments (buyer's equity) in relation to the total contract price. Collectability is assessed by considering factors such as history with the buyer, age of real estate receivables and pricing of the property. Also, management evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the output method which is based on the physical proportion of work done on the real estate project and requires technical determination by the Group's specialists (project engineers). The Group believes that this method faithfully depicts the Group's performance in transferring control of real estate development to the customers.



- *Construction revenue recognition*

- a. Existence of a contract

The Group assessed that various documents or arrangements (whether separately or collectively) will create a contract in accordance with PFRS 15. The Group considered relevant facts and circumstances including customary business practices and assessed that the enforceability of its documents or arrangements depends on the nature and requirements stated in the terms of those documents or arrangements. Certain documents that indicate enforceability of contract include Letter/ Notice of Award, Letter of Intent, Notice to Proceed and Purchase Order.

- b. Revenue recognition method and measure of progress

The Group concluded that revenue for construction services is to be recognized over time because (a) the customer controls assets as it is created or enhanced; (b) the Group's performance does not create an asset with an alternative use and; (c) the Group has an enforceable right for performance completed to date. The Group assessed that the first criterion is consistent with the rationale for percentage of completion (POC) revenue recognition approach for construction contract. Moreover, the customer can also specify the design of the asset being constructed and the Group builds the asset on the customer's land or premises and the customer can generally control any work in progress arising from the Group's performance. The last criterion is evident in the actual provisions of the contract. As the Group cannot direct the asset to another customer, it satisfies the criteria of no alternative use.

In measuring the progress of its performance obligation over time, the Group uses the input method which is based on actual costs incurred to date relative to the total estimated cost to complete the construction projects. The Group believes that this method faithfully depicts the Group's performance in transferring control of construction services to the customers.

- c. Identifying performance obligation

Construction projects of the Group usually includes individually distinct goods and services. These goods and services are distinct as the customers can benefit from the service on its own and are separately identifiable. However, the Group assessed that goods and services are not separately identifiable from other promises in the contract. The Group provides significant service of integrating the various goods and services (inputs) into a single output for which the customer has contracted. Consequently, the Group accounts for all of the goods and services in the contract as a single performance obligation.

With regard to variation orders, the Group assessed that these do not result in the addition of distinct goods and services and are not identified as separate performance obligations because they are highly interrelated with the services in the original contract, and are part of the contractor's service of integrating services into a single output for which the Group has been contracted.

- *Mining and electricity sales – Revenue recognition method and measure of progress*

The Group concluded that revenue from coal and nickel ore sales is to be recognized at a point in time as the control transfers to customers at the date of shipment.

On the other hand, the Group's revenue from power sales is to be recognized over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the delivery of power that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance obligation



The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance of its obligation to its customers, since the customer obtains the benefit from the Group's performance based on actual energy delivered each month.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation assets requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase.

Some of the criteria include, but are not limited to the following:

- the level of capital expenditure compared to construction cost estimates;
- completion of a reasonable period of testing of the property and equipment;
- ability to produce ore in saleable form; and,
- ability to sustain ongoing production of ore.

When a mine development project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalizable costs related to mining asset additions or improvements, mine development or mineable reserve development. It is also at this point that depreciation or depletion commences.

Determination of components of ore bodies and allocation of measures for stripping cost allocation

The Group has identified that each of its two active mine pits, Narra and Molave, is a whole separate ore component and cannot be further subdivided into smaller components due to the nature of the coal seam orientation and mine plan.

Judgment is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the coal body (i.e., stripping ratio) is the most suitable production measure. The Group recognizes stripping activity asset by comparing the actual stripping ratio during the year for each component and the component's mine life stripping ratio.

Evaluation and reassessment of control

The Group refers to the guidance in PFRS 10, *Consolidated Financial Statements*, when determining whether the Group controls an investee. Particularly, the Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group considers the purpose and design of the investee, its relevant activities and how decisions about those activities are made and whether the rights give it the current ability to direct the relevant activities (see Note 10).

The Group controls an investee if and only if it has all the following:

- a. power over the investee;
- b. exposure, or rights, to variable returns from its involvement with the investee; and,
- c. the ability to use its power over the investee to affect the amount of the investor's returns.



Ownership interests in URHI and TMM represent 30% and 40%, respectively. The stockholders of these entities signed the Memorandum of Understanding (MOU) that gives the Group the ability to direct the relevant activities and power to affect its returns considering that critical decision-making position in running the operations are occupied by the representatives of the Group.

Management's Use of Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. Mining

Estimating mineable ore reserves

The Group uses the estimated minable ore reserve in the determination of the amount of amortization of mining properties using units-of-production (UOP) method. The Group estimates its mineable ore reserves by using estimates provided by third party, and professionally qualified mining engineers and geologist (specialists). These estimates on the mineable ore reserves are determined based on the information obtained from activities such as drilling, core logging or geophysical logging, coal sampling, sample database encoding, coal seam correlation and geological modelling.

The carrying value of mining properties and mining rights, included in "Property, plant and equipment" as presented in the consolidated statements of financial position amounted to ₱3,751.88 million and ₱4,196.98 million in 2023 and 2022, respectively (see Note 12).

Estimating coal stockpile inventory quantities

The Group estimates the stockpile inventory of clean and unwashed coal by conducting a topographic survey which is performed by in-house and third-party surveyors. The survey is conducted by in-house surveyors on a monthly basis with a confirmatory survey by third party surveyors at year end. The process of estimation involves a predefined formula which considers an acceptable margin of error of plus or minus five percent (5%). Thus, an increase or decrease in the estimation threshold for any period would differ if the Group utilized different estimates and this would either increase or decrease the profit for the year. The coal pile inventory as of December 31, 2023 and 2022 amounted to ₱1,884.44 million and ₱2,557.12 million, respectively (see Note 7).

Estimating provision for decommissioning and mine site rehabilitation costs

The Group is legally required to fulfill certain obligations under its Department of Energy and National Resources (DENR) issued Environmental Compliance Certificate when its activities have ended in the depleted mine pits. In addition, the Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for decommissioning and mine site rehabilitation costs as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities given the approved decommissioning and mine site rehabilitation plan, (e.g., costs of reforestation, and maintenance of the rehabilitated area), technological changes, regulatory changes, cost increases, and changes in inflation rates and discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided.

An increase in decommissioning and site rehabilitation costs would increase the carrying amount of the related assets and increase noncurrent liabilities. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Assumptions used to compute the decommissioning and site rehabilitation costs are reviewed and updated annually.



As of December 31, 2023 and 2022, the provision for decommissioning and mine site rehabilitation for coal mining activities amounted to ₱322.26 million and ₱285.95 million, respectively. As of the same dates, the provision for decommissioning and minesite rehabilitation cost for the nickel mining activities amounted to ₱115.51 million and ₱95.56 million, respectively (see Note 19).

b. Construction

Revenue recognition – construction contracts

The Group's construction revenue is based on the POC method measured principally on the basis of total actual cost incurred to date over the estimated total cost of the project. Actual cost incurred to date includes labor, materials and overhead which are billed and unbilled by contractors. The Group also updates the estimated total cost of the project based on latest discussions with customers to include any revisions to the job order sheets and the cost variance analysis against the supporting details. The POC method is applied to the contract price after considering approved change orders.

When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognized as an expense immediately. The amount of such a loss is determined irrespective of:

- (a) whether work has commenced on the contract;
- (b) the stage of completion of contract activity; or
- (c) the amount of profits expected to arise on other contracts which are not treated as a single construction contract.

The Group regularly reviews its construction projects and used the above guidance in determining whether there are projects with contract cost exceeding contract revenues. Based on the best estimate of the Group, adjustments were made in the books for those projects with expected losses in 2023 and 2022. There is no assurance that the use of estimates may not result in material adjustments in future periods. Revenue from construction contracts amounted to ₱16,674.70 million, ₱19,076.92 million and ₱22,469.65 million in 2023, 2022 and 2021, respectively (see Note 33).

Determining method to estimate variable consideration for variation orders

It is common for the Group to receive numerous variation orders from the customers during the period of construction. These variation orders could arise due to changes in the design of the asset being constructed and in the type of materials to be used for construction.

The Group estimates the transaction price for the variation orders based on a probability-weighted average approach (expected value method) based on historical experience.

c. Real estate

Revenue recognition – real estate sales

The assessment process for the POC and the estimated project development costs requires technical determination by management's specialists (project engineers) and involves significant management judgment. The Group applies POC method in determining real estate revenue. The POC is measured principally on the basis of the estimated completion of a physical proportion of the contract work based on the inputs of the internal project engineers.

Revenue from real estate sales amounted to ₱18,587.31 million, ₱21,398.78 million and ₱24,328.51 million in 2023, 2022 and 2021, respectively (see Note 33).



d. Power

Determination of fair value less cost to sell

The Group estimated the recoverable amount of the 2x25 MW gas turbine plant based from offers received from buyers in the advanced stage of negotiations or, if available, the final selling price agreed with the buyer, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing the asset (e.g. dismantling and handling costs) (see Note 9).

Estimating provision for decommissioning and site rehabilitation costs

The Group is contractually required to fulfill certain obligations under Section 8 of the Land Lease Agreement (LLA) upon its termination or cancellation. Significant estimates and assumptions are made in determining the provision for site rehabilitation as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. An increase in decommissioning and site rehabilitation costs would increase the property, plant and equipment and increase noncurrent liabilities.

The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Assumptions used to compute the provision for decommissioning and site rehabilitation costs are reviewed and updated annually.

As of December 31, 2023 and 2022, the estimated provision for decommissioning and site rehabilitation costs amounted to ₱31.61 million and ₱29.11 million, respectively (see Note 19).

Estimating allowance for expected credit losses (ECLs)

a. *Installment contracts receivable and contract assets*

The Group uses the vintage analysis in calculating the ECLs for real estate ICR. Vintage analysis calculates the vintage default rate of each period through a ratio of default occurrences of each given point in time in that year to the total number of receivable issuances or occurrences during that period or year. The rates are also determined based on the default occurrences of customer segments that have similar loss patterns (i.e., by payment scheme).

The vintage analysis is initially based on the Group's historically observed default rates. The Group will adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., bank lending rates and interest rates) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

b. *Trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).



The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and foreign exchange rates. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group has considered the impact of COVID-19 pandemic and revisited its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL.

The changes in the gross carrying amount of receivables during the year and impact of COVID-19 pandemic did not materially affect the allowance for ECLs.

The above assessment resulted to recognition of additional allowance for impairment of ₱31.30 million, ₱9.54 million and ₱33.39 million in 2023, 2022 and 2021, respectively (see Notes 5 and 24).

Evaluation of net realizable value of inventories

Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV.

For real estate inventories, the Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the real estate inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In evaluating NRV, recent market conditions and current market prices have been considered.

For inventories such as equipment parts, materials in transit and supplies, the Group's estimate of the NRV of inventories is based on evidence available at the time the estimates are made of the amount that these inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at reporting date. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Inventories carried at cost amounted to ₱58,578.40 million and ₱52,312.89 million as of December 31, 2023 and 2022, respectively. Inventories carried at NRV amounted to ₱9,323.80 million and ₱9,211.65 million as of December 31, 2023 and 2022, respectively (see Note 7).

Estimating useful lives of property, plant and equipment (see 'estimation of minable ore reserves' for the discussion of amortization of coal mining properties)

The Group estimated the useful lives of its property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease noncurrent assets.



In estimating the useful life of depreciable assets that are constructed in a leased property, the Group considers the enforceability of and the intent of management to exercise the option to purchase the leased property. For these assets, the depreciation period is over the economic useful life of the asset which may be longer than the remaining lease period.

As of December 31, 2023 and 2022, the carrying value of property, plant and equipment of the Group amounted to ₱53,673.80 million and ₱57,638.32 million, respectively (see Note 12).

Impairment assessment of nonfinancial assets

The Group assesses impairment of nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important and which could trigger an impairment review include the following:

- significant underperformance relative to projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and,
- significant negative industry or economic trends or change in technology.

When indicators exist, an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Assets that are subject to impairment testing when impairment indicators are present are as follows:

	2023	2022
Asset held-for-sale (Note 9)	₱713,218	₱789,313
Investments in associates and joint ventures (Note 10)	19,091,633	18,195,324
Property, plant and equipment (Note 12)	53,673,801	57,638,317
Right-of-use assets (Note 32)	140,629	116,945
Other current assets (Note 8)*	9,410,688	8,829,378
Other noncurrent assets (Note 13)*	5,167,265	3,554,249

*Excluding current and noncurrent financial assets.

Maynilad Water

On May 18, 2021, the Revised Concession Agreement (RCA) has been executed and signed by the representative parties of MWSI and Metropolitan Waterworks and Sewerage System (MWSS). On December 10, 2021, Republic Act 11600 was signed into law (see Note 36). On December 14, 2021, Maynilad Water again requested the MWSS Board to defer the RCA's Effective Date by another two months (until February 16, 2022) or until the Republic Letter of Undertaking is issued. On June 30, 2022, Maynilad received MWSS's letter of even date informing Maynilad Water that the DOF has issued the Republic Undertaking dated June 24, 2022 signed by the Executive Secretary and the DOF Secretary.

Maynilad Water wrote the MWSS on July 1, 2022 informing them that the signed Republic Letter of Undertaking does not conform to the agreed form in the RCA, and, thus, Section 16.3 (iii) I of the RCA has not been satisfied.

On May 10, 2023, MWSS and Maynilad signed the Amendments to the RCA which took effect retroactively on June 29, 2022. Along with the Amendments to the RCA, the Letter of Undertaking in the form agreed by the parties was also issued. The Letter of Undertaking's effectivity retroacts to July 1, 2022 (see Note 36).



Management believes that no impairment indicator exists for the Group's other nonfinancial assets.

Estimating the incremental borrowing rate

The Group uses its incremental borrowing rate (IBR) to measure lease liabilities because the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The Group's lease liabilities amounted to ₱89.24 million and ₱70.70 million as of December 31, 2023 and 2022, respectively (see Notes 19 and 32).

Deferred tax assets

The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO to be utilized. However, there is no assurance that the Group will generate sufficient future taxable income to allow all or part of the deferred tax assets to be utilized.

The deferred tax assets recognized amounted to ₱1,680.58 million and ₱1,339.02 million as of December 31, 2023 and 2022, respectively. The unrecognized deferred tax assets of the Group amounted to ₱74.62 million and ₱203.88 million as of December 31, 2023 and 2022, respectively (see Note 28).

Estimating pension obligation and other retirement benefits

The cost of defined benefit pension plans and other employee benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The net pension liabilities as at December 31, 2023 and 2022 amounted to ₱334.98 million and ₱148.85 million, respectively (see Note 22). Net pension assets amounted to ₱992.89 million and ₱1,012.67 million as of December 31, 2023 and 2022, respectively (see Note 22).

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit liability. Future salary increases are based on expected future inflation rates and other relevant factors.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates.



Contingencies

The Group is currently involved in various legal proceedings and taxation matters. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the evaluation of the case, the estimates of potential claims or in the effectiveness of the strategies relating to these proceedings (see Note 35).

4. Cash and Cash Equivalents

	2023	2022
Cash on hand and in banks	₱8,238,983	₱8,444,448
Cash equivalents	23,919,095	19,964,026
	₱32,158,078	₱28,408,474

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term placements made for varying periods of up to three (3) months, depending on the immediate cash requirements of the Group, and earn annual interest ranging from 0.50% to 7.50%, 0.50% to 6.00% and 0.25% to 1.75% in 2023, 2022 and 2021, respectively. Total finance income earned on cash in banks and cash equivalents amounted to ₱1,504.28 million, ₱509.65 million and ₱70.44 million in 2023, 2022 and 2021, respectively (see Note 25).

5. Receivables

	2023	2022
Trade:		
Coal mining	₱5,945,199	₱7,351,674
Electricity sales	5,801,611	5,591,220
Construction contracts	4,011,467	6,274,186
Real estate	3,319,660	3,458,309
Nickel mining	81,895	118,850
Merchandising and others	116,228	128,040
	19,276,060	22,922,279
Receivables from related parties (Note 20)	2,450,235	1,049,028
Other receivables	3,351,305	4,548,792
	25,077,600	28,520,099
Less allowance for expected credit losses	1,812,494	1,781,196
	₱23,265,106	₱26,738,903

Trade Receivables

Coal and nickel mining

Receivable from mining pertains to receivables from the sale of coal and nickel ore both to domestic and international markets. These receivables are noninterest-bearing and generally have 30 to 45-day credit terms.



Construction contracts

Receivables from construction contracts principally consist of receivables arising from third-party construction projects over period of construction. These are non-interest bearing and collectible over a period of 30- to 60-day term. These also include current portion of retentions which pertain to the part of the contract billed and retained as security and shall be released upon the period allotted as indicated in the contract. These are collected after a certain period of time upon acceptance by project owners upon presentation of certificate of completion amounting to ₱479.97 million and ₱2,153.22 million as of December 31, 2023 and 2022, respectively. Retention receivables pertain to the part of the contract which the contract owner retains as security and shall be released after the period allotted as indicated in the contract for the discovery of defects and other non-compliance from the specifications indicated. Noncurrent portion of retention receivables is presented as part of “Other Noncurrent Assets” in the consolidated statements of financial position (see Note 13).

Electricity sales

Receivables from electricity sales are claims from power distribution utilities, spot market operator and other customers for the sale of contracted energy and spot sales transactions. These are generally on a 30-day credit term and are carried at original invoice amounts, less discounts and rebates.

Real estate

Real estate receivables consist of accounts collectible in equal monthly principal installments with various terms up to a maximum of 10 years. These are recognized at amortized cost using the EIR method. The corresponding titles to the residential units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. Installment contracts receivable are collateralized by the related property sold. In 2023, 2022 and 2021, annual interest rates on installment contracts receivable range from 10.00% to 15.00%. Interest on installment contracts receivable amounted to ₱484.92 million, ₱348.85 million and ₱320.43 million in 2023, 2022 and 2021, respectively (see Note 25).

The Group retains the assigned receivables in the “real estate receivables” account and records the proceeds from these sales as long-term debt (see Note 18). The carrying value of installment contracts receivable sold with recourse amounted to ₱2.52 million and ₱119.19 million as of December 31, 2023 and 2022, respectively. The installment contracts receivable on a with recourse basis are used as collaterals for the bank loans obtained.

Merchandising and others

Receivables from merchandise sales and others arise from the sale of wires, services rendered and others to various local companies. These receivables are noninterest-bearing and generally have a 30 to 60-day credit terms.

Other Receivables

Other receivables include the Group’s receivables from condominium corporations, advances to brokers and receivable from sale of fly ashes. These receivables are noninterest-bearing and are generally collectible within one (1) year from the reporting date.



Allowance for expected credit losses

Movements in the allowance for expected credit losses are as follows:

2023

	Trade Receivables			Total
	Electricity Sales	Coal Mining	Other Receivables	
At January 1	₱895,564	₱41,927	₱843,795	₱1,781,196
Provision (Note 24)	1,368	–	29,840	31,298
At December 31	₱896,932	₱41,927	₱873,635	₱1,812,494

2022

	Trade Receivables			Total
	Electricity Sales	Coal Mining	Other Receivables	
At January 1	₱867,032	₱41,927	₱862,696	₱1,771,655
Provision (Reversal) (Note 24)	28,532	–	(18,991)	9,541
At December 31	₱895,564	₱41,927	₱843,705	₱1,781,196

6. Contract assets

	2023	2022
Contract assets	₱26,769,160	₱26,556,650
Costs and estimated earnings in excess of billings on uncompleted contracts	3,374,321	2,852,325
	30,143,481	29,408,975
Less: Contract assets - noncurrent portion	10,839,030	12,765,717
Current portion	₱19,304,451	₱16,643,258

Contract Assets

Real estate segment

For real estate segment, contract assets are initially recognized for revenue earned from property under development rendered but not yet to be billed to customers. Upon billing of invoice, the amounts recognized as contract assets are reclassified as installment contracts receivable.

Construction segment

For construction segment, contract assets represent total costs incurred and estimated earnings recognized in excess of amounts billed.

Costs and estimated earnings in excess of billings on uncompleted contracts of the construction segment are as follows:

	2023	2022
Total costs incurred	₱69,335,673	₱70,941,153
Add estimated earnings recognized	4,156,964	5,050,417
	73,492,637	75,991,570
Less total billings (including unliquidated advances from contract owners of ₱8.19 billion in 2023 and ₱5.84 billion in 2022)	79,107,338	81,661,636
	(₱5,614,701)	(₱5,670,066)



The foregoing balances are reflected in the consolidated statements of financial position under the following accounts:

	2023	2022
Contract assets (liabilities)		
Costs and estimated earnings in excess of billings on uncompleted contracts	₱2,785,204	₱2,852,325
Billings in excess of costs and estimated earnings on uncompleted contracts (Note 17)	(8,399,905)	(8,522,391)
	(₱5,614,701)	(₱5,670,066)

7. Inventories

	2023	2022
At cost:		
Real estate held for sale and development	₱51,342,601	₱46,738,228
Equipment parts, materials in transit and supplies	5,281,775	2,995,845
Coal inventory	1,884,435	2,557,123
Nickel ore	69,593	21,692
	58,578,404	52,312,888
At NRV:		
Equipment parts, materials in transit and supplies (Note 12)	9,323,801	9,211,646
	₱67,902,205	₱61,524,534

Real estate inventories recognized as cost of sales amounted to ₱11,172.42 million, ₱12,878.56 million and ₱17,713.79 million in 2023, 2022 and 2021, respectively (see Note 23). Costs of real estate sales includes acquisition cost of land, amount paid to contractors, development costs, capitalized borrowing costs, and other costs attributable to bringing the real estate inventories to their intended condition. Borrowing costs capitalized in 2023, 2022 and 2021 amounted to ₱1,858.63 million, ₱1,611.32 million and ₱1,407.90 million, respectively. The capitalization rates used to determine the amount of borrowing costs eligible for capitalization in 2023, 2022 and 2021 are 5.35%, 4.89% and 4.60%, respectively.

There is no real estate held for sale and development used as collateral or pledged as security to secure liabilities. Summary of the movement in real estate held for sale and development is set out below:

	2023	2022
Balance at beginning of year	₱46,738,228	₱41,361,333
Construction/development cost incurred	14,818,461	15,399,648
Land acquired during the year	452,321	1,550,894
Borrowing costs capitalized	1,858,629	1,611,318
Cost of undeveloped land sold during the year	(1,197,494)	-
Recognized as cost of sales (Note 23)*	(11,327,544)	(13,123,720)
Transfers to property, plant and equipment (Note 12)		(61,245)
Balance at end of year	₱51,342,601	₱46,738,228

*Includes depreciation expense amounting to ₱155.12 million and ₱245.16 million in 2023 and 2022, respectively.



The Group sold undeveloped parcels of land in 2023 at a gain of ₱186.34 million (nil in 2022). The gain on sale of land is presented under "Other income" account in the consolidated statements of income (see Note 27).

Coal and power inventories transferred to property, plant and equipment are used as a component of self-constructed property, plant and equipment and are recognized as expense over the useful life of the asset (see Note 12).

Coal pile inventory is stated at cost, which is lower than NRV. The cost of coal inventories recognized as 'Cost of coal mining' in the consolidated statements of comprehensive income amounted to ₱22,014.95 million and ₱20,039.12 million in 2023 and 2022, respectively (see Note 23).

Coal pile inventory at cost includes capitalized depreciation of ₱262.74 million and ₱324.22 million in 2023 and 2022, respectively (see Note 12).

Movement in the Group's allowance for inventory obsolescence are as follows:

	2023	2022
Balance at beginning of year	₱269,032	₱230,051
Provision for inventory write-down (Note 24)	-	38,981
Reversal (Note 24)	(79,864)	-
Balance at end of year	₱189,168	₱269,032

The Group recognized provision for inventory write down amounting to ₱38.98 million in 2022.

This amount includes provision of ₱36.78 million in 2022 which pertains to the spare parts of the 2x25 MW gas turbine plant classified as "Asset held-for-sale" under PFRS 5 (see Note 9). This is included in "Miscellaneous" under operating expenses in profit or loss (see Note 24).

In 2023, the Group made a reversal on the previously recognized allowance for inventory obsolescence amounting to ₱79.86 million.

8. Other Current Assets

	2023	2022
Advances to suppliers and contractors	₱3,673,867	₱3,167,630
Creditable withholding taxes	3,105,585	2,538,592
Refundable deposits (Notes 13 and 34)	2,084,549	855,987
Input VAT	1,365,285	1,352,191
Deposit in escrow fund (Note 34)	593,348	504,277
Cost to obtain a contract - current portion (Notes 3 and 13)	223,829	810,380
Others	1,042,122	960,585
	₱12,088,585	₱10,189,642

Advances to suppliers and contractors

Advances to suppliers and contractors under current assets are recouped upon rendering of services or delivery of asset within the Group's normal operating cycle. The balance, net of the related allowance, is estimated to be recoverable in future periods.



Creditable withholding taxes

Creditable withholding taxes pertain to the amount withheld by the Group's customers from their income payments. These will be claimed as tax credit and will be used against future income tax payable. In 2022, the Group recognized impairment loss of ₱40.71 million. With the collections received in 2023, the Group reassessed the impairment loss and reversed ₱2.43 million of the previously recognized allowance (see Note 24).

Refundable deposits

Refundable deposits pertain to bill deposits and guaranty deposits for utilities that will be recovered within one (1) year.

Input VAT

Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is applied against output VAT. The balance, net of the related allowance, is recoverable in future periods.

Deposit in escrow fund

Deposit in escrow fund pertains to fund deposits for securing license to sell (LTS) of the Group's real estate projects.

Costs to obtain a contract

Costs to obtain a contract with a customer pertain to commissions paid to brokers and marketing agents on the sale of pre-completed real estate units.

The balances below pertain to the costs to obtain contracts included in the other current and noncurrent assets:

	2023	2022
Balance at beginning of year	₱2,287,363	₱2,491,867
Additions	1,106,769	1,056,865
Amortization	(770,654)	(1,161,369)
Balance at end of year	2,623,478	2,387,363
Noncurrent portion (Note 13)	2,399,649	1,576,983
Current portion	₱223,829	₱810,380

The amortization of capitalized commission and advance commissions which are expensed as incurred totaling ₱813.98 million, ₱1,237.70 million and ₱1,148.03 million in 2023, 2022 and 2021, respectively, are presented under 'Cost of sales and services - real estate sales' account in the consolidated statements of income (see Note 23).

Others

Others include prepayments on insurance, maintenance costs, advances to officers and employees, local and real property taxes and various types of advances and other charges which could be recovered within one (1) year.



9. Asset Held-for-Sale

In 2022, the Group assessed that the carrying amount of its 2x25 MW gas turbine plant will be recovered principally through a sale transaction rather than continuing use.

The gas turbine pertains to two (2) units of GE TM2500 G6 Generator (“the Asset”) which was acquired in 2016 to provide ancillary services. However, since its withdrawal from the ancillary contract, the gas turbine continued to run and supply electricity directly to the spot market. The gas turbine is one of the power generating assets of SLPGC under the Power Segment.

The plan to decommission and sell the Asset was approved on August 2, 2022 by the BOD. On October 3, 2022, the Group has completely secured all relevant clearances from regulatory bodies to disconnect, deregister, decommission, and sell the Asset.

The Group has launched an active search for interested buyers of the gas turbine and had ongoing negotiations in the advanced stages. Management expects that the sale transaction will be finalized within 12 months from end of reporting period.

In accordance with PFRS 5, the Group measured the Asset at the lower of carrying amount and fair value less costs to sell while depreciation ceased immediately upon reclassification. Consequently, a loss on write-down amounting to ₱171.77 million was recognized to bring the Asset’s carrying amount to its net realizable value or fair value less costs to sell in 2022 (see Notes 12 and 24).

The Company recorded an allowance for inventory write down on related spare parts of the Assets amounting to ₱36.78 million as of December 31, 2023 and 2022 (see Note 6).

In October 2023, upon the completion of the one-year period, the sale of the asset was not finalized. Hence, the period to complete the sale was extended beyond one year due to circumstances beyond the control of the Group but the commitment to the plan to sell the asset remains.

The Group took the necessary actions to respond to these circumstances and was able to locate a buyer and agree with the terms and conditions of the sale. Prepayments were received from the buyer based on the progress made in the dismantling of the Asset as of December 31, 2023. These were recorded under ‘Accounts and other payables’ in the consolidated statements of financial position (see Note 16). Final payment will be made upon transfer of the Asset to the buyer.

Management believes that the sale transaction will be finalized within 12 months from reassessed classification date. As a result, the Group retains the classification of the Asset as held-for-sale as of December 31, 2023 in accordance with PFRS 5. Consequently, the Group recorded an additional loss on write-down amounting to ₱76.10 million in 2023 to revalue the Asset’s carrying amount based on the current net realizable value or fair value less costs to sell (see Note 24).

As of December 31, 2023 and 2022, asset held-for-sale amounted to ₱713.22 million and ₱789.31 million, respectively.



10. Investments in Associates and Joint Ventures

The details of the Group's investments in associates and joint ventures follow:

	2023	2022
Acquisition cost		
Balance at beginning and end of year	₱1,146,469	₱1,146,469
Accumulated impairment loss	(6,798)	(6,798)
	1,139,671	1,139,671
Accumulated equity in net earnings		
Balance at beginning of year	17,008,752	16,480,394
Equity in net earnings	2,145,377	1,506,278
Dividends and others	(1,202,262)	(977,920)
Balance at end of year	17,951,867	17,008,752
Share in other comprehensive income	95	46,901
	₱19,091,633	₱18,195,324

The details of the Group's equity in the net assets of its associates and joint ventures, which are all incorporated in the Philippines, and the corresponding percentages of ownership follow:

	Percentages of Ownership		Equity in Net Assets	
	2023	2022	2023	2022
Associates:				
Maynilad Water Holding Company, Inc. (MWHCI)	27.19	27.19	₱18,092,595	₱17,184,796
Subic Water and Sewerage Company, Inc. (Subic Water)	30.00	30.00	296,887	276,020
Bachy Soletanche Philippines Corporation (Bachy)	49.00	49.00	43,060	43,060
Celebrity Sports Plaza	4.62	4.62	17,710	18,100
			18,450,252	17,521,976
Joint Ventures:				
RLC DMCI Property Ventures, Inc. (RDPVI)	50.00	50.00	₱518,767	₱538,346
DMC Estate Development Ventures Inc. (DMC-EDVI)	50.00	50.00	107,294	119,682
DMCI-First Balfour Joint Venture (DMFB)	51.00	51.00	15,320	15,320
			641,381	673,348
			₱19,091,633	₱18,195,324

There have been no outstanding capital commitments in 2023 and 2022.

The following table summarizes the Group's share in the significant financial information of the associates and joint ventures that are material to the Group:

	2023	
	MWHCI	Subic Water
Statement of financial position		
Current assets	₱10,442,173	₱508,827
Noncurrent assets	162,478,813	1,285,417
Current liabilities	(24,519,357)	(208,704)
Noncurrent liabilities	(73,019,462)	(213,394)
Noncontrolling interests	(4,746,752)	-
Equity attributable to parent company	70,635,415	1,372,146
Proportion of the Group's ownership	27.19%	30%

(Forward)



	2023	
	MWHCI	Subic Water
Equity in net assets of associates	₱19,205,769	₱411,644
Less unrealized gains	(1,113,174)	(114,757)
Carrying amount of the investment	₱18,092,595	₱296,887
Statement of income		
Revenue and other income	₱27,323,265	₱756,948
Costs and expenses	19,116,677	687,393
Net income	8,206,588	69,555
Net income attributable to NCI	629,198	-
Net income attributable to parent company	₱7,577,390	₱69,555
	2022	
	MWHCI	Subic Water
Statement of financial position		
Current assets	₱16,158,002	₱462,366
Noncurrent assets	136,734,927	1,315,668
Current liabilities	(27,466,639)	(208,696)
Noncurrent liabilities	(54,472,389)	(204,227)
Noncontrolling interests	(4,360,407)	-
Equity attributable to parent company	66,593,494	1,365,111
Proportion of the Group's ownership	27.19%	30%
Equity in net assets of associates	18,106,771	409,533
Less unrealized gains	(921,975)	(116,303)
Carrying amount of the investment	₱17,184,796	₱293,230
Statement of income		
Revenue and other income	₱22,874,733	₱539,074
Costs and expenses	17,250,418	446,443
Net income	5,624,315	92,631
Net income attributable to NCI	402,282	-
Net income attributable to parent company	₱5,222,033	₱92,631

The Group's dividend income from MWHCI amounted to ₱915.55 million, ₱759.83 million and ₱760.10 million in 2023, 2022 and 2021, while dividend income from Subic Water amounted to ₱45.00 million both in 2022 and 2021 (nil in 2023).

Equity in net earnings from MWHCI amounted to ₱2,060.29 million, ₱1,419.87 million and ₱1,566.18 million in 2023, 2022 and 2021, respectively, while equity in net earnings from Subic Water amounted to ₱20.87 million, ₱27.79 million and ₱28.28 million in 2023, 2022 and 2021, respectively.

The carrying amount of the investment in MWHCI is reduced by unrealized gains from transaction with a subsidiary of the Parent Company, relating to engineering and construction projects which are bid out to various contractors and are awarded on an arms-length basis. Equity in net earnings from MWHCI are adjusted for the realization of these unrealized gains and losses.



MWHCI

MWHCI is a company incorporated in the Philippines. The primary contributor in the consolidated net income of MWHCI is its 92.85% owned subsidiary, MWSI. MWSI is involved in the operations of privatized system of waterworks and sewerage services, including the provision of allied and ancillary services. The Group's equity in net earnings of MWHCI represents its share in the consolidated net income attributable to MWHCI.

Rollforward of the carrying value of the investment in MWHCI follows:

	2023	2022
Acquisition cost	₱390,428	₱390,428
Accumulated equity in net earnings		
Balance at beginning of year	16,794,368	16,163,863
Equity in net earnings	2,060,292	1,419,871
Dividends received and other adjustments	(1,152,493)	(789,366)
Balance at end of year	17,702,167	16,794,368
	₱18,092,595	₱17,184,796

Subic Water

On January 22, 1997, the Group 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).

On April 1, 2016, PDI disposed its 10% share in Subic Water. The remaining percentage of ownership in Subic Water after the sale is 30%.

RLC DMCI Property Ventures Inc. (RDPVI)

In October 2018, PDI and Robinsons Land Corporation (RLC) entered into a joint venture agreement to develop a condominium project. Each party will hold a 50% ownership interest in the joint venture. In March 2019, RDPVI, the joint venture, was incorporated to purchase, acquire and develop into a residential condominium project a portion of the parcels of land situated in Las Piñas City and to operate, manage, sell and/or lease the resulting condominium units and parking spaces therein

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.

The aggregate carrying amount of the Group's individually immaterial investments in associates and joint ventures in 2023 and 2022 amounted to ₱702.15 million and ₱734.51 million, respectively.

The Group's share in the other comprehensive loss of the associates and joint venture (e.g., remeasurement of retirement liability) is presented under equity section in the consolidated statements of financial position.



11. Investment Properties

	2023		
	Buildings and Building Improvements	Condominium Units	Total
Cost			
Balance at beginning and end of year	₱214,998	₱37,639	₱252,637
Accumulated Depreciation and Amortization			
Balances at beginning of year	125,465	25,278	150,743
Depreciation and amortization (Note 23)	13,663	1,492	15,155
Balances at end of year	139,128	26,770	165,898
Net Book Value	₱75,870	₱10,869	₱86,739

The aggregate fair values of the investment properties as of December 31, 2023 and 2022 amounted to ₱224.63 million and ₱266.55 million, respectively.

	2022		
	Buildings and Building Improvements	Condominium Units	Total
Cost			
Balances at beginning of year	₱214,998	₱37,811	₱252,809
Disposal	-	(172)	(172)
Balances at end of year	214,998	37,639	252,637
Accumulated Depreciation and Amortization			
Balances at beginning of year	125,465	29,557	155,022
Depreciation and amortization (Note 23)	-	15,098	15,098
Disposal	-	(19,377)	(19,377)
Balances at end of year	125,465	25,278	150,743
Net Book Value	₱89,533	₱12,361	₱101,894

The fair values of investment properties were determined using either the income approach using discounted cash flow (DCF) method or by the market data approach. These are both categorized within Level 3 of the fair value hierarchy. The fair value of investment properties, which has been determined using DCF method with discount rates ranging from 5.87% to 5.94%, exceeds its carrying cost. The fair values of the investment properties which were arrived at using the market data approach require the establishment of comparable properties by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparables. The properties used as basis of comparison are situated within the immediate vicinity of the subject property.

Rental income from investment properties (included under 'Other income - net') amounted to ₱38.33 million, ₱51.12 million and ₱45.83 million in 2023, 2022 and 2021, respectively (see Note 27). Direct operating expenses (included under 'Operating expenses' in the consolidated statements of income) arising from investment properties amounted to ₱15.16 million, ₱26.46 million and ₱14.87 million in 2023, 2022 and 2021, respectively (see Note 24).

There are no investment properties as of December 31, 2023 and 2022 that are pledged as security against liabilities. The Group has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhancements.



