COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

DMCI HOLDINGS, INC. AND SUBSIDIARIES

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

3RD FLOOR, DACON BUILDING, 2281 DON CHINO ROCES AVENUE, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.dmciholdings.com	8888-3000	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
736	Second Tuesday of May	December 31

CONTACT PERSON INFORMATION

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

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

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.2345*

SGV
Building a better
working world

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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, 2025 and 2024, 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, 2025, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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), as applicable to the audits of the consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of consolidated financial statements of public interest entities 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.

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.

Acquisition of Concreat Asian South East Corporation - Finalization of Purchase Price Allocation

DMCI Holdings, Inc. (the Parent Company), Semirara Mining and Power Corporation (SMPC; the Parent Company's subsidiary) and Dacon Corp. (the Parent Company's shareholder), executed a Share Purchase Agreement (SPA) to acquire 100% of the outstanding capital stock of Concreat Asian South East Corporation (CASEC; formerly, Cemex Asian South East Corporation) from CEMEX Asia B.V. effective December 2, 2024. The Parent Company and SMPC acquired 56.75% and 11.13% ownership interest in CASEC, respectively. The Parent Company's effective interest in CASEC is 63.06% as of December 2, 2024. The acquisition was accounted for as a business combination under PFRS 3, *Business Combinations*, based on a provisional purchase price allocation in the 2024 consolidated financial statements. PFRS 3 provides for a measurement period of one year from the date of acquisition wherein the acquirer may adjust provisional amounts. In 2025, the total cost of acquisition, the fair value of the net assets acquired and the purchase price allocation were finalized. The 2024 consolidated statement of financial position was restated to reflect the goodwill, which amounted to ₱1,731.44 million. Apart from the significance of the amounts involved, we consider the finalization of the purchase price allocation for this acquisition as a key audit matter because it requires sigificant management judgment and estimation in identifying the underlying acquired assets and liabilities and in determining the final fair values thereof, specifically the acquired property, plant and equipment, and trademarks.

Relevant disclosures related to this matter are provided in Notes 3 and 4 to the consolidated financial statements.

Audit Response

We reviewed the final purchase price allocation and obtained an understanding of the nature and underlying support for the changes from the provisional amounts. We considered the terms of the Share Purchase Agreement and other documents related to the acquisition in evaluating the Group's determination of the final cost of acquisition. We also evaluated management's basis in determining the final fair values of the assets acquired and liabilities assumed from CASEC. We assessed the competence, capabilities and objectivity of the external valuation specialist who have been engaged by management to determine the fair values of the assets acquired (including the trademark) and liabilities assumed from CASEC by considering their qualifications, experience and reporting responsibilities. We involved our internal specialist in the review of the methodologies and assumptions used in arriving at the final fair values of the assets acquired (including the trademark) and liabilities assumed from CASEC. We compared the key assumption used in the valuation of trademark such as royalty rate by reference to relevant external information. We tested the parameters used in determining the discount rate against market data. We reviewed the adequacy of the related disclosures in the consolidated financial statements.

Recoverability of Goodwill and Trademarks

Under PFRS Accounting Standards, the Group is required to annually test the amounts of goodwill and trademarks with indefinite useful life, for impairment. As of December 31, 2025, the Group's goodwill and trademarks with indefinite useful life, amounting to ₱1,731.44 million and ₱5,492.74 million, respectively, are considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically the revenue growth rate, gross margin, operating margin, discount rate and the long-term growth rate.

The Group's disclosures about goodwill and trademarks are included in Notes 3 and 4 to the consolidated financial statements.

Audit Response

We obtained an understanding of the management's process for evaluating the impairment of goodwill and trademarks. We involved our internal specialist in evaluating the methodologies and the assumptions used in determining the recoverable amount of the cash-generating unit (CGU) for goodwill and trademarks with indefinite useful life. We compared the key assumptions used, such as revenue growth rate against the historical performance of the CGU, industry/market outlook and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We assessed the historical accuracy of management's estimates and performed sensitivity analyses of the significant assumptions to evaluate the change in the recoverable amount of the CGU. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill and trademarks.