12. Property, Plant and Equipment

Movements in this account follow:

	2023									
	Land and Land Improvements	Power Plant, Buildings and Building Improvements	Coal Mining Properties and Equipment	Nickel Mining Properties and Equipment	Construction Equipment, Machinery and Tools	Office Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Total
Cost										
Balances at beginning of year	₱3,286,101	₱67,699,924	₱42,086,339	₱5,727,626	₱14,198,246	₱979,580	₱1,145,796	₱367,484	₱1,843,824	₱137,334,920
Additions	179,723	778,750	3,878,429	–	548,485	192,647	154,053	130,902	31,778	5,894,767
Transfers (Note 7)	–	239,372	–	–	–	–	–	–	–	239,372
Disposals	–	(144,315)	(18,131)	–	(66,880)	–	(18,738)	–	–	(248,064)
Others	–	–	(391,142)	–	–	–	–	–	–	(391,142)
Adjustments (Note 19)	–	–	35,499	(4,701)	–	–	–	–	–	30,798
Balances at end of year	3,465,824	68,573,731	45,590,994	5,722,925	14,679,851	1,172,227	1,281,111	498,386	1,875,602	142,860,651
Accumulated Depreciation, Depletion and Amortization										
Balances at end of year	1,255,978	27,214,664	35,456,300	1,706,249	12,196,063	858,143	745,969	263,237	–	79,696,603
Depreciation, depletion and amortization (Notes 22 and 23)	32,864	3,379,257	4,282,135	271,467	1,496,031	207,013	24,833	13,848	–	9,707,448
Disposals	–	(144,315)	(1,600)	–	(52,548)	–	(18,738)	–	–	(217,201)
Balances at end of year	1,288,842	30,449,606	39,736,835	1,977,716	13,639,546	1,065,156	752,064	277,085	–	89,186,850
Net Book Value	₱2,176,982	₱38,124,125	₱5,854,159	₱3,745,209	₱1,040,305	₱107,071	₱529,047	₱221,301	₱1,875,602	₱53,673,801



2022

	Land and Land Improvements	Power Plant, Buildings and Building Improvements	Coal Mining Properties and Equipment	Nickel Mining Properties and Equipment	Construction Equipment, Machinery and Tools	Office Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Total
Cost										
Balances at beginning of year	₱3,198,004	₱67,376,365	₱38,370,710	₱5,731,464	₱13,911,848	₱899,184	₱957,354	₱363,154	₱1,034,564	₱131,842,647
Additions	26,852	33,663	3,830,141	–	479,050	80,396	188,442	4,330	1,839,716	6,482,590
Transfers (Note 7)	61,245	695,206	–	–	–	–	–	–	–	756,451
Disposals	–	(20,163)	(96,063)	–	(192,652)	–	–	–	–	(308,878)
Asset held-for-sale (Note 9)	–	(1,415,603)	–	–	–	–	–	–	–	(1,415,603)
Adjustments (Note 19)	–	1,030,456	(18,449)	(3,838)	–	–	–	–	(1,030,456)	(22,287)
Balances at end of year	3,286,101	67,699,924	42,086,339	5,727,626	14,198,246	979,580	1,145,796	367,484	1,843,824	137,334,920
Accumulated Depreciation, Depletion and Amortization										
Balances at beginning of year	1,166,816	24,234,483	32,392,372	1,629,025	11,393,546	797,072	612,093	261,262	–	72,486,669
Depreciation, depletion and amortization (Notes 23 and 24)	89,162	3,436,134	3,145,907	77,224	1,100,129	61,996	134,419	1,975	–	8,046,946
Write-down	–	171,771	–	–	–	–	–	–	–	171,771
Disposals	–	(1,433)	(81,979)	–	(297,612)	(925)	(543)	–	–	(382,492)
Asset held for sale	–	(626,291)	–	–	–	–	–	–	–	(626,291)
Balances at end of year	1,255,978	27,214,664	35,456,300	1,706,249	12,196,063	858,143	745,969	263,237	–	79,696,603
Net Book Value	₱2,030,123	₱40,485,260	₱6,630,039	₱4,021,377	₱2,002,183	₱121,437	₱399,827	₱104,247	₱1,843,824	₱57,638,317



Land

- On June 30, 2021 the Group availed of the option to purchase parcels of land or “Optioned Assets” under Option Existence Notice (OEN) dated February 3, 2020 and in accordance with the provisions of the Land Lease Agreement (LLA) with PSALM. Total acquisition cost of the optioned assets amounted to ₱43.11 million (see Notes 32 and 35).
- The Group also sold land and various equipment items at a net gain of ₱55.91 million, ₱69.35 million and ₱189.37 million and in 2023, 2022 and 2021, respectively (see Note 27).

Power plant, buildings and building improvements

- The Group reclassified its 2x25 MW gas turbine plant to “Asset held-for-sale” in October 2022. Depreciation of the asset ceased immediately upon reclassification.

Immediately before the classification of the 2x25 MW ancillary gas turbine plant as asset held-for-sale, loss on write-down of asset amounting to ₱171.77 million was recognized to bring the asset’s carrying amount to its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use, amounting to ₱789.31 million. Subsequently, the carrying value of the 2x25 MW ancillary gas turbine plant amounting to ₱789.31 million was reclassified as “Asset held-for-sale” (see Note 9).

- Transfer to property plant and equipment in 2023 and 2022 pertains to power plant spare parts which are used in the general repairs and maintenance of the Group’s power plants.

Construction-in-progress

- Construction-in-progress includes capitalized pre-construction costs for the thermal power plant of SRPGC amounting to ₱111.67 million as of December 31, 2023 and 2022 (see Notes 3 and 35). As of December 31, 2023, construction of the plant itself has yet to commence pending completion of the connectivity to the grid care of NGCP. Based on management’s estimation of the recoverable amount, there is no resulting impairment loss for both 2023 and 2022.

Reclassifications from “Construction in progress” amounting to ₱128.91 million and ₱1,030.46 million as of December 31, 2023 and 2022, respectively, pertain to completion of construction and regular rehabilitation works on existing facilities.

- Interest expense incurred on long-term debts capitalized as part of ‘Construction in Progress’ amounted to ₱269.99 million and ₱169.32 million in 2023 and 2022, respectively. The capitalization rate used to determine the borrowing eligible for capitalization ranges from 4.30% to 7.04% and from 4.29% to 6.57% in 2023 and 2022, respectively.

Coal mining properties

- Coal mining properties include the expected cost of decommissioning and site rehabilitation of mine sites and future clean-up of its power plants. The impact of annual re-estimation is shown in the rollforward as an adjustment (see Note 19).

Coal mining properties also include the stripping activity assets and exploration and evaluation assets for costs of materials and fuel used, cost of operating dump trucks, excavators and other equipment costs amount others.

- The Group received a purchase discount in 2023 amounting to ₱407.67 million in relation to its purchase of an item of property, plant and equipment. This is shown in the rollforward as others.



As of December 31, 2023 and 2022, coal mining properties included in “Coal Mining Properties and Equipment” amounted to ₱3,751.88 million and ₱4,196.98 million, respectively (see Note 3).

Nickel mining properties

- Nickel mining properties pertains to the Acoje project located in the Municipalities of Sta. Cruz and Candelaria, Province of Zambales (where the Group has an ongoing application on one of its mining properties, see Note 3) and the Berong project situated in Barangay Berong, Municipality of Quezon, Province of Palawan.

As of December 31, 2023 and 2022, nickel mining properties included in “Nickel Mining Properties and Equipment” amounted to ₱3,517.76 million and ₱3,733.04 million, respectively (see Note 3).

13. Exploration and Evaluation Assets and Other Noncurrent Assets

Exploration and evaluation assets

Exploration and evaluation assets are capitalized expenditures that are directly related to the exploration and evaluation of the area covered by the Group’s mining tenements. Exploration and evaluation assets amounted to ₱505.51 million and ₱390.38 million as of December 31, 2023 and 2022, respectively. These costs pertain to exploration activities on various nickel projects mainly in Zambales and Palawan mining areas that were covered by related exploration permits granted to the nickel mining entities.

Other noncurrent assets

Other noncurrent assets consist of the following:

	2023	2022
Cost to obtain a contract - net of current portion (Notes 3 and 8)	₱2,399,649	₱1,576,983
Retention receivable (Note 5)	298,712	1,520,552
Deferred input VAT	298,126	554,264
Refundable deposits (Notes 8 and 34)	475,754	435,324
Equity investments designated at FVOCI	229,671	186,586
Advances to suppliers and contractors	369,585	179,890
Deposits and funds for future investment	766,923	136,666
Software cost	56,661	49,032
Others	1,416,235	1,050,718
	₱6,311,316	₱5,690,015

Deferred input VAT

This pertains to the unamortized input VAT incurred from acquisition of capital assets mostly coming from the completed coal-fired thermal power plant and gas turbine, acquisition of capital goods and services for power plant maintenance program and acquisition of construction equipment.



Refundable deposits

Refundable deposits pertain to utilities and security deposits which are measured at cost and will be recouped against future billings. This also includes rental deposits which are noninterest-bearing and are refundable 60 days after the expiration of the lease period.

Others

Others include environmental guarantee fund and advances for the cost of the right-of-way grants on lots affected by the transmission lines to be developed by the Group.

Equity investments designated at FVOCI

	2023	2022
Quoted securities		
Cost	₱52,796	₱52,796
Cumulative unrealized gains recognized in OCI	174,698	131,613
	227,494	184,409
Unquoted securities		
Gross amount	110,388	110,388
Less allowance for probable loss	108,211	108,211
	2,177	2,177
	₱229,671	₱186,586

Quoted securities

The quoted securities include investments in golf and yacht club shares. Movements in the unrealized gains follow:

	2023	2022
Balance at beginning of year	₱131,613	₱101,607
Changes in fair values of equity investments designated at FVOCI	43,085	30,006
Balance at end of year	₱174,698	₱131,613

Unquoted securities

This account consists mainly of investments in various shares of stock in management services and leisure and recreation entities.

The aggregate cost of investments amounting to ₱108.21 million were provided with allowance for impairment as management assessed that investments on these shares of stock are not recoverable as of December 31, 2023 and 2022.

Advances to suppliers and contractors

Advances to suppliers and contractors under noncurrent assets represent prepayment for the acquisition and construction of property, plant and equipment.

Deposits and funds for future investment

In 2012 and 2014, the Group entered into an agreement with a third party to purchase three holding companies (HoldCos) and three development companies (DevCos) with which the HoldCos have investments. The agreement sets out the intention of final ownership of the HoldCos and DevCos, where the Group will eventually own 73% of the HoldCos and 84% of the DevCos. The Group opened a bank account as required by the agreement and made available US\$2.80 million cash (bank account) from which payments of the shares will be drawn. Initial payments made for the assignment



of 33% share in HoldCos and 40% share in DevCos amounted to US\$0.25 million and US\$0.75 million, respectively, which were drawn from the bank account.

The acquisition of shares, which are final and effective on date of assignment, imposes a condition that all pending cases faced by the third party, the three HoldCos and three DevCos are resolved in their favor. As of December 31, 2023 and 2022, the conditions set forth under the agreement have not yet been satisfied.

Software cost

Movements in software cost account follow:

	2023	2022
Cost		
Balance at beginning of year	₱604,459	₱559,859
Additions	41,459	44,600
Balance at end of year	645,918	604,459
Accumulated Amortization		
Balance at beginning of year	555,427	530,321
Amortization (Notes 23 and 24)	33,830	25,106
Balance at end of year	589,257	555,427
Net Book Value	₱56,661	₱49,032

14. Short-term Debt

	2023	2022
Bank loans	₱1,498,837	₱1,048,918
Acceptances and trust receipts payable	48,549	80,500
	₱1,547,386	₱1,129,418

Bank loans

The Group's bank loans consist of unsecured Peso-denominated short-term borrowings from local banks which bear annual interest ranging from 2.09% to 8.08% and 4.75% to 6.57% in 2023 and 2022, respectively, and are payable on monthly, quarterly and lump-sum bases on various maturity dates within the next 12 months after the reporting date.

In 2023 and 2022, the Group obtained various short-term loans from local banks primarily for working capital requirements.

Acceptances and trust receipts payable

Acceptances and trust receipts payable are used by the Group to facilitate payment for importations of materials, fixed assets and other assets. These are interest-bearing and with maturity of less than one (1) year.

Finance costs incurred on short-term borrowings and acceptances and trust receipts payable, net of capitalized borrowing cost, amounted to ₱168.52 million, ₱142.14 million and ₱106.50 million in 2023, 2022 and 2021, respectively (see Note 26).



15. Liabilities for Purchased Land

Liabilities for purchase of land represent the balance of the Group's obligations to various real estate property sellers for the acquisition of various parcels of land and residential condominium units. The terms of the deed of absolute sale covering the land acquisitions provided that such obligations are payable only after the following conditions, among others, have been complied with: (a) presentation by the property sellers of the original transfer certificates of title covering the purchased parcels of land; (b) submission of certificates of non-delinquency on real estate taxes; and (c) physical turnover of the acquired parcels of land to the Group.

The outstanding balance of liabilities for purchased land as of December 31, 2023 and 2022 follow:

	2023	2022
Current	₱753,046	₱960,623
Noncurrent	538,221	844,078
	₱1,291,267	₱1,804,701

Liabilities for purchased land were recorded at fair value at initial recognition. These are payable over a period of two (2) to four (4) years. The fair value is derived using discounted cash flow model using the discount rate ranging from 5.87% to 5.94% and 5.22% to 6.46% in 2023 and 2022, respectively, based on applicable rates for similar types of liabilities.

16. Accounts and Other Payables

	2023	2022
Trade and other payables:		
Suppliers and subcontractors	₱12,865,016	₱14,718,661
Others (Note 32)	526,735	574,458
Accrued costs and expenses		
Project cost	2,257,132	2,359,676
Payable to DOE (Note 30)	3,336,570	2,169,247
Withholding and other taxes	284,556	264,960
Salaries	233,863	161,988
Interest	87,363	96,132
Various operating expenses	3,366,619	3,499,883
Output VAT payable - net	3,588,058	2,710,821
Commission payable - current portion (Note 19)	2,835,958	923,240
Refundable deposits (Note 34)	670,608	594,094
Payable to related parties (Note 20)	324,275	224,478
Financial benefits payable	118,935	79,094
	₱30,495,688	₱28,376,732

Trade and other payables

Suppliers

Payable to suppliers includes liabilities to various foreign and local suppliers for open account purchases of equipment and equipment parts and supplies. These are noninterest-bearing and are normally settled on a 30 to 60-day credit terms.



Subcontractors

Payable to subcontractors arises when the Group receives progress billing from its subcontractors for the construction cost of a certain project and is recouped against monthly billings. These subcontractors were selected by the contract owners to provide materials, labor and other services necessary for the completion of a project. Payables to subcontractors are noninterest-bearing and are normally settled on 15 to 60-day credit terms.

Other payables

Other payables include retention payable on contract payments, payable to marketing agents and nickel mine right owners and current portion of lease liabilities. Retention on contract payments is being withheld from the contractors as guaranty for any claims against them. These are settled and paid once the warranty period has expired. Payables to marketing agents and nickel mine right owners are noninterest-bearing and are normally settled within one (1) year.

Accrued costs and expenses

Accrued project cost

Accrued project cost pertains to direct materials, labor, overhead and subcontractor costs for work accomplished by the suppliers and subcontractors but were not yet billed to the Group.

Payable to DOE

Liability to DOE represents the share of DOE in the gross revenue from SMPC's coal production (including accrued interest on the outstanding balance), computed in accordance with the Coal Operating Contract (see Note 30).

Accrual of various operating expenses

This include accruals for contracted services, utilities, supplies, advertising, and other administrative expenses.

Output VAT payable

Output VAT payable pertains to the VAT due on the sale of goods or services by the Group, net of input VAT.

Commission payable

Commission payable pertains to the amount payable to sales agents for each contract that they obtain for the sale of pre-completed real estate units. These are settled based on the collection from the contract with customers with various terms up to a maximum of 10 years. The noncurrent portion of commission payable is presented under "Other noncurrent liability" account in the consolidated statements of financial position (see Note 19).

Refundable deposits

Refundable deposits consist mainly of deposits which are refundable due to cancellation of real estate sales as well as deposits made by unit owners upon turnover of the unit which will be remitted to its utility provider.

Financial benefits payable

As mandated by R.A. 9136 or the Electric Power Industry Reform Act (EPIRA) of 2001 and the Energy Regulations No. 1-94, issued by DOE, the BOD authorized the Group on June 10, 2010 to enter and execute a Memorandum of Agreement with the DOE relative to or in connection with the establishment of Trust Accounts for the financial benefits to the host communities equal to ₱0.01 per kilowatt hour generated.



17. Contract Liabilities and Other Customers' Advances and Deposits

	2023	2022
Contract liabilities - real estate	₱5,343,790	₱3,732,000
Billings in excess of costs and estimated earnings on uncompleted contracts (Note 6)	8,399,905	8,522,391
Other customers' advances and deposits	5,607,310	3,665,018
	19,351,005	15,919,409
Less noncurrent portion of		
Contract liabilities - real estate	2,880,850	1,607,888
Billings in excess of costs and estimated earnings on uncompleted contracts	318,579	1,988,822
Current portion	₱16,151,576	₱12,322,699

Contract liabilities – real estate

Contract liabilities represent the payments of buyers which do not qualify yet for revenue recognition as real estate sales and any excess of collections over the recognized revenue on sale of real estate inventories. The movement in contract liabilities is mainly due to reservation sales and advance payment of buyers less real estate sales recognized upon reaching the buyer's equity threshold and from increase in percentage of completion of projects.

The amount of revenue recognized from contract liabilities at the beginning of the year amounted to ₱2,604.86 million, ₱2,527.30 million and ₱3,293.05 million in 2023, 2022 and 2021, respectively.

Billings in excess of costs and estimated earnings on uncompleted contracts

This pertains to billings in excess of total costs incurred and estimated earnings recognized in the construction segment.

Other customers' advances and deposits

Other customers' advances and deposits represent collections from real estate customers for taxes and fees payable such as documentary stamp tax and transfer tax for the transfer of title to the buyer.

18. Long-term Debt

	2023	2022
Bank loans	₱47,921,936	₱51,428,383
Less noncurrent portion	41,261,215	44,669,935
Current portion	₱6,660,721	₱6,758,448



Details of the bank loans follow:

	Outstanding Balances		Maturity	Interest Rate	Payment Terms
	2023	2022			
Loans from banks and other institutions					
Term loans and corporate notes	₱37,595,745	₱37,019,209	Various maturities from 2020 to 2027	Interest rates based on applicable benchmark plus credit spread ranging from 60 to 75 basis points	Term loans: Payment shall be made on a quarterly basis Corporate notes: Payments shall be based on aggregate percentage of issue amount of each series equally divided over applicable quarters (4th/7th to 27th quarter) and the balance is payable at maturity
Peso-denominated loans	10,547,480	14,522,945	Various maturities from 2020 to 2027	Fixed interest rates ranging from 4.00% to 5.13% and floating interest rates based on applicable benchmark plus credit spread ranging from 25 to 60 basis points	Amortized/bullet
Liabilities on installment contracts receivable	2,522	119,188	Various maturities 2022 to 2029	Interest at prevailing market rates	Payable in equal and continuous monthly payment not exceeding 120 days commencing 1 month from date of execution
	48,145,747	51,661,342			
Less: Unamortized debt issuance cost	223,811	232,959			
	₱47,921,936	₱51,428,383			

The movements in unamortized debt issuance cost follow:

	2023	2022
Balance at beginning of year	₱232,959	₱234,506
Additions	33,750	66,000
Amortization (Note 26)	(42,898)	(67,547)
Balance at end of year	₱223,811	₱232,959



Interest expense on long-term debt, net of capitalized interest, recognized under ‘Finance cost’ amounted to ₱719.32 million, ₱871.41 million and ₱775.73 million in 2023, 2022 and 2021, respectively (see Note 26).

The schedule of repayments of loans based on existing terms are provided in Note 34.

Other relevant information on the Group’s long-term borrowings are provided below:

- The loan agreements on long-term debt of certain subsidiaries provide for certain restrictions and requirements such as, among others, maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the respective subsidiaries as of December 31, 2023 and 2022.
- As discussed in Note 5, the installment contracts receivable under the receivable purchase agreements are used as collaterals in the loans payable obtained. These amounted to ₱2.52 million and ₱119.19 million as of December 31, 2023 and 2022, respectively, and these represent net proceeds from sale of portion of PDI’s installment contracts receivable to local banks pursuant to the receivable purchase agreements entered into by PDI on various dates. The agreements also provide the submission of condominium certificates of title and their related postdated checks issued by the buyers.
- All long-term debt of the Group are clean and unsecured. The Group is compliant with the respective loan covenants.

19. Other Noncurrent Liabilities

	2023	2022
Commission payable - noncurrent portion (Note 16)	₱1,811,745	₱1,576,807
Provision for decommissioning and site rehabilitation costs (Note 3)	469,383	410,605
Lease liabilities (Notes 3 and 32)	75,428	56,742
Retention payable	326,124	782,923
Other payables	10,419	35,977
	₱2,693,099	₱2,863,054

Provision for decommissioning and site rehabilitation costs

The Group makes full provision for the future cost of rehabilitating the coal mine sites on a discounted basis on the development of the coal mines. These provisions were recognized based on the Group’s internal estimates. Assumptions based on the current regulatory requirements and economic environment have been made, which management believes are reasonable bases upon which to estimate the future liability. These estimates are reviewed annually to take into account any material changes to the assumptions.

However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in return, will depend upon future ore and coal prices, which are inherently uncertain.



Provision for decommissioning and site rehabilitation costs also include cost of rehabilitation of the Group's power plants and nickel ore mine sites. Discount rates used by the Group to compute for the present value of liability for decommissioning and mine site rehabilitation costs are from 5.96% to 8.70% in 2023, 3.61% to 8.70% in 2022 and 4.86% to 8.58% in 2021. Segment breakdown of provision for decommissioning and site rehabilitation costs follows:

	2023	2022
Coal	₱322,262	₱285,945
Nickel	115,511	95,555
On-grid power	31,610	29,105
	₱469,383	₱410,605

The rollforward analysis of the provision for decommissioning and site rehabilitation costs account follows:

	2023	2022
Balance at beginning of year	₱410,605	₱449,047
Effect of change in estimates	92,489	(25,427)
Actual usage	(61,805)	(34,463)
Accretion of interest (Note 26)	28,094	21,448
Balance at end of year	₱469,383	₱410,605

The Group revised its mine work program based on the current conditions of the mining operations. Management revisited certain procedures, practices and assumptions on its existing rehabilitation plan (e.g., timing of mining operations, reforestation requirements, movement of the overburden) which resulted to adjustment in the previously estimated provision for decommissioning and mine site rehabilitation costs.

Resulting changes in estimate pertaining to the Group's minesites amounted to ₱92.49 million and ₱25.42 million (recognized as adjustment to 'Coal mining properties and equipment' and 'Coal mining properties and equipment' under Property, plant and equipment account) in 2023 and 2022, respectively (see Note 12).

Retention Payable

Retention payable represents amounts withheld by the Group on subcontractors' progress billings and payable upon expiration of defect liability period.

Other payables

Noncurrent trade and other payables include noninterest-bearing payable to suppliers and subcontractors and accrued expenses which are expected to be settled within two (2) to three (3) years from the reporting date.



20. Related Party Transactions

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 financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individuals or corporate entities. Transactions entered into by the Group with affiliates are made at normal commercial prices and terms. These are settled in cash, unless otherwise specified.

The significant related party transactions entered into by the Group with its related parties and the amounts included in the accompanying consolidated financial statements with respect to these transactions follow:

		2023	
	Reference	Transaction Amount	Due from (Due to)
Receivable from related parties (Note 5)			
Construction contracts	(a)	₱4,267,586	₱2,284,006
Sale of marine vessels	(b)	–	13,390
Equipment rentals	(c)	111,247	40,635
Sale of materials and reimbursement of shared and operating expenses	(d)	298,764	112,204
		₱2,450,235	
Payable to related parties (Note 16)			
Shiploading, coal delivery and coal handling	(e)	₱1,163,977	(₱135,137)
Mine exploration and hauling services	(f)	592,274	(93,568)
Other general and administrative expense	(g)	62,978	(15,849)
Aviation services	(h)	113,757	(77,567)
Office and parking rental	(i)	20,488	(1,574)
Freight charges	(j)	21,004	(580)
		(₱324,275)	
		2022	
	Reference	Transaction Amount	Due from (Due to)
Receivable from related parties (Note 5)			
Construction contracts	(a)	₱3,911,337	₱917,868
Sale of marine vessels	(b)	–	13,390
Equipment rentals	(c)	14,697	–
Sale of materials and reimbursement of shared and operating expenses	(d)	313,585	117,770
		₱1,049,028	
Payable to related parties (Note 16)			
Shiploading, coal delivery and coal handling	(e)	₱721,408	(₱65,085)
Mine exploration and hauling services	(f)	176,613	(62,394)
Other general and administrative expense	(g)	15,705	(3,141)
Aviation services	(h)	33,969	(14,481)
Office and parking rental	(i)	119,582	(11,464)
Freight charges	(j)	276,379	(67,913)
		(₱224,478)	



- (a) The Group provides services to its other affiliates in relation to its construction projects. Outstanding receivables lodged in “Receivables from related parties” amounted to ₱2,284.01 million and ₱917.87 million as of December 31, 2023 and 2022, respectively. In an addition, billings in excess of costs and estimated earning on uncompleted contracts from its affiliates amounted to ₱673.10 million and ₱357.72 million as of December 31, 2023 and 2022, respectively.
- (b) In 2020, the Group sold a marine vessel to its affiliate for ₱620.58 million, of which ₱13.39 million remain uncollected as of December 31, 2023.
- (c) The Group rents out its equipment to its affiliates for their construction projects.
- (d) The Group paid for the contracted services, material issuances, diesel, rental expenses and other supplies of its affiliates.
- (e) Certain affiliate had transactions with the Group for services rendered such as shiploading, coal delivery and coal handling. Freight costs charged by the affiliate are included as part of the cost of coal inventory.
- (f) An affiliate of the Group provides labor services relating to coal operations, including those services rendered by consultants. The related expenses are included in the “Cost of sales and services” in the consolidated statements of income.
- (g) A shareholder of the Group provides maintenance of the Group’s accounting system, Navision, which is used by some of the Group’s subsidiaries. Related expenses are presented as part of “Miscellaneous” under “Operating expenses” in consolidated statements of income. In addition, the Group has reimbursable expenses for security services, professional fees, among others.
- (h) 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 Group for the utilization costs of the aircrafts. The related expenses are included in “Cost of sales and services”.
- (i) An affiliate had transactions with the Group for office and parking rental of units to which related expenses are presented as part of “Operating expenses” in the consolidated statements of income.
- (j) An affiliate provides the Group various barges and tugboats for use in the delivery of nickel ore to its various customers.

Terms and conditions of transactions with related parties

Outstanding balances as of December 31, 2023 and 2022, are unsecured and noninterest-bearing, and are all due within one year, normally within 30-60 day credit term.

The Group has approval process and established limits when entering into material related party transactions. The Related Party Transaction Review Committee shall approve all material related party transactions before their commencement. Material related party transactions shall be identified taking into account the related party registry. Transactions amounting to 10% or more of the total consolidated assets of the Group that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process requirement.

As of December 31, 2023 and 2022, the Group has not made any allowance for expected credit loss relating to amounts owed by related parties. The Group applies a general approach in calculating the ECL.



The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the affiliates and the economic environment.

Compensation of Key Management Personnel

Key management personnel of the Group include all directors and senior management. The aggregate compensation and benefits of key management personnel of the Group follows:

	2023	2022	2021
Short-term employee benefits	P203,314	P211,910	P141,921
Post-employment benefits (Note 22)	60,900	9,014	7,638
	P264,214	P220,924	P149,559

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plan.

21. Equity

Capital Stock

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

	Authorized Capital Stock	Outstanding
Common shares, P1 par value	19,900,000,000	13,277,470,000
Preferred shares, P1 par value	100,000,000	3,780
Less: Treasury shares		2,820
		960

The preferred stock is redeemable, non-voting, non-participating and cumulative with par value of P1.00 per share. The preferred shareholders' previous right of converting the preferred shares to common shares expired in March 2002.

Below is the summary of the Parent Company's track record of registration of securities with the SEC as of December 31, 2023:

	Number of Shares Registered (in billions)	Number of holders of securities as of year end
December 31, 2021	13.28	727
Add/(Deduct) Movement	-	(28)
December 31, 2022	13.28	699
Add/(Deduct) Movement	-	8
December 31, 2023	13.28	707

Retained Earnings

In accordance with SEC Memorandum Circular No. 11 issued in December 2008, the Parent Company's retained earnings available for dividend declaration as of December 31, 2023 and 2022 amounted to P1,879.14 million and P785.26 million, respectively.



Dividend declaration

The Parent Company's BOD approved the declaration of cash dividends in favor of all its stockholders as follows:

	2023	2022	2021
March 29, 2023, ₱0.61 per share regular cash dividend to shareholders on record as of April 17, 2023, payable on or before April 28, 2023.	₱8,099,257	₱—	₱—
March 29, 2023, ₱0.11 per share special cash dividend to shareholders on record as of April 17, 2023, payable on or before April 28, 2023.	1,460,522	—	—
October 10, 2023 ₱0.72 per share special cash dividend to shareholders on record as of October 24, 2023, payable on or before November 9, 2023.	9,559,779	—	—
April 1, 2022, ₱0.34 per share regular cash dividend to shareholders on record as of April 19, 2022, payable on or before April 29, 2022.	—	4,514,340	—
April 1, 2022, ₱0.14 per share special cash dividend to shareholders on record as of April 19, 2022, payable on or before April 29, 2022.	—	1,858,846	—
October 18, 2022 ₱0.72 per share special cash dividend to shareholders on record as of November 2, 2022, payable on or before November 16, 2022.	—	9,559,773	—
March 29, 2021, ₱0.13 per share regular cash dividend to shareholders on record as of April 15, 2021, payable on or before April 26, 2021.	—	—	1,726,071
March 29, 2021, ₱0.35 per share special cash dividend to shareholders on record as of April 15, 2021, payable on or before April 26, 2021.	—	—	4,647,115
October 12, 2021, ₱0.48 per share special cash dividend to shareholders on record as of October 26, 2021, payable on or before November 10, 2021.	—	—	6,373,185
	₱19,119,558	₱15,932,959	₱12,746,371

On various dates in 2023, 2022 and 2021, partially-owned subsidiaries of the Group declared dividends amounting to ₱14,876.92 million, ₱21,252.74 million and ₱12,753.55 million, respectively, of which dividends to noncontrolling-interest amounted to ₱8,427.29 million, ₱9,272.84 million, and ₱5,730.28 million, respectively. The unpaid dividends to noncontrolling-interests as of December 31, 2022 amounted to ₱3.33 million (nil in 2023, see Note 16).



The unappropriated retained earnings include undistributed net earnings amounting to ₱89,467.65 million and ₱84,409.23 million as of December 31, 2023 and 2022, respectively, representing accumulated equity in the net earnings of consolidated subsidiaries, associates and jointly controlled entities accounted for under the equity method. These are not available for dividend declaration until declared by the subsidiaries, associates and the joint ventures representing accumulated equity.

Premium on acquisition of non-controlling-interests

SMPC bought back its own shares totaling to 14,061,670 from 2016 to 2018. This resulted to an increase in effective ownership of the Parent Company on SMPC and its subsidiaries to 56.65% and the recognition of premium on acquisition of non-controlling interest amounting to ₱817.96 million.

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 gains on equity investments designated at FVOCI, as capital.

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

22. Employee Benefits

Retirement Plans

The Group has a funded, noncontributory, defined benefit pension plan covering substantially all of its regular employees. Provisions for pension obligations are established for benefits payable in the form of retirement pensions. Benefits are dependent on years of service and the respective employee's final compensation. The Group updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary. The latest actuarial valuation report of the retirement plans was made as of December 31, 2023.

Certain entities within the Group are under the Multiemployer Retirement Plan (the Plan). The Group's retirement funds are administered by appointed trustee banks which are under the supervision of the respective Board of Trustees (BOT) of the plans. The responsibilities of the BOT, among others, include the following:

- To hold, invest and reinvest the fund for the exclusive benefits of the members and beneficiaries of the retirement plan and for this purpose the BOT is further authorized to designate and appoint a qualified Investment Manager with such powers as may be required to realize and obtain maximum yield on investment of the fund; and,
- To make payments and distributions in cash, securities and other assets to the members and beneficiaries of the Plan.



Under the existing regulatory framework, Republic Act No. 7641, *The New Retirement Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following table summarizes the components of net pension expense (included in "Salaries, wages and employee benefits" account) and pension income (included in "Other income" account) for the years ended December 31, 2023, 2022, and 2021(see Notes 24 and 27):

Pension Expense

	2023	2022	2021
Current service cost	₱204,238	₱253,954	₱258,754
Net interest income on benefit obligation and plan assets	(122,574)	(37,642)	(11,118)
Effect of the asset limit	57,109	13,134	5,866
Total pension expense	₱138,773	₱229,446	₱253,502

Movements in the fair value of plan assets of the Group follow:

	2023	2022
Balance at beginning of year	₱3,824,522	₱3,193,851
Interest income	274,067	159,695
Remeasurement gain (loss)	(213,286)	542,047
Benefits paid from plan assets	(94,907)	(86,071)
Contributions	25,246	15,000
Balance at end of year	₱3,815,642	₱3,824,522

Changes in the present value of the defined benefit obligation follow:

	2023	2022
Balances at beginning of year	₱2,171,046	₱2,455,521
Current service cost	204,238	253,954
Interest expense	151,493	122,053
Benefits paid - from plan assets	(94,907)	(86,071)
Benefits paid - direct payments	(7,162)	(30,828)
Remeasurement loss (gain) arising from:		
Financial assumptions	259,391	(389,995)
Demographic assumptions	(93,658)	(174,789)
Experience adjustments	6,486	21,201
Transfer	(295,885)	-
Balances at end of year	₱2,301,042	₱2,171,046



Below is the net pension asset for those entities within the Group with net pension asset position:

	2023	2022
Fair value of plan assets	₱2,832,449	₱2,774,999
Present value of funded defined benefit obligations	(982,867)	(972,673)
	1,849,582	1,802,326
Effect on asset ceiling	(857,554)	(789,659)
Net pension asset	₱992,028	₱1,012,667

Movements in the net pension asset follow:

	2023	2022
Net pension asset at beginning of year	₱1,012,667	₱814,947
Remeasurements gain (loss) recognized in other comprehensive income	(6,202)	127,838
Net pension income (expense)	(14,437)	69,882
Net pension asset at end of year	₱992,028	₱1,012,667

Movements in the effect of asset ceiling follow:

	2023	2022
Effect of asset ceiling at beginning of year	₱789,659	₱260,033
Interest on the effect of asset ceiling	57,109	13,134
Changes in the effect of asset ceiling	10,786	516,492
Effect of asset ceiling at end of year	₱857,554	₱789,659

Below is the net pension liability for those entities within the Group with net pension liability position:

	2023	2022
Present value of funded defined benefit obligations	(₱1,318,175)	(₱1,198,373)
Fair value of plan assets	983,193	1,049,523
Net pension liability	(₱334,982)	(₱148,850)

Movements in the net pension liability follow:

	2023	2022
Net pension liability at beginning of year	(₱148,850)	(₱301,256)
Net pension income	124,336	488,838
Remeasurement gain recognized in other comprehensive income	(231,206)	(290,604)
Benefits paid - direct payment	(7,162)	(30,828)
Contributions	(72,100)	(15,000)
Net pension liability at end of year	(₱334,982)	(₱148,850)



Breakdown of remeasurements recognized in other comprehensive income in 2023 and 2022 follow:

	2023	2022
Remeasurement gain (loss) on plan assets	(₱213,286)	₱542,047
Remeasurement gain (loss) on defined benefit obligations	172,219	(542,628)
Changes in the effect of asset ceiling	(85,244)	635,168
Net remeasurement losses on pension plans	(126,311)	634,587
Income tax effect	31,578	(158,647)
Net remeasurement (loss) on pension plans - net of tax	(₱94,733)	₱475,940

The major categories and corresponding fair values of plan assets and liabilities by class of the Group's Plan as at the end of each reporting period are as follows:

	2023	2022
Cash and cash equivalents		
Cash in banks	₱784,713	₱38,728
Time deposits	-	548,635
	784,713	587,363
Investments in stocks		
Common shares of domestic corporations		
Quoted		1,721,333
Unquoted	84,417	280,429
Preference shares	8,286	163,208
	92,703	2,164,970
Investment in government securities		
Fixed rate treasury notes (FXTNs)	1,290,729	567,555
Retail treasury bonds (RTBs)	1,570,236	269,731
	2,860,965	837,286
Investment in other securities and debt instruments		
AAA rated debt securities	50,114	215,703
Not rated debt securities	-	-
	50,114	215,703
Other receivables	27,147	19,200
Accrued trust fees and other payables	-	-
Benefits payable	-	-
Fair value of plan assets	₱3,815,642	₱3,824,522

Trust fees paid in 2023, 2022 and 2021 amounted to ₱2.74 million, ₱2.33 million and ₱2.28 million, respectively.

The composition of the fair value of the Fund includes:

- *Cash and cash equivalents* - include savings and time deposit with various banks and special deposit account with Bangko Sentral ng Pilipinas (BSP SDA).
- *Investment in stocks* - includes investment in common and preferred shares both traded and not traded in the PSE.
- *Investment in government securities* - includes investment in Philippine RTBs and FXTNs.
- *Investments in other securities and debt instruments* - include investment in long-term debt notes and retail bonds.



- *Other receivables* - includes interest and dividends receivable generated from investments included in the plan.
- *Accrued trust fees and other payables* - pertain mainly to charges of trust or in the management of the Plan.

The overall administration and management of the plan rest upon the Plan's BOT. The voting rights on the above securities rest to the BOT for funds directly held through the Group's officers and indirectly for those entered into through other trust agreements with the trustee bank authorized to administer the investment and reinvestments of the funds.

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

	2023	2022	2021
Discount rate	7% to 6.16%	4.79% to 7.38%	4.79% to 5.21%
Salary increase rate	3.00% to 7.00%	3.00% to 10.00%	3.00% to 10.00%

The weighted average duration of significant defined benefit obligation per segment are as follows (average number of years):

	2023	2022
Construction and others	3.6 years	8.5 years
Coal mining	5.1 years	4.6 years
Nickel mining	10.2 years	13.6 years
Real estate development	13.7 years	10 years
Power - On grid	12.6 years	11.3 years
Power - Off grid	9.8 years	15.7 years

There are no unusual or significant risks to which the Plan exposes the Group. However, in the event a benefit claim arises under the Retirement Plan and the Retirement Fund is not sufficient to pay the benefit, the unfunded portion of the claim shall immediately be due and payable from the Group to the Retirement Fund.

There was no plan amendment, curtailment, or settlement recognized for the years ended December 31, 2023 and 2022.

Sensitivity analysis on the actuarial assumptions

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the Defined Benefit Obligation (DBO) at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the DBO.