Impact Assessment on Uncertainties Linked to the Near-Term Expiration of Coal Operating Contract No. 5 (COC)

The absence of the Department of Energy's (DOE) favorable action on Semirara Mining and Power Corporation's (SMPC) request for term adjustment and the launch of a bid round for Semirara Island's Coal Operating Contract No. 5 (COC) are considered as adjusting subsequent events which confirms the uncertainties linked to the near-term expiration of the COC existing as of December 31, 2025. It is an impairment indicator that required an assessment of the recoverability of SMPC's nonfinancial assets, particularly its inventories and property, plant and equipment attributable to coal mining operations with a carrying amount of ₱13.49 billion and ₱8.25 billion, respectively, as of December 31, 2025. In addition, the near-term expiry of the COC could have other potential implications—such as potential effects on the provision for mine rehabilitation and decommissioning, contractual obligations, and financing arrangements. This matter is significant to our audit because the impact assessment on these uncertainties requires use of assumptions and significant estimation from management, including management's specialists.

The disclosures in relation to the above matters are discussed in Notes 3, 8, 13 and 31 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and assumptions used in determining the recoverable amounts of property, plant and equipment attributable to coal mining operations. We reviewed the key assumptions used to estimate the discounted cash flows of the cash generating unit, based on our understanding of SMPC's business plan and compared these assumptions to the relevant market data and historical trends, as applicable. We performed inquiries with the management's specialist who determined the replacement cost, about the methodology and assumptions used in the valuation of the subject assets. On a sample basis, we tested the replacement costs for property, plant and equipment and inventories attributable to coal mining operations by comparing these against the supporting purchase documents for recent transactions and external pricing. We evaluated the competence, capabilities and objectivity of the management's specialists by considering their qualifications, experience and reporting responsibilities. We tested the sensitivity of the recoverable amount to changes in assumptions used. We reviewed management's assessment of impact of the near-term expiration of the COC on the completeness of provision for mine rehabilitation and decommissioning, contractual obligations and financing arrangements.

Recognition of Revenue from Real Estate and Construction Contracts

The Group's revenue recognition process, policies and procedures for real estate contracts are significant to our audit because these involve the application of significant judgment and estimation in the following areas: (a) the assessment of the probability that the Group will collect the consideration from the buyer; (b) the determination of the transaction price; and (c) 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, and age and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In determining the transaction price, the Group considers whether the selling price of the real estate property includes significant financing component.

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 cost 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 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

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 cancellations 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 determination of the transaction price, we obtained an understanding of the Group's process in the determination of the population of contracts with customers related to real estate sale and the election of available practical expedient. We obtained the financing component calculation of the management, which includes an analysis whether the financing component of the Group's contract with customers is significant. We selected sample contracts from the sales contract database and traced these selected contracts to the calculation prepared by management. For selected contracts, we traced the underlying data and assumptions used in the financing component calculation such as contract price, cash discount, payment scheme, payment amortization table and percentage of completion to the contract provision and the actual and updated projected percentage of completion schedule. We also recomputed the financing component for each sample selected.

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 over 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.

Estimation on Coal Mining Properties

The Group's coal mining properties with a carrying value of ₱3,634.25 million as of December 31, 2025 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 13 to the consolidated financial statements.

Audit response

We obtained an understanding on management's processes and controls in the estimation of coal mining properties. 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 performed back testing of prior year coal production forecast against the actual coal production during the year. We also tested the application of the estimated ore reserves in the amortization of mining properties.

Accounting for Investment in 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, 2025, the Group's share in the net income of MWHCI amounted to ₱3,681.76 million and is material to the consolidated financial statements. The Group's share in the net income of MWHCI is significantly affected by MWSI's recognition of water and sewerage service revenue.

These matters are significant to our audit because 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.

The Group's disclosures regarding these matters are included in Notes 3 and 11 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.

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. On a sample basis, we performed recalculation of the billed amounts using the MWSS-approved rates and formulae and compared them with the amounts reflected in the billing statements. We also performed analytical procedures and involved our internal specialist in reviewing the procedures on recording revenues by using computed assisted audit techniques.

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, 2025, 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, 2025 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 PFRS Accounting Standards, 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 a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group 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.