It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

	Increase (decrease)	2023	2022
Discount rates	+100 basis points	(P192,940)	(P155,861)
	-100 basis points	264,619	181,172
Salary increases	+1.00%	222,485	180,238
	-1.00%	(190,997)	(140,565)

23. Costs of Sales and Services

	2023	2022	2021
Cost of Sales			
Cost of real estate held for sale and development (Note 7)	P11,172,424	P12,878,564	P17,713,791
Fuel and lubricants	12,479,306	12,654,107	8,306,836
Materials and supplies	5,345,724	4,957,555	870,420
Depreciation and amortization (Notes 12, 13 and 32)	4,120,529	3,511,045	3,392,622
Direct labor	2,601,573	2,136,506	1,983,360
Production overhead	1,566,306	2,730,719	703,504
Hauling, shiploading and handling costs (Note 20)	1,357,690	1,100,578	1,436,291
Outside services	937,362	694,432	536,426
Commission expense (Note 8)	813,984	1,237,695	1,148,030
Others	393,158	596,395	1,508,841
	40,788,056	42,497,596	37,600,121
Cost of Services			
Materials and supplies	6,388,265	6,602,942	9,845,238
Depreciation and amortization (Notes 12, 13 and 32)	4,256,717	3,844,624	4,810,755
Fuel and lubricants	3,364,844	2,417,372	1,790,454
Outside services	3,638,538	4,379,838	4,598,456
Direct labor	3,503,916	3,211,400	4,882,082
Production overhead	2,972,844	2,913,382	3,391,888
Spot purchases of electricity	880,726	1,885,581	2,187,503
Hauling, shiploading and handling costs (Note 20)	754,088	276,359	440,004
Others	622,031	478,850	119,530
	26,381,969	26,010,348	32,065,910
	P67,170,025	P68,507,944	P69,666,031

Cost of real estate sales presented in the consolidated statements of income includes cost of running hotel and property management operations amounting to P155.14 million, P119.00 million and P108.68 million for 2023, 2022 and 2021, respectively.



Related revenue from hotel and property management operations amounted to ₱282.83 million, ₱253.13 million and ₱226.54 million in 2023, 2022 and 2021, respectively.

Depreciation, depletion and amortization included in the consolidated statements of income follow:

	2023	2022	2021
Included in:			
Cost of electricity sales	₱3,050,825	₱2,829,982	₱3,056,850
Cost of coal mining	3,882,037	3,034,379	3,664,034
Cost of construction contracts and others	695,958	788,429	844,857
Cost of real estate development	592,886	245,156	322,652
Cost of nickel mining	155,540	457,723	314,984
Operating expenses (Note 24)	253,083	462,234	471,282
	₱8,630,329	₱7,817,903	₱8,674,659
Depreciation, depletion and amortization of:			
Property, plant and equipment (Note 12)	₱9,707,448	₱8,046,946	₱9,524,620
Other noncurrent assets (Note 13)	33,830	25,106	78,737
Investment properties (Note 11)	15,155	15,098	34,761
Right-of-use assets (Note 32)	25,357	28,786	50,713
	₱9,781,790	₱8,115,936	₱9,688,831

Depreciation, depletion and amortization capitalized in ending inventories and mine properties included in 'Property, Plant and Equipment' amounted to ₱1,151.46 million, ₱298.03 million and ₱1,014.17 million in 2023, 2022 and 2021, respectively.

Salaries, wages and employee benefits included in the consolidated statements of income follow:

	2023	2022	2021
Presented under:			
Costs of sales and services	₱5,472,925	₱5,213,167	₱6,083,355
Operating expenses (Note 24)	2,349,526	2,496,604	2,270,021
	₱7,822,451	₱7,709,771	₱8,353,376

24. Operating Expenses

	2023	2022	2021
Government share (Note 30)	₱10,682,608	₱15,963,371	₱6,354,771
Salaries, wages and employee benefits (Note 23)	2,349,526	2,496,604	2,270,021
Taxes and licenses	1,719,400	1,502,194	1,491,415
Repairs and maintenance	1,594,123	1,066,956	602,063
Outside services	1,495,586	1,019,521	1,117,058
Insurance	510,434	419,820	328,223
Depreciation and amortization (Notes 11, 12, 13, 23 and 32)	253,083	462,234	471,282
Advertising and marketing	429,970	241,735	121,816
Supplies	267,182	228,389	167,592

(Forward)



	2023	2022	2021
Association dues	₱162,153	₱233,330	₱90,470
Loss on write-down of inventories, asset held-for-sale and property, plant and equipment - net of reversals (Notes 7, 9 and 12)	(3,765)	210,750	168,540
Rent (Note 32)	206,086	166,350	170,860
Transportation and travel	105,758	156,672	75,171
Communication, light and water	92,735	143,254	173,006
Entertainment, amusement and recreation	138,430	138,743	177,126
Provision for ECL and probable losses - net of reversals (Notes 5 and 8)	28,872	50,247	33,388
Miscellaneous	668,117	566,786	274,894
	₱20,700,298	₱25,066,956	₱14,087,696

25. Finance Income

Finance income is derived from the following sources:

	2023	2022	2021
Interest on:			
Installment contracts receivable (Note 5)	₱484,920	₱348,849	₱320,434
Short-term placements (Note 4)	165,681	55,159	62,091
Bank savings accounts (Note 4)	1,338,601	454,487	8,344
Others	-	-	3,948
	₱1,989,202	₱858,495	₱394,817

26. Finance Costs

The finance costs are incurred from the following:

	2023	2022	2021
Long-term debt (Note 18)	₱719,320	₱871,413	₱775,729
Short-term debt (Note 14)	168,522	142,141	106,500
Amortization of debt issuance cost (Note 18)	42,898	67,547	81,930
Accretion on unamortized discount on provision for decommissioning and site rehabilitation costs (Note 19)	28,094	21,448	170,057
Lease liabilities (Note 32)	5,333	6,015	5,039
	₱964,167	₱1,108,564	₱1,139,255



27. Other Income (Charges) - Net

	2023	2022	2021
Forfeitures and cancellation of real estate contracts	₱1,635,979	₱965,716	₱731,518
Sales of fly ash	472,005	220,674	167,590
Rental income (Note 11)	376,915	213,221	168,397
Gain on sale of undeveloped parcel of land	141,792	-	12,432
Gain on sale of property, plant and equipment - net (Note 12)	55,914	69,346	189,372
Foreign exchange gains (losses)	(120,057)	1,131,258	370,415
Others - net (Note 12)	462,925	318,447	329,531
	₱3,025,473	₱2,918,662	₱1,969,255

Others – net

Others include penalty charges, holding fees, fees for change in ownership, transfer fees, restructuring fees, lease facilitation fees, gain on pre-termination of option contract and lease contract modification, and others.

28. Income Tax

The provision for income tax shown in the consolidated statements of income consists of:

	2023	2022	2021
Current	₱4,042,180	₱3,649,902	₱1,469,188
Deferred	5,135	985,487	277,435
Final	270,447	88,300	12,540
	₱4,317,762	₱4,723,689	₱1,759,163

The components of net deferred tax assets as of December 31, 2023 and 2022 follow:

	2023	2022
Deferred tax assets on:		
Allowance for:		
Expected credit losses	₱502,607	₱436,256
Inventory obsolescence	38,472	-
Unrealized gross loss on construction contracts	2,436	1,309
Pension liabilities - net	153,782	30,762
Impairment	71,712	52,688
Unrealized foreign exchange loss	86,156	-
Provision for decommissioning and site rehabilitation	48,369	10,702
Accruals of expenses	1,869	9,675
Others	24,474	19,806
	929,877	561,198
Deferred tax liabilities on:		
Unrealized foreign exchange gain	(6,986)	(6,601)
	₱922,891	₱554,597



The components of net deferred tax liabilities as of December 31, 2023 and 2022 follow:

	2023	2022
Deferred tax assets on:		
Pension liabilities - net	₱677,751	₱671,040
Deferred commission expense	53,120	-
Allowance for expected credit losses	17,851	94,072
Others	1,985	12,706
	750,707	777,818
Deferred tax liabilities on:		
Excess of book over tax income pertaining to real estate sales	(4,632,004)	(4,272,553)
Unamortized fair value on nickel mining rights acquired	(1,136,978)	(1,175,766)
Capitalized interest on real estate for sale and development deducted in advance	(640,765)	(456,599)
Deferred commission expense	-	(28,171)
Unrealized foreign exchange gain - net	(607,342)	(892,227)
Pension assets - net	(16,208)	(13,261)
Unrealized gross profit on construction contracts	(7,269)	(7,411)
Unamortized transaction cost on loans payable	(46,642)	(44,039)
Mine rehabilitation	(2,003)	(2,003)
Others	(95,741)	(131,364)
	(7,184,952)	(7,023,394)
	(₱6,434,245)	(₱6,245,576)

The Group has the following deductible temporary differences, NOLCO and MCIT that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized:

	2023	2022
Allowance for impairment losses	₱159,691	₱364,047
NOLCO	68,626	376,336
Allowance for probable losses	-	30,196
MCIT	-	11,235
Others	70,166	-

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used.

The Group did not recognize deferred tax assets on NOLCO and MCIT from the following periods:

Year Incurred	NOLCO	MCIT	Expiry Year
2023	₱578	-	2026
2022	13,252	-	2025
2021	40,320	-	2026
2020	14,476	11,235	2025/2023
	₱68,626	₱11,235	



Rollforward analysis of the Group's NOLCO and MCIT follows:

	NOLCO		MCIT	
	2023	2022	2023	2022
Balances at beginning of year	₱376,336	₱541,042	₱11,235	₱11,456
Additions	578	13,252	-	-
Expirations and usage	(308,288)	(177,958)	(11,235)	(221)
Balances at end of year	₱68,626	₱376,336	₱-	₱11,235

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 of Bayanihan to Recover as One Act (Bayanihan 2) which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive years immediately following the year of such loss.

The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2023	2022
Statutory income tax rate	25.00%	25.00%
Adjustments for:		
Income under income tax holiday	(13.16)	(15.98)
Nondeductible expenses	0.47	0.76
Nontaxable equity in net earnings of associates and joint ventures	(1.30)	(0.71)
Changes in unrecognized deferred tax assets	(0.01)	(0.23)
Excess costs of construction contracts	(0.10)	(0.09)
Effect of OSD availment	(0.07)	(0.08)
Interest income subjected to final tax at a lower rate – net	(0.26)	(0.04)
Others	(0.08)	0.25
Effective income tax rate	10.49%	8.88%

Registrations with Department of Energy and BOI

a. *Certain power generation companies - Registration with the BOI*

Certain power generation companies in the Group have been registered with the BOI. Accordingly, they are entitled, among others, to ITH incentives covering 4 to 10 years. To be able to avail of the incentives, these companies are required to maintain a minimum equity level. As of December 31, 2023 and 2022, the Group have complied with the requirements.

In 2023 and 2022, the Group availed of tax incentive in the form of ITH on its income under registered activities amounting to ₱79.16 million (nil in 2023).

b. *SMPC - Expanding Producer of Coal (Narra and Molave Minesite)*

On August 31, 2012 and February 24, 2016, BOI has granted SMPC Certificate of Registration (COR) as New Producer of Coal in accordance with the provisions of the Omnibus Investments Code of 1987 in relation to the operation in Narra Minesite (formerly Bobog) (COR No. 2012-183) and Molave Minesite (COR No. 2017-042), respectively.



As a registered entity, SMPC is entitled to the following incentives for the two CORs, among others:

- (a) ITH incentive for four (4) years from January 2015 and January 2017 for Narra Minesite and Molave Minesite, respectively, or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.
- (b) Income qualified for ITH availment shall not exceed by more than 10% of the projected income represented by SMPC in its application provided the project's actual investments and employment match SMPC's representation in the application.

On July 12, 2021, SMPC applied for another extension of one (1) year of ITH incentive for Molave Mine. On December 16, 2021, the BOI approved the Parent Company's application for extension for one (1) year of ITH incentive for Molave Mine.

The approved bonus year under Certificate of Registration No. 2016-042 is for the period October 15, 2021 to October 14, 2022 using the net foreign exchange earnings criterion pursuant to Executive Order No. 226.

In 2022, the BOI provided the SMPC the option to amend the ITH incentive (bonus) expiration year for Molave mine to October 2023 subject to SMPC paying the Taxable Year 2020 income tax due amounting to ₱897.30 million and the related interest.

In 2022, SMPC recognized ₱897.30 million of income tax due on its income in 2020, as part of its provision for current income tax.

In January 2023, SMPC settled the income tax due for the Taxable Year 2020 at ₱1,088.46 million inclusive of interest amounting to ₱191.16 million. Hence, the ITH incentive (bonus) will expire beginning October 2023 and the income from the registered activities of the BOI project (Molave mine pit) from October 2023 will be subjected to regular corporate tax of 25%.

The BOI corrected the ITH availment period of the BOI project pursuant to Art. 39(a)(1)(iii) of E.O. 226 under Certificate of Registration No. 2016-042 from October 15, 2021 to October 14, 2022 to October 15, 2022 to October 14, 2023. SMPC availed of tax incentive in the form of ITH on its income under registered activities amounting to ₱21,559.39 million, ₱36,375.37 million and ₱14,316.71 million in 2023, 2022 and 2021, respectively.

Corporate Recovery and Tax Incentive for Enterprise (CREATE) Act

On March 26, 2021, the President of the Philippines signed into law Republic Act No. 11534, Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which took effect on April 11, 2021. The CREATE Act introduces reforms to the corporate income tax and incentive systems by implementing changes to the current tax regulations. Some of these changes, which became effective beginning July 1, 2020, are as follows:

- Reduction in the RCIT rate from 30% to 20% for entities with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding the value of land on which the business entity's office, plant and equipment are situated);
- Reduction in the RCIT from 30% to 25% for all other corporations;
- Reduction in the MCIT rate from 2% to 1% of gross income for 3 years or until June 30, 2023; and
- Repeal of the imposition of 10% improperly accumulated earnings tax (IAET).



29. Earnings Per Share

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

	2023	2022	2021
Net income attributable to equity holders of Parent Company	₱24,722,372	₱31,087,484	₱18,394,231
Divided by weighted average number of common shares	13,277,470	13,277,470	13,277,470
Basic/diluted earnings per share	₱1.86	₱2.34	₱1.39

There were no potentially dilutive ordinary shares. Accordingly, no diluted earnings per share is presented in 2023, 2022 and 2021.

30. Coal Operating Contract with DOE

The DOE issued Coal Operating Contract (COC) to SMPC which gives it the exclusive right to conduct exploration, development and coal mining operations in Semirara Island. In return for the mining rights granted to SMPC, the Government is entitled to receive annual royalty payments consisting of the balance of the gross income after deducting operating expenses, operator's fee and special allowance. The DOE, through the Energy Resources Development Bureau, approved the exclusion of coal produced and used solely by SMPC to feed its power plant used for mining operations in determining the amount due to DOE.

On May 13, 2008, the DOE granted SMPC's request for an extension of its COC for another 15-year or until July 14, 2027.

Royalty dues for DOE's share under this contract, amounted to ₱10,682.61 million, ₱15,963.37 million and ₱6,354.77 million in 2023, 2022 and 2021, respectively, included under 'Operating expenses' in the consolidated statements of income (see Note 24). Payable to DOE, amounting to ₱3,336.57 million and ₱2,169.25 million as of December 31, 2023 and 2022, respectively, are included under the 'Trade and other payables' account in the consolidated statements of financial position (see Note 16).

31. Material Partly-Owned Subsidiary

The financial information of the Group's subsidiaries with material noncontrolling-interest are provided below. These information are based on amounts in the consolidated financial statements of the subsidiary.



Semirara Mining and Power Corporation (SMPC) and Subsidiaries

	2023	2022
Consolidated statements of financial position		
Current assets	₱46,135,496	₱44,900,091
Noncurrent assets	38,992,947	42,202,692
Total assets	85,128,443	87,102,783
Current liabilities	19,396,338	15,448,278
Noncurrent liabilities	3,354,126	7,402,107
Total liabilities	22,750,464	22,850,385
Equity	₱62,377,979	₱64,252,398
Consolidated statements of comprehensive income		
Revenue	₱76,960,415	₱91,128,693
Cost of sales	32,909,510	29,755,152
Gross profit	44,050,905	61,373,541
Operating expenses	(15,117,258)	(19,952,229)
Other income (charges) - net	1,148,070	801,623
Income before income tax	30,081,717	42,222,935
Provision for income tax	2,148,421	2,351,778
Net income	27,933,296	39,871,157
Other comprehensive income (loss)	(53,882)	24,088
Total comprehensive income	₱27,879,414	₱39,895,245
Cash flow information		
Operating	₱36,199,879	₱40,774,888
Investing	(3,960,334)	(4,036,681)
Financing	(33,261,456)	(26,178,115)
Effect of exchange rate changes on cash and cash equivalents	(47,717)	1,283,418
Net increase (decrease) in cash and cash equivalents	(₱1,069,628)	₱11,843,510

The accumulated balances of material noncontrolling-interest of SMPC and subsidiaries at December 31, 2023 and 2022 amounted to ₱23,015.53 million and ₱28,129.25 million, respectively. Dividends paid to noncontrolling interests amounted to ₱12,129.43 million and ₱9,212.43 in 2023 and 2022, respectively.

Noncontrolling-interests pertain to 2016 to 2018 shares of SMPC bought back own shares totaling to 14,061,670 from 2016 to 2018. This resulted to an increase in effective ownership of the parent Company on SMPC and its subsidiaries to 56.65% and the recognition of premium on acquisition of non-controlling interest amounting to ₱817.96 million.



32. Leases

The Group as a Lessee

The Group has lease contracts for various items of land, office spaces and foreshore leases used in its operations. Leases of land and foreshore lease generally have lease terms between five (5) and 25 years, while office spaces generally have lease terms of two (2) to seven (7) years. The Group also has certain leases of office spaces, warehouse and storage spaces which have lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

Movements in the Group's right-of-use assets and lease liabilities follow:

Right of use assets

	Year ended December 31, 2023		
	Land	Office space	Total
Cost			
Balances at beginning of year	₱103,168	₱190,936	₱294,104
Additions	–	49,041	49,041
Balances at end of year	103,168	239,977	343,145
Accumulated amortization			
Balances at beginning of year	24,106	153,053	177,159
Amortization (Note 23)	–	25,357	25,357
Balances at end of year	24,106	178,410	202,516
	₱79,062	₱61,567	₱140,629

	Year ended December 31, 2022		
	Land	Office space	Total
Cost			
Balances at beginning of year	₱103,168	₱190,936	₱294,104
Additions	–	–	–
Balances at end of year	103,168	190,936	294,104
Accumulated amortization			
Balances at beginning of year	24,106	124,267	148,373
Amortization (Note 23)	–	28,786	28,786
Balances at end of year	24,106	153,053	177,159
	₱79,062	₱37,883	₱116,945

On June 30, 2021, the Group purchased the parcels of land under PSALM OEN which amounted to ₱43.11 million (see Notes 12 and 36). Unused rentals as of option exercise date amounted to ₱1.13 million which was applied against the total purchase price.

Lease liabilities

	2023	2022
Beginning balance	₱70,701	₱97,626
Additions	49,041	–
Payment	(35,840)	(32,940)
Accretion (Note 26)	5,333	6,015
	₱89,235	₱70,701



The following are the amounts recognized in consolidated statements of income in 2023 and 2022:

	2023	2022
Depreciation expense of right-of-use assets charged to:		
Cost of sales and services (Note 23)	₱6,020	₱6,621
Operating expenses (Note 24)	19,337	22,165
Expenses relating to short-term leases charged to operating expenses (Note 24)	206,086	166,350
Interest expense on lease liabilities (Note 26)	5,333	6,015
	₱236,776	₱201,151

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

Lease liabilities are included in the consolidated statements of financial position under "accounts and other payables" and "other noncurrent liabilities" (see Notes 16 and 19).

As of December 31, 2023 and 2022, future undiscounted minimum lease payments under operating lease are as follows:

	2023	2022
Within one year	₱19,399	₱20,827
After one year but not more than five years	61,514	46,073
More than five years	30,502	29,189
	₱111,415	₱96,089

Operating Lease - As Lessor

The Group entered into lease agreements with third parties covering its investment property portfolio (see Note 11). The lease agreements provide for a fixed monthly rental with an escalation ranging from 4.50% to 7.00% annually both in 2023 and 2022. These are renewable under the terms and condition agreed with the lessees.

As of December 31, 2023 and 2022, future minimum lease receivables under the aforementioned operating lease are as follows:

	2023	2022
Within one year	₱29,390	₱42,592
After one year but not more than five years	109,827	163,144
More than five years	42,645	65,774
	₱181,862	₱271,510

33. Operating Segments

Business Segment Information

For management purposes, the Group is organized into seven (7) major business units that are largely organized and managed separately according to industry. Reporting operating segments are as follows:

- Construction and others - engaged in various construction projects and construction-related businesses such as production and trading of concrete products, handling steel fabrication and electrical and foundation works.



- Coal mining - engaged in the exploration, mining and development of coal resources on Semirara Island in Caluya, Antique.
- Nickel mining - engaged primarily in mining and selling nickel ore from existing stockpile in Acoje mines in Zambales and Berong mines in Palawan.
- Real estate - focused in mid-income residential development carried under the brand name DMCI Homes. It is also engaged in hotel services and property management.
- On-grid Power - engaged in power generation through coal-fired power plants providing electricity to distribution utilities and indirect members of WESM.
- Off-grid Power - engaged in power generation through satellite power plants providing electricity to areas that are not connected to the main transmission grid.
- Water - includes share in net earnings from associates, MWHCI and Subic Water, which are engaged in water services for the west portion of Metro Manila and Olongapo City and Subic Bay Freeport, respectively.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Executive Officer (CEO) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue, earnings before interest, income taxes and depreciation and amortization (EBITDA) and operating profit or loss, and is measured consistently in the consolidated financial statements. The Group's management reporting and controlling systems use accounting policies that are the same as those described in Note 2 in the material accounting policy information under PFRSs.

EBITDA is the measure of segment profit (loss) used in segment reporting and comprises of revenues, cost of sales and services and selling and general administrative expenses before interest, taxes and depreciation and amortization.

The Group disaggregates its revenue information in the same manner as it reports its segment information. The Group, through its on-grid power segment, has electricity sales to a power distribution utility company that accounts for about 20%, 14%, and 16% of the Group's total revenue in 2023, 2022 and 2021, respectively.

Group financing (including finance costs and finance income) and income taxes are also managed per operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Business Segments

The following tables present revenue, net income and depreciation and amortization information regarding business segments for the years ended December 31, 2023, 2022 and 2021 and property, plant and equipment additions, total assets and total liabilities for the business segments as of December 31, 2023, 2022 and 2021.



Year ended December 31, 2023

	Construction and Others*	Coal Mining	Nickel Mining	Real Estate Development	Power On-Grid	Power Off-Grid	Water	Parent Company	Total
Revenue	₱17,115,169	₱51,633,898	₱3,386,352	₱18,587,311	₱24,692,254	₱7,414,130	₱-	₱-	₱122,829,114
Equity in net earnings of associates and joint ventures	-	-	-	64,218	-	-	2,081,159	-	2,145,377
Other income (expense)	92,925	46,117	88,662	2,281,556	512,349	1,816	-	2,048	3,025,473
	17,208,094	51,680,015	3,475,014	20,933,085	25,204,603	7,415,946	2,081,159	2,048	127,999,964
Cost of sales and services (before depreciation and amortization)	14,397,982	19,373,344	1,019,055	12,483,302	6,684,508	4,834,588	-	-	58,792,779
Government share (Note 24)	-	10,682,608	-	-	-	-	-	-	10,682,608
Operating expense (before depreciation and amortization)	616,603	810,109	979,160	2,996,697	3,176,211	1,097,496	-	88,331	9,764,607
	15,014,585	30,866,061	1,998,215	15,479,999	9,860,719	5,932,084	-	88,331	79,239,994
EBITDA	2,193,509	20,813,954	1,476,799	5,453,086	15,343,884	1,483,862	2,081,159	(86,283)	48,759,970
Other income (expenses)									
Finance income (cost) (Notes 25 and 26)	(20,401)	674,801	(9,599)	467,813	(78,965)	(153,467)	-	144,853	1,025,035
Depreciation and amortization (Notes 23 and 24)	(714,994)	(3,905,337)	(627,735)	(299,810)	(2,832,417)	(247,495)	-	(2,541)	(8,630,329)
Pretax income	1,458,114	17,583,418	839,465	5,621,089	12,432,502	1,082,900	2,081,159	56,029	41,154,676
Provision for income tax (Note 28)	202,688	107,342	212,616	1,604,847	2,036,633	124,170	-	29,466	4,317,762
Net income	₱1,255,426	₱17,476,076	₱626,849	₱4,016,242	₱10,395,869	₱958,730	₱2,081,159	₱26,563	₱36,836,914
Net income attributable to noncontrolling-interests	18,989	7,800,699	(28,403)	-	4,323,257	-	-	-	12,114,542
Net income attributable to equity holders of the Parent Company	₱1,236,437	₱9,675,377	₱655,252	₱4,016,242	₱6,072,612	₱958,730	₱2,081,159	₱26,563	₱24,722,372
Segment Assets									
Cash	₱4,576,539	₱12,130,515	₱852,807	₱4,360,494	₱6,854,481	₱214,436	₱-	₱3,168,806	₱32,158,078
Receivables and contract assets	9,965,045	6,339,750	122,881	31,241,510	2,843,413	2,889,341	-	6,647	53,408,587
Inventories	1,095,736	11,248,443	121,129	51,333,502	3,287,545	815,850	-	-	67,902,205
Investment in associates and joint venture	58,939	-	-	1,329,618	-	-	-	17,703,076	19,091,633
Fixed assets**	2,269,335	6,907,750	4,627,828	1,527,555	31,265,029	7,663,403	-	5,153	54,266,053
Others	7,472,098	1,359,213	1,101,068	8,044,486	1,834,805	1,292,992	-	64,005	21,168,667
	₱25,437,692	₱37,985,671	₱6,825,713	₱97,837,165	₱46,085,273	₱12,876,022	₱-	₱20,947,687	₱247,995,223
Segment Liabilities									
Contract liabilities	₱8,689,677	₱520,983	₱-	₱10,140,345	₱-	₱-	₱-	₱-	₱19,351,005
Short-term and long-term debt	353,269	725,661	350,000	37,374,456	5,999,489	4,666,447	-	-	49,469,322
Others	7,325,756	12,223,354	1,824,992	14,756,659	2,676,443	2,771,430	-	159,112	41,737,746
	₱16,368,702	₱13,469,998	₱2,174,992	₱62,271,460	₱8,675,932	₱7,437,877	₱-	₱159,113	₱110,558,073
Other disclosures									
Property, plant and equipment additions (Note 12)	₱210,976	₱4,043,703	₱206,936	₱321,143	₱398,264	₱712,456	₱-	₱1,289	₱5,894,776
Acquisition of land for future development (Note 7)	-	-	-	452,321	-	-	-	-	452,321

*Revenue from construction segment includes sales and service revenue from Wire Rope.

**Includes property, plant and equipment, investment properties and exploration and evaluation assets



Year ended December 31, 2022

	Construction and Others*	Coal Mining	Nickel Mining	Real Estate Development	Power On-Grid	Power Off-Grid	Water	Parent Company	Total
Revenue	₱19,560,286	₱69,759,876	₱3,788,595	₱21,398,777	₱20,622,572	₱7,469,587	₱-	₱-	₱142,599,693
Equity in net earnings of associates and joint ventures	-	-	-	63,936	-	-	1,442,342	-	1,506,278
Other income (expense)	10,272	1,022,942	134,933	1,509,221	232,406	1,923	5,318	1,647	2,918,662
	19,570,558	70,782,818	3,923,528	22,971,934	20,854,978	7,471,510	1,447,660	1,647	147,024,633
Cost of sales and services (before depreciation and amortization)	17,177,110	19,107,700	748,782	14,235,244	4,443,400	5,440,039	-	-	61,152,275
Government share (Note 24)	-	15,963,371	-	-	-	-	-	-	15,963,371
Operating expense (before depreciation and amortization)	625,627	819,651	860,498	2,720,174	2,744,853	764,579	-	105,969	8,641,351
	17,802,737	35,890,722	1,609,280	16,955,418	7,188,253	6,204,618	-	105,969	85,756,997
EBITDA	1,767,821	34,892,096	2,314,248	6,016,516	13,666,725	1,266,892	1,447,660	(104,322)	61,267,636
Other income (expenses)									
Finance income (cost) (Notes 25 and 26)	(42,388)	30,817	(17,628)	257,293	(475,990)	(51,056)	-	48,883	(250,069)
Depreciation and amortization (Notes 23 and 24)	(808,206)	(3,060,173)	(487,612)	(368,176)	(2,756,623)	(334,837)	-	(2,276)	(7,817,903)
Pretax income	917,227	31,862,740	1,809,008	5,905,633	10,434,112	880,999	1,447,660	(57,715)	53,199,664
Provision for income tax (Note 28)	240,380	1,211,729	445,977	1,529,730	1,145,452	141,377	-	9,044	4,723,689
Net income	₱676,847	₱30,651,011	₱1,363,031	₱4,375,903	₱9,288,660	₱739,622	₱1,447,660	(₱66,759)	₱48,475,975
Net income attributable to noncontrolling-interests	20,940	14,046,499	78,390	-	3,242,662	-	-	-	17,388,491
Net income attributable to equity holders of the Parent Company	₱655,907	₱16,604,512	₱1,284,641	₱4,375,903	₱6,045,998	₱739,622	₱1,447,660	(₱66,759)	₱31,087,484
Segment Assets									
Cash	₱1,428,258	₱15,534,336	₱1,101,302	₱3,581,395	₱4,515,973	₱196,794	₱-	₱2,050,416	₱28,408,474
Receivables and contract assets	11,085,755	7,379,762	140,130	31,286,730	2,779,979	3,466,230	-	9,292	56,147,878
Inventories	1,451,086	9,752,363	65,883	46,729,128	2,947,241	578,833	-	-	61,524,534
Investment in associates and joint venture	58,380	-	-	1,265,230	-	-	-	16,871,714	18,195,324
Fixed assets**	2,598,987	7,556,964	4,912,910	1,673,458	34,056,688	7,324,377	-	7,211	58,130,595
Others	6,462,211	999,860	944,361	6,324,665	2,169,630	1,400,209	-	52,243	18,353,179
	₱23,084,677	₱41,223,285	₱7,164,586	₱90,860,606	₱46,469,511	₱12,966,443	₱-	₱18,990,876	₱240,759,984
Segment Liabilities									
Contract liabilities	₱6,398,279	₱366,754	₱-	₱9,154,376	₱-	₱-	₱-	₱-	₱15,919,409
Short-term and long-term debt	681,969	948,056	350,000	35,768,032	9,248,131	5,561,613	-	-	52,557,801
Others	7,460,691	9,631,757	2,370,872	14,384,813	2,128,284	3,554,071	-	82,652	39,613,140
	₱14,540,939	₱10,946,567	₱2,720,872	₱59,307,221	₱11,376,415	₱9,115,684	₱-	₱82,652	₱108,090,350
Other disclosures									
Property, plant and equipment additions (Note 12)	₱210,976	₱2,518,089	₱322,340	₱372,898	₱1,785,592	₱1,333,940	₱-	₱-	₱6,543,835
Acquisition of land for future development (Note 7)	-	-	-	1,550,894	-	-	-	-	1,550,894

*Revenue from construction segment includes sales and service revenue from Wire Rope.

**Includes property, plant and equipment, investment properties and exploration and evaluation assets



Year ended December 31, 2021

	Construction and Others*	Coal Mining	Nickel Mining	Real Estate Development	Power On-Grid	Power Off-Grid	Water	Parent Company	Total
Revenue	₱22,927,814	₱35,592,979	₱4,022,442	₱24,328,512	₱16,831,449	₱4,639,673	₱-	₱-	₱108,342,869
Equity in net earnings of associates and joint ventures	-	-	-	17,863	-	-	1,594,465	-	1,612,328
Other income (expense)	188,098	405,248	89,241	1,085,665	178,204	19,062	-	3,737	1,969,255
	23,115,912	35,998,227	4,111,683	25,432,040	17,009,653	4,658,735	1,594,465	3,737	111,924,452
Cost of sales and services (before depreciation and amortization)	20,366,379	13,619,257	1,133,315	17,437,072	6,031,451	2,875,180	-	-	61,462,654
Government share (Note 24)	-	6,354,771	-	-	-	-	-	-	6,354,771
Operating expense (before depreciation and amortization)	676,490	488,082	767,008	2,306,983	2,247,200	718,154	-	57,726	7,261,643
	21,042,869	20,462,110	1,900,323	19,744,055	8,278,651	3,593,334	-	57,726	75,079,068
EBITDA	2,073,043	15,536,117	2,211,360	5,687,985	8,731,002	1,065,401	1,594,465	(53,989)	36,845,384
Other income (expenses)									
Finance income (cost) (Notes 25 and 26)	(34,939)	(289,913)	(8,491)	271,638	(664,092)	(42,178)	-	23,537	(744,438)
Depreciation and amortization (Notes 23 and 24)	(890,757)	(3,863,096)	(332,097)	(340,181)	(2,899,237)	(347,629)	-	(1,662)	(8,674,659)
Pretax income	1,147,347	11,383,108	1,870,772	5,619,442	5,167,673	675,594	1,594,465	(32,114)	27,426,287
Provision for income tax (Note 28)	192,856	89,751	213,181	891,400	280,371	87,003	-	4,601	1,759,163
Net income	₱954,491	₱11,293,357	₱1,657,591	₱4,728,042	₱4,887,302	₱588,591	₱1,594,465	(₱36,715)	₱25,667,124
Net income attributable to noncontrolling-interests	25,720	4,950,344	216,309	7,465	2,073,055	-	-	-	7,272,893
Net income attributable to equity holders of the Parent Company	₱928,771	₱6,343,013	₱1,441,282	₱4,720,577	₱2,814,247	₱588,591	₱1,594,465	(₱36,715)	₱18,394,231
Segment Assets									
Cash	₱2,013,179	₱4,610,250	₱799,786	₱4,472,228	₱3,602,873	₱227,343	₱-	₱2,616,359	₱18,342,018
Receivables and contract assets	12,779,930	4,433,532	336,803	28,367,197	2,636,970	1,498,936	-	3,606	50,056,974
Inventories	1,681,636	7,335,508	240,757	41,352,233	3,205,828	392,911	-	-	54,208,873
Investment in associates and joint venture	58,380	-	-	910,204	-	-	-	16,554,292	17,522,876
Fixed assets**	3,224,602	7,194,858	4,810,768	1,846,968	36,625,392	5,979,481	-	6,888	59,688,957
Others	5,407,199	1,049,960	737,009	5,413,720	1,632,192	1,030,514	-	55,196	15,325,790
	₱25,164,926	₱24,624,108	₱6,925,123	₱82,362,550	₱47,703,255	₱9,129,185	₱-	₱19,236,341	₱215,145,488
Segment Liabilities									
Contract liabilities	₱7,136,885	₱38,664	₱58,968	₱9,166,423	₱-	₱-	₱-	₱-	₱16,400,940
Short-term and long-term debt	1,158,224	3,363,603	350,000	32,634,592	11,703,032	3,839,150	-	-	53,048,601
Others	9,380,653	8,735,558	2,176,221	12,717,497	2,047,039	1,705,154	-	87,213	36,849,335
	₱17,675,762	₱12,137,825	₱2,585,189	₱54,518,512	₱13,750,071	₱5,544,304	₱-	₱87,213	₱106,298,876
Other disclosures									
Property, plant and equipment additions (Note 12)	₱770,279	₱3,246,371	₱413,929	₱572,760	₱2,480,842	₱1,100,745	₱-	₱796	₱8,585,722
Acquisition of land for future development (Note 7)	-	-	-	589,788	-	-	-	-	589,788
Transfer of undeveloped land (Notes 7 and 12)	-	-	-	140,134	-	-	-	-	140,134

*Revenue from construction segment includes sales and service revenue from Wire Rope.

**Includes property, plant and equipment, investment properties and exploration and evaluation assets



34. 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 also has various significant 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.

The following table summarizes the maturity profile of the Group's financial assets and financial liabilities as of December 31, 2023 and 2022, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Group's financial assets in order to provide a complete view of the Group's contractual commitments.

	2023				Total
	Within 1 year	Beyond 1 year up to 2 years	Beyond 2 years up to 3 years	Beyond 3 years	
Financial assets at amortized cost					
Cash in banks and cash equivalents	₱32,130,677	₱-	₱-	₱-	₱32,130,677
Receivables - net					
Trade:					
Coal mining	5,945,199	-	-	-	5,945,199
Electricity sales	5,801,611	-	-	-	5,801,611
General construction	4,011,467	-	-	-	4,011,467

(Forward)



	2023				
	Within 1 year	Beyond 1 year up to 2 years	Beyond 2 years up to 3 years	Beyond 3 years	Total
Real estate	₱3,319,660	₱-	₱-	₱-	₱3,319,660
Nickel mining	81,895	-	-	-	81,895
Merchandising and others	116,228	-	-	-	116,228
Receivables from related parties	2,450,235	-	-	-	2,450,235
Other receivables	3,351,305	-	-	-	3,351,305
Other assets					
Refundable deposits	2,163,914	382,741	13,648	-	2,560,303
Deposit in escrow fund	593,348	-	-	-	593,348
	59,965,539	382,741	13,648	-	60,361,928
Other Financial Liabilities					
Short-term debt**	194,190	-	-	-	194,190
Accounts and other payables***	26,270,276	-	-	-	26,270,276
Liabilities for purchased land	753,046	393,187	7,111	137,923	1,291,267
Long-term debt**	9,804,639	6,351,745	15,298,249	26,192,144	57,646,777
Total undiscounted financial liabilities	37,022,151	6,744,932	15,305,360	26,330,067	85,402,510
Liquidity gap	₱22,943,388	(₱6,362,191)	(₱15,291,712)	(₱26,330,067)	(₱25,040,582)

*Excluding cash on hand amounting to ₱27,401

**Including future interest payment.

***Excluding nonfinancial liabilities.

	2022				
	Within 1 year	Beyond 1 year up to 2 years	Beyond 2 years up to 3 years	Beyond 3 years	Total
Financial assets at amortized cost					
Cash in banks and cash equivalents	₱28,384,917	₱-	₱-	₱-	₱28,384,917
Receivables - net					
Trade:					
Coal mining	7,351,674	-	-	-	7,351,674
Electricity sales	5,591,220	-	-	-	5,591,220
General construction	4,753,634	209,512	1,217,351	93,689	6,274,186
Real estate	3,458,309	-	-	-	3,458,309
Nickel mining	118,850	-	-	-	118,850
Merchandising and others	128,040	-	-	-	128,040
Receivables from related parties	1,049,028	-	-	-	1,049,028
Other receivables	4,548,792	-	-	-	4,548,792
Other assets					
Refundable deposits	855,987	411,241	24,058	25	1,291,311
Deposit in escrow fund	504,277	-	-	-	504,277
	56,744,728	620,753	1,241,409	93,714	58,700,604
Other Financial Liabilities					
Short-term debt**	1,185,889	-	-	-	1,185,889
Accounts and other payables***	27,703,544	-	-	-	27,703,544
Liabilities for purchased land	960,623	697,044	9,111	137,923	1,804,702
Long-term debt**	6,282,463	9,756,022	9,073,171	32,206,740	57,318,396
Total undiscounted financial liabilities	36,132,519	10,453,066	9,082,282	32,344,663	88,012,531
Liquidity gap	₱20,612,209	(₱9,832,313)	(₱7,840,873)	(₱32,250,949)	(₱29,311,926)

*Excluding cash on hand amounting to ₱23,557

**Including future interest payment.

***Excluding nonfinancial liabilities



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 prices
- Interest rate risk – movement in 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 December 31, 2023 and 2022.

c. *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.

The analyses below are performed for reasonably possible movements in the Philippine Stock Exchange (PSE) index for quoted shares and other sources for golf and club shares with all other variables held constant, showing the impact on equity:

	Change in variable		Effect on equity (Other comprehensive income)	
	2023	2022	2023	2022
PSE	-33.30%	-1.41%	(P12,814)	(P464)
	+33.30%	+1.41%	12,814	464
Others	+19.93%	+23.72%	7,669	7,800
	-19.93%	-23.72%	(7,669)	(7,800)

The sensitivity analyses shown above are based on the assumption that the movement in PSE composite index and other quoted equity securities will be most likely be limited to an upward or downward fluctuation of 33.30% and 19.93% in 2023 and 1.41% and 23.72% in 2022, respectively.

The Group, used as basis of these assumptions, the annual percentage change in PSE composite index and annual percentage change of quoted prices as obtained from published quotes of golf and club shares.

The impact of sensitivity of equity prices on the Group's equity excludes the impact on transactions affecting the consolidated statements of income.



d. *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):

	2023	2022
Domestic market	33.59%	41.76%
Export market	66.41%	58.24%
	100%	100%



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 December 31, 2023 and 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 1-year historical price movements in 2023 and 2022.

Change in coal price	Effect on income before income tax	
	2023	2022
<i>Based on ending coal inventory</i>		
Increase by 29% in 2023 and 19% in 2022	₱774,424	₱1,088,405
Decrease by 29% in 2023 and 19% in 2022	(774,424)	(1,088,405)
<i>Based on coal sales volume</i>		
Increase by 33% in 2023 and 18% in 2022	₱13,164,053	₱9,880,538
Decrease by 33% in 2023 and 18% in 2022	(13,164,053)	(9,880,538)

e. *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 income before income tax and equity to a reasonably possible change in interest rates, with all variables held constant, through the impact on floating rate borrowings:

	2023		
	Change in basis points	Effect on income before income tax	
		Effect on equity	
Peso floating rate borrowings	+100 bps	(₱108,537)	(₱81,403)
	-100 bps	108,537	81,403
2022			
	Change in basis points	Effect on income before income tax	
		Effect on equity	
Peso floating rate borrowings	+100 bps	(₱227,669)	₱170,751
	-100 bps	227,669	(170,751)

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.



f. *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's currency risks arise mainly from cash and cash equivalents, receivables, accounts and other payable, short-term loans and long-term loans of the Group which are denominated in a currency other than the Group's functional currency. The effect on the Group's consolidated statements of income is computed based on the carrying value of the floating rate receivables as at December 31, 2023 and 2022.

The Group does not have any foreign currency hedging arrangements.

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

	Increase (decrease) in foreign currency rate		Effect on income before income tax (in PHP)	
	2023	2022	2023	2022
US Dollar ¹	+2.54%	+3.32%	₱176,921	₱549,353
	-2.54%	-3.32%	(176,921))	(549,353)
Japanese Yen ²	+5.98%	+5.95%	4,152	15,074
	-5.98%	-5.95%	(4,152)	(15,074)
UK Pounds ³	+0.29%	+5.74%	1	39
	-0.29%	-5.74%	(1)	(39)
E.M.U. Euro ⁴	+1.61%	+3.64%	831	3,239
	-1.61%	-3.64%	(831)	(3,239)

1. The exchange rates used were ₱55.57 to \$1 and ₱56.12 to \$1 for the year ended December 31, 2023 and 2022, respectively.

2. The exchange rates used were ₱0.39 to ¥1 and ₱0.42 to ¥1 for the year ended December 31, 2023 and 2022, respectively.

3. The exchange rates used were ₱70.76 to £1 and ₱67.44 to £1 for the year ended December 31, 2023 and 2022, respectively.

4. The exchange rates used were ₱61.47 to €1 and ₱59.55 to €1 for the year ended December 31, 2023 and 2022, respectively.

Information on the Group's foreign currency-denominated monetary assets and liabilities and their Philippine Peso equivalents as of December 31, 2023 and 2022 follows:

2023

	U.S. Dollar	Japanese Yen	UK Pounds	E.M.U Euro	Equivalent in PHP
Financial assets					
Cash and cash equivalents	\$154,455	¥152,131	£4	€486	₱8,668,206
Receivables	71,092	24,445	—	353	3,981,251
Advances	300	—	—	—	16,611
	225,847	176,576	4	839	12,666,068
Financial liabilities					
Accounts payable and accrued expenses	(100,264)	—	—	—	(5,571,280)
	\$125,583	¥176,576	£4	€839	₱7,094,788



2022

	U.S. Dollar	Japanese Yen	UK Pounds	E.M.U Euro	Equivalent in PHP
Financial assets					
Cash and cash equivalents	\$186,707	¥1,436,887	£51	€3,532	₱13,505,652
Receivables	29,984	296,938	–	945	1,861,612
Advances	300	–	–	–	16,727
	216,991	1,733,825	51	4,477	15,383,991
Financial liabilities					
Accounts payable and accrued expenses	(71,239)	–	(10)	–	(3,997,655)
	\$145,752	¥1,733,825	£41	€4,477	₱11,386,336

The effect on the Group's income before tax is computed on the carrying value of the Group's foreign currency denominated financial assets and liabilities as at December 31, 2023 and 2022.

g. *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 consolidated statements of financial position at December 31, 2023 and 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 December 31, 2023 and 2022, the Group's exposure to bad debts is significant for the power on-grid segment and those with doubtful of collection had been provided with allowance as discussed in Note 5.

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.

The Group uses vintage analysis approach to calculate ECLs for real estate receivables. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability of default model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.



The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 5. 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.

Impairment analysis 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 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.

Coal mining and nickel 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 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.

Impairment analysis 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 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.



General construction

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 take over 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 written off 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.

The tables below present the summary of the Group's exposure to credit risk as of December 31 and show the credit quality of the assets by indicating whether the assets are subjected to the 12-month ECL or lifetime ECL.

	2023			Total
	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	
Cash in bank and cash equivalents*	₱32,130,677	₱-	₱-	₱32,130,677
Receivables				
Trade				
Coal mining	-	5,903,272	41,927	5,945,199
Electricity sales	-	4,892,360	909,251	5,801,611
General construction	-	4,011,467	-	4,011,467
Real estate	-	3,319,660	-	3,319,660
Merchandising	-	116,228	-	116,228
Nickel mining	-	81,895	-	81,895
Receivable from related parties	-	2,450,235	-	2,450,235
Other receivables	-	2,489,989	861,316	3,351,305
Refundable deposits	2,560,303	-	-	2,560,303
Deposit in escrow funds	593,348	-	-	593,348
Total	₱35,284,328	₱23,265,106	₱1,812,494	₱60,361,928

*Excludes cash on hand amounting to ₱27,401



The Group did not accrue any interest income on impaired financial assets.

	2022			Total
	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	
Cash in bank and cash equivalents*	₱28,384,917	₱-	₱-	₱28,384,917
Receivables				
Trade				
Coal mining	-	7,309,747	41,927	7,351,674
Electricity sales	-	4,714,647	876,573	5,591,220
General construction	-	6,274,186	-	6,274,186
Real estate	-	3,458,309	-	3,458,309
Merchandising	-	128,040	-	128,040
Nickel mining	-	118,850	-	118,850
Receivable from related parties	-	1,049,028	-	1,049,028
Other receivables	-	3,686,096	862,696	4,548,792
Refundable deposits	1,291,311	-	-	1,291,311
Deposit in escrow funds	504,277	-	-	504,277
Total	₱30,180,505	₱26,738,903	₱1,781,196	₱58,700,604

*Excludes cash on hand amounting to ₱23,557

Fair Value of Financial Instruments

The table below presents a comparison by category of carrying amounts and estimated fair values of all the Group's financial instruments as of December 31, 2023 and 2022:

	2023		2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at amortized cost				
Cash and cash equivalents				
Cash in banks	₱8,211,582	₱8,211,582	₱8,420,891	₱8,420,891
Cash equivalents	23,919,095	23,919,095	19,964,026	19,964,026
Receivables - net				
Trade				
General construction	4,011,467	4,011,467	6,274,186	6,274,186
Real estate	3,319,660	3,319,660	3,458,309	3,458,309
Electricity sales	4,904,679	4,904,679	4,714,647	4,714,647
Coal mining	5,903,272	5,903,272	7,309,747	7,309,747
Nickel mining	81,895	81,895	118,850	118,850
Merchandising and others	116,228	116,228	128,040	128,040
Receivable from related parties	2,450,235	2,450,235	1,049,028	1,049,028
Other receivables	2,477,670	2,477,670	3,686,096	3,686,096
Refundable deposits	2,560,303	2,560,303	1,291,311	1,291,311
Deposit in escrow fund	593,348	593,348	504,277	504,277
	58,549,434	58,549,434	56,919,408	56,919,408
Equity investment designated at FVOCI				
Quoted securities	227,494	227,494	184,409	184,409
Unquoted securities	2,177	2,177	2,177	2,177
	229,671	229,671	186,586	186,586
	₱58,779,105	₱58,779,105	₱57,105,994	₱57,105,994
Other Financial Liabilities				
Accounts and other payables*	₱23,286,504	₱23,286,504	₱23,231,704	₱23,231,704
Liabilities for purchased land	1,291,267	1,019,634	1,804,701	1,514,848
Short-term and long-term debt	49,469,322	52,165,226	52,557,801	55,699,285
	₱74,047,093	₱76,471,364	₱77,594,206	₱80,445,837

*Excludes liabilities to the government



Financial assets

The fair values of cash and cash equivalents and receivables approximate their carrying amounts as of reporting dates due to the short-term nature of the transactions.

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 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.

The discount rates used for long-term debt range from 4.59% to 7.11% and 3.19% to 6.59% in 2023 and 2022, respectively. The discount rates used for liabilities for purchased land range from 5.87% to 5.94% in 2023 and 5.22% to 6.46% in 2022.

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.

Asset held-for-sale

The fair value less costs to sell is the estimated price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. This was based from offers received from buyers in the advanced stage of negotiations, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing the asset (e.g. dismantling and handling costs). The fair value of asset held-for-sale is based on level 3 inputs.

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

35. Contingencies and Commitments

a. Effectivity of Revenue Regulations (RR) 1-2018

On January 5, 2018, RR 1-2018 took effect pursuant to the effectivity of the Tax Reform for Acceleration and Inclusion (TRAIN) law beginning January 1, 2018. Among others, the new tax law raised the excise tax rates on domestic and imported coal from ₱10.00 per metric ton (MT) to ₱50.00 per MT in the first year of implementation, ₱100.00/MT in the second year, and ₱150.0/MT in the third and succeeding years. Based also on the RR, coal produced under coal operating contracts entered into by the Government pursuant to PD No. 972, as well as those exempted from excise tax on mineral products under other laws, shall now be subject to the applicable rates beginning January 1, 2018.



On February 21, 2018, the Group requested for a clarification on this with the tax bureau and submitted a supplemental letter explaining why the excise tax provisions on coal under the TRAIN law will not apply to the Group under the terms and conditions of its COC with the DOE. In response, on December 17, 2018, Revenue Memorandum Circular (RMC) No. 105-2018 was issued, clarifying the payment of excise tax on domestic coal sales and specifically identifying the Group as merely a collecting agent (the Group collected from customers and remitted to the tax bureau). The RMC did not provide for the excise tax treatment of export coal sales (per RMC, this will be tackled in a separate revenue memorandum issuance), but management believes that the Group is similarly not liable for this under the terms of its existing COC. Given this, management believes that both the timing and the amount of excise tax on exported coal that will be due from the Group, if any, are uncertain as of December 31, 2023 and 2022 and will only be confirmed when the said issuance will be issued by the tax bureau.

b. *DOE Resolution on Violation of Accreditation of Coal Traders*

On May 23, 2019, the trial shipment of 4,768.737 MT of the Group was shipped and delivered to Gold Anchorage Stevedoring and Arrastre Services, Inc. (GASAI). On June 6, 2019, the Group received an Order dated June 4, 2019 from the DOE directing the SMPC to: (a) File a verified Answer within 30 days from receipt; and (b) cease and desist from doing coal trading activities and operations. Order also states that the coal trader accreditation of SMPC is suspended until further notice.

On July 5, 2019, the Group filed its Verified Answer arguing that: (a) sale and delivery of coal to GASAI was done in good faith; (b) the cease and desist order (CDO) and suspension is disproportionately severe under the circumstances as it should only be directed to trading done with GASAI; and c) imposition of fines is only applicable to those entities who are not accredited.

On July 10, 2019, the Group wrote the DOE requesting deferment of that implementation of the CDO and/or suspension pending resolution of the DOE.

On July 12, 2019, the DOE held in abeyance the imposition of the implementation of the CDO subject to the following conditions:

- a. Order of abeyance is effective only for 30 days or until resolution of the Answer, whichever comes earlier;
- b. the Group to continue with its existing coal contracts, but shall not enter as party to any new coal supply agreement; and,
- c. the Group should faithfully comply with its commitments and obligations as an accredited coal trader.

On November 19, 2019, the Group received the DOE Resolution dated October 15, 2019 imposing the following penalties:

- Suspension of coal trading activities for 1 month, except to the Group-owned and other powerplants with existing coal supply agreements; and,
- Monetary penalty of ₱1.74 million.



On November 20, 2019, a motion for reconsideration to the Resolution dated October 15, 2019 was filed with the following prayer:

- The Resolution is null and void as it was issued in violation of the DOE Rules of Procedure; and,
- The CDO and Resolution are onerous and overbroad in scope as it was applied to unrelated transactions (not GASAI's) and inconsistent with the objectives of the Accreditation Guidelines.

On November 25, 2019, an amended motion for reconsideration was filed by the Group. On January 3, 2020, the Group received letter from the DOE dated December 26, 2019 directing the former to file its position paper relative to the CDO in which the Group filed on January 10, 2020.

On March 16, 2021, DOE resolved to modifying its October 15, 2019 resolution as follows:

- Ordering payment of a fine of ₱610,000.00 instead
- Removal of the penalty of one-month suspension of the Company coal trader accreditation.

The Group paid penalty on March 31, 2021.

c. Operating Lease Commitment - as a Lessee

Land Lease Agreement

The Group entered an LLA with PSALM for the lease of land where the Power Plant is situated, for the period of 25 years, renewable for another 25 years upon mutual agreement. In 2009, the Group paid US\$3.19 million or its Peso equivalent ₱150.57 million as advance rental for the 25-year land lease.

Provisions of the LLA include that the Company has the option to buy the Option Assets upon issuance of an Option Existence Notice (OEN) by the lessor. Option assets are parcels of land that form part of the leased premises which the lessor offers for sale to the lessee.

The Group was also required to deliver and submit to the lessor a performance security amounting to ₱34.83 million in the form of Stand-by Letter of Credits. The Performance Security shall be maintained by the Company in full force and effect continuously without any interruption until the Performance Security expiration date. The Performance Security initially must be effective for the period of one year from the date of issue, to be replaced prior to expiration every year thereafter and shall at all times remain valid.

In the event that the lessor issues an OEN and the Group buy the option assets, the land purchase price should be equivalent to the highest of the following and/or amounts:

- (i) assessment of the Provincial Assessors of Batangas Province; (ii) the assessment of the Municipal or City Assessor having jurisdiction over the particular portion of the leased premises; (iii) the zonal valuation of Bureau of Internal Revenue or, (iv) 21.00 per square meter (dollar). Valuation basis for (i) to (iii) shall be based on the receipt of PSALM of the option to exercise notice.

The exchange rate to be used should be the Philippine Dealing Exchange rate at the date of receipt of PSALM of the option to exercise notice.



On July 12, 2010, PSALM issued an OEN and granted the Company the “Option” to purchase parcels of land (Optioned Assets) that form part of the leased premises.

The Company availed of the “Option” and paid the Option Price amounting to US\$0.32 million (₱14.72 million) exercisable within one (1) year from the issuance of the Option Existence Notice.

On April 28, 2011, the Group sent a letter to PSALM requesting the assignment of the option to purchase a lot with an area of 82,740 square meters in favor of the Group. On May 5, 2011, PSALM approved the assignment. On June 1, 2011, the Group exercised the land lease option at a purchase price of ₱292.62 million and is included as part of “Property, plant and equipment”.

On October 12, 2011, the Group reiterated its proposal to purchase the remainder of the Leased Premises not identified as Optioned Assets. One of the salient features of the proposal included the execution of Contract to Sell (CTS) between the Group and PSALM. This included the proposal of the Group to assign its option to purchase and sub-lease in favor of SLPGC.

On February 13, 2012, PSALM held off the approval of the proposal to purchase the portion of Calaca Leased Premises not identified as Optioned Assets, subject to further studies. On the same date, PSALM Board approved the Company’s request to sub-lease a portion of the Calaca Leased Premises to SLPGC for the purpose of constructing and operating a power plant.

On February 14, 2014, the Group reiterated its proposal to purchase the Calaca Leased Premises not identified as Optioned Assets.

On February 1, 2017, the Group again reiterated to PSALM its proposal to purchase the Calaca Leased Premises.

On August 15, 2017, the Group exercised its option to purchase for a lot with an area of 9,548 square meters at a price of ₱10.56 million.

On September 24, 2019, PSALM informed the Group regarding lots ready for OEN issuance. On February 11, 2020, Group wrote PSALM seeking clarifications on the status of lots available for OEN.

On June 30, 2021, the Group exercised its option to purchase lots with a total area of 19,304 square meters for a consideration of ₱43.11 million (see Notes 12 and 32).

On December 27, 2023, PSALM wrote informing the Company that certain lots with an area of 389,357 square meters may be considered for OEN issuance under the principle of “just cause of exclusive possession”. The Company, in its letter dated January 24, 2024, to PSALM inquired if an adjustment in the final price of lots can be made since titles have yet to be issued to PSALM and since portions of the lots are submerged in seawater. PSALM replied on January 29, 2024, and reiterated the OEN when issued will be an “as-is-where-is” basis. To date, the Company has yet to consider whether to accede to the position of PSALM.

Foreshore lease

On April 2009, National Power Corporation (NAPOCOR or “NPC”) and the Department of Environment and Natural Resources -CENRO (DENR-CENRO) entered to a 25-year foreshore lease agreement. On July 29, 2009, DMCI HI won the open and competitive bidding of the 600MW Batangas Coal-Fired Thermal Power Plant conducted by PSALM. Subsequently, the



rights of DMCI HI on the 600MW Batangas Coal-Fired Thermal Power Plant was assigned to SCPC. PSALM and SCPC executed the Deed of Sale on the power plant. On December 29, 2011, NPC transferred its rights over the foreshore lease with DENR-CENRO thru an execution of Deed of Assignment in which the Company unconditionally agrees to assume all rights and obligations under the Foreshore Lease Contract. Lease payments is subject to reappraisal every 10 years of the contract. On the first 10 years of the lease, the rate is ₱2.65 million. The rate was reappraised in May 3, 2019. Starting April 2019, the rate will be ₱3.88 million until reappraised in 2029. Refer to Note 32 for the information and related disclosures.

d. DMCI Joint ventures and consortium agreements

DMCI entered into the following joint venture and consortium agreements:

2017

- *Cebu Link Joint Venture (CLJV)*, unincorporated joint venture between Acciona Construccion S.A, First Balfour, Inc and DMCI and is engaged in Engineering, Procurement and Construction contract related to the concession for the Cebu-Cordova Link Expressway. Corresponding interest of DMCI in CLJV is at 15%.

2018

- *Taisei DMCI Joint Venture (TDJV)*, unincorporated joint venture between Taisei Corporation and DMCI and is engaged to construct the elevated structures, stations and depot of the North-South Commuter Railways Project (Malolos-Tutuban; the Project). Corresponding interest of DMCI in TDJV is at 49%.
- *VA Tech Wabag-DMCI Joint Venture*, unincorporated joint venture between VA Tech Wabag Limited and DMCI and is engaged in the rehabilitation, retrofitting and process improvement of La Mesa Water Treatment Plant 2 Project. The scope of work and allocation of contract price is agreed by the partners in the consortium agreement.

2019

- *Marubeni-DMCI Consortium*, consortium between Marubeni Corporation and DMCI and is engaged for the Procurement of Trackwork, Electrical and Mechanical Systems and Integration with Existing System for LRT 2 - East (Masinag) Extension Project. The scope of work and allocation of contract price is agreed by the partners in the consortium agreement. DMCI was allocated 29% of total contract price.
- *PBD Joint Venture (PBDJV)*, unincorporated joint venture between Prime Metro BMD Corporation and DMCI and is engaged to construct the Solaire Metro North. Corresponding interest of DMCI in PBDJV is at 50%.

2020

- *AA-DMCI Consortium*, consortium between Acciona Agua, S.A and DMCI and is engaged for the design and build of 150 MLD Laguna Lake Water Treatment Plant . The scope of work and allocation of contract price is agreed by the partners in the consortium agreement. DMCI allocated is 60% of total contract price.

2022

- *NCC-DMCI Joint Venture*, unincorporated joint venture between DMCI and Nishimatsu Construction Co., Ltd. The joint venture is registered with the BIR on December 15, 2022 to construct two underground stations (Quezon Avenue and East Avenue) of the Metro Manila



Subway Station project of the Department of Transportation (DOTr). The respective interests of the Parties in the Joint Venture are 67% to Nishimatsu and 33% to DMCI.

2023

- *Acciona DMCI SCRPO2 JV*, unincorporated joint venture between DMCI and Acciona Construction Philippines Inc. to undertake building and civil engineering works for approximately 7.90 km of railway viaduct structure including elevated station at España, Santa Mesa and Paco in relation to DOTr's South Commuter Railway Project. The respective interests of the Parties in the Joint Venture are 65% to Acciona and 35% to DMCI. The Joint Venture was registered with the BIR on June 19, 2023.
- As of March 5, 2024, the Company has not incurred significant costs in relation to the joint operation.

e. Others

The Group is a party to certain proceedings and legal cases with other parties in the normal course of business. The ultimate outcome of these proceedings and legal cases cannot be presently determined. Management, in consultation with its legal counsels, believes that it has substantial legal and factual bases for its positions and is currently of the opinion that the final resolution of these claims will not have a material effect on the financial statements.

The Group is also contingently liable with respect to certain taxation matters, lawsuits and other claims which are being contested by management, the outcome of which are not presently determinable. Management believes that the final resolution of these claims will not have a material effect on the Group financial statements. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of pending assessments, lawsuits and claims.

36. Other Matters

a. Electric Power Industry Reform Act (EPIRA)

WESM

With the objective of providing competitive price of electricity, the EPIRA authorized DOE to constitute an independent entity to be represented equitably by electric power industry participants and to administer and operate WESM. WESM will provide a mechanism for identifying and setting the price of actual variations from the quantities transacted under contracts between sellers and purchasers of electricity.

In addition, the DOE was tasked to formulate the detailed rules for WESM which include the determination of electricity price in the market. The price determination methodology will consider accepted economic principles and should provide a level playing field to all electric power industry participants. The price determination methodology was subject to the approval of the ERC.

In this regard, the DOE created PEMC to act as the market operator governing the operation of WESM. On June 26, 2006, WESM became operational in the Luzon grid and adopts the model of a "gross pool, net settlement" electricity market.



In 2017, the Board of PEMC approved the transition plan for the creation of an independent market operator (IMO), paving the way for the state firm to finally relinquish control of the WESM.

On February 4, 2018, the DOE published Department Circular No. DC2018-01-0002, “Adopting Policies for the Effective and Efficient Transition to the Independent Market Operator for the Wholesale Electricity Spot Market”. This Circular shall take effect immediately after its publication in two (2) Newspapers of general circulation and shall remain in effect until otherwise revoked. Pursuant to Section 37 and Section 30 of the EPIRA, jointly with the electric power participants, the DOE shall formulate the detailed rules for the wholesale electricity spot market. Said rules shall provide the mechanism for determining the price of electricity not covered by bilateral contracts between sellers and purchasers of electricity users. The price determination methodology contained in the said rules shall be subject to the approval of ERC. Said rules shall also reflect accepted economic principles and provide a level playing field to all electric power industry participants.

b. Clean Air Act

On November 25, 2000, the Implementing Rules and Regulations (IRR) of the Philippine Clean Air Act (PCAA) took effect. The IRR contains provisions that have an impact on the industry as a whole and on the Company in particular, that need to be complied with within 44 months (or until July 2004) from the effectivity date, subject to the approval by Department of Environment and Natural Resources. The power plant of the Group uses thermal coal and uses a facility to test and monitor gas emissions to conform to Ambient and Source Emissions Standards and other provisions of the Clean Air Act and its IRR. Based on the Company’s initial assessment of its power plant’s existing facilities, it believes that it is in full compliance with the applicable provisions of the IRR of the PCAA as of December 31, 2023 and 2022.

c. Competitive Selection Process (CSP)

On June 11, 2015, DOE Circular No. DC2015-06-0008, “Mandating All Distribution Utilities to Undergo CSP In Securing PSAs”, was signed, requiring all Distribution Utilities (DUs) to conduct a CSP in procuring PSAs. The CSP shall be conducted by a qualified third party duly recognized by the DOE and ERC and, in the case of Electric Cooperatives (ECs), shall be recognized by the National Electrification Administration (NEA). The CSP shall conform with aggregation of DU’s uncontracted demand requirement, annual conduct of CSP, and a uniform PSA Template on the terms and conditions to be issued by the ERC and DOE. The circular does not apply to PSAs with tariff rates already approved and/or have been applied for approval by the ERC before the effectivity of the circular. The DOE shall enforce and monitor compliance and the penalty provision through ERC.

On October 20, 2015, the DOE and ERC released Joint Resolution No. 1 (2015), “A Resolution Enjoining All Distribution Utilities to Conduct Competitive Selection Process (CSP) in the Procurement of Supply for Their Captive Market”. The DOE and ERC recognize that CSP in the procurement of PSAs by the DUs engenders transparency, enhances security of supply, and ensure stability of electricity prices to captive electricity end-users in the long-term.

On the same day, the ERC signed Resolution No. 13, Series of 2015, “A Resolution Enjoining All Distribution Utilities to Conduct Competitive Selection Process (CSP) in the Procurement of Supply for Their Captive Market”. The resolution prescribes that all PSAs shall be awarded to the winning Generation Company following a successful transparent CSP, or by Direct



Negotiation in the event of two (2) failed CSPs, and that DUs may adopt any accepted form of CSP. This resolution does not apply to PSAs already filed with the ERC as of its effectivity.

On March 15, 2016, the ERC released Resolution No. 1 Series of 2016, “A Resolution Clarifying the Effectivity of ERC Resolution No.13, series of 2015”. The resolution postponed the effectivity of ERC Resolution No.13, Series of 2015 to April 30, 2016. All PSAs executed on or after the said date shall be required, without exception, to comply with the provisions of the CSP resolution. There should be at least two qualified bids for the CSP to be considered as successful and lastly, the DU shall adopt the Terms of Reference prescribed in Section 2 of ERC Resolution No. 13, Series of 2015. On PSA’s with provisions on automatic renewal or extension of term, it shall apply that PSA’s approved by ERC or filed before the effectivity of Resolution No. 1, may have one (1) automatic renewal or extension for a period not exceeding one (1) year from the end of their respective terms. There will be no automatic renewal or extension of PSAs upon effectivity of Resolution No. 1.

On February 9, 2018, the DOE published Department Circular No. DC2018-02-0003, “Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market”. This Circular shall take effect immediately after its publication in two (2) Newspapers of general circulation and shall remain in effect until otherwise revoked. There are five (5) governing principles in the Policy (1) Transparency in the conduct of CSP through wide dissemination of bid opportunities and participation of all generation companies (GenCos); (2) Competitiveness by extending equal opportunity to eligible and qualified GenCos to participate in the CSP; (3) Least cost manner in ensuring that each distribution utility (DU) is able to meet the demand for its captive market at any given time; (4) Simple, streamlined and efficient procurement process applicable to the specific requirements of each Distribution Development Plan; and (5) Accountability involved in the procurement process and implementation of the Power Supply Agreement awarded under CSP.

d. Retail Competition and Open Access (RCOA)

Under Section 31 of the Electric Power Industry Reform Act (EPIRA) of 2001, RCOA shall be implemented. In Retail Competition, the Contestable Market are provided electricity by Retail Suppliers through Open Access, wherein qualified Persons are allowed to use the Transmission, and/or Distribution Systems and their associated facilities. The implementation of RCOA is subject to the following conditions: a. Approval of the unbundled transmission and distribution wheeling charges; b. initial implementation of the cross subsidy removal scheme; c. Establishment of the WESM; d. Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and e. Transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP Administrators.

Upon satisfying these conditions, the ERC declared 26 December 2012 as the Open Access Date where end-users who have an average monthly peak demand for the preceding 12 months, as indicated by a single utility meter, of at least 1MW (the threshold level) qualifies as Contestable Customers (CCs) making up the Contestable Market (Phase 1). After a six-month Transition Period, on 26 June 2013, Retail Supply Contracts (RSCs) entered into by and between the Ccs and their chosen Suppliers were implemented. Phase 2 implementation was set to begin two (2) years after Phase 1. During Phase 2, the threshold level shall be reduced to 750 kW and Aggregators shall be allowed to supply electricity to End-users whose aggregate monthly average peak demand within a Contiguous Area is at least 750 kW. Subsequently and every year thereafter, the ERC shall evaluate the performance of the market.



On the basis of such evaluation, it shall gradually reduce the threshold level until it reaches the household demand level.

On May 12, 2016, ERC Resolution No. 10 (2016), “A Resolution Adopting the Revised Rules for Contestability”, was signed. These revised rules aim to clarify and establish the conditions and eligibility requirements for End-users to be part of the Contestable Market; to set the threshold level for the Contestable Market; to ensure the efficient transition towards full contestability and to ensure consumer protection and enhance the competitive operation of the retail electricity market.

The Resolution states that the Threshold Reduction Date covering End-users with an average monthly peak demand of at least 750 kilowatts (750 kW) for the preceding 12 months, is set to June 26, 2016. Thus, on such date, all End-users with an average monthly peak demand of at least 1 MW (1MW Customers) and 750 kW (750kW Customers), which have been issued Certificates of Contestability by the ERC, shall be allowed to contract with any RES on a voluntary basis. Thereafter, an End-user with an average monthly peak demand of at least 1MW is hereby mandated to enter into RSC with a RES by its mandatory contestability date of December 26, 2016 (This was moved by the ERC to 26 February 2017 through ERC Resolution No. 28 (2016), “Revised Timeframe for Mandatory Contestability, Amending Resolution No. 10, series of 2016, entitled Revised Rules for Contestability” signed on November 15, 2016. Subsequently, an End-user with an average monthly peak demand of at least 750kW is hereby mandated to enter into an RSC with a RES by its mandatory contestability date of June 26, 2017. The lowering of the threshold to cover an end-user with an average monthly peak demand of at least 500kW is set on June 26, 2018, subject to the review of the performance of the retail market by the ERC. Corollary, in its review of the performance of the retail market, the ERC shall establish a set of criteria as basis for the lowering of the contestability threshold. Retail Aggregation shall subsequently be allowed on June 26, 2018. During this phase, suppliers of electricity shall be allowed to contract with end-users whose aggregate demand within a Contiguous Area is at least 750 kW. Retail Competition and Open Access shall be effective only in grids where the WESM is operational.

On February 21, 2017, the Supreme Court issued a Temporary Restraining Order (TRO), G.R. No. 228588, on the implementation of several ERC Resolutions and a DOE Circular concerning the RCOA. ERC Res 10 & 28, Series of 2016 were among them. In a joint advisory on February 24, 2017, the DOE, ERC and PEMC said that they are in a process of drafting a general advisory for the guidance of RCOA Stakeholders. Issues to be considered are: 1) those who have already executed RSCs and were already registered and switched shall continue to honor their respective RSCs; 2) ongoing applications for registration filed before the Central Registration Body (CRB) may proceed voluntarily; 3) applicants who wish to withdraw or defer their registration before the CRB may do so consistent with the Retail Market Rules provided that the CRB shall not be liable for any legal repercussions that may arise out of the contestable customers’ contractual obligations; and 4) remaining contestable customers who have not yet secured their RSCs may continue to negotiate and exercise their power to choose.

e. Renewable Portfolio Standards (RPS)

The implementation of the RPS is an important development for the Renewable Energy (RE) Market, and impacts the public as a whole. Republic Act No. 9513 or the Renewable Energy Law gives both fiscal and non-fiscal incentives to investors in order to encourage the promotion and development of renewable energy in the Philippines. Toward this end, the RPS serves as a market-based policy mechanism which makes use of the RE Market to facilitate and commercialize trading in RE Certificates, the latter which are used to satisfy the RPS requirements and increases RE generation in the country.



On December 30, 2017, DOE Circular No. DC2017-12-0015, or the RPS On-Grid Rules, took effect, requiring DUs, electricity suppliers, generating companies supplying directly connected customers, and other mandated energy sector participants to source or produce a certain share of electricity from their Energy Mix from eligible RE resources. These eligible RE facilities include the following technologies: biomass, waste to energy technology, wind, solar, hydro, ocean, geothermal, and other RE technologies later identified by the DOE.

The RPS On-Grid Rules mandates energy sector participants to comply with the minimum annual RPS requirement in order to meet the aspirational target of thirty-five (35%) in the generation mix by 2030.

This minimum RE requirement, however, will not be imposed immediately but in 2020. The 2018 and 2019 years are considered transition years to help the mandated participants comply with the DOE Circular. Additionally, the RPS On-Grid Rules implements a Minimum Annual Incremental RE Percentage to be sold by mandated participants. It is initially set at a minimum of one percent (1%) and applied to net electricity sales or annual energy demand for the next ten (10) years and used to determine the current year's requirement for RE Certificates (RECs) of the Mandated Participant.

f. Nickel Sales Agreement

BNC and ZDMC entered into various sales agreements with different customers to sell and deliver nickel laterite ores. The selling price of the nickel laterite ores depends on its ore grading. The sales agreements are subject to price adjustments depending on the final nickel and moisture content agreed by both parties. BNC exported a total of 0.4 million wet metric tons (WMT), and 1.1 million WMT in 2022 and 2021, respectively (nil in 2023). ZDMC, on the other hand, exported a total of 1.7 million WMT, 1.1 million WMT and 0.9 million WMT in 2023, 2022 and 2021, respectively, upon lifting of suspension order in 2019.

g. Concession Agreement

On May 18, 2021, Maynilad and MWSS signed the Revised Concession Agreement ("RCA"), the notable provisions of which are the following:

1. Confirmation of the July 31, 2037 Expiration Date;
2. Imposition of a tariff freeze until December 31, 2022;
3. Removal of Corporate Income Tax ("CIT") from among Maynilad's recoverable expenditures as well as the Foreign Currency Differential Adjustment;
4. Capping of the annual inflation factor to 2/3 of the Consumer Price Index;
5. Imposition of rate caps for water and sewerage services to 1.3x and 1.5x, respectively, of the previous standard rate;
6. Removal from the Republic Undertaking of the non-interference of the Government in the rate-setting process, and the limitation of the RoP's financial guarantees to cover only those loans and contracts that are existing as of the signing of the RCA;
7. Replacement of the market-driven Appropriate Discount Rate with a 12% fixed nominal discount rate; and
8. Retention of the rate rebasing mechanism where, subject to the rate caps in item 5 above, the rates for the provision of water and wastewater services will be set at a level that will allow Maynilad to recover, over the term of the concession, expenditures efficiently and prudently incurred and to earn a reasonable rate of return.



The RCA is to take effect six months after it was signed on May 18, 2021, or on November 18, 2021, upon compliance with all the conditions precedent (“Effective Date” and “CPs”, respectively). However, the Republic Undertaking, which is among the CPs, has not yet been issued as of November 18, 2021. Hence, upon the request of the Concessionaires, the MWSS Board, through a resolution passed on November 16, 2021, moved the RCA’s Effective Date to December 18, 2021.

Maynilad, on December 14, 2021, again requested the MWSS Board to defer the RCA’s Effective Date by another two months (until February 16, 2022) or until the Republic Letter of Undertaking is issued. Following the Regular Board Meeting held on February 10, 2022, MWSS issued Resolution No. 2022-015-CO to further extend the Effective Date of the RCA for thirty (30) days or until March 18, 2022. On March 9, 2022, the MWSS Board approved to defer further the RCA Effective Date from March 18, 2022 until the time that the Republic Undertaking is issued.

On June 9, 2022, Maynilad received a copy of Resolution No. 2022-073-CO dated June 2, 2022, which approved the further extension to the Effective Date of the RCA until June 30, 2022, subject to receipt of the signed Republic Undertaking as required under Article 16.3 (iii) (c) of the RCA.

On June 30, 2022, Maynilad received MWSS’s letter of even date informing Maynilad that the DOF has issued the Republic Undertaking dated June 24, 2022 signed by the Executive Secretary and the DOF Secretary.

Maynilad wrote the MWSS on July 1, 2022 informing them that the signed Republic Undertaking does not conform to the agreed form in the RCA, and, thus, Section 16.3 (iii) (c) of the RCA has not been satisfied. Thus, Maynilad’s obligation to effect the changes in the OCA has not commenced.

It is Maynilad’s position that the OCA [as amended by the Technical Corrections Agreement dated July 31, 1997 and Amendment No. 1 dated October 5, 2001, and extended by the Memorandum of Agreement and Confirmation dated April 22, 2010 (“2010 MOA”)], and the Letter of Undertaking dated March 17, 2010 issued by the Department of Finance, remain valid and effective.

Further, it is Maynilad’s position that Republic Act No. 11600 which granted Maynilad a 25-year franchise, or until 2047, to “establish, operate and maintain a waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and Province of Cavite,” recognizes the OCA and the 2010 MOA. The latter extended the term of the concession for 15 years, or until 2037.

Maynilad wrote the MWSS a letter dated August 9, 2022, formally applying for a 10-year extension of the OCA. Maynilad rationalized the term extension application for the purpose of pursuing affordable water to its customers and mitigating anticipated tariff increases. Maynilad further submitted its letter of September 6, 2022 to the MWSS, providing preliminary tariff impact simulations, and highlighting the fiscal benefits of a 10-year extension of the OCA.