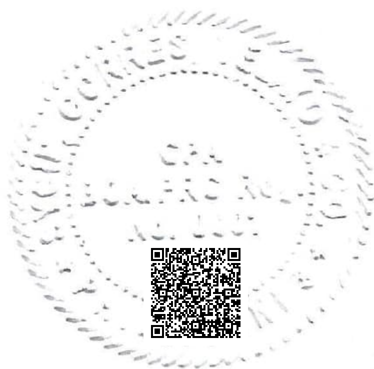
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law 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, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 109616-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-110-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10765137, January 2, 2026, Makati City

March 16, 2026



DMCI HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands of Pesos)

	December 31	
	2025	2024 (As Restated - Note 4)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱29,077,896**	₱34,298,524
Receivables - net (Note 6)	**22,114,099**	23,567,821
Current portion of contract assets (Note 7)	**7,510,319**	13,057,803
Inventories (Note 8)	**79,330,845**	67,234,146
Other current assets (Note 9)	**13,120,054**	15,202,487
Total Current Assets	**151,153,213**	153,360,781
Noncurrent Assets		
Property, plant and equipment (Note 13)	**79,284,458**	82,041,191
Investments in associates and joint ventures (Note 11)	**24,440,477**	24,275,274
Contract assets - net of current portion (Note 7)	**4,999,828**	5,888,895
Trademarks (Note 4)	**5,492,744**	5,492,744
Right-of-use assets (Note 33)	**3,450,763**	3,828,484
Goodwill (Note 4)	**1,731,435**	1,731,435
Deferred tax assets - net (Note 29)	**1,669,776**	1,617,544
Exploration and evaluation assets (Note 14)	**550,195**	1,386,296
Other noncurrent assets (Notes 12, 14 and 23)	**8,954,626**	8,689,307
Total Noncurrent Assets	**130,574,302**	134,951,170
	₱281,727,515	₱288,311,951
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Note 15)	**₱2,826,290**	₱4,312,526
Accounts and other payables (Notes 17, 21 and 33)	**30,966,162**	32,244,992
Income tax payable	**256,233**	391,225
Current portion of liabilities for purchased land (Note 16)	**632,575**	532,239
Current portion of long-term debt (Note 19)	**12,750,303**	4,906,247
Current portion of contract liabilities and other customers' advances and deposits (Note 18)	**13,973,073**	16,199,469
Total Current Liabilities	**61,404,636**	58,586,698

(Forward)

	December 31	
	2025	2024
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 19)	**₱50,730,254**	₱58,907,449
Contract liabilities - net of current portion (Note 18)	**8,328,353**	8,354,244
Deferred tax liabilities - net (Note 29)	**5,018,442**	5,313,225
Liabilities for purchased land - net of current portion (Note 16)	**507,439**	547,119
Other noncurrent liabilities (Notes 20, 23 and 33)	**7,291,533**	6,965,919
Total Noncurrent Liabilities	**71,876,021**	80,087,956
Total Liabilities	**133,280,657**	138,674,654
Equity		
Equity attributable to equity holders of the Parent Company:		
Paid-in capital	**27,949,868**	27,949,868
Retained earnings (Note 22)	**91,817,522**	91,463,005
Premium on acquisition of noncontrolling-interests (Notes 22 and 32)	**(817,958)**	(817,958)
Remeasurements on pension plans - net of tax (Note 23)	**1,246,682**	1,182,835
Net accumulated unrealized gains on equity investments designated at fair value through other comprehensive income (FVOCI) (Note 14)	**244,318**	242,034
Share in other comprehensive income of associates (Note 11)	**(23,076)**	(93,410)
Treasury shares - Preferred (Note 22)	**(7,069)**	(7,069)
	120,410,287	119,919,305
Noncontrolling interests (Note 32)	**28,036,571**	29,717,992
Total Equity	**148,446,858**	149,637,297
	₱281,727,515	₱288,311,951