In a subsequent letter dated September 14, 2022, Maynilad proposed to the MWSS certain amendments to the RCA, which includes: (a) reinstatement of the Foreign Currency Differential Adjustment mechanism; (b) reinstatement of the full Consumer Price Index Adjustment; and (c) review of the exclusions from the Material Adverse Government Action provision.



On May 10, 2023, MWSS and Maynilad signed the Amendments to the RCA. Among the Amendments to the RCA include the following:

1. Adjustment in the CPI factor or “C” from $\frac{2}{3}$ to $\frac{3}{4}$ of the percentage change in the CPI for the Philippines;
2. Reinstatement of the FCDA, but only with respect to the (a) MWSS loans that are being and will be serviced by Maynilad, and (b) principal payments for drawn and undrawn amounts of Maynilad’s foreign currency denominated loans existing as of June 29, 2022;
3. Introduction of a modified FCDA for Maynilad loans contracted after June 29, 2022, but which mechanism may be availed of only when there is an “extraordinary inflation” or “extraordinary deflation” of the Philippine Peso (i.e., more than 20% change in the base exchange rate), and the amount that may be recovered is capped;
4. Exclusion of certain events from what may not be considered as Material Adverse Government Action such as the amendment of existing rules, regulations, and other issuances resulting from acts of the legislative and judicial branches of government and delay or inaction by the Regulatory Office (“RO”) on applications relating to rate adjustments filed by the Concessionaire; and
5. Deletion of the composition and decisions of the RO from what may not be subject to arbitration.

The Amendments to the RCA took effect retroactively on June 29, 2022, the date of effectivity of the RCA. Along with the Amendments to the RCA, the RoP issued on May 10, 2023 the Republic Undertaking in the form agreed on by the Parties. The Republic Undertaking’s effectivity retroacts to July 1, 2022.

Pursuant to the requirement for a public hearing, Maynilad and the MWSS RO conducted a public hearing/consultation on December 4, 2023 at the World Trade Center in Pasay City. Maynilad understands that both the MWSS RO and the MWSS BOT have approved Maynilad’s 10-year extension application. However, the RCA requires that any amendment to any of its provisions be acknowledged by the RoP acting through the Secretary of Finance. As at February 27, 2024, the acknowledgment is still pending.

h. RA 11600 - Maynilad’s Legislative Franchise

RA 11600 grants Maynilad, a 25-year franchise to “establish, operate and maintain a waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and Province of Cavite.” RA 11600 affirms Maynilad’s authority to provide waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and the Province of Cavite. RA 11600 took effect on January 22, 2022, 15 days after its publication in the Official Gazette on January 7, 2022. (see Note 29). The 25-year term will end on January 21, 2047.

Aside from the grant of a 25-year franchise to Maynilad, the other highlights of RA 11600 include the following:

- i. The grant of authority to the MWSS, when public interest for affordable water security so requires and upon application by Maynilad, to amend Maynilad’s RCA to extend its term (i.e., 2037) to coincide with the term of the franchise. In addition, the RCA shall also act



as the Certificate of Public Convenience and Necessity of Maynilad for the operation of its waterworks and sewerage system. It also provides that in the event the waterworks and sewerage system assets of MWSS pertaining to the Franchise Area are privatized by law, Maynilad shall have the right to match the highest compliant bid after a public bidding. The RCA between MWSS and Maynilad shall remain valid unless otherwise terminated pursuant to the terms of the RCA, or invalidated when national security, national emergency or public interest so requires;

- ii. The prohibition on the passing on of corporate income tax to customers.
- iii. The requirement to publicly list at least 30% of Maynilad's outstanding capital stock within five years from the grant of the franchise;
- iv. The completion of Maynilad's water and sewerage projects to attain 100% coverage by 2037, which shall include periodic five-year completion targets; and
- v. The grant to Maynilad of the right of eminent domain insofar as it is may be reasonably necessary for the efficient establishment, improvement, upgrading, rehabilitation, maintenance and operation of the services, subject to the limitations and procedures under the law.

RA 11600 also provides for an equality clause, which grants Maynilad, upon review and approval of Congress, any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may be granted subsequently to water distribution utilities.

On March 21, 2022, the MWSS Board of Trustees passed Resolution No. 2022-025-RO, Series of 2022 (the "Resolution") which deals with the tax implications following the effectivity of the legislative franchise granted to the Concessionaires.

The Resolution confirmed that beginning March 21, 2022, which was when the Concessionaires formally accepted the terms of their respective legislative franchises, the charges for water and wastewater services will no longer be subject to the 12% VAT, but will be subject to Other Percentage Tax ("OPT").

The OPT, which shall be reflected as "Government Tax" in the customers' statement of account, consists of (i) the 2% national franchise tax, and (ii) the local franchise tax implemented by the respective local government units ("LGUs") where the Business Area offices of the Concessionaires are located.

37. Notes to Consolidated Statements of Cash Flows

Supplemental disclosure of noncash investing activities follows:

	2023	2022	2021
Depreciation capitalized in			
Inventories and Mine properties (Note 23)	₱1,151,461	₱298,033	₱1,014,172
Transfer from Inventories to property, plant and equipment (Notes 7 and 12)	239,372	695,206	671,721



Changes in liabilities arising from financing activities

2023				
	January 1, 2023	Cash flows	Others	December 31, 2023
Short-term debt	₱1,129,418	₱417,968	₱-	₱1,547,386
Long-term debt*	51,428,383	(3,549,345)	42,898	47,921,936
Dividends	47,046	(32,034,555)	32,017,845	30,336
Interest payable	96,132	(1,206,426)	1,197,657	87,363
Lease liabilities	70,701	(35,840)	54,374	89,235
Other noncurrent liabilities	4,068,074	(216,583)	-	3,851,491
	₱56,839,754	(₱36,624,781)	₱33,312,774	₱53,527,747

*Includes current portion

2022				
	January 1, 2022	Cash flows	Others	December 31, 2022
Short-term debt	₱1,039,363	₱90,055	₱-	₱1,129,418
Long-term debt*	52,009,238	(580,855)	-	51,428,383
Dividends	32,771	(25,189,090)	25,203,365	47,046
Interest payable	195,356	(1,045,927)	1,225,927	375,356
Lease liabilities	97,407	(32,940)	6,234	70,701
Other noncurrent liabilities	2,553,286	1,514,788	-	4,068,074
	₱55,927,421	(₱25,243,969)	₱26,435,526	₱57,118,978

*Includes current portion

2021				
	January 1, 2021	Cash flows	Others	December 31, 2021
Short-term debt	₱5,800,060	(₱4,760,697)	₱-	₱1,039,363
Long-term debt*	46,088,910	5,920,727	(399)	52,009,238
Dividends	130,234	(18,476,628)	18,379,165	32,771
Interest payable	288,000	(1,384,172)	1,291,528	195,356
Lease liabilities	127,987	(46,625)	16,045	97,407
Other noncurrent liabilities	2,389,015	164,271	-	2,553,286
	₱54,824,206	(₱18,583,124)	₱19,686,339	₱55,927,421

*Includes current portion

Other changes in liabilities above includes amortization of debt issuance cost, accretion of unamortized discount and effect of change in estimate on provision for decommissioning and site rehabilitation, change in pension liabilities and dividends declared by the Parent Company and its partially-owned subsidiaries to noncontrolling-interests.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
DMCI Holdings, Inc.
3rd Floor, Dacon Building
2281 Chino Roces Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of DMCI Holdings, Inc. and its subsidiaries (collectively, the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 5, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.



Jennifer D. Ticlao

Partner

CPA Certificate No. 109616

Tax Identification No. 245-571-753

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-110-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10082023, January 6, 2024, Makati City

March 5, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
DMCI Holdings, Inc.
3rd Floor, Dacon Building
2281 Chino Roces Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of DMCI Holdings, Inc. and its subsidiaries (collectively, the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 5, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Components of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements, and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the SEC, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Jennifer D. Ticlao
Partner

CPA Certificate No. 109616

Tax Identification No. 245-571-753

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

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March 5, 2024



DMCI HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

- I. Schedules required by Annex 68-J
 - A. Financial Assets
 - B. Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
 - C. Amounts Receivable from Related Parties which are Eliminated during
the Consolidation of Financial Statements
 - D. Long-term Debt
 - E. Indebtedness to Related Parties
 - F. Guarantees of Securities of Other Issuers
 - G. Capital Stock

- II. Reconciliation of Retained Earnings Available for Dividend Declaration (Annex 68-D)

- III. Schedule of Financial Soundness Indicators (Annex 68-E)

- IV. Map of the relationship of the companies within the Group

DMCI HOLDINGS, INC. AND SUBSIDIARIES**SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SRC RULE 68
DECEMBER 31, 2023**

Philippine Securities and Exchange Commission (SEC) issued the amended Revised Securities Regulation Code Rule 68, which consolidates the two separate rules and labeled in the amendment as “Part I” and “Part II”, respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by Revised SRC Rule 68, that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic consolidated financial statements.

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the consolidated statements of financial position	Value based on market quotation at end of reporting period	Income received and accrued
Golf and Club Shares*	11	₱207,050,000	₱207,050,000	₱–
Manila Electric Company	38,533	15,374,669	15,374,669	–
Mabuhay Vinyl Corp.	34,889	204,450	204,450	–
Others	1	7,041, 881	7,041, 881	–
	73,434	₱229,671,000	₱229,671,000	₱–

*Includes shares of stocks from golf and country clubs' memberships

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
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Not applicable. The Group's receivables from officers and employees pertain to ordinary purchases subject to usual terms, travel and expense advances and other transactions arising from the Group's ordinary course of business.

Schedule C. Amounts Receivable from/Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements

The following is the schedule of receivables from related parties, which are eliminated in the consolidated financial statements as at December 31, 2023:

Entity with Receivable Balance	Name of Entity with Payable Balance	Due from related party	Due to related party
Semirara Mining and Power Corporation	DMCI Masbate Power Corporation	₱1,067,424,939	(₱1,067,424,939)
DMCI Holdings Inc.	D.M. Consunji, Inc	700,000,000	(700,000,000)
Semirara Mining and Power Corporation	Sem-Calaca Power Corporation	662,432,033	(662,432,033)
DMCI Mining Corporation	Zambales Diversified Metals Corporation	573,027,296	(573,027,296)
DMCI Holdings Inc.	DMCI Mining Corporation	550,000,000	(550,000,000)
Semirara Mining and Power Corporation	Southwest Luzon Power Generation Corporation	312,762,278	(312,762,278)
Semirara Mining and Power Corporation	DMCI Power Corporation	243,443,898	(243,443,898)
Riviera Land Corporation	DMCI Project Developers, Inc.	134,679,760	(134,679,760)
Beta Electric Corporation	D.M. Consunji, Inc	83,644,829	(83,644,829)
D.M. Consunji, Inc	Beta Electric Corporation	69,248,635	(69,248,635)
Sem-Calaca Power Corporation	Sem-Calaca RES Corporation	35,000,000	(35,000,000)
DMCI Power Corporation	Sem-Calaca Power Corporation	29,700,000	(29,700,000)
DMCI Project Developers, Inc.	DMCI-PDI Hotels, Inc.	24,916,457	(24,916,457)
Berong Nickel Corporation	Ulugan Nickel Corporation	23,346,386	(23,346,386)

Entity with Receivable Balance	Name of Entity with Payable Balance	Due from Related Parties	Due to Related Parties
Berong Nickel Corporation	Ulugan Nickel Corporation	₱23,346,386	(₱23,346,386)
DMCI Project Developers, Inc.	DMCI Homes Property Management Corporation	22,373,617	(22,373,617)
DMCI Mining Corporation	Ulugan Nickel Corporation	19,068,056	(19,068,056)
D.M. Consunji Inc	DMCI Power Corporation	17,767,949	(17,767,949)
D.M. Consunji, Inc	Zambales Diversified Metals Corporation	14,952,649	(14,952,649)
DMCI Masbate Power Corporation	DMCI Power Corporation	11,139,366	(11,139,366)
Semirara Mining and Power Corporation	St. Raphael Power Generation Corporation	10,502,143	(10,502,143)
DMCI Mining Corporation	Zambales Chromite Mining Company Inc.	10,413,246	(10,413,246)
D.M. Consunji Inc	Sem-Calaca Power Corporation	4,305,950	(4,305,950)
DMCI Mining Corporation	TMM Management, Inc.	4,239,723	(4,239,723)
DMCI Power Corporation	Semirara Mining and Power Corporation	4,023,793	(4,023,793)
Berong Nickel Corporation	DMCI Power Corporation	3,052,087	(3,052,087)
Berong Nickel Corporation	TMM Management, Inc.	2,783,731	(2,783,731)
D.M. Consunji Inc	DMCI Project Developers, Inc.	2,653,227	(2,653,227)
Berong Nickel Corporation	Zambales Diversified Metals Corporation	2,526,934	(2,526,934)
DMCI Project Developers, Inc.	Zenith	1,307,169	(1,307,169)
Sem-Calaca Power Corporation	St. Raphael Power Generation Corporation	1,042,628	(1,042,628)
Semirara Mining and Power Corporation	Semirara Energy Utilities, Inc	741,319	(741,319)
Berong Nickel Corporation	Ulugan Resources Holdings, Inc.	730,763	(730,763)
Zambales Diversified Metals Corporation	D.M. Consunji, Inc	672,000	(672,000)
DMCI Power Corporation	St. Raphael Power Generation Corporation	626,175	(626,175)
DMCI Mining Corporation	Ulugan Resources Holdings, Inc.	358,492	(358,492)
Semirara Mining and Power Corporation	Sem-Calaca Industrial Park Developers, Inc	324,960	(324,960)
Sem-Calaca Power Corporation	SEM-Cal Industrial Park Developers Inc	122,349	(122,349)
DMCI Masbate Power Corporation	DMCI Mining Corporation	63,000	(63,000)

As of December 31, 2023, the balances above of due from and due to related parties are expected to be realized and settled within 12 months from the reporting date and are classified under current assets and liabilities. There were no amounts written off during the year.

Schedule D. Long-term Debt

Below is the schedule of long-term debt (net of unamortized debt issue cost) of the Group:

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet
Peso denominated loans	₱10,547,480,372	₱4,313,383,750	₱6,234,096,622
Term loan and corporate notes	37,371,933,783	2,346,440,142	35,025,493,641
Liabilities on Installment Contract Receivable	2,522,523	897,537	1,624,986
Peso denominated loans	₱47,921,936,678	₱6,660,721,429	₱41,261,215,249

Schedule E. Indebtedness to Related Parties (Long-term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period
NOT APPLICABLE		

NOT APPLICABLE

Schedule F. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the group for which this statements is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee
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NOT APPLICABLE

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Preferred stock - ₱1 par value cumulative and convertible	100,000,000	960	–	–	–	960
Common stock - ₱1 par value	19,900,000,000	13,277,470,000	–	9,184,917,600	621,991,364	3,470,568,036
	20,000,000,000	13,277,470,960	–	9,184,917,600	621,991,364	3,470,568,996

DMCI HOLDINGS, INC.**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE
FOR DIVIDENDS DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Unappropriated retained earnings, beginning		₱785,259,249
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s		—
Effect of restatements or prior-period adjustments		—
Others (describe nature)		—
Subtotal		—
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	(₱19,119,556,800)	
Retained Earnings appropriated during the reporting period		—
Effect of restatements or prior-period adjustments		—
Others (describe nature)		—
Subtotal		(19,119,556,800)
Unappropriated Retaining earnings, as adjusted		(18,334,297,551)
Add (Less): Net Income (loss) for the current		20,213,442,877
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared		—
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents		—
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		—
Unrealized fair value gain of Investment Property		—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted		—
Subtotal		—
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents		—
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		—
Realized fair value gain of Investment Property		—
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded		—
Subtotal		—

(Forward)

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	P-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of Investment Property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-	
<hr/>		
Subtotal		-
Adjusted Net Income/Loss		₱20,213,442,877
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others	-	
<hr/>		
Subtotal		-
Add/Less: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others	-	
<hr/>		
Sub-total		-
<hr/>		
TOTAL RETAINED EARNINGS, END OF THE REPORTING PERIOD AVAILABLE FOR DIVIDEND		₱1,879,145,326
		<hr/> <hr/>

DMCI HOLDINGS, INC. AND SUBSIDIARIES**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

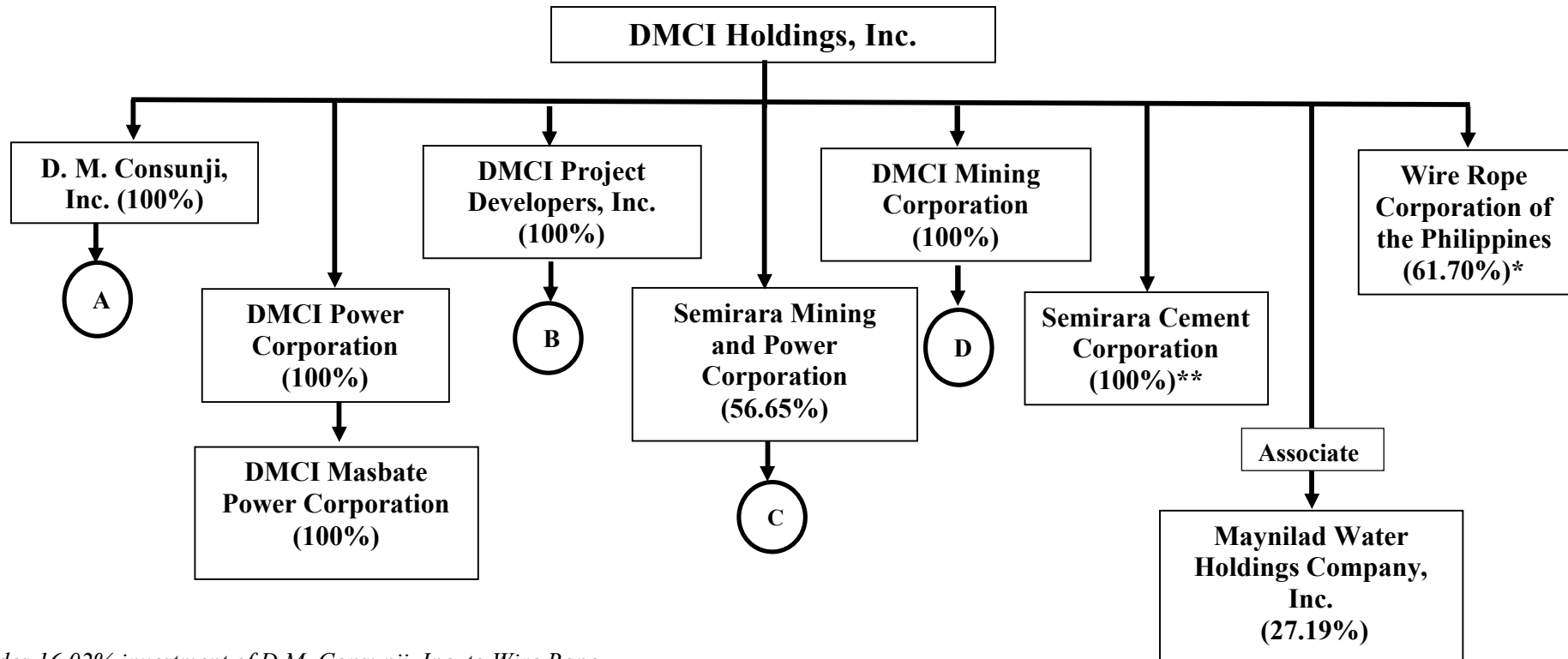
Ratio	Formula	Current Year	Prior Year
Current ratio	Current assets/Current liabilities	277%	290%
Acid test ratio	Quick assets/Current liabilities	99%	111%
Solvency ratio	Net income plus Depreciation / Total liabilities	41%	52%
Debt-to-equity ratio	Total interest-bearing debt/Total stockholders' equity	36%	40%
Net debt-to-equity ratio	Total interest-bearing debt less Cash and cash equivalents /Total stockholders' equity	13%	18%
Asset-to-equity ratio	Total assets/Total stockholders' equity	180%	181%
Interest coverage ratio	EBIT/Interest paid during the year	13x	20x
Return on equity	Net income attributable to equity holders/Average total stockholders' equity	23%	33%
Return on assets	Net income /Average total assets	15%	21%
Net profit margin	Net income /Revenue	30%	34%

DMCI HOLDINGS, INC.

MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

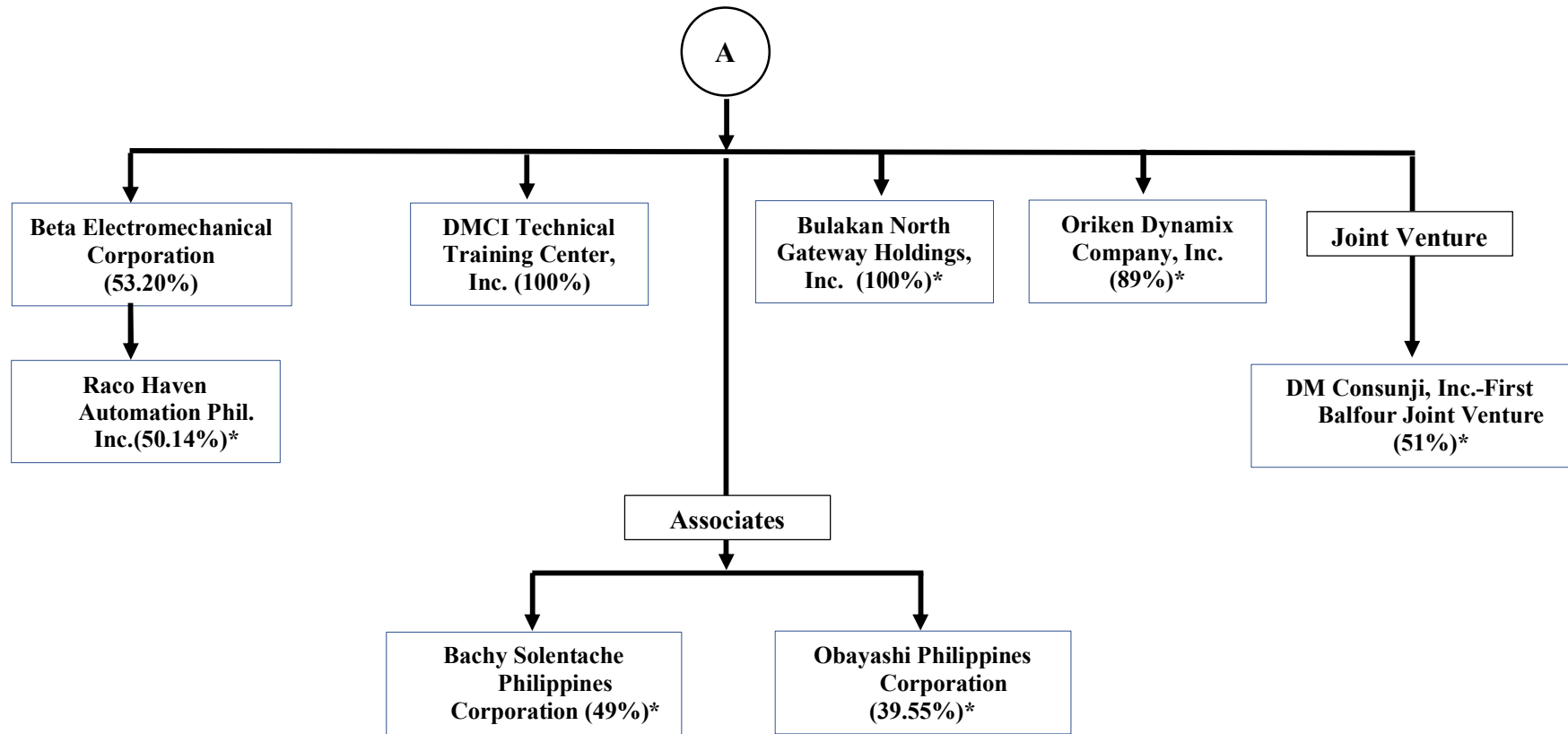
Group Structure

Below is a map showing the relationship between and among the Group as of December 31, 2023:

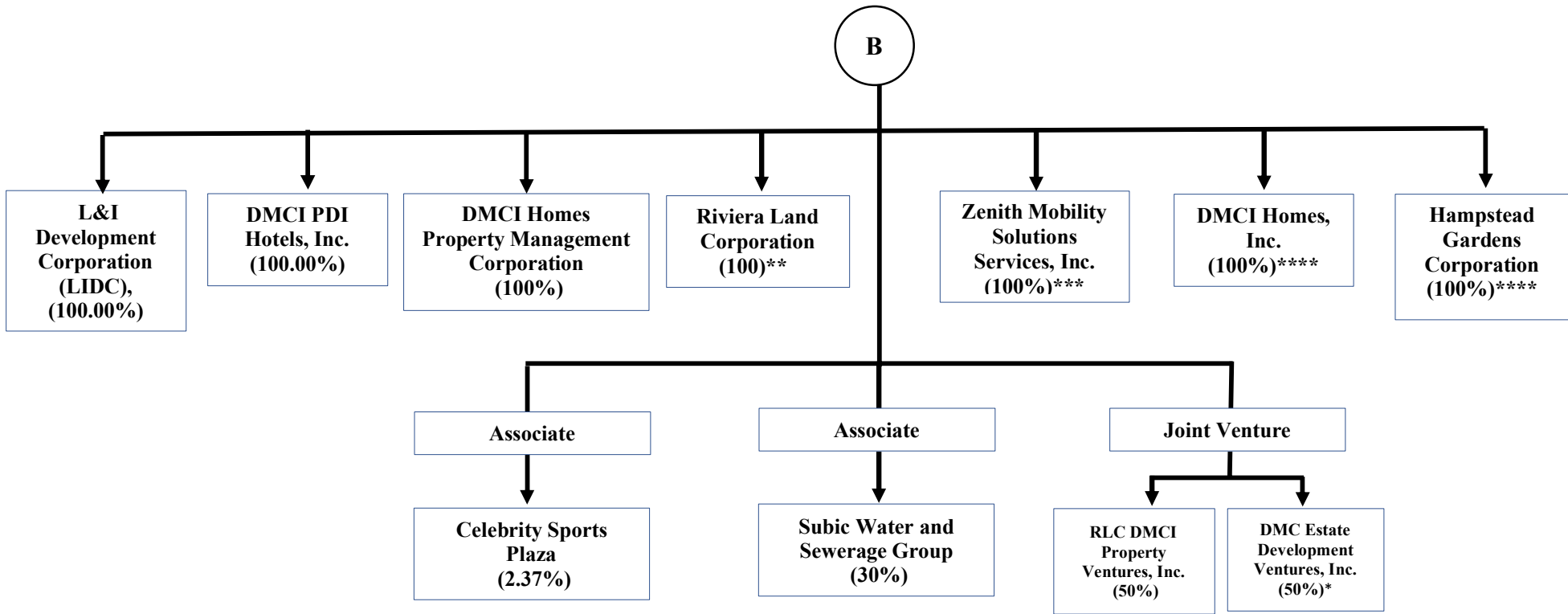


* Includes 16.02% investment of D.M. Consunji, Inc. to Wire Rope.

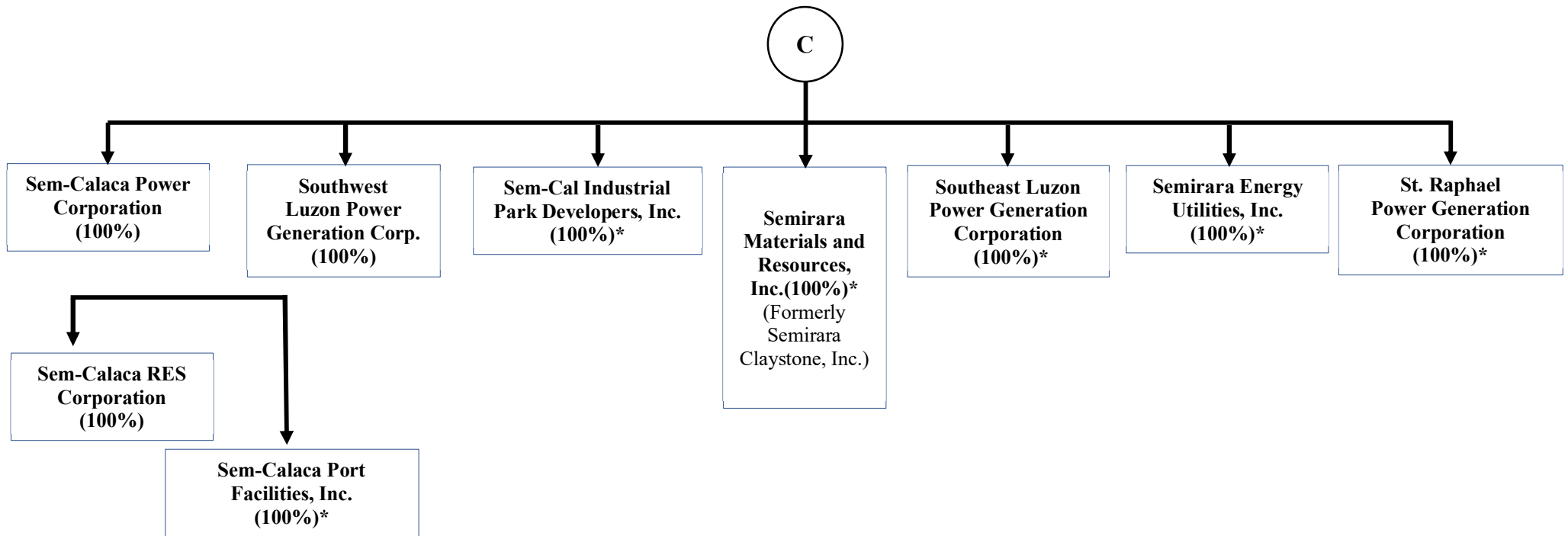
**Non-operating entity



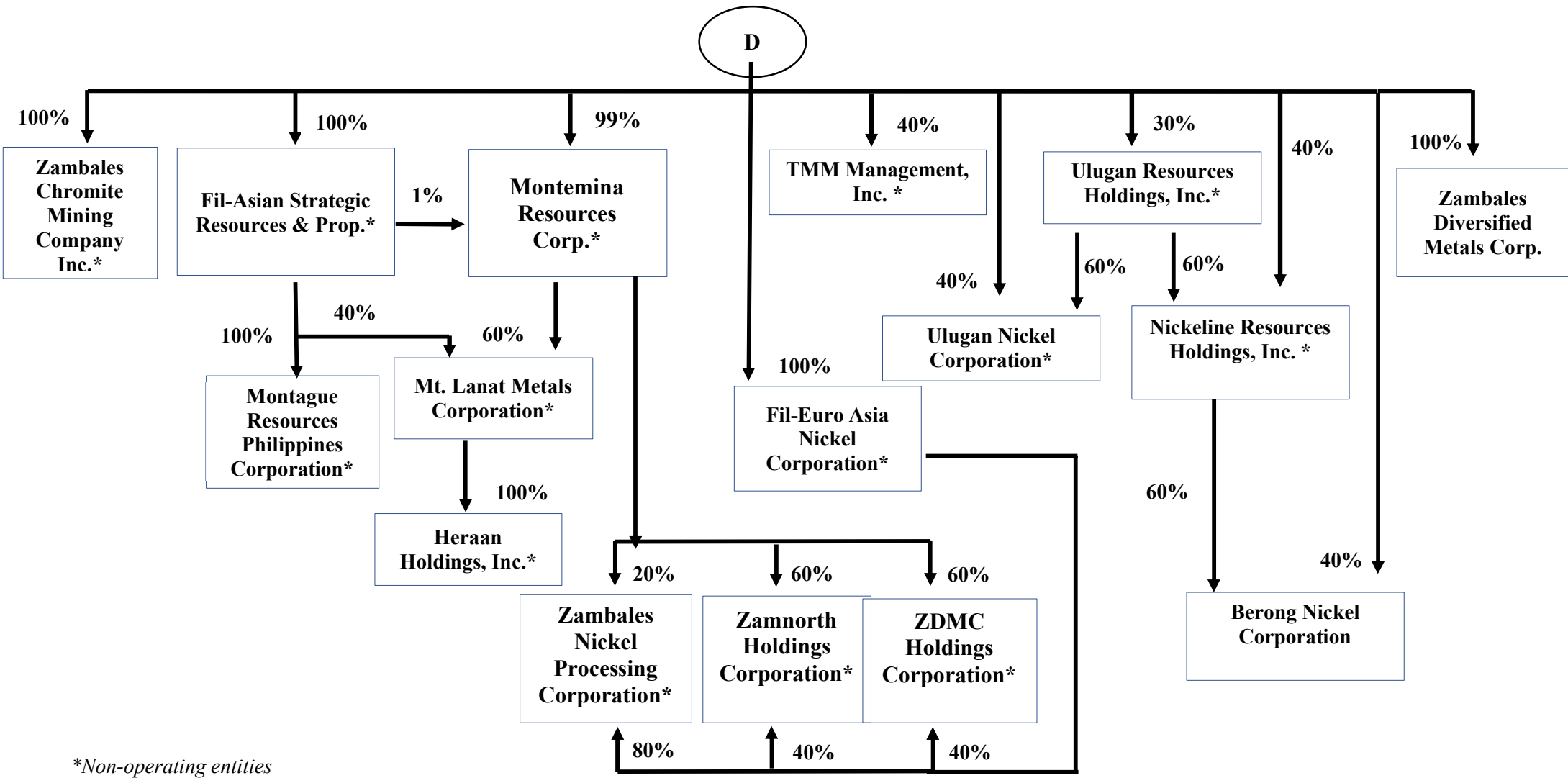
**Non-operating entities*



* Established in 2021
 ** Includes the 34.12% interest of DMCI
 *** Equity interest increased from 51% to 100% in 2020
 **** Liquidated as of December 31, 2023



**Non-operating entities*



**Non-operating entities*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)
 CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City
 TEL. NO.: 8888-3000 FAX NO.: _____
 COMPANY TYPE: Holding Company PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Consolidated Balance Sheet

FINANCIAL DATA	2023 (in P'000)	2022 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	247,995,223	240,759,984
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	154,948,096	143,691,397
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	32,158,078	28,408,474
A.1.1.1 On hand	27,401	23,557
A.1.1.2 In domestic banks/entities	8,211,582	8,420,891
A.1.1.3 Short-term investments	23,919,095	19,964,026
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	23,265,106	26,738,903
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	23,265,106	26,738,903
A.1.2.1.1 Due from customers (trade)	19,276,060	22,922,279
A.1.2.1.2 Due from related parties	2,450,235	1,049,028
A.1.2.1.3 Others, specify	3,351,305	4,548,792
A.1.2.1.3.1 Other receivables	3,351,305	4,548,792
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	(1,812,494)	(1,781,196)
A.1.2.2 Due from foreign entities, specify	-	-
A.1.2.2.1	-	-
A.1.2.2.2	-	-
A.1.2.2.3	-	-
A.1.2.2.4 Allowance for doubtful accounts (negative entry)	-	-
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5)	67,902,205	61,524,534
A.1.3.1 Real estate held for sale and development	51,342,601	46,738,228
A.1.3.2 Coal inventory	1,884,435	2,557,123
A.1.3.3 Equipment parts, materials & supplies in transit	14,605,576	12,207,491
A.1.3.4 Nickle Ore	69,593	21,692
A.1.3.5 Others, specify (A.1.3.5.1 + A.1.3.5.2)	-	-
A.1.3.5.1 Fuel, oil and chemical / Merchandising and Others	-	-
A.1.3.5.2 Allowance for inventory obsolescence	-	-
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)	229,671	186,586
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities:	-	-
A.1.4.1.1 National Government	-	-
A.1.4.1.2 Public Financial Institutions	-	-
A.1.4.1.3 Public Non-Financial Institutions	-	-
A.1.4.1.4 Private Financial Institutions	-	-
A.1.4.1.5 Private Non-Financial Institutions	-	-
A.1.4.2 Held to Maturity Investments - issued by domestic entities:	-	-
A.1.4.2.1 National Government	-	-
A.1.4.2.2 Public Financial Institutions	-	-
A.1.4.2.3 Public Non-Financial Institutions	-	-
A.1.4.2.4 Private Financial Institutions	-	-
A.1.4.2.5 Private Non-Financial Institutions	-	-

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)

CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City

TEL. NO.: 8888-3000

FAX NO.:

COMPANY TYPE : Holding Company

PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Consolidated Balance Sheet

FINANCIAL DATA	2023 (in P'000)	2022 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities:	-	-
A.1.4.3.1 National Government	-	-
A.1.4.3.2 Public Financial Institutions	-	-
A.1.4.3.3 Public Non-Financial Institutions	-	-
A.1.4.3.4 Private Financial Institutions	-	-
A.1.4.3.5 Private Non-Financial Institutions	-	-
A.1.4.4 Available-for-sale financial assets - issued by domestic entities:	229,671	186,586
A.1.4.4.1 National Government	-	-
A.1.4.4.2 Public Financial Institutions	-	-
A.1.4.4.3 Public Non-Financial Institutions	227,494	184,409
A.1.4.4.4 Private Financial Institutions	-	-
A.1.4.4.5 Private Non-Financial Institutions	2,177	2,177
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)	-	-
A.1.4.5.1 Financial Assets at Fair Value through Profit or Loss	-	-
A.1.4.5.2 Held-to-maturity Investments	-	-
A.1.4.5.3 Loans and Receivables	-	-
A.1.4.5.4 Available-for-sale Financial Assets	-	-
A.1.4.6 Allowance for decline in market value (negative entry)	-	-
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2)	31,393,036	26,832,900
A.1.5.1 Contract assets (including costs and estimated earnings in excess of billings on uncompleted contracts)	19,304,451	16,643,258
A.1.5.2 Other current assets	12,088,585	10,189,642
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8+ A.2.9)	53,673,801	57,638,317
A.2.1 Land and Land Improvements	3,465,824	3,286,101
A.2.2 Power Plant, Buildings and Building Improvements	68,573,731	67,699,924
A.2.3 Coal Mining Properties and Equipment	45,590,994	42,086,339
A.2.4 Construction Equipment, Machinery and Tools	14,679,851	14,198,246
A.2.5 Nickel Mining Properties and Equipment	5,722,925	5,727,626
A.2.6 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	4,827,326	4,336,684
A.2.5.1 Office Furniture, Fixtures and Equipment	1,172,227	979,580
A.2.5.2 Transportation Equipment	1,281,111	1,145,796
A.2.5.3 Leasehold Improvements	498,386	367,484
A.2.5.4 Construction in Progress	1,875,602	1,843,824
A.2.5.5 Others	-	-
A.2.7 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3)	-	-
A.2.6.1	-	-
A.2.6.2	-	-
A.2.6.3	-	-
A.2.8 Accumulated Depreciation (negative entry)	(89,186,850)	(79,696,603)
A.2.9 Impairment Loss or Reversal (if loss, negative entry)	-	-
A.3 Investments accounted for using the equity method (A.3.1)	19,091,633	18,195,324
A.3.1 Others, specify (A.3.1.1 + A.3.1.2 + A.3.1.3 + A.3.1.4)	19,091,633	18,195,324
A.3.1.1 Investment cost	1,146,469	1,146,469
A.3.1.2 Accumulated Equity in net earnings (losses)	17,951,867	17,008,752
A.3.1.3 Accumulated impairment loss (negative entry)	(6,798)	(6,798)
A.3.1.4 Share in other comprehensive income (loss)	95	46,901
A.4 Investment Property	86,739	101,894
A.5 Biological Assets	-	-
A.6 Intangible Assets (A.6.1 + A.6.2)	56,661	49,032
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	56,661	49,032
A.6.1.1 Software Cost	56,661	49,032
A.6.1.2 Others	-	-
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)	-	-
A.6.2.1	-	-
A.6.2.2	-	-
A.7 Assets Classified as Held for Sale	713,218	789,313
A.8 Assets included in Disposal Groups Classified as Held for Sale	-	-

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CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 8888-3000 FAX NO.: _____
COMPANY TYPE : Holding Company PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Consolidated Balance Sheet

FINANCIAL DATA	2023 (in P'000)	2022 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	10,839,030	12,765,717
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)	10,839,030	12,765,717
A.9.1.1 Contract assets	10,839,030	12,765,717
A.9.1.2	-	-
A.9.1.3	-	-
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)	-	-
A.9.2.1	-	-
A.9.2.2	-	-
A.9.2.3	-	-
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)	-	-
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4)	8,586,045	7,528,990
A.10.1 Deferred Tax Assets - net	922,891	554,597
A.10.2 Pension Assets	992,028	1,012,667
A.10.3 Others, specify (A.10.3.1 + A.10.3.2 + A.10.3.3 + A.10.3.4+A.10.3.5)	6,671,126	5,961,726
A.10.3.1 Exploration and evaluation asset	505,513	390,384
A.10.3.2 Right of use asset	140,629	116,945
A.10.3.3 Other Noncurrent Assets	6,024,984	5,454,397
A.10.4 Allowance for write-down of deferred charges/bad accounts (negative entry)	-	-
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	110,558,073	108,090,350
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6)	56,096,882	49,722,147
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4)	30,495,688	28,376,732
B.1.1.1 Suppliers and Subcontractors	12,865,016	14,718,661
B.1.1.2 Other Trade Payables	526,735	574,458
B.1.1.3 Accruals, specify material items (B.1.1.3.1 + B.1.1.3.2 + B.1.1.3.3)	9,566,103	8,551,886
B.1.1.3.1 Project costs	2,257,132	2,359,676
B.1.1.3.2 Payable to Department of Energy	3,336,570	2,169,247
B.1.1.3.3 Others	3,972,401	4,022,963
B.1.1.4 Others, specify (B.1.1.4.1 + B.1.1.4.2 + B.1.1.4.3 + B.1.1.4.4)	7,537,834	4,531,727
B.1.1.4.1 Output VAT Payable	3,588,058	2,710,821
B.1.1.4.2 Commission Payable	2,835,958	923,240
B.1.1.4.3 Payable to Related Parties	324,275	224,478
B.1.1.4.4 Others	789,543	673,188
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)	-	-
B.1.2.1	-	-
B.1.2.2	-	-
B.1.2.3	-	-
B.1.3 Provisions	-	-
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3)	8,961,153	8,848,489
B.1.4.1 Short-term Debt	1,547,386	1,129,418
B.1.4.2 Current Portion of Long-term Debt	6,660,721	6,758,448
B.1.4.3 Current Portion of Liabilities for Purchased Land	753,046	960,623
B.1.5 Liabilities for Current Tax	488,465	174,227
B.1.6 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.6.1 + B.1.6.2 + B.1.6.3)	16,151,576	12,322,699
B.1.6.1 Contract liabilities (including billings in excess of costs and estimated earnings on uncompleted contracts)	10,544,266	8,657,681
B.1.6.2 Other customers' advances and deposits	5,607,310	3,665,018
B.1.6.3 Any other current liability in excess of 5% of Total Current Liabilities, specify: (B.1.6.3.1 + B.1.6.3.2 + B.1.6.3.3)	-	-
B.1.6.3.1	-	-
B.1.6.3.2	-	-
B.1.6.3.3	-	-

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

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TEL. NO.: 8888-3000 FAX NO.: _____
COMPANY TYPE : Holding Company PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Consolidated Balance Sheet

FINANCIAL DATA	2023 (in P'000)	2022 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)	41,261,215	44,669,935
B.2.1 Domestic Public Financial Institutions	-	-
B.2.2 Domestic Public Non-Financial Institutions	-	-
B.2.3 Domestic Private Financial Institutions	41,261,215	44,669,935
B.2.4 Domestic Private Non-Financial Institutions	-	-
B.2.5 Foreign Financial Institutions	-	-
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)	-	-
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale	-	-
B.5 Other Liabilities (B.5.1 + B.5.2 + B.5.3 + B.5.4)	13,199,976	13,698,268
B.5.1 Liabilities for Purchased Land - net of current portion	538,221	844,078
B.5.2 Contract Liabilities	2,880,850	1,607,888
B.5.3 Deferred Tax Liabilities	6,434,245	6,245,576
B.5.4 Others, specify (B.5.4.1 + B.5.4.2)	3,346,660	5,000,726
B.5.4.1 Pension	334,982	148,850
B.5.4.2 Other Noncurrent Liabilities	3,011,678	4,851,876
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)	137,437,150	132,669,634
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)	20,000,000	20,000,000
C.1.1 Common shares 19,900,000,000 shares, P1.00 par value	19,900,000	19,900,000
C.1.2 Preferred Shares 100,000,000 shares, P1.00 par value	100,000	100,000
C.1.3 Others	-	-
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)	-	-
C.2.1 Common shares	-	-
C.2.2 Preferred Shares	-	-
C.2.3 Others	-	-
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	13,277,474	13,277,474
C.3.1 Common shares 13,277,470,000 issued and outstanding	13,277,470	13,277,470
C.3.2 Preferred Shares 3,780 issued shares, 960 shares outstanding	4	4
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	4,672,394	4,672,394
C.5 Non-controlling Interests	28,415,911	29,218,230
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3 + C.6.4)	281,408	314,387
C.6.1 Premium on Acquisition of Non-controlling Interests	(817,958)	(817,958)
C.6.2 Remeasurements on Retirement Plans - net of tax	899,283	975,442
C.6.3 Net Accumulated Unrealized Gains on AFS Financial Assets	174,698	131,613
C.6.4 Other equity	25,385	25,290
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus	-	-
C.8 Retained Earnings (C.8.1 + C.8.2)	90,797,032	85,194,218
C.8.1 Appropriated	-	-
C.8.2 Unappropriated	90,797,032	85,194,218
C.9 Head / Home Office Account (for Foreign Branches only)	-	-
C.10 Cost of Preferred Stocks Held in Treasury (negative entry)	(7,069)	(7,069)
TOTAL LIABILITIES AND EQUITY (B + C)	247,995,223	240,759,984

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIESNAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati CityTEL. NO.: 8888-3000

FAX NO.:

COMPANY TYPE : Holding Company

PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Consolidated Income Statement

FINANCIAL DATA	2023 (in P'000)	2022 (in P'000)	2021 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3 + A.4)	129,989,166	147,883,128	112,319,269
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)	122,829,114	142,599,693	108,342,869
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity Method	2,145,377	1,506,278	1,612,328
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	2,947,824	1,718,058	1,397,036
A.3.1 Forfeitures and cancellation of contracts	1,635,979	965,716	731,518
A.3.2 Rental income	376,915	213,221	168,397
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3)	934,930	539,121	497,121
A.3.3.1 Sale of fly ash	472,005	220,674	167,590
A.3.3.2 Others	462,925	318,447	329,531
A.3.3.3			-
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	2,066,851	2,059,099	967,036
A.4.1 Interest Income	1,989,202	858,495	394,817
A.4.2 Recoveries from insurance claims			-
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2)	197,706	69,346	201,804
A.4.3.1 Gain on sale of underdeveloped land	141,792	-	12,432
A.4.3.2 Gain on sale of property, plant and equipment - net	55,914	69,346	189,372
A.4.3.3 Gain on Financial Asset at Fair Value			-
A.4.4 Others, specify	(120,057)	1,131,258	370,415
A.4.4.1 Foreign exchange gain (loss)	(120,057)	1,131,258	370,415
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	-	-	-
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)	-	-	-
B.1.1 Direct Material Used	-	-	-
B.1.2 Direct Labor	-	-	-
B.1.3 Other Manufacturing Cost / Overhead	-	-	-
B.1.4 Goods in Process, Beginning	-	-	-
B.1.5 Goods in Process, End (negative entry)	-	-	-
B.2 Finished Goods, Beginning	-	-	-
B.3 Finished Goods, End (negative entry)	-	-	-
C. COST OF SALES (C.1+ C.2 +C.3+ C.4+ C.5+ C.6 +C.7 +C.8 +C.9 +C.10 +C.11)	40,788,056	42,497,596	37,600,121
C.1 Cost of real estate inventory	11,172,424	12,878,564	17,713,791
C.2 Fuel and lubricants	12,479,306	12,654,107	8,306,836
C.3 Materials and supplies	5,345,724	4,957,555	870,420
C.4 Depreciation and amortization	4,120,529	3,511,045	3,392,622
C.5 Direct labor	2,601,573	2,136,506	1,983,360
C.6 Commission	813,984	1,237,695	1,148,030
C.7 Outside services	937,362	694,432	536,426
C.8 Production overhead	1,566,306	2,730,719	703,504
C.9 Hauling, shiploading and handling costs	1,357,690	1,100,578	1,436,291
C.10 Provision for decommissioning and site rehabilitaton	-	-	-
C.11 Others	393,158	596,395	1,508,841
D. COST OF SERVICES (D.1 + D.2 + D.3 + D.4 + D.5 + D.6 + D.7 + D.8 + D.9)	26,381,969	26,010,348	32,065,910
D.1 Materials and supplies	6,388,265	6,602,942	9,845,238
D.2 Depreciation and amortization	4,256,717	3,844,624	4,810,755
D.3 Direct labor	3,503,916	3,211,400	4,882,082
D.4 Outside services	3,638,538	4,379,838	4,598,456
D.5 Production overhead	2,972,844	2,913,382	3,391,888
D.6 Fuel and lubricants	3,364,844	2,417,372	1,790,454
D.7 Spot purchases of electricity	880,726	1,885,581	2,187,503
D.8 Hauling, shiploading and handling costs	754,088	276,359	440,004
D.9 Others	622,031	478,850	119,530
E. GROSS PROFIT (A - B - C - D)	62,819,141	79,375,184	42,653,238

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)
CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 8888-3000 FAX NO.: _____
COMPANY TYPE : Holding Company PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Consolidated Income Statement

FINANCIAL DATA	2023 (in P'000)	2022 (in P'000)	2021 (in P'000)
F. OPERATING EXPENSES (F.1 + F.2 + F.3 + F.4)	20,700,298	25,066,956	14,087,696
F.2 Salaries, wages and employee benefits	2,349,526	2,496,604	2,270,021
F.1 Government share	10,682,608	15,963,371	6,354,771
F.3 Depreciation and amortization	253,083	462,234	471,282
F.4 Other Expenses, specify (F.4.1 + F.4.2 + F.4.3 + F.4.4 + F.4.5 + F.4.6 + F.4.7 + F.4.8 + F.4.9 + F.4.10 + F.4.11 + F.4.12 + F.4.13 + F.4.14 + F.4.15)	7,415,081	6,144,747	4,991,622
F.4.1 Taxes and licenses	1,719,400	1,502,194	1,491,415
F.4.3 Outside services	1,495,586	1,019,521	1,117,058
F.4.2 Repairs and maintenance	1,594,123	1,066,956	602,063
F.4.4 Insurance	510,434	419,820	328,223
F.4.6 Rent	206,086	166,350	170,860
F.4.5 Advertising and marketing	429,970	241,735	121,816
F.4.7 Communication, light and water	92,735	143,254	173,006
F.4.9 Entertainment, amusement and recreation	138,430	138,743	177,126
F.4.8 Transportation and travel	105,758	156,672	75,171
F.4.11 Supplies	267,182	228,389	167,592
F.4.10 Allowance for expected credit losses and probable losses assets	28,872	50,247	33,388
F.4.13 Association dues	162,153	233,330	90,470
F.4.14 Commission	-	15,328	12,638
F.4.12 Loss on writedown of ppe and other noncurrent assets	-	210,750	168,540
F.4.15 Miscellaneous	664,352	551,458	262,256
G. FINANCE COSTS	964,167	1,108,564	1,139,255
H. OTHER EXPENSES			
H.1 Impairment of goodwill	-	-	-
I. NET INCOME (LOSS) BEFORE TAX (E - F - G - H)	41,154,676	53,199,664	27,426,287
J. INCOME TAX EXPENSE (negative entry)	(4,317,762)	(4,723,689)	(1,759,163)
J. INCOME(LOSS) AFTER TAX	36,836,914	48,475,975	25,667,124
K. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)	-	-	-
L. PROFIT OR LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	12,114,542	17,388,491	7,272,893
M. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	24,722,372	31,087,484	18,394,231
N. EARNINGS (LOSS) PER SHARE			
N.1 Basic	1.86	2.34	1.39
N.2 Diluted	1.86	2.34	1.39

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: **DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)**
 CURRENT ADDRESS: **3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City**
 TEL. NO.: **8888-3000**
 COMPANY TYPE: **Holding Company**

FAX NO.: _____ PSIC: _____ PSIC: _____ PSIC: _____ #REF!

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

FINANCIAL DATA	(Amount in P'000)											
	Capital Stock	Additional Paid-in Capital	Treasury Shares Preferred	Unappropriated Retained Earnings	Appropriated Retained Earnings	Premium on Acquisition of Non-controlling Interest	Remeasurements on Retirement Plans	Net Accumulated Gains (Loss) on equity investments (FVOCI)	Other Equity	TOTAL	Attributable to Non-controlling Interests	TOTAL
A. Balance, 2020	13,277,474	4,672,394	(7,069)	64,391,833	-	(817,958)	149,316	99,131	(118,800)	81,646,321	19,556,450	101,202,771
B. Comprehensive Income	-	-	-	18,394,231	-	-	364,544	1,188	97,189	18,857,152	7,263,317	26,120,469
B.1 Net Income (Loss) for the Period	-	-	-	18,394,231	-	-	-	-	-	18,394,231	7,272,893	25,667,124
B.2 Other Comprehensive income	-	-	-	-	-	-	364,544	1,188	97,189	462,921	(9,576)	453,345
C. Dividends (negative entry)	-	-	-	(12,746,371)	-	-	-	-	-	(12,746,371)	(5,730,257)	(18,476,628)
D. Appropriation for (specify)	-	-	-	-	-	-	-	-	-	-	-	-
M.1 Capacity expansion and additional investment	-	-	-	-	-	-	-	-	-	-	-	-
M.2 Reversal of appropriation	-	-	-	-	-	-	-	-	-	-	-	-
E. Others	-	-	-	-	-	-	-	-	-	-	-	-
T.1 Acquisition of Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
T.2 Redemption of preferred shares	-	-	-	-	-	-	-	-	-	-	-	-
F. Balance, 2021	13,277,474	4,672,394	(7,069)	70,039,693	-	(817,958)	513,860	100,319	(21,611)	87,757,102	21,089,510	108,846,612
G. Comprehensive Income	-	-	-	31,087,484	-	-	461,582	31,294	46,901	31,627,261	17,401,561	49,028,822
G.1 Net Income (Loss) for the Period	-	-	-	31,087,484	-	-	-	-	-	31,087,484	17,388,491	48,475,975
G.2 Other Comprehensive income	-	-	-	-	-	-	461,582	31,294	46,901	539,777	13,070	552,847
I. Dividends (negative entry)	-	-	-	(15,932,959)	-	-	-	-	-	(15,932,959)	(9,272,841)	(25,205,800)
J. Appropriation for (specify)	-	-	-	-	-	-	-	-	-	-	-	-
I.1 Capacity expansion and additional investment	-	-	-	-	-	-	-	-	-	-	-	-
I.2 Reversal of appropriation	-	-	-	-	-	-	-	-	-	-	-	-
K. Others	-	-	-	-	-	-	-	-	-	-	-	-
K.1 Acquisition of Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
K.2 Redemption of preferred shares	-	-	-	-	-	-	-	-	-	-	-	-
L. Balance, 2022	13,277,474	4,672,394	(7,069)	85,194,218	-	(817,958)	975,442	131,613	25,290	103,451,404	29,218,230	132,669,634
M. Comprehensive Income	-	-	-	24,722,372	-	-	(76,159)	43,085	95	24,689,393	12,095,968	36,785,361
N.1 Net Income (Loss) for the Period	-	-	-	24,722,372	-	-	-	-	-	24,722,372	12,114,542	36,836,914
N.2 Other Comprehensive income (loss)	-	-	-	-	-	-	(76,159)	43,085	95	(32,979)	(18,574)	(51,553)
N. Dividends (negative entry)	-	-	-	(19,119,558)	-	-	-	-	-	(19,119,558)	(12,898,287)	(32,017,845)
O. Appropriation for (specify)	-	-	-	-	-	-	-	-	-	-	-	-
P.1 Capacity expansion and additional investment	-	-	-	-	-	-	-	-	-	-	-	-
P.2 Reversal of appropriation	-	-	-	-	-	-	-	-	-	-	-	-
P. Others	-	-	-	-	-	-	-	-	-	-	-	-
P.1 Acquisition of Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Q. Balance, 2022	13,277,474	4,672,394	(7,069)	90,797,032	-	(817,958)	899,283	174,698	25,385	109,021,239	28,415,911	137,437,150

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)

CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City

TEL. NO.: 8888-3000

FAX NO.:

COMPANY TYPE: Holding Company

PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Consolidated Cash Flow Statements

FINANCIAL DATA	2023 (in P'000)	2022 (in P'000)	2021 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax	41,154,676	53,199,664	27,426,287
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation, depletion and amortization	8,630,329	7,817,903	8,674,659
Amortization, specify:			
Others, specify:			
Finance costs	964,167	1,108,564	1,139,255
Unrealized market loss (gain) on financial assets at FVPL		-	-
Loss on writedown of ppe and other noncurrent assets	76,095	466,240	1,041
Net movement in retirement asset	80,460	171,771	(158,969)
Equity in net earnings of associates and joint ventures	(2,145,377)	(1,506,278)	(1,612,328)
Finance income	(1,989,202)	(858,495)	(394,817)
Loss (Gain) on sale property, plant and equipment	(55,914)	(69,346)	(189,372)
Net unrealized foreign exchange loss (gain)	217,125	(1,283,418)	174,050
Impairment of goodwill	-	-	-
Gain on sale of undeveloped land	(141,792)	-	(12,432)
Recoveries from insurance claims and claims from third party settlement	(31,884)		
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables and contract assets	3,224,211	(6,090,904)	(11,824,299)
Inventories	(4,866,708)	(5,372,448)	1,402,585
Other current assets	(1,898,943)	2,575,202	(2,471,300)
Others, specify:			
Increase (Decrease) in:			
Accounts payable and accrued expenses	2,787,862	(481,531)	4,253,926
Others, specify: Contract liabilities and other customers' advances and deposits	3,431,596	(81,212)	(272,686)
Liabilities for purchased land	(513,434)	233,332	(448,237)
Others, specify:			
Interest received	1,504,282	858,495	392,642
Income taxes paid	(3,998,389)	(6,354,377)	(2,198,634)
Interest paid and capitalized as cost of inventory	(1,858,629)	(1,611,318)	(1,407,899)
A. Net Cash Provided by Operating Activities (sum of above rows)	44,570,531	42,721,844	22,473,472
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, plant and equipment	(5,460,280)	(6,514,073)	(6,451,869)
Investments in associates, jointly controlled entity and others		-	(207,376)
Exploration and evaluation asset	(43,965)	(174,766)	(6,132)
Available-for-sale financial assets		-	-
Proceeds from disposals of:			
Property and equipment	86,777	93,684	469,388
Undeveloped land	1,339,286	-	-
Investment properties		-	19,320
Available-for-sale financial assets		-	-
Insurance claims and claims from third party settlement	31,884		
Others, specify: Dividends received	915,551	834,367	45,000
Decrease (Increase) in other noncurrent assets	(774,131)	(2,932,467)	1,662,636
Interest paid and capitalized as cost of property, plant and equipment	(74,143)	(1,188)	(3,162)
B. Net Cash Provided by Investing Activities (sum of above rows)	(3,979,021)	(8,694,443)	(4,472,195)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Short-term debt	917,968	1,065,655	350,000
Long-term debt	4,466,250	11,906,818	17,759,494
Payments of:			
Short-term debt	(500,000)	(975,600)	(5,110,697)
Long-term debt	(8,015,595)	(12,487,673)	(11,838,767)
Dividends paid to equity holders of DMCI Holdings, Inc	(19,119,558)	(15,932,959)	(12,746,371)
Dividends paid to non-controlling interests	(12,914,997)	(9,256,131)	(5,730,257)
Interest	(1,206,426)	(1,045,927)	(1,384,172)
Lease liabilities	(35,840)	(32,940)	(46,625)
Others, specify (negative entry):			
Purchase of non-controlling interest		-	-
Redemption of preferred shares		-	-
Increase (Decrease) in Other noncurrent liabilities	(216,583)	1,514,788	164,271
C. Net Cash Used in Financing Activities (sum of above rows)	(36,624,781)	(25,243,969)	(18,583,124)
D. Effects of Exchange Rate Changes on Cash and Cash Equivalents	(217,125)	1,283,023	5,416
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C + D)	3,749,604	10,066,455	(576,431)
Cash and Cash Equivalents			
Beginning of year	28,408,474	18,342,019	18,918,450
End of year	32,158,078	28,408,474	18,342,019

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

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From: eafs@bir.gov.ph <eafs@bir.gov.ph>

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Cc: April C. Ancheta <acancheta@dmcinet.com>

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Hi DMCI HOLDINGS, INC.,

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Company TIN: **004-703-376**

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Audited Financial Statement (AFS): EAFS004703376AFSTY122023.pdf
Form 1709 (RPT): EAFS004703376RPTTY122023.pdf
Others (OTH): EAFS004703376OTHTY122023.pdf
Tax Credits (TCR): EAFS004703376TCRTY122023-XX.pdf
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Period

Month

Year

Annual (TY) ▾

December (12) ▾

2023 ▾

Income Tax Return

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Audited Financial Statement

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Form 1709 and its attachments

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DMCI HOLDINGS
INCORPORATED

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

3rd floor
DACON Building
2281 Don Chino Roces Ave.
(formerly Pasong Tamo Ext.)
Makati City 1231, Philippines

(632) 8888 . 3000
E-MAIL
investors@dmcinet.com
WEBSITE
www.dmciholdings.com

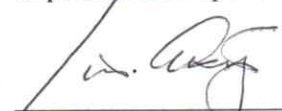
The management of **DMCI HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

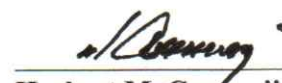
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.


SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



Isidro A. Consunji
Chairman of the Board/ President



Herbert M. Consunji
Executive Vice President/
Chief Finance Officer



Joseph Adelbert V. Legasto
Deputy Chief Finance Officer

Signed this March 05, 2024

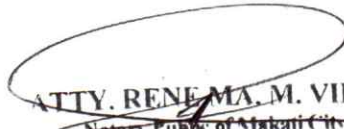
Subsidiaries:

D.M. Consunji, Inc.
DMCI Project Developers, Inc.
DMCI Power Corporation
DMCI Mining Corporation
Semirara Mining and Power Corporation
Maynilad Water Holdings, Inc.
Wire Rope Corporation of the Phils.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in
MAKATI CITY, this day of 17 MAY 2024.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal on
the date and place above written.

Doc No. 381
Page No. 78
Book No. LXV
Series No. 2024


ATTY. RENE M. M. VILLA
~~Notary Public of Makati City~~
Appointment No. AI-111
Until December 31, 2024
PTR No. MKT 10073904; 01-02-2024; Makati City
IBP Lifetime No. 013595; 12-27-2013; LC
Roll No. 37226
MCLC Compliance No. VII-0024195; 02-15-2022
Ground Floor, Makati Terraces Condominium
3650 Davila St., Brgy. Tejeros, Makati City 1202

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
DMCI Holdings, Inc.
3rd Floor, Dacon Building
2281 Chino Roces Avenue
Makati City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of DMCI Holdings, Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2023 and 2022, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) as described in Note 2 to the parent company financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the parent company financial statements which indicates that the parent company financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2023 parent company financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.



Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as disclosed in Note 2 to the parent company financial statements, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.



If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the parent company financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of DMCI Holdings, Inc. in a separate schedule. Such information is not a required part of the basic parent company financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. Our opinion on the basic parent company financial statements is not affected by the presentation of the information in a separate schedule.

SYCIP GORRES VELAYO & CO.



Jennifer D. Ticlao

Partner

CPA Certificate No. 109616

Tax Identification No. 245-571-753

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-110-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10082023, January 6, 2024, Makati City

March 5, 2024



DMCI HOLDINGS, INC.**PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱3,168,806,389	₱2,085,629,650
Receivables (Notes 5 and 11)	1,256,646,891	1,209,303,918
Other current assets (Note 8)	17,214,920	13,770,127
Total Current Assets	4,442,668,200	3,308,703,695
Noncurrent Assets		
Investments in subsidiaries and associate (Note 6)	15,449,837,512	15,449,837,512
Net pension asset (Note 12)	35,584,635	28,557,478
Property and equipment (Note 7)	5,153,025	7,211,429
Other noncurrent assets (Note 8)	10,488,747	10,488,747
Total Noncurrent Assets	15,501,063,919	15,496,095,166
	₱19,943,732,119	₱18,804,798,861
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 9)	₱113,803,400	₱75,116,605
Income tax payable	250	-
Total Current Liabilities	113,803,650	75,116,605
Noncurrent Liability		
Deferred tax liability - net (Note 15)	9,657,012	7,888,146
Total Liabilities	123,460,662	83,004,751
Equity		
Capital stock (Note 10)	13,277,473,780	13,277,473,780
Additional paid-in capital (Note 10)	4,672,393,925	4,672,393,925
Treasury shares - preferred (Note 10)	(7,068,577)	(7,068,577)
Retained earnings (Note 10)	1,879,145,326	785,259,249
Remeasurement losses on retirement plan - net of tax (Note 12)	(1,672,997)	(6,264,267)
Total Equity	19,820,271,457	18,721,794,110
	₱19,943,732,119	₱18,804,798,861

See accompanying Notes to Parent Company Financial Statements.



DMCI HOLDINGS, INC.**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31	
	2023	2022
REVENUE		
Dividend income (Notes 6 and 11)	₱20,188,710,278	₱15,747,622,145
Interest income (Notes 4 and 14)	144,853,046	48,882,642
	20,333,563,324	15,796,504,787
OTHER INCOME (Note 7)	49,305	79,284
	20,333,612,629	15,796,584,071
COSTS AND EXPENSES (Note 13)	90,465,307	108,270,010
INCOME BEFORE INCOME TAX	20,243,147,322	15,688,314,061
PROVISION FOR INCOME TAX (Note 15)	29,704,445	8,775,100
NET INCOME	20,213,442,877	15,679,538,961
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Item not to be reclassified to profit or loss in subsequent periods</i>		
Remeasurement gain (losses) on retirement plan (Note 12)	6,121,694	(6,041,895)
Income tax effect	(1,530,424)	1,510,474
	4,591,270	(4,531,421)
TOTAL COMPREHENSIVE INCOME	₱20,218,034,147	₱15,675,007,540
Basic/Diluted Earnings per share (Note 10)	₱1.52	₱1.18

See accompanying Notes to Parent Company Financial Statements.



DMCI HOLDINGS, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 10)	Additional Paid-in Capital (Note 10)	Treasury Shares - Preferred (Note 10)	Retained Earnings (Note 10)	Remeasurement Losses on Retirement Plans - net (Note 12)	Total
For the Year Ended December 31, 2023						
Balances as of January 1, 2023	₱13,277,473,780	₱4,672,393,925	(₱7,068,577)	₱785,259,249	(₱6,264,267)	₱18,721,794,110
Comprehensive income						
Net income	–	–	–	20,213,442,877	–	20,213,442,877
Other comprehensive gain (Note 12)	–	–	–	–	4,591,270	4,591,270
Total comprehensive income	–	–	–	20,213,442,877	4,591,270	20,218,034,147
Cash dividends declared (Note 10)	–	–	–	(19,119,556,800)	–	(19,119,556,800)
Balances as of December 31, 2023	₱13,277,473,780	₱4,672,393,925	(₱7,068,577)	₱1,879,145,326	(₱1,672,997)	₱19,820,271,457
For the Year Ended December 31, 2022						
Balances as of January 1, 2022	₱13,277,473,780	₱4,672,393,925	(₱7,068,577)	₱1,038,679,288	(₱1,732,846)	₱18,979,745,570
Comprehensive income						
Net income	–	–	–	15,679,538,961	–	15,679,538,961
Other comprehensive loss (Note 12)	–	–	–	–	(4,531,421)	(4,531,421)
Total comprehensive income	–	–	–	15,679,538,961	(4,531,421)	15,675,007,540
Cash dividends declared (Note 10)	–	–	–	(15,932,959,000)	–	(15,932,959,000)
Balances as of December 31, 2022	₱13,277,473,780	₱4,672,393,925	(₱7,068,577)	₱785,259,249	(₱6,264,267)	₱18,721,794,110

See accompanying Notes to Parent Company Financial Statements.



DMCI HOLDINGS, INC.**PARENT COMPANY STATEMENTS OF CASH FLOWS**

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱20,243,147,322	₱15,688,314,061
Adjustments for:		
Dividend income (Notes 6 and 11)	(20,188,710,278)	(15,747,622,145)
Interest income (Notes 4 and 14)	(144,853,046)	(48,882,642)
Depreciation and amortization (Notes 7 and 13)	3,360,215	2,276,346
Net pension income (Note 12)	(905,463)	(491,494)
Unrealized foreign currency exchange gains	(48,305)	–
Gain on sale of property and equipment (Note 7)	(1,000)	(79,284)
Operating loss before changes in working capital	(88,010,555)	(106,485,158)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	57,814	(603,168)
Other current assets	(3,444,792)	(4,232,229)
Increase in accounts and other payables	623,959	1,474,672
Net cash used for operations	(90,773,574)	(109,845,883)
Interest received	147,452,258	43,188,114
Income tax paid	(29,465,753)	(8,755,485)
Net cash provided by (used in) operating activities	27,212,931	(75,413,254)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received (Notes 5 and 11)	20,138,710,278	15,447,622,145
Acquisitions of property and equipment (Note 7)	(1,301,811)	(2,790,295)
Proceeds from sale of property and equipment (Note 7)	1,000	270,144
Collections of receivables from wholly owned subsidiary	–	610,622
Net cash provided by investing activities	20,137,409,467	15,445,712,616
CASH FLOWS FROM FINANCING ACTIVITY		
Payment for dividends (Notes 9, 10 and 18)	(19,081,493,964)	(15,901,028,982)
EFFECT OF FOREIGN CURRENCY RATE CHANGES IN CASH AND CASH EQUIVALENTS		
	48,305	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	1,083,176,739	(530,729,620)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
	2,085,629,650	2,616,359,270
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)		
	₱3,168,806,389	₱2,085,629,650

See accompanying Notes to Parent Company Financial Statements.



DMCI HOLDINGS, INC.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

DMCI Holdings, Inc. (the Parent Company) was incorporated on March 8, 1995 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 is a holding company which has investments in companies primarily engaged in general construction, coal and nickel mining, power generation, real estate development, and manufacturing of certain construction materials. In addition, the Parent Company has equity ownership in water concession business.

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

The accompanying parent company financial statements were approved and authorized for issue by the Board of Directors (BOD) on March 5, 2024.

2. Material Accounting Policy Information

Basis of Preparation

The accompanying parent company financial statements have been prepared using the historical cost basis and are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. All amounts are rounded to the nearest Peso, except for earnings per share and par value information or unless otherwise indicated.

Any other differences in the comparative amounts from the amounts in the parent company financial statements for the year ended December 31, 2023 are solely the result of reclassifications for comparative purposes and are not material.

Statement of Compliance

The Parent Company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) in response to COVID-19 pandemic.

The Parent Company also prepares and issues consolidated financial statements for the same period and presented in compliance with PFRS, as modified by the application of the financial reporting reliefs as issued and approved by SEC in response to COVID-19 pandemic.

The Parent Company's subsidiary, DMCI Project Developers, Inc. (PDI), has availed of the relief granted by the SEC under Memorandum Circular (MC) No. 34-2020 which further extended the deferral of PIC Q&A 2018-12-D (assessment if the transaction price includes a significant financing component) until December 31, 2023. PDI also availed of the relief granted by SEC under MC No. 34-2020 deferring the adoption of IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, *Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) until December 31, 2023.



The SEC MC No. 34-2020 deferring the adoption of the exclusion of land in the calculation of percentage of completion is not applicable to any of the Parent Company's real estate subsidiaries as they are already in full compliance with the requirements of the provisions of the Philippine Interpretations Committee Q&A No. 2018-12.

With the adoption of the above financial reporting reliefs, PDI continued to capitalize borrowing costs directly attributable to the acquisition or construction of its real estate inventories. This, however, has no direct financial impact in the parent company financial statements. The investments in subsidiaries are accounted in the parent company financial statements at cost (see material accounting policy information under Investments in Subsidiaries and Associate).

The consolidated financial statements are available at the registered office address of the Parent Company.

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the parent company financial statements are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements starting January 1, 2023. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these amendments to standards did not have a significant impact on the parent company financial statements.

- 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 have had an impact on the Parent Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the parent company financial statements.

- 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.

- 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).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

The temporary exception from recognition and disclosure of information deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

The amendments had no impact on the parent company financial statements as the Parent Company is not in scope of the Pillar Two model rules.

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

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*



Material Accounting Policies

The material accounting policies that have been used in the preparation of parent company financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Recognition and Measurement of Financial Instruments

Financial assets

a. Initial recognition

Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at fair value through other comprehensive income (FVOCI), or at fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. The Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or at FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test' and is performed at an instrument level.

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

The Parent Company's financial assets comprise of financial assets at amortized cost.

b. Subsequent measurement – Financial assets at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Parent Company's business model, the objective of which is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Parent Company classified cash and cash equivalents, receivables (excluding receivables from officers and employees) and refundable deposits as financial assets at amortized cost.



c. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired; or
- the Parent Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (i) the Parent Company has transferred substantially all the risks and rewards of the asset, or (ii) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Parent Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Parent Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Parent Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Parent Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

Financial liabilities

a. Initial recognition

Financial liabilities are classified, at initial recognition, either as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Parent Company's financial liabilities comprise of financial liabilities at amortized cost which includes accounts and other payables (except for statutory payables).

b. Subsequent measurement – Payables, loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.



c. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the parent company statements of financial position, if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the asset and settle the liability simultaneously. The Parent Company assesses that it has a currently enforceable right to offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Parent Company and all of the counterparties.

Impairment of Financial Assets

The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables, except for receivables from wholly owned subsidiaries where the Parent Company applies general approach, the Parent Company applies a simplified approach in calculating ECLs.

Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company establishes a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For receivable from wholly owned subsidiaries and refundable deposits, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Parent Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Parent Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Parent Company uses the ratings from Standard & Poor's (S&P) and Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.



In addition, the Parent Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Investments in Subsidiaries and Associate

The Parent Company's investments in its subsidiaries and associate are accounted for using the cost method in the parent company financial statements.

Investment in subsidiaries

A subsidiary is an entity over which the Parent Company has control. Control is achieved when the Parent Company is exposed, or has rights to, 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 Parent Company controls an investee if and only if the Parent Company has:

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

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary.

The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the investee arising after the date of acquisition. The Parent Company recognizes dividend from a subsidiary in profit or loss when its right to receive the dividend is established. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction from the cost of the investment.

Investment in an associate

An associate is an entity in which the Parent Company has significant influence, and which is neither a subsidiary nor a joint venture. An allowance is set up for any substantial and presumably permanent decline in the aggregate carrying value of the investment.

The Parent Company recognizes income from the investment only to the extent that it receives distributions from accumulated profits of the associate. The Parent Company recognizes dividend from an associate in profit or loss when its right to receive the dividend is established.

Other Assets

Other current and noncurrent assets, which are carried at cost, pertain to resources controlled by the Parent Company as a result of past events and from which future economic benefits are expected to flow to the Parent Company.

Prepaid expenses

Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments for annual membership dues paid by the Parent Company in advance.



Value-added tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the parent company statements of financial position. When input VAT exceeds output VAT, the excess is recognized as an asset in the parent company statements of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to, the taxation authority within 12 months from end of reporting period is presented as current; otherwise, the amount is presented as noncurrent.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including non-refundable import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged against expenses in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. All other repair and maintenance expenses are charged against current operations as incurred.

Depreciation of property and equipment commences once the assets are put into operational use. Depreciation is calculated on a straight-line method over the following estimated useful lives (EUL) of the respective assets:

	Years
Office furniture, fixtures and equipment	1-3
Transportation equipment	5
Leasehold improvement	5 or lease term, whichever is shorter

The residual values, useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged against current operations.

Impairment of Nonfinancial Assets

This accounting policy applies to the Parent Company's investment in subsidiaries and associate and property and equipment. The Parent Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not



generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For investment in subsidiaries and associate, the Parent Company considers certain indications of impairment such as significant decline in financial performance of the subsidiary and associate and significant negative industry or economic trends.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Parent Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss.

After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital stock and additional paid-in capital

Common and preferred shares are recognized at par value

Additional paid-in capital pertains to the excess of the total contributions received over the aggregate par values of the equity share. Incremental costs incurred directly attributable to the issuance of new shares are deducted from contributions received.

Retained earnings

Retained earnings represent accumulated earnings of the Parent Company, and any other adjustment required by other standards, less dividends declared.

Treasury shares

Treasury shares pertains to own equity instruments which are reacquired and are subsequently retired by the Parent Company. No gain or loss is recognized in the profit or loss upon on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value is debited to additional paid-in capital recognized when the shares were issued and to retained earnings for the remaining balance.

Other comprehensive income (OCI)

OCI are the remeasurements, which consist of the actuarial gains and losses during the year on the defined benefit obligations.

Revenue Recognition

The Parent Company operates as a holding company and derives its revenue from dividends and interests.



Revenues from contracts with customers are recognized when control of the services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for services. The Parent Company assessed that dividend income and interest income are not considered as revenue from contracts with customers.

The Parent Company has concluded that it is the principal in its revenue arrangements.

Dividend income

Dividend income is recognized when the Parent Company's right to receive payment is established, which is generally when shareholders approve the dividend. This is recognized as dividend income in the parent company statements of comprehensive income.

Interest income

Revenue is recognized as interest accrues (using the EIR that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Other income

Other income is recognized when earned.

Costs and Expenses

The Parent Company's costs and expenses are of the nature of general and administrative expenses that arise in the course of the ordinary operations of the Parent Company. These are recognized in the parent company statements of comprehensive income when incurred and are measured at the amount paid or payable.

Pension Expense

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service costs
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.



Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All remeasurements recognized in OCI account 'Remeasurement gains (losses) on retirement plan - net of tax' are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Parent Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences with certain exception. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized, or the liability is settled, based on tax rate and tax laws that have been enacted or substantially enacted at the financial reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.



Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to same taxable entity and the same tax authority.

Foreign Currency Transactions and Translations

The Parent Company financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. However, monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the financial reporting date. All differences are taken to profit or loss during the period of retranslation.

Rent Expense

Short-term lease

The Parent Company applies the short-term lease recognition exemption to its rental of storage space that has lease term of 12 months or less from the initial application date and do not contain a purchase option. Lease payments on this short-term lease are recognized as expense on a straight-line basis over the lease term.

Contingencies

Contingent liabilities are not recognized in the parent company financial statements. These are disclosed, unless the possibility of an outflow of resources embodying economic resources is remote. Contingent assets are not recognized but are disclosed in the parent company financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events up to the date of the auditor's report that provide additional information about the Parent Company's position at financial reporting date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the parent company financial statements when material.

3. Material Accounting Judgments, and Assumptions

The preparation of the parent company financial statements in compliance with PFRS requires management to make judgments and estimates that affect the amounts reported in the parent company financial statements and accompanying notes. The judgements, estimates and assumptions used in the accompanying parent company financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the parent company financial statements. Actual results could differ from such estimates.

Judgments

In the process of applying the Parent Company's accounting policies, management has made the following judgments, apart from those involving estimations which have the most significant effect on the amounts recognized in the parent company financial statements:

Management's Use of Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:



Estimating allowance for impairment losses on receivables

The Parent Company used a provision matrix to calculate ECLs for receivables, except for receivables from wholly owned subsidiaries. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Parent Company's historical observed default rates. The Parent Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and foreign exchange rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The above assessment did not result to additional allowance for expected credit losses.

Deferred taxes

Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon likely timing and level of future taxable income together with future planning strategies.

The Parent Company did not recognize deferred tax assets for NOLCO and temporary difference as management believes that there is no taxable profit or taxable temporary difference that will reverse before the expiration of NOLCO. The unrecognized deferred tax assets of the Parent Company amounted to ₱0.72 million and ₱0.73 million as of December 31, 2023 and 2022, respectively (see Note 15).

Impairment assessment of investments in subsidiaries and associate

The Parent Company assesses the impairment of investments in subsidiaries and associate whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Parent Company considers important which could trigger an impairment review include the following:

- a. deteriorating or poor financial condition;
- b. recurring net losses; and,
- c. significant charges with an adverse effect on the subsidiaries or associate.

When indicators exist, an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

The Parent Company has an investment in Maynilad Water Holdings Company, Inc. (MWHCI), 90% of net income of which is derived from Maynilad Water Services, Inc. (MWSI).

On May 18, 2021, the Revised Concession Agreement (RCA) has been executed and signed by the representative parties of MWSI and Metropolitan Waterworks and Sewerage System (MWSS). On December 10, 2021, Republic Act 11600 was signed into law. On December 14, 2021, Maynilad Water again requested the MWSS Board to defer the RCA's Effective Date by another two months (until February 16, 2022) or until the Republic Letter of Undertaking is issued. On June 30, 2022, Maynilad received MWSS's letter of even date informing Maynilad Water that the DOF has issued the Republic Undertaking dated June 24, 2022 signed by the Executive Secretary and the DOF Secretary.

Maynilad Water wrote the MWSS on July 1, 2022 informing them that the signed Republic Letter of Undertaking does not conform to the agreed form in the RCA, and, thus, Section 16.3 (iii) (c) of the RCA has not been satisfied.



In a subsequent letter dated September 14, 2022, Maynilad proposed to the MWSS certain amendments to the RCA, which includes: (a) reinstatement of the Foreign Currency Differential Adjustment mechanism; (b) reinstatement of the full Consumer Price Index Adjustment; and (c) review of the exclusions from the Material Adverse Government Action provision.

On May 10, 2023, MWSS and Maynilad signed the Amendments to the RCA which took effect retroactively on June 29, 2022. Along with the Amendments to the RCA, the Letter of Undertaking in the form agreed by the parties was also issued. The Letter of Undertaking's effectivity retroacts to July 1, 2022.

Pursuant to the requirement for a public hearing, Maynilad and the MWSS Regulatory Office (RO) conducted a public hearing/consultation on December 4, 2023 at the World Trade Center in Pasay City. Maynilad understands that both the MWSS RO and the MWSS Board of Trustees (BOT) have approved Maynilad's 10-year extension application. However, the RCA requires that any amendment to any of its provisions be acknowledged by the Republic of the Philippines acting through the Secretary of Finance. As at February 27, 2024, the acknowledgment is still pending.

Estimating pension obligation and other retirement benefits

The cost of defined benefit pension plans, and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These assumptions are described in Note 12 and include among others, the determination of the discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases are based on expected future inflation rates for the specific country and other relevant factors. As of December 31, 2023, and 2022, net pension assets amounted to ₱35.58 million and ₱28.56 million, respectively (see Note 12).

4. Cash and Cash Equivalents

	2023	2022
Cash on hand and in banks	₱90,229,823	₱61,436,970
Cash equivalents	3,078,576,566	2,024,192,680
	₱3,168,806,389	₱2,085,629,650

Cash in banks earn interests at the respective bank deposit rates. Cash equivalents are short-term placements made for varying periods of up to three (3) months, depending on the immediate cash requirements of the Parent Company, and earn annual interest ranging from 0.25% to 6.50% and from 0.48% to 1.5% in 2023 and 2022, respectively.

Interest income earned from cash and cash equivalents amounted to ₱144.85 million and ₱48.88 million, in 2023 and 2022, respectively (see Note 14). As of December 31, 2023 and 2022, accrued interest from cash and cash equivalents amounted to ₱3.85 million and ₱6.45 million, respectively (see Note 5).



5. Receivables

	2023	2022
Dividends receivable (Note 11)	₱1,250,000,000	₱1,200,000,000
Accrued interest receivable (Note 4)	3,848,059	6,447,271
Receivable from wholly owned subsidiaries (Note 11)	2,593,366	2,593,366
Receivables from officers and employees	496,580	602,395
Other receivables (Note 11)	2,523,644	2,475,644
	1,259,461,649	1,212,118,676
Less allowance for impairment losses	2,814,758	2,814,758
	₱1,256,646,891	₱1,209,303,918

Dividend receivable pertains to the dividend income from the Parent Company's subsidiaries and associate that are yet to be collected (see Note 11).

Accrued interest receivable pertains to the accrual of interest from cash equivalents. These are expected to be collected upon maturity of the short-term placements (see Note 4).

Receivables from wholly owned subsidiaries and other receivables are composed of reimbursements and organization costs from subsidiaries (see Note 11).

Receivables from officers and employees pertain to uncollected advances which are collected through salary deduction.

The Parent Company's receivables are expected to be realized and fall due within one year after the reporting period.

As of December 31, 2023 and 2022, the allowance for impairment losses relates to receivables from a subsidiary amounting to ₱2.46 million and receivables from officers and employees amounting to ₱0.35 million.

6. Investments in Subsidiaries and Associate

This account consists of the following investments accounted for under the cost method and related percentages of ownership as of December 31, 2023 and 2022:

	Principal Activity	Effective Ownership (In Percentage)	Amount
Subsidiaries			
Semirara Mining and Power Corporation (SMPC)	Mining and power generation	56.65%	₱4,375,297,241
DMCI Project Developers, Inc. (PDI)	Real estate developer	100.00	3,463,930,031
D.M. Consunji, Inc. (DMCI)	General construction	100.00	2,113,493,074
DMCI Mining Corporation (DMC)	Mining	100.00	2,077,086,632
DMCI Power Corporation (DPC)	Power generation	100.00	1,000,000,000
Wire Rope Corporation of the Philippines (Wire Rope)*	Steel wire manufacturing	45.60	22,010,775
Semirara Cement Corporation (SemCem)**	Cement manufacturing	100.00	1,999,400
Associate			
Maynilad Water Holding Company, Inc. (MWHCI)	Investment holding for water concessionaire	27.19	2,396,020,359
			₱15,449,837,512

*Includes 16.03% ownership interest of DMCI

**Incorporated on January 29, 1998 and has not yet started commercial operations.



The subsidiaries and associate are all incorporated in the Philippines. The voting rights held by the Parent Company in these subsidiaries and associate are in proportion of its ownership interest.

Dividend income from the Parent Company's subsidiaries and associate amounted to ₱20,188.71 million and ₱15,747.62 million in 2023 and 2022, respectively (see Note 11).

7. Property and Equipment

Rollforward of the account follow:

	2023			
	Office Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost				
Balances at beginning of year	₱11,401,173	₱10,946,639	₱13,619,002	₱35,966,814
Additions	704,490	597,321	–	1,301,811
Disposals	(44,643)	–	–	(44,643)
Balances at end of year	12,061,020	11,543,960	13,619,002	37,223,982
Accumulated depreciation				
Balances at beginning of year	10,205,096	5,337,365	13,212,924	28,755,385
Depreciation (Note 13)	862,860	2,304,701	192,654	3,360,215
Disposals	(44,643)	–	–	(44,643)
Balances at end of year	11,023,313	7,642,066	13,405,578	32,070,957
Net Book Value	₱1,037,707	₱3,901,894	₱213,424	₱5,153,025

	2022			
	Office Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost				
Balances at beginning of year	₱10,843,020	₱10,690,211	₱13,619,002	₱35,152,233
Additions	558,153	2,232,142	–	2,790,295
Disposals	–	(1,975,714)	–	(1,975,714)
Balances at end of year	11,401,173	10,946,639	13,619,002	35,966,814
Accumulated depreciation				
Balances at beginning of year	9,579,533	5,664,090	13,020,270	28,263,893
Depreciation (Note 13)	625,563	1,458,129	192,654	2,276,346
Disposals	–	(1,784,854)	–	(1,784,854)
Balances at end of year	10,205,096	5,337,365	13,212,924	28,755,385
Net Book Value	₱1,196,077	₱5,609,274	₱406,078	₱7,211,429

In 2023 and 2022, the Parent Company disposed property and equipment for ₱1,000 and ₱0.27 million, respectively. Gain recognized from the sale amounted to ₱1,000 and ₱0.08 million in 2023 and 2022, respectively. There are no property and equipment pledged as security to any of the Parent Company's liabilities as of December 31, 2023 and 2022.

As of December 31, 2023 and 2022, costs of fully depreciated property and equipment still in use amounted to ₱25.38 million and ₱25.42 million, respectively.



8. Other Assets

Other Current Assets

	2023	2022
Prepaid VAT - Input	₱12,437,176	₱9,383,213
Refundable deposits (Note 16)	2,604,709	2,604,709
Prepaid expenses	2,173,035	1,782,205
	₱17,214,920	₱13,770,127

Other Noncurrent Assets

	2023	2022
Development cost	₱8,289,674	₱8,289,674
Golf club share	1,757,500	1,757,500
Others - net	441,573	441,573
	₱10,488,747	₱10,488,747

Prepaid VAT - Input pertains to the 12% indirect tax paid by the parent company in the course of the trade or business on local purchase of goods or services.

Refundable deposits pertain to the security deposit made by the Parent Company to its lessor which is due and demandable upon expiration of the related lease contract.

Prepaid expenses consist mainly of prepayments for annual membership fees in Golf shares.

Development cost pertains to the expenses incurred from the research and analysis of possible new business venture (cement business).

Golf club share consists of the share owned by the company in Golf and Country Club.

Others pertain to the Parent Company's deferred charges.

9. Accounts and Other Payables

	2023	2022
Dividends payable (Notes 10 and 18)	₱99,663,250	₱61,600,414
Accrued professional fees	7,890,029	7,384,666
Trade payables	1,907,333	1,937,649
Others	4,342,788	4,193,876
	₱113,803,400	₱75,116,605

Dividends payable pertains to the amount declared for dividend distributions that remains outstanding as of December 31, 2023 and 2022. These are expected to be settled within one (1) year from the date of declaration. The Parent Company paid cash dividends amounting to ₱19,081.49 million and ₱15,901.03 million in 2023 and 2022, respectively.

Accrued professional fees relate to accruals of legal and audit fees that are noninterest-bearing and are normally settled within the next 12 months.



Trade payables comprised of unclaimed checks of various suppliers or service providers subject to reissuances upon compliance to the requirements of the Parent Company. These are noninterest-bearing and are normally settled within one (1) year.

Others include subscription payable to a subsidiary (see Note 11) and statutory obligations such as withholding taxes and other liabilities.

10. Equity

Capital Stock

The Parent Company's capital stock as of December 31, 2023 and 2022 consists of:

	Authorized Capital Stock	Outstanding
Common shares, ₱1 par value	19,900,000,000	13,277,470,000
Preferred shares, ₱1 par value	100,000,000	3,780
Less: Treasury shares, ₱2,500 per share		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.

Below is the summary of the Parent Company's track record of registration of securities with the SEC as of December 31, 2023:

	Number of Shares Registered (in billions)	Number of holders of securities as of year end
December 31, 2021	13.28	727
Add/(Deduct) Movement	-	(28)
December 31, 2022	13.28	699
Add/(Deduct) Movement	-	8
December 31, 2023	13.28	707

Retained Earnings

In accordance with SEC Memorandum Circular No. 11 issued in December 2008, the Parent Company's retained earnings available for dividend declaration as of December 31, 2023 and 2022 amounted to ₱1,879.15 million and ₱785.26 million, respectively.

The Parent Company's retained earnings is restricted to the extent of the cost of the treasury shares which amounted to ₱7.07 million as of December 31, 2023 and 2022.



Dividend declaration

The Parent Company's BOD approved the declaration of cash dividends in favor of all its stockholders as follows:

	2023	2022
March 29, 2023, ₱0.61 per share regular cash dividend to shareholders on record as of April 17, 2023, payable on or before April 28, 2023.	₱8,099,256,700	
March 29, 2023, ₱0.11 per share regular cash dividend to shareholders on record as of April 17, 2023, payable on or before April 28, 2023.	1,460,521,700	
October 10, 2023, ₱0.72 per share regular cash dividend to shareholders on record as of October 24, 2023, payable on or before November 09, 2023.	9,559,778,400	
April 1, 2022, ₱0.34 per share regular cash dividend to shareholders on record as of April 19, 2022, payable on or before April 29, 2022.		₱4,514,340,000
April 1, 2022, ₱0.14 per share regular cash dividend to shareholders on record as of April 19, 2022, payable on or before April 29, 2022.		1,858,846,000
October 18, 2022, ₱0.72 per share regular cash dividend to shareholders on record as of November 2, 2022, payable on or before November 16, 2022.		9,559,773,000
	₱19,119,556,800	₱15,932,959,000

As of December 31, 2023, and 2022, outstanding dividend payable of the Parent Company to shareholders amounted to ₱99.66 million and ₱61.60 million, respectively (see Note 9).

Capital Management

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

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Parent Company is not subject to any externally imposed capital requirements.

The following table shows the component of the Parent Company's capital as of December 31, 2023 and 2022.

	2023	2022
Total paid-up capital	₱17,942,799,128	₱17,942,799,128
Retained earnings	1,879,145,326	785,259,249
	₱19,821,944,454	₱18,728,058,377



Earnings per share - basic/diluted are computed as follows:

	2023	2022
Net income	₱20,213,442,877	₱15,679,538,961
Weighted average number of common shares	13,277,470,000	13,277,470,000
Basic/diluted earnings per share	₱1.52	₱1.18

The Parent Company does not have potential dilutive common stock equivalents in 2023 and 2022.

11. Related Party Transactions

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 with related parties are generally settled in cash, unless otherwise specified.

In the regular course of business, the Parent Company's significant transactions with related parties include the following:

		2023		
	Transaction Amount	Outstanding Balance	Terms	Conditions
a) Receivable from wholly owned subsidiary	₱-	₱2,593,366	Noninterest-bearing; due and demandable	Unsecured, no impairment
b) Dividends (Note 6)	20,188,710,278	1,250,000,000	Noninterest-bearing; due and demandable	Unsecured, no impairment
c) Other Receivables	48,000	2,523,644	Noninterest-bearing; due and demandable	Unsecured, with impairment
Receivable (Note 5)		₱1,255,117,010		
d) Subscription payable (Note 9)	-	₱1,000,000	Noninterest-bearing; due and demandable	Unsecured, no impairment

		2022		
	Transaction Amount	Outstanding Balance	Terms	Conditions
a) Receivable from wholly-owned subsidiary	₱-	₱2,593,366	Noninterest-bearing; due and demandable	Unsecured, no impairment
b) Dividends (Note 6)	15,747,622,145	1,200,000,000	Noninterest-bearing; due and demandable	Unsecured, no impairment
c) Other receivables	-	2,475,644	Noninterest-bearing; due and demandable	Unsecured, with impairment
Receivable (Note 5)		₱1,205,069,010		
d) Subscription payable (Note 9)	-	₱1,000,000	Noninterest-bearing; due and demandable	Unsecured, no impairment

Significant transactions with related parties follow:

- (a) Receivable from a wholly owned subsidiary consists of reimbursements and organization costs. Gross receivables from these subsidiaries amounted to ₱2.59 million in 2023 and 2022.
- (b) Dividend income from the Parent Company's subsidiaries and associate recognized in the parent company statements of comprehensive income amounted to ₱20,188.71 million and ₱15,747.62 million in 2023 and 2022, respectively.



- (c) Other receivables pertain to the Parent Company's advances for subsidiary's pre-operating costs amounted to ₱2.52 million and ₱2.48 million in 2023 and 2022, respectively.
- (d) As of December 31, 2023 and 2022, outstanding subscription payable to a subsidiary amounted to ₱1.00 million, and was presented as "Others" under Accounts and Other Payables in the parent company statements of financial position.

Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

The Parent Company has approval process and established limits when entering into material related party transactions. The Related Party Transaction Review Committee shall approve all material related party transactions before their commencement. Material related party transactions shall be identified taking into account the related party registry. Transactions amounting to 10% or more of the total assets of the Parent Company that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process requirement.

The Parent Company applies a general approach in calculating the ECL. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel

The key management personnel of the Parent Company include all directors, executive and non-executive, and senior management personnel. The details of the compensation and benefits of key management personnel for 2023 and 2022 follows:

	2023	2022
Short-term employee benefits	₱14,855,321	₱12,771,694
Post-employment benefits	(6,312,834)	5,068,805
	₱8,542,487	₱17,840,499

There are no agreements between the Parent Company and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Parent Company's pension plan.

12. Employee Benefits

The Parent Company has a funded, noncontributory, defined benefit plan covering substantially all of its regular employees.



Provisions for pension obligations are established for benefits payable in the form of retirement pensions. Benefits are dependent on years of service and the respective employee's final compensation. The Parent Company updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary. The latest actuarial valuation report of the retirement plans was made as of December 31, 2023.

The Parent Company is a participant to the DMCI Multiemployer Retirement Plan (the Plan) which is administered separately by an appointed trustee bank and under the supervision of the Board of Trustees (BOT) of the Plan. The responsibilities of the BOT, among others, include the following:

- To hold, invest and reinvest the fund for the exclusive benefits of the members and beneficiaries of the retirement plan and for this purpose the BOT is further authorized to designate and appoint a qualified Investment Manager with such powers as may be required to realize and obtain maximum yield on investment of the fund; and,
- To make payments and distributions in cash, securities and other assets to the members and beneficiaries of the Plan.

Under the existing regulatory framework, Republic Act 7641, *Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Components of net pension expense (included in "Salaries, wages and employee benefits" account) and net pension income:

	2023	2022
Current service cost	₱1,093,561	₱1,076,561
Interest on the effect of asset ceiling	5,073,517	1,969,795
Net interest income	(7,072,541)	(3,537,850)
Net pension income	(₱905,463)	(₱491,494)

Net pension assets for the retirement plan follow:

	2023	2022
Fair value of plan assets	₱157,085,172	₱155,774,001
Present value of defined benefit obligation	(56,750,219)	(54,737,694)
Surplus	100,334,953	101,036,307
Effect of asset ceiling	(64,750,318)	(72,478,829)
Net pension assets	₱35,584,635	₱28,557,478

Movements in the fair value of plan assets follow:

	2023	2022
Balance at beginning of year	₱155,774,001	₱124,447,749
Interest income	10,904,180	5,895,334
Benefits paid	-	(2,743,783)
Remeasurement gains (losses)	(9,593,009)	28,174,701
Balance at end of year	₱157,085,172	₱155,774,001



Changes in the present value of the defined benefit obligation follow:

	2023	2022
Balance at beginning of year	₱54,737,694	₱49,216,791
Current service cost	1,093,561	1,076,561
Interest expense	3,831,639	2,357,484
Benefits paid	-	(2,743,783)
Remeasurement losses (gains) arising from:		
Changes in financial assumptions	772,560	(1,772,573)
Changes in demographic assumptions	69,417	107,969
Experience adjustments	(3,754,652)	6,495,245
Balance at end of year	₱56,750,219	₱54,737,694

Movements in the effect of asset ceiling follow:

	2023	2022
Balance at beginning of year	₱72,478,829	₱41,123,079
Interest on the effect of asset ceiling	5,073,517	1,969,795
Changes in the effect of asset ceiling	(12,802,028)	29,385,955
Balance at end of year	₱64,750,318	₱72,478,829

Movements in net pension assets follow:

	2023	2022
Balance at beginning of year	(₱28,557,478)	(₱34,107,879)
Defined benefit income recognized in profit and loss	(905,463)	(491,494)
Defined benefit loss (income) recognized in OCI	(6,121,694)	6,041,895
Balance at end of year	(₱35,584,635)	(₱28,557,478)

As of December 31, 2023 and 2022, the Parent Company's plan assets consist primarily of the following:

	2023	2022
Cash and cash equivalents		
Cash in banks	₱33,741,888	₱76
Time deposits	-	19,700,396
	33,741,888	19,700,472
Investments in stocks		
Common shares of domestic corporations		
Quoted	-	60,160,157
Unquoted	-	14,100,260
Quoted preference shares of domestic corporations	380,750	10,463,625
	380,750	84,724,042

(Forward)



	2023	2022
Investment in government securities		
Fixed rate treasury notes (FXTNs)	₱49,647,017	₱32,320,629
Retail treasury bonds (RTBs)	-	7,524,388
Treasury bills (T-bills)	72,153,577	-
	121,800,594	39,845,017
Investment in other securities and debt instruments		
AAA rated debt securities	-	10,042,271
Other receivables	1,161,940	1,495,641
Accrued trust fees and other payables	-	(33,442)
Fair value of plan assets	₱157,085,172	₱155,774,001

Trust fees paid amounted to ₱0.40 million and ₱0.10 million in 2023 and 2022, respectively.

The composition of the fair value of the plan assets includes:

- *Cash and cash equivalents* - include savings and time deposit with affiliated bank and special deposit account with Bangko Sentral ng Pilipinas Special Deposit Account (BSP SDA).
- *Investment in stocks* - includes investment in common and preferred shares traded in the Philippine Stock Exchange.
- *Investment in government securities* - include investment in Philippine RTBs and FXTNs.
- *Investments in other securities and debt instruments* - include investment in long-term debt notes and retail bonds.
- *Other receivables* - pertain to interest and dividends receivable on the investments in the fund.
- *Accrued trust fees and other payables* - pertain mainly to charges of trustor in the management of the plan.

The cost of defined benefit pension plans, and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The assumptions used to determine pension benefits of the Parent Company follow:

	2023	2022
Discount rate	6.09%	7.00%
Salary rate increase	6.00%	6.00%

The average duration (average number of years) of the defined benefit obligation is 1.6 years and 1.3 years as of December 31, 2023 and 2022, respectively.

The Parent Company does not expect to contribute into the pension fund for the next 12 months.

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the defined benefit obligation at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the defined benefit obligation.



It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

	2023	
		Increase (decrease) in defined benefit liability
Discount rates	+100 basis points	(₱843,743)
	-100 basis points	973,875
Future salary increases	+1.70%	964,981
	-1.50%	(851,898)
	2022	
Discount rates	+100 basis points	(₱639,327)
	-100 basis points	733,500
Future salary increases	+1.30%	733,500
	-1.20%	(650,595)

The BOT of the Plan ensures that its assets are available to fulfill its obligation of paying retirement as it falls due. This is done by ensuring that its assets are easily disposable and can easily be converted to cash. The Parent Company is not required to pre-fund the future benefits under the Plan before they come due. For that reason, the amount and timing of contributions to the Retirement Fund are at the Parent Company's discretion. However, in the event a benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable from the Parent Company to the Retirement Fund.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31:

	2023	2022
Less than 1 year	₱48,542,652	₱48,465,813
More than 1 year to 5 years	629,978	659,647
More than 5 years to 10 years	6,205,278	6,256,707
	₱55,377,908	₱55,382,167

There are no plan amendments, curtailments or settlements in 2023 and 2022.



13. Costs and Expenses

This account consists of the following general and administrative expenses:

	2023	2022
Professional fees	₱28,463,392	₱22,443,294
Taxes and licenses	24,927,754	51,540,376
Salaries, wages and employee benefits	18,218,410	14,758,652
Rent	3,446,167	3,340,755
Depreciation and amortization (Note 7)	3,360,215	2,276,346
Communication, light and water	2,121,720	1,815,603
Transportation and travel	1,520,528	517,569
Entertainment, amusement and recreation	1,285,107	1,960,078
Contracted services	1,113,630	1,277,264
Advertising and promotions	863,650	2,645,822
Supplies	763,032	499,979
Repairs and maintenance	673,749	717,935
Fuel and oil	458,249	442,236
Contribution and donation	308,929	100,000
Pension income	(905,463)	(491,494)
Miscellaneous	3,846,238	4,425,595
	₱90,465,307	₱108,270,010

14. Interest Income

	2023	2022
Time deposit	₱144,723,791	₱48,703,881
Bank savings accounts	129,255	178,761
	₱144,853,046	₱48,882,642

15. Income Tax

The provision for income tax shown in the parent company statements of comprehensive income consists of:

	2023	2022
Final	₱29,465,753	₱8,632,405
Current	250	19,821
Deferred	238,442	122,874
	₱29,704,445	₱8,775,100

The current provision for income tax in 2023 and 2022 represents regular corporate income tax (RCIT).



The components of the net deferred tax liabilities as of December 31, 2023 and 2022 follow:

	2023	2022
Recognized as part of profit or loss		
Deferred tax liabilities on:		
Pension assets	(₱9,624,986)	(₱9,398,620)
Unrealized foreign exchange gain	(12,076)	-
Recognized in other comprehensive income		
Deferred tax asset on:		
Remeasurement losses (gain) on defined benefit plan	(19,950)	1,510,474
	(₱9,657,012)	(₱7,888,146)

The Parent Company did not recognize deferred tax assets amounting to ₱0.72 million and ₱0.73 million in 2023 and 2022, respectively, pertaining to the following:

	2023	2022
Allowance for impairment losses (Note 5)	₱2,814,758	₱2,814,758
NOLCO	75,305	75,305
MCIT	-	7,423

MCIT available over a period of three (3) years follows:

Year Incurred	Amount	Applied/ Expired	Balance	Year of Expiry
2020	₱7,423	₱7,423	₱-	2023

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 of Bayanihan to Recover as One Act (Bayanihan 2) which states that the NOLCO incurred for taxable years 2021 and 2022 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2023, the Parent Company has NOLCO incurred in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Amount	Applied/ Expired	Balance	Year of Expiry
2020	₱75,305	₱-	₱75,305	2025

The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2023	2022
Statutory income tax rate	25.00%	25.00%
Tax effects of:		
Interest income subjected to final tax	(0.03%)	(0.06%)
Nondeductible expenses	0.11%	0.21%
Intercorporate dividends	(24.93%)	(25.09%)
Effective income tax rate	0.15%	0.06%



Reversion of MCIT Rate

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (CREATE)” Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Company recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

16. Financial Risk Management Objectives and Policies

The Parent Company’s principal financial liabilities comprise accounts and other payables (excluding statutory liabilities) and subscription payable (presented under accounts and other payables) as of December 31, 2023 and 2022. The Parent Company has various financial assets such as cash and cash equivalents and receivables, which arise directly from its operations. The main risks arising from the use of financial instruments are credit risk and liquidity risk.

The BOD reviews and agrees with policies for managing each of these risks. The Parent Company monitors all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Parent Company’s risk management policies are summarized below. The exposure to risk and how they arises, as well as the Parent Company’s objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

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 Parent Company’s exposure to credit risk arises from default of the counterparties, which include certain receivable from wholly owned subsidiaries. Credit risk management involves dealing only with recognized, creditworthy third parties. It is the Parent Company’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 Parent Company’s financial assets are not subject to collateral and other credit enhancement.

With respect to the credit risk arising from the financial assets of the Parent Company, which comprise cash and cash equivalents (excluding cash on hand), receivables, refundable deposits, and the Parent Company’s exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Parent Company transacts only with institutions or banks that have proven track record in financial soundness.

The carrying values of financial assets at amortized cost represent the maximum exposure to credit risk.



Impairment analysis 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. The Parent Company applies a general approach in calculating the ECL on receivables from related parties. In 2023 and 2022, no provision for expected credit losses were recognized using this approach.

The tables below present the summary of the Parent Company's exposure to credit risk as of December 31, 2023 and 2022 and show the credit quality of the assets by indicating whether the assets are subjected to the 12-month ECL or lifetime ECL.

	2023			
	12-month ECL	Lifetime ECL		Total
		Not credit impaired	Credit impaired	
Cash in banks and cash equivalents*	₱3,168,796,389	₱-	₱-	₱3,168,796,389
Dividends receivable	1,250,000,000	-	-	1,250,000,000
Accrued interest receivable	3,848,059	-	-	3,848,059
Receivable from wholly owned subsidiaries	2,593,366	-	-	2,593,366
Other receivables	2,523,644	-	2,463,644	60,000
Refundable deposits	2,604,709	-	-	2,604,709
	₱4,430,366,167	₱-	₱2,463,644	₱4,427,902,523

*excludes cash on hand amounting to ₱10,000

	2022			
	12-month ECL	Lifetime ECL		Total
		Not credit impaired	Credit impaired	
Cash in banks and cash equivalents*	₱2,085,619,650	₱-	₱-	₱2,085,619,650
Dividends receivable	1,200,000,000	-	-	1,200,000,000
Accrued interest receivable	6,447,271	-	-	6,447,271
Receivable from wholly owned subsidiaries	2,593,366	-	-	2,593,366
Other receivables	2,475,644	-	2,463,644	12,000
Refundable deposits	2,604,709	-	-	2,604,709
	₱3,299,740,640	₱-	₱2,463,644	₱3,297,276,996

*excludes cash on hand amounting to ₱10,000

As of December 31, 2023 and 2022, the aging analysis of the Parent Company's financial assets at amortized cost presented is as follows:

	2023							Impaired financial assets	Total
	Neither past due nor impaired	Past due but not impaired					Total		
		<30 days	30-60 days	60-90 days	90-120 days	>120 days			
Cash in banks and cash equivalents	₱3,168,796,389	₱-	₱-	₱-	₱-	₱-	₱-	₱3,168,796,389	
Receivables									
Dividend receivable	1,250,000,000	-	-	-	-	-	-	1,250,000,000	
Accrued interest receivable	3,848,059	-	-	-	-	-	-	3,848,059	
Receivable from wholly owned subsidiaries	2,593,366	-	-	-	-	-	-	2,593,366	
Other receivables	60,000	-	-	-	-	-	2,463,644	2,523,644	
Refundable deposits	2,604,709	-	-	-	-	-	-	2,604,709	
	₱4,427,902,523	₱-	₱-	₱-	₱-	₱-	₱2,463,644	₱4,430,366,167	



	2022							Impaired financial assets	Total
	Neither past due nor impaired	Past due but not impaired							
		<30 days	30-60 days	60-90 days	90-120 days	>120 days			
Cash in banks and cash equivalents	₱2,085,619,650	₱-	₱-	₱-	₱-	₱-	₱-	₱2,085,619,650	
Receivables									
Dividend receivable	1,200,000,000	-	-	-	-	-	-	1,200,000,000	
Accrued interest receivable	6,447,271	-	-	-	-	-	-	6,447,271	
Receivable from wholly owned subsidiaries	2,593,366	-	-	-	-	-	-	2,593,366	
Other receivables	12,000	-	-	-	-	-	2,463,644	2,475,644	
Refundable deposits	2,604,709	-	-	-	-	-	-	2,604,709	
	₱3,297,276,996	₱-	₱-	₱-	₱-	₱-	₱2,463,644	₱3,299,740,640	

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Parent Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Parent Company's policy is to maintain a level of cash and cash equivalents deemed sufficient to fund its monthly cash requirements, at least for the next four to six months. A significant part of the Parent Company's financial assets that are held to meet the cash outflows include cash and cash equivalents, receivables (other than receivable from officers and employees) and refundable deposits. As part of its liquidity risk management, the Parent Company regularly evaluates its projected and actual cash flows. The Parent Company 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. Moreover, the Parent Company considers the following as mitigating factors for liquidity risk:

- 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.
- Diverse funding sources.
- 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.

As part of its liquidity risk management, the Parent Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities.

The table summarizes the maturity profile of the Parent Company's financial assets and financial liabilities as of December 31, 2023 and 2022 based on contractual undiscounted payments:

	2023		Total
	Within 1 year	More than 1 year	
Financial assets at amortized cost			
Cash and cash equivalents	₱3,168,806,389	₱-	₱3,168,806,389
Receivables*	1,256,501,425	-	1,256,501,425
Refundable deposits	2,604,709	-	2,604,709
	₱4,427,912,523	-	₱4,427,912,523
Other financial liabilities			
Accounts and other payables**			
Dividends payable	99,663,250	-	99,663,250
Accrued expenses	7,890,029	-	7,890,029
Trade payables	1,907,333	-	1,907,333
Others	3,957,793	-	3,957,793
	113,418,405	-	113,418,405
	₱4,314,494,118	₱-	₱4,314,494,118

*excludes receivable from officers and employees

**excludes statutory liabilities



	2022		Total
	Within 1 year	More than 1 year	
Financial assets at amortized cost			
Cash and cash equivalents	₱2,085,629,650	₱-	₱2,085,629,650
Receivables*	1,209,052,637	-	1,209,052,637
Refundable deposits	2,604,709	-	2,604,709
	₱3,297,286,996	-	₱3,297,286,996
Other financial liabilities			
Accounts and other payables**			
Dividends payable	61,600,414	-	61,600,414
Accrued expenses	7,384,666	-	7,384,666
Trade payables	1,937,649	-	1,937,649
Others	3,650,236	-	3,650,236
	74,572,965	-	74,572,965
	₱3,222,714,031	₱-	₱3,222,714,031

*excludes receivable from officers and employees

**excludes statutory liabilities

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, refundable deposits, accounts and other payables approximate their fair values due to the relative short-term nature of the transactions.

17. Commitments and Contingencies

Contingencies

The Parent Company is contingently liable for lawsuits or claims filed by third parties and taxation matters, which are either pending decision by the courts or are under negotiation, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits, claims and assessment, if any, will not have a material effect on the parent company financial statements.

The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims and assessments. No provisions were made as at December 31, 2023 and 2022.

18. Notes to Parent Company Statements of Cash Flows

Changes in liabilities arising from financing activities follow:

	2023	2022
Dividends payable at beginning of year	₱61,600,414	₱29,670,396
Cash flows	(19,081,493,964)	(15,901,028,982)
Noncash	19,119,556,800	15,932,959,000
Dividends payable at end of year (Note 9)	₱99,663,250	₱61,600,414

Noncash changes pertain to dividend declaration (see Note 10).



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
DMCI Holdings, Inc.
3rd Floor, Dacon Building
2281 Chino Roces Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of DMCI Holdings, Inc. (the Parent Company) as at December 31, 2023 and 2022 and for the years then ended, and have issued our report thereon dated March 5, 2024. Our audits were made for the purpose of forming an opinion on the basic parent company financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Parent Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic parent company financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic parent company financial statements and, in our opinion, the information required to be set forth therein in relation to the basic parent company financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the parent company financial statements.

SYCIP GORRES VELAYO & CO.



Jennifer D. Ticlao

Partner

CPA Certificate No. 109616

Tax Identification No. 245-571-753

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-110-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10082023, January 6, 2024, Makati City

March 5, 2024



DMCI HOLDINGS, INC.

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DECEMBER 31, 2023

- I. Schedules required by Annex 68-J
 - A. Financial Assets
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Related Parties and Principal Stockholders (Other than Related Parties)
 - C. Amounts Receivable from Related Parties which are Eliminated during
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 - D. Long-term Debt
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- III. Map of the relationship of the companies under the Parent Company

DMCI HOLDINGS, INC.

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED UNDER REVISED SECURITIES REGULATION CODE (SRC) RULE 68 DECEMBER 31, 2023

Below are the additional information and schedules required by Revised SRC Rule 68 that are relevant to the Parent Company. This information is presented for purposes of filing with the SEC and is not required part of the basic parent company financial statements.

Schedule A. Financial Assets in Equity Securities

The Parent Company has no financial assets in equity securities as of December 31, 2023.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

There were no advances to employees of the Parent Company with balances above ₱100,000 as of December 31, 2023.

Schedule C. Amounts Receivable from/Payables to Related Parties which are eliminated during the Consolidation of Financial Statements

This schedule is not applicable.

Schedule D. Long-term Debt

The Parent Company has no long-term debt as of December 31, 2023.

Schedule E. Indebtedness to Related Parties (Long Term Loans from Related Companies)

The Parent Company has no indebtedness to related parties as of December 31, 2023.

Schedule F. Guarantees of Securities of Other Issuers

As at December 31, 2023, the Parent Company does not guarantee any securities.

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Preferred stock – ₱1 par value cumulative and convertible	100,000,000	960	–	–	–	960
Common stock – ₱1 par value	19,900,000,000	13,277,470,000	–	9,184,917,600	621,991,664	3,470,568,036
	20,000,000,000	13,277,470,960	–	9,184,917,600	621,991,664	3,470,568,996

DMCI HOLDINGS, INC.**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE
FOR DIVIDENDS DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Unappropriated retained earnings, beginning		₱785,259,249
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of retained earnings appropriation/s	—	
Effect of restatements or prior-period adjustments	—	
Others	—	
Subtotal		—
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	(₱19,119,556,800)	
Retained earnings appropriated during the reporting period	—	
Effect of restatements or prior-period adjustments	—	
Others	—	
Subtotal		(19,119,556,800)
Unappropriated retaining earnings, as adjusted		(18,334,297,551)
Add (Less): Net income (loss) for the current year		20,213,442,877
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Unrealized fair value gain of investment property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted	—	
Subtotal		—
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of investment property	—	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	—	
Subtotal		—

(Forward)

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)

Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	₱-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of investment property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-	
Subtotal		-

Adjusted Net Income/Loss ₱20,213,442,877

Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)

Depreciation on revaluation increment (after tax)	-
---	---

Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP

Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others	-
Subtotal	-

Add/Less: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution

Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others	-
Subtotal	-

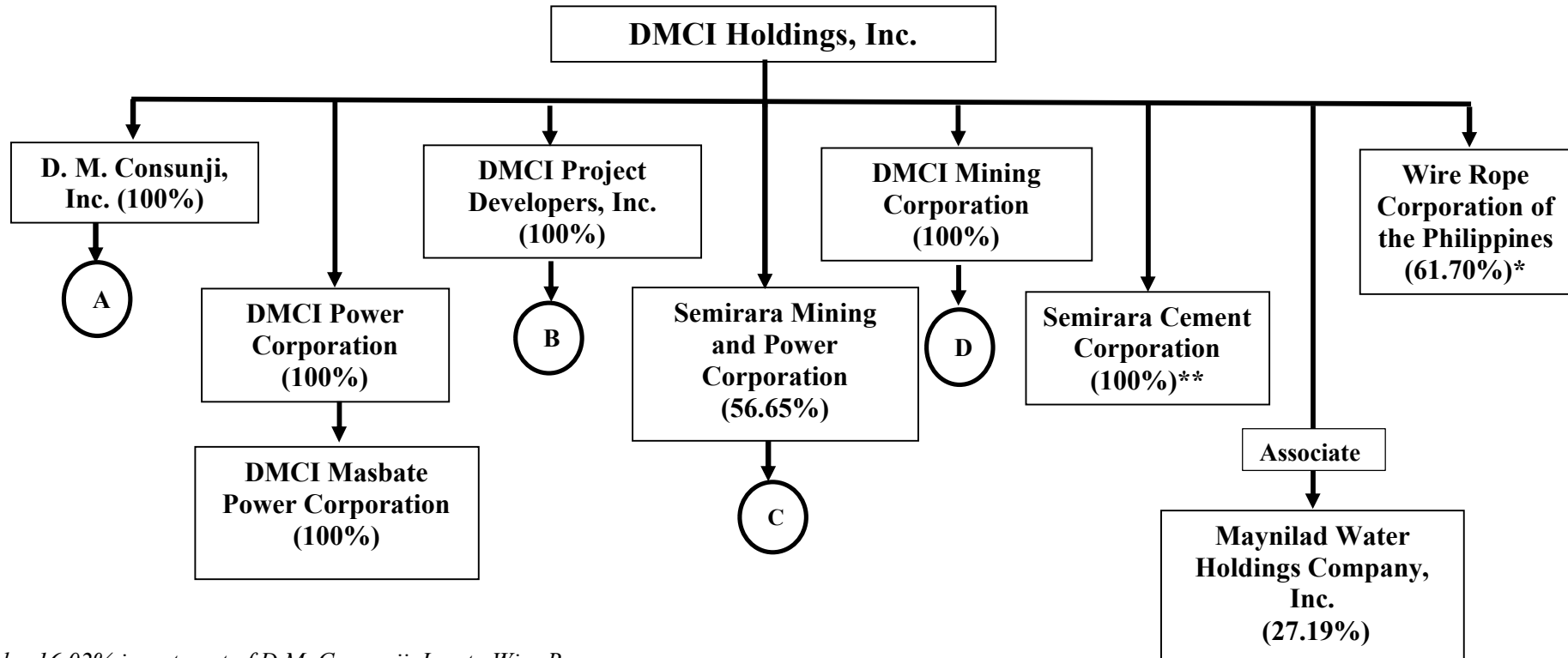
TOTAL RETAINED EARNINGS, END OF THE REPORTING PERIOD AVAILABLE FOR DIVIDEND ₱1,879,145,326

DMCI HOLDINGS, INC.

MAP OF RELATIONSHIPS OF THE COMPANIES UNDER THE PARENT COMPANY

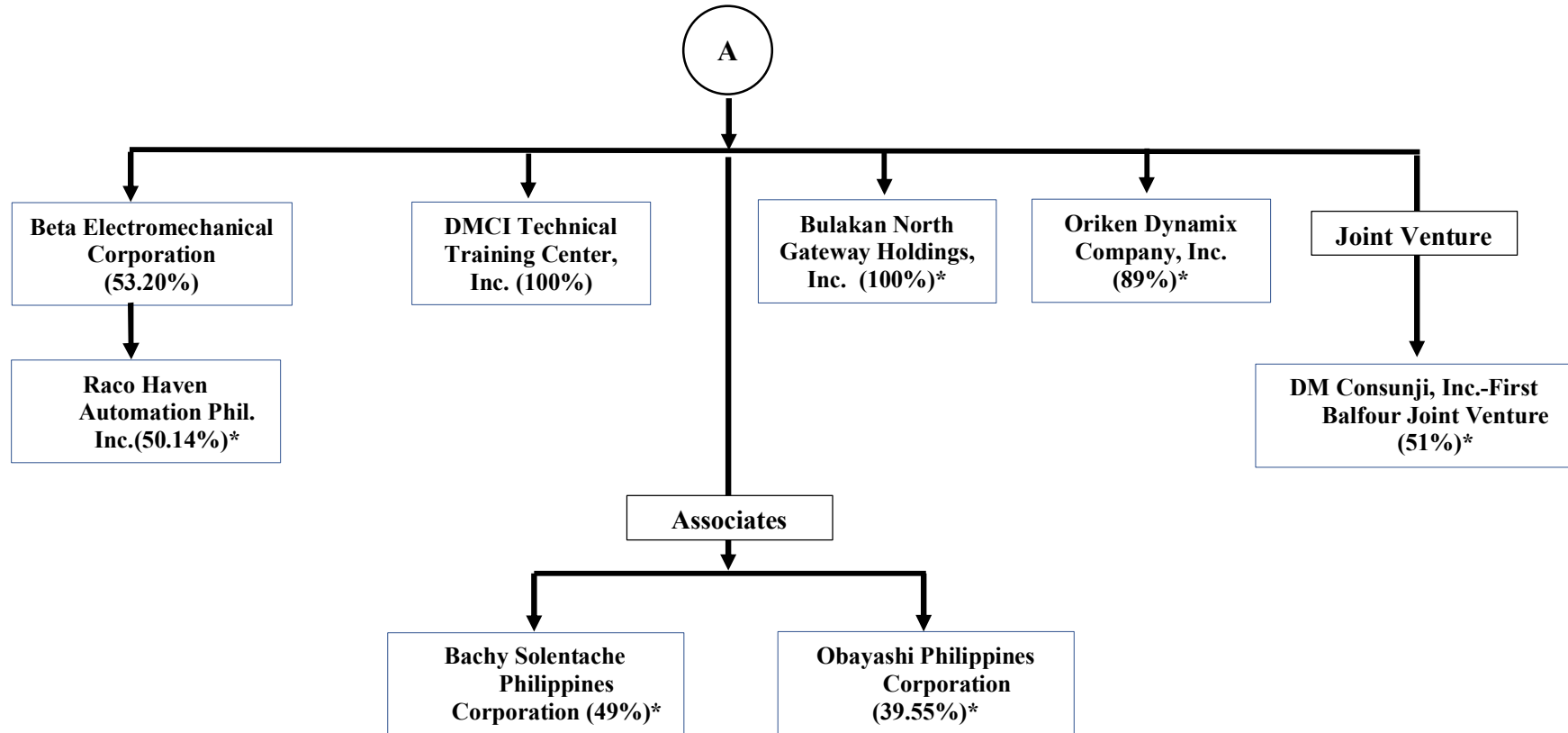
Group Structure

Below is a map showing the relationship between the Parent Company and the following companies as of December 31, 2023:

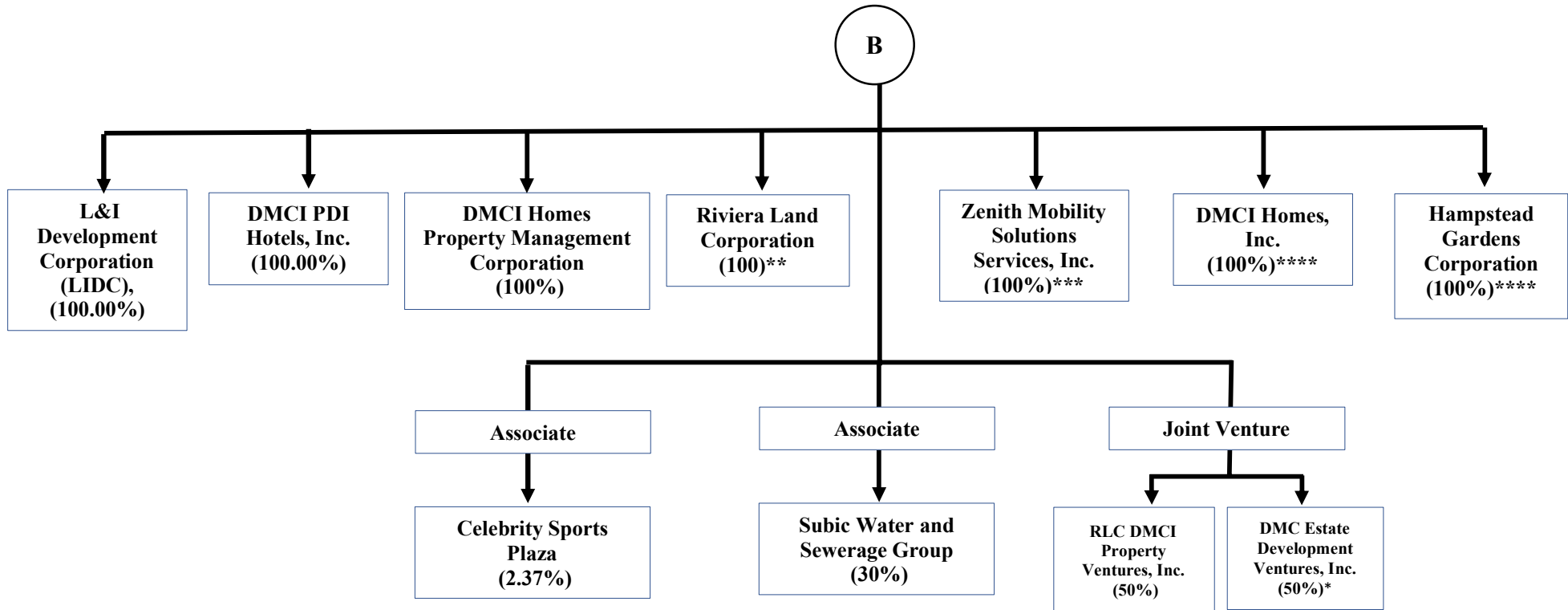


* Includes 16.02% investment of D.M. Consunji, Inc. to Wire Rope.

**Non-operating entity



**Non-operating entities*

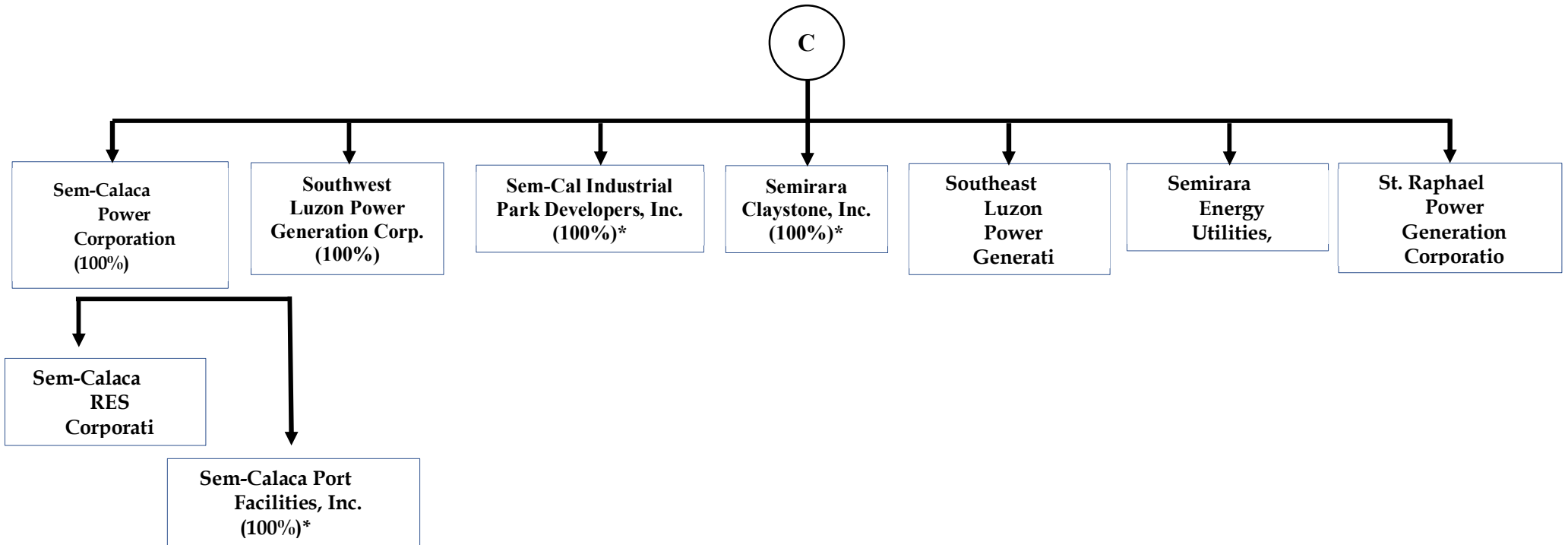


* Established in 2021

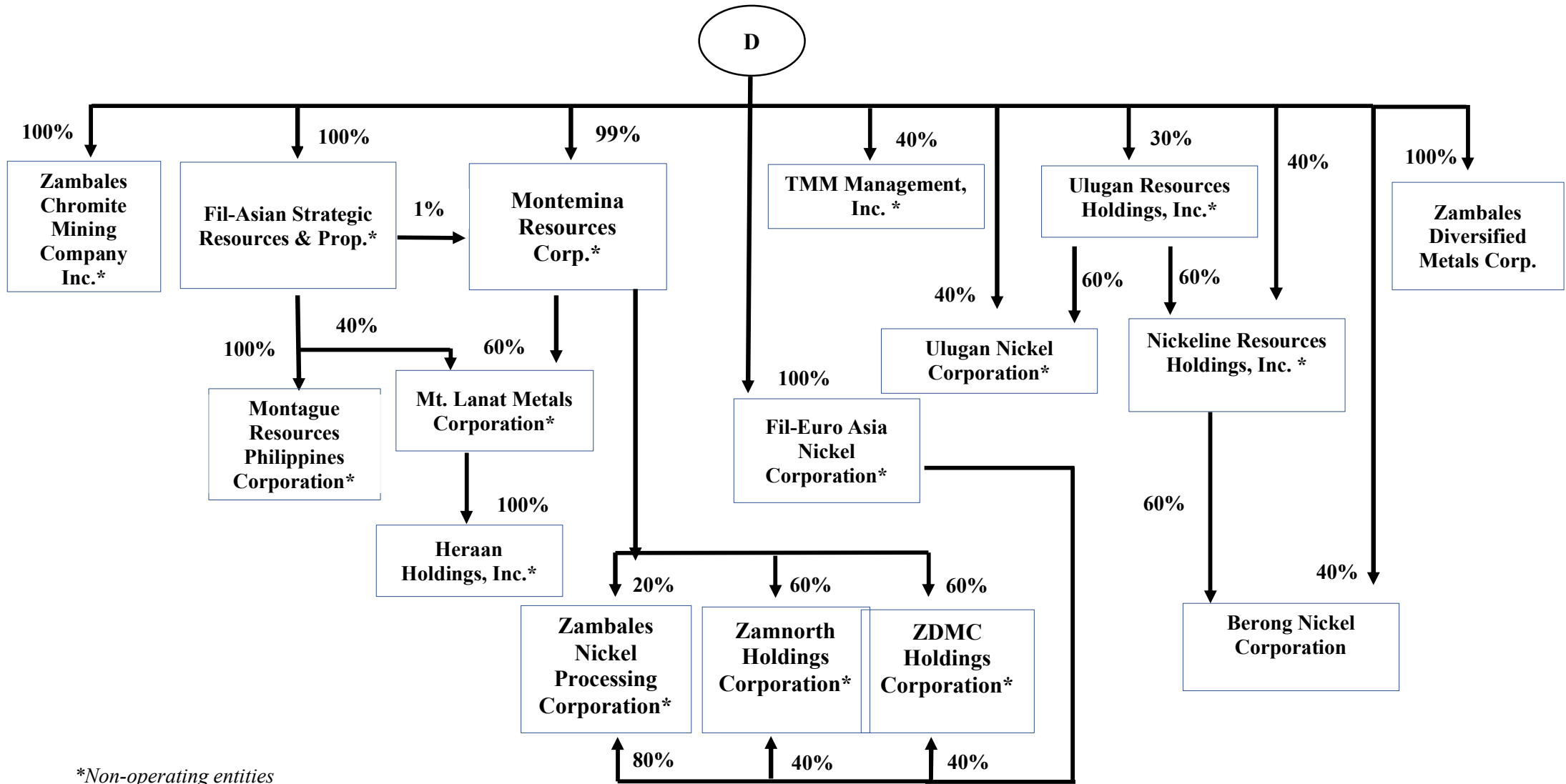
** Includes the 34.12% interest of DMCI

*** Equity interest increased from 51% to 100% in 2020

**** Liquidating as of December 31, 2021



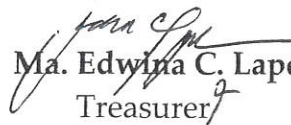
**Non-operating entities*



*Non-operating entities

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

I solemnly swear that all matters set forth in the General Form for Financial Statements (GFFS) has the basic and material data in the Audited Financial Statements of DMCI HOLDINGS, INC. for the year ended December 31, 2023 as contained in the accompanying diskette/CD are true and correct to the best of my knowledge and belief.


Ma. Edwina C. Laperal
Treasurer

SUBSCRIBED AND SWORN to before me this 04 APR 2024 day of _____, 20__
affiant exhibiting to her Passport No: P5662773A issued at DFA Manila on 18 January 2018, expiring on 17 January 2028.

Doc. No. 421
Page No. 86
Book No. LXIX
Series of 2024

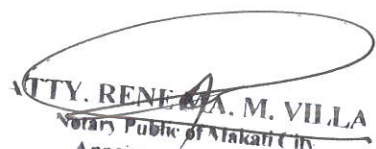

ATTY. RENE A. M. VILLA
Notary Public of Makati City
Appointment No. AI-111
Until December 31, 2024
PTR No. MKT 10073904; 01-02-2024; Makati City
IBP Lifetime No. 013595; 12-27-2013; LC
Roll No. 37226
M.C.E. Compliance No. VII-0024195; 02-15-2023
Ground Floor, Makati Terraces Condominium
3650 Davila St., Brgy. Tejeros, Makati City 1204

Table 1. Balance Sheet

FINANCIAL DATA	2023 (in Php)	2022 (in Php)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6+A.7+A.8+A.9+A.10)	19,943,732,119	18,804,798,861
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	4,442,668,200	3,308,703,695
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	3,168,806,389	2,085,629,650
A.1.1.1 On hand	10,000	10,000
A.1.1.2 In domestic banks/entities	90,219,823	61,426,970
A.1.1.3 Short-term investments	3,078,576,566	2,024,192,680
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	1,256,646,891	1,209,303,918
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3)	1,256,646,891	1,209,303,918
A.1.2.1.1 Due from related parties	1,252,593,366	1,202,593,366
A.1.2.1.2 Others, specify (A.1.2.1.2.1+A.1.2.1.2.2 +A.1.2.1.2.3)	6,868,283	9,525,310
A.1.2.1.2.1 Interest receivable	3,848,059	6,447,271
A.1.2.1.2.2 Advances to officers and employees	496,580	602,395
A.1.2.1.2.3 Others	2,523,644	2,475,644
A.1.2.1.3 Allowance for doubtful accounts (negative entry)	(2,814,758)	(2,814,758)
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3)	-	-
A.1.2.2.1	-	-
A.1.2.2.2	-	-
A.1.2.2.3 Allowance for doubtful accounts (negative entry)	-	-
A.1.3 Inventories (A.1.3.1 + A.1.3.2)	-	-
A.1.3.1	-	-
A.1.3.2 Others, specify (A.1.3.2.1+A.1.3.2.2)	-	-
A.1.3.2.1	-	-
A.1.3.2.2	-	-
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4+A.1.4.5+A.1.4.6)	-	-
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)	-	-
A.1.4.1.1 National Government	-	-
A.1.4.1.2 Public Financial Institutions	-	-
A.1.4.1.3 Public Non-Financial Institutions	-	-
A.1.4.1.4 Private Financial Institutions	-	-
A.1.4.1.5 Private Non-Financial Institutions	-	-
A.1.4.2 Held to Maturity Investments - issued by domestic entities (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)	-	-
A.1.4.2.1 National Government	-	-
A.1.4.2.2 Public Financial Institutions	-	-
A.1.4.2.3 Public Non-Financial Institutions	-	-
A.1.4.2.4 Private Financial Institutions	-	-
A.1.4.2.5 Private Non-Financial Institutions	-	-

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC.

CURRENT ADDRESS: 2281 Don Chino Roces Avenue, Makati City

TEL. NO.: 8888-3000

FAX NO.: _____

COMPANY TYPE : HOLDING COMPANY

PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2023 (in Php)	2022 (in Php)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)	-	-
A.1.4.3.1 National Government	-	-
A.1.4.3.2 Public Financial Institutions	-	-
A.1.4.3.3 Public Non-Financial Institutions	-	-
A.1.4.3.4 Private Financial Institutions	-	-
A.1.4.3.5 Private Non-Financial Institutions	-	-
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)	-	-
A.1.4.4.1 National Government	-	-
A.1.4.4.2 Public Financial Institutions	-	-
A.1.4.4.3 Public Non-Financial Institutions	-	-
A.1.4.4.4 Private Financial Institutions	-	-
A.1.4.4.5 Private Non-Financial Institutions	-	-
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)	-	-
A.1.4.5.1 Financial Assets at fair value through profit or loss	-	-
A.1.4.5.2 Held-to-maturity investments	-	-
A.1.4.5.3 Loans and Receivables	-	-
A.1.4.5.4 Available-for-sale financial assets	-	-
A.1.4.6 Allowance for decline in market value (negative entry)	-	-
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	17,214,920	13,770,127
A.1.5.1 Prepaid expenses	2,173,035	1,782,205
A.1.5.2 Input value added tax	12,437,176	9,383,213
A.1.5.3 Refundable deposits	2,604,709	2,604,709
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6)	5,153,025	7,211,429
A.2.1 Office Furniture, Fixture and Equipment	12,061,020	11,401,173
A.2.2 Transportation Equipment	11,543,960	10,946,639
A.2.3 Leasehold Improvement	13,619,002	13,619,002
A.2.4 Appraisal increase, specify (A.2.4.1 + A.2.4.2)	-	-
A.2.4.1	-	-
A.2.4.2	-	-
A.2.5 Accumulated Depreciation (negative entry)	(32,070,957)	(28,755,385)
A.2.6 Impairment Loss or Reversal (if loss, negative entry)	-	-
A.3 Investments accounted for using the cost method (A.3.1 + A.3.2 + A.3.3)	15,449,837,512	15,449,837,512
A.3.1 Investments in domestic subsidiaries/associates/affiliates	15,449,837,512	15,449,837,512
A.3.2 Investments in foreign subsidiaries/associates/affiliates	-	-
A.3.3 Others, specify (A.3.3.1)	-	-
A.3.3.1	-	-
A.4 Investment Property	-	-
A.5 Biological Assets	-	-
A.6 Intangible Assets (A.6.1 + A.6.2)	-	-
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	-	-
A.6.1.1	-	-
A.6.1.2	-	-
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)	-	-
A.6.2.1	-	-
A.6.2.2	-	-
A.7 Assets Classified as Held for Sale	-	-
A.8 Assets included in Disposal Groups Classified as Held for Sale	-	-

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC.CURRENT ADDRESS: 2281 Don Chino Roces Avenue, Makati CityTEL. NO.: 8888-3000

FAX NO.: _____

COMPANY TYPE: HOLDING COMPANY

PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2023 (in Php)	2022 (in Php)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	-	-
A.9.1. From domestic entities, specify (A.9.1.1 + A.9.1.2)	-	-
A.9.1.1	-	-
A.9.1.2	-	-
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2)	-	-
A.9.2.1	-	-
A.9.2.2	-	-
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)	-	-
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4+A.10.5)	46,073,382	39,046,225
A.10.1 Pension assets	35,584,635	28,557,478
A.10.2 Deferred charges	441,573	441,573
A.10.3 Refundable deposits	-	-
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3)	10,047,174	10,047,174
A.10.4.1 Development Cost	8,289,674	8,289,674
A.10.4.2 Other Asset - G&W Club Share	1,757,500	1,757,500
A.10.4.3 Right of use asset	-	-
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)	-	-
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	123,460,662	83,004,751
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	113,803,650	75,116,605
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4)	113,803,400	75,116,605
B.1.1.1 Trade	1,907,333	1,937,649
B.1.1.2 Accrued professional fees	7,890,029	7,384,666
B.1.1.3 Payables to Related Parties, specify (B.1.1.3.1 + B.1.1.3.2)	-	-
B.1.1.3.1	-	-
B.1.1.3.2	-	-
B.1.1.4 Others, specify (B.1.1.4.1 + B.1.1.4.2)	104,006,038	65,794,290
B.1.1.4.1 Dividends payable	99,663,250	61,600,414
B.1.1.4.2 Others	4,342,788	4,193,876
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1+B.1.2.2+B.1.2.3+B.1.2.4)	-	-
B.1.2.1	-	-
B.1.3 Provisions	-	-
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1)	-	-
B.1.4.1 Lease liability	-	-
B.1.5 Liabilities for Current Tax	250	-
B.1.6 Deferred Tax Liabilities	-	-
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions)	-	-
B.1.7.1	-	-
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify: (B.1.7.6.1 + B.1.7.6.2 + B.1.7.6.3 + B.1.7.6.4)	-	-
B.1.7.6.1	-	-

Control No.: _____

Form Type: GFFS (rev 2006)**SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES**NAME OF DMCI HOLDINGS, INC.CURRENT ADDRESS: 2281 Don Chino Roces Avenue, Makati CityTEL. NO.: 8888-3000

FAX NO.: _____

COMPANY TYPE : HOLDING COMPANY

PSIC: _____

*If these are based on consolidated financial statements, please so indicate in the caption.***Table 1. Balance Sheet**

FINANCIAL DATA	2022 (in Php)	2021 (in Php)
B.2 Long-term Debt - Net of current portion (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)	-	-
B.2.1 Domestic Public Financial Institutions	-	-
B.2.2 Domestic Public Non-Financial Institutions	-	-
B.2.3 Domestic Private Financial Institutions	-	-
B.2.4 Domestic Private Non-Financial Institutions	-	-
B.2.5 Foreign Financial Institutions	-	-
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)	-	-
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale	-	-
B.5 Other Liabilities (B.5.1 + B.5.2)	9,657,012	7,888,146
B.5.1 Non-current portion liability for purchased land	-	-
B.5.2 Others,	9,657,012	7,888,146
B.5.2.2 Deferred tax liability - net	9,657,012	7,888,146
B.5.2.5 Others	-	-
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8)	19,820,271,457	18,721,794,110
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2)	20,000,000,000	20,000,000,000
C.1.1 Common shares, Php1 par value, 19,900,000,000 authorized capital shares	19,900,000,000	19,900,000,000
C.1.2 Preferred Shares, Php 1 par value, 100,000,000 authorized capital shares	100,000,000	100,000,000
C.2 Subscribed Capital Stock (no. of shares, par value and total value)	-	-
C.2.1 Common shares	-	-
C.2.2 Preferred Share	-	-
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	13,277,473,780	13,277,473,780
C.3.1 Common share:	13,277,470,000	13,277,470,000
C.3.2 Preferred Share	3,780	3,780
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	4,672,393,925	4,672,393,925
C.5 Others, specify (C.5.1)	(1,672,997)	(6,264,267)
C.5.1 Remeasurement losses on retirement plan - net	(1,672,997)	(6,264,267)
C.7 Retained Earnings (C.7.1 + C.7.2)	1,879,145,326	785,259,249
C.7.1 Appropriated	-	-
C.7.2 Unappropriated	1,879,145,326	785,259,249
C.8 Cost of Stocks Held in Treasury (negative entry)	(7,068,577)	(7,068,577)
D. TOTAL LIABILITIES AND EQUITY (B + C)	19,943,732,119	18,804,798,861

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC.

CURRENT ADDRESS: 2281 Don Chino Roces Avenue, Makati City

TEL. NO.: 8888-3000

FAX NO.: _____

COMPANY TYPE : HOLDING COMPANY

PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2023	2022
A. REVENUE / INCOME (A.1 + A.2 + A.3 + A.4)	20,333,612,629	15,796,584,071
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)	-	-
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity Method	-	-
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3)	20,188,710,278	15,747,622,145
A.3.1 Dividend income	20,188,710,278	15,747,622,145
A.3.2 Management fee	-	-
A.3.3 Others, specify (A.3.3.1)	-	-
A.3.3.1	-	-
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	144,902,351	48,961,926
A.4.1 Interest Income	144,853,046	48,882,642
A.4.2 Gain / (Loss) from selling of Assets, specify (A.4.2.1 + A.4.2.2 + A.4.2.3)	1,000	79,284
A.4.3.1 Gain on sale of investment property	-	-
A.4.3.2 Gain on sale of property and equipment	1,000	79,284
A.4.3.3 Others	-	-
A.4.3 Unrealized Gain / (Loss) on Foreign Exchange (A.4.3.1)	48,305	-
A.4.3.1 Foreign Exchange gain or loss	48,305	-
A.4.4 Others, specify (A.4.4.1 + A.4.4.2)	-	-
A.4.4.1 Pension income	-	-
A.4.4.2 Miscellaneous Income	-	-
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	-	-
B.1 Cost of Goods Manufactured	-	-
B.2 Finished Goods, Beginning	-	-
B.3 Finished Goods, End (negative entry)	-	-
C. COST OF SALES (C.1 + C.2 + C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9)	-	-
C.1 Fuel and lubricants	-	-
C.2 Cost of real estate inventory	-	-
C.3 Materials and supplies	-	-
C.4 Depreciation and amortization	-	-
C.5 Outside services	-	-
C.6 Hauling, shiploading and handling costs	-	-
C.7 Direct labor	-	-
C.8 Production overhead	-	-
C.9 Others	-	-
D. COST OF SERVICES, SPECIFY (D.1 + D.2 + D.3 + D.4 + D.5 + D.6+ D.7+ D.8+ D.9)	-	-
D.1 Materials and supplies	-	-
D.2 Outside services	-	-
D.3 Direct labor	-	-
D.4 Spot purchases	-	-
D.5 Production overhead	-	-
D.6 Depreciation and amortization	-	-
D.7 Fuel and lubricants	-	-
D.8 Hauling, shiploading and handling costs	-	-
D.9 Others	-	-

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC.
CURRENT ADDRESS: 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 8888-3000 FAX NO.: _____
COMPANY TYPE : HOLDING COMPANY PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2023	2022
E. OTHER DIRECT COSTS, SPECIFY (E.1 + E.2 + E.3 + E.4 + E.5 + E.6)	-	-
E.1	-	-
E.2	-	-
E.3	-	-
E.4	-	-
E.5	-	-
E.6	-	-
F. GROSS PROFIT (A - B - C - D - E)	20,333,612,629	15,796,584,071
G. OPERATING EXPENSES (G.1 + G.2 + G.3 + G.4)	90,465,307	108,270,010
G.1 Professional fees	28,463,392	22,443,294
G.2 Salaries, wages and employee benefits	18,218,410	14,758,652
G.3 Taxes and licenses	24,927,754	51,540,376
G.4 Other Expenses, specify (G.4.1 + G.4.2 + G.4.3 + G.4.4 + G.4.5 + G.4.6 + G.4.7 + G.4.8 + G.4.9 + G.4.10 + G.4.11 + G.4.12+ G.4.13)	18,855,751	19,527,688
G.4.1 Depreciation	3,360,215	2,276,346
G.4.2 Advertising and promotion	863,650	2,645,822
G.4.3 Entertainment, amusement and recreation	1,285,107	1,960,078
G.4.4 Supplies	763,032	499,979
G.4.5 Contribution and donation	308,929	100,000
G.4.6 Communication, light and water	2,121,720	1,815,603
G.4.7 Contracted services	1,113,630	1,277,264
G.4.8 Rent	3,446,167	3,340,755
G.4.9 Repairs and maintenance	673,749	717,935
G.4.10 Fuel and oil	458,249	442,236
G.4.11 Transportation and travel	1,520,528	517,569
G.4.12 Provision for doubtful accounts		
G.4.13 Miscellaneous	3,846,238	4,425,595
G.4.14 Unrealized foreign exchange loss		
G.4.15 Pension expense (income)	(905,463)	(491,494)
H. FINANCE COSTS	-	-
I. NET INCOME (Loss) BEFORE TAX (F - G - H)	20,243,147,322	15,688,314,061
J. INCOME TAX EXPENSE (negative entry)	(29,704,445)	(8,775,100)
K. INCOME AFTER TAX	20,213,442,877	15,679,538,961
L. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation	-	-
L.1 Gain from sale of discontinued operation	-	-
L.2 Net income from discontinued operation	-	-
M. Profit or Loss Attributable to Minority Interest	-	-
N. Profit or Loss Attributable to Equity Holders of the Parent	-	-

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF COMPANY: DMCI HOLDINGS, INC.
CURRENT ADDRESS: 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 8888-3000 FAX NO.: _____
COMPANY TYPE: HOLDING COMPANY PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	2023 (in Php)	2022 (in Php)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) from Continuing Operations Before Tax and Extraordinary Items	20,243,147,322	15,688,314,061
Net Income (Loss) from Discontinued Operations Before Tax and Extraordinary Items	-	-
Net Income (Loss) Before Tax and Extraordinary Items	20,243,147,322	15,688,314,061
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation & Amortization	3,360,215	2,276,346
Others, specify: Unrealized foreign currency exchange gain	(48,305)	-
Interest expense on lease liability (under operating expense)	-	-
Gain on sale of property plant and equipment and investment properties	(1,000)	(79,284)
Net Pension (Income) Expense	(905,463)	(491,494)
Finance income	(144,853,046)	(48,882,642)
Dividend income	(20,188,710,278)	(15,747,622,145)
Changes in Assets and Liabilities:		
Decrease (Increase) in:		
Receivables	57,814	(603,168)
Other Current Assets	(3,444,792)	(4,232,229)
Other noncurrent assets	-	-
Increase (Decrease) in:		
Accounts and Other Payables	623,959	1,474,672
Interest received	147,452,258	43,188,114
Income taxes paid	(29,465,753)	(8,755,485)
A. Net Cash used in Operating Activities (sum of above rows)	27,212,931	(75,413,254)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Property, Plant, and Equipment	(1,301,811)	(2,790,295)
Others, spec Proceeds from disposal of investment property	-	-
Proceeds from sale of property and equipment	1,000	270,144
Dividend received	20,138,710,278	15,447,622,145
Collection of Recievable wholly owned subsidiary	-	610,622
Decrease in other noncurrent assets		
B. Net Cash Provided by Investing Activities (sum of above rows)	20,137,409,467	15,445,712,616
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Lease liabilities	-	-
Redemption of preferred shares	-	-
Dividends	(19,081,493,964)	(15,901,028,982)
Increase (decrease) in:		
Other noncurrent liabilities	-	-
Payable to related parties	-	-
Others, specify (negative entry):	-	-
C. Net Cash Used in Financing Activities (sum of above rows)	(19,081,493,964)	(15,901,028,982)
D. Effect of exchange rate changes on cash & cash equivalents	48,305	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	1,083,176,739	(530,729,620)
Cash and Cash Equivalents		
Beginning of year	2,085,629,650	2,616,359,270
End of the year	3,168,806,389	2,085,629,650

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC.
 CURRENT ADDRESS: 2281 Don Chino Roces Avenue, Makati City

TEL. NO.: 8888-3000
 COMPANY TYPE: HOLDING COMPANY

FAX NO.: _____

PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

FINANCIAL DATA	Capital Stock	Additional Paid-in Capital	Treasury Shares-Preferred	Unappropriated Retained Earnings	Appropriated Retained Earnings	Remeasurement Gains (Losses) on Retirement Plans	TOTAL
Balance, December 31, 2021	13,277,473,780	4,672,393,925	(7,068,577)	1,038,679,288	-	(1,732,846)	18,979,745,570
Comprehensive Income	-	-	-	15,679,538,961	-	(4,531,421)	15,675,007,540
Net Income for the year	-	-	-	15,679,538,961	-	-	15,679,538,961
Other Comprehensive Income	-	-	-	-	-	(4,531,421)	(4,531,421)
Dividends (negative entry)	-	-	-	(15,932,959,000)	-	-	(15,932,959,000)
Cash Dividends declared	-	-	-	(15,932,959,000)	-	-	(15,932,959,000)
Balance, December 31, 2022	13,277,473,780	4,672,393,925	(7,068,577)	785,259,249	-	(6,264,267)	18,721,794,110