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		
	2025	2024	2023
REVENUE (Note 34)			
Electricity sales	**₱30,917,139**	₱32,403,806	₱32,106,384
Coal mining	**27,128,699**	39,462,717	51,633,898
Construction contracts	**18,825,765**	15,054,331	16,674,696
Cement sales	**14,719,855**	1,064,146	–
Real estate sales	**12,465,026**	11,396,387	18,587,311
Nickel mining	**4,093,452**	2,477,387	3,386,352
Merchandise sales and others	**502,936**	519,774	440,473
	108,652,872	102,378,548	122,829,114
COSTS OF SALES AND SERVICES (Note 24)			
Electricity sales	**16,496,029**	15,580,605	14,481,403
Coal mining	**18,443,983**	21,744,840	23,255,381
Construction contracts	**17,439,506**	13,916,134	15,316,709
Cement sales	**12,432,976**	1,119,303	–
Real estate sales	**7,132,432**	6,645,716	12,141,546
Nickel mining	**1,639,960**	1,341,911	1,611,941
Merchandise sales and others	**345,913**	310,923	363,045
	73,930,799	60,659,432	67,170,025
GROSS PROFIT	**34,722,073**	41,719,116	55,659,089
OPERATING EXPENSES (Note 25)	**18,146,741**	18,010,109	20,700,298
	16,575,332	23,709,007	34,958,791
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES (Note 11)	**3,707,591**	3,354,081	2,145,377
OTHER INCOME (EXPENSES)			
Finance income (Note 26)	**2,171,196**	2,451,732	1,989,202
Finance costs (Note 27)	**(4,307,748)**	(2,730,175)	(964,167)
Other income - net (Note 28)	**4,823,860**	3,838,659	3,025,473
	2,687,308	3,560,216	4,050,508
INCOME BEFORE INCOME TAX	**22,970,231**	30,623,304	41,154,676
PROVISION FOR INCOME TAX (Note 29)	**3,571,115**	3,116,096	4,317,762
NET INCOME (Note 34)	**₱19,399,116**	₱27,507,208	₱36,836,914
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱15,094,185**	₱18,976,167	₱24,722,372
Noncontrolling interests (Note 32)	**4,304,931**	8,531,041	12,114,542
	₱19,399,116	₱27,507,208	₱36,836,914
Basic/diluted earnings per share attributable to equity holders of the Parent Company (Note 30)	**₱1.14**	₱1.43	₱1.86

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		
	2025	2024	2023
NET INCOME	**₱19,399,116**	₱27,507,208	₱36,836,914
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 14)	**2,284**	67,336	43,085
Net remeasurement gain (loss) on pension plans - net of tax (Note 23)	**67,150**	280,126	(94,733)
Share in other comprehensive income of associates (Note 11)	**70,334**	(118,795)	95
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**139,768**	228,667	(51,553)
TOTAL COMPREHENSIVE INCOME	**₱19,538,884**	₱27,735,875	₱36,785,361
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱15,230,650**	₱19,208,260	₱24,689,393
Noncontrolling interests	**4,308,234**	8,527,615	12,095,968
	₱19,538,884	₱27,735,875	₱36,785,361

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 22)	**Additional Paid-in Capital** (Note 22)	**Total Paid-in Capital** (Note 22)	**Treasury Shares - Preferred** (Note 22)	**Retained Earnings** (Note 22)	**Premium on Acquisition of Non-controlling Interests** (Note 32)	**Remeasurements on Pension Plans - net of tax** (Note 23)	**Net Accumulated Unrealized Gains on Equity Investments Designated at FVOCI** (Note 14)	**Share in Other Comprehensive Income (Loss) of Associates** (Note 11)	**Total**	**Noncontrolling Interests** (Note 32)	**Total Equity**
	For the Year Ended December 31, 2025											
Balances as of January 1, 2025	**₱13,287,474**	**₱14,662,394**	**₱27,949,868**	**(₱7,069)**	**₱91,463,005**	**(₱817,958)**	**₱1,182,835**	**₱242,034**	**(₱93,410)**	**₱119,919,305**	**₱29,717,992**	**₱149,637,297**
Comprehensive income												
Net income	**–**	**–**	**–**	**–**	**15,094,185**	**–**	**–**	**–**	**–**	**15,094,185**	**4,304,931**	**19,399,116**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**63,847**	**2,284**	**70,334**	**136,465**	**3,303**	**139,768**
Total comprehensive income	**–**	**–**	**–**	**–**	**15,094,185**	**–**	**63,847**	**2,284**	**70,334**	**15,230,650**	**4,308,234**	**19,538,884**
Issuance of preferred shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Cash dividends declared – Common (Note 22)	**–**	**–**	**–**	**–**	**(14,339,668)**	**–**	**–**	**–**	**–**	**(14,339,668)**	**(5,989,655)**	**(20,329,323)**
Cash dividends declared – Preferred (Note 22)	**–**	**–**	**–**	**–**	**(400,000)**	**–**	**–**	**–**	**–**	**(400,000)**		**(400,000)**
Balances at December 31, 2025	**₱13,287,474**	**₱14,662,394**	**₱27,949,868**	**(₱7,069)**	**₱91,817,522**	**(₱817,958)**	**₱1,246,682**	**₱244,318**	**(₱23,076)**	**₱120,410,287**	**₱28,036,571**	**₱148,446,858**
	For the Year Ended December 31, 2024											
Balances as of January 1, 2024	₱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
Effect of full adoption of PFRS 15	–	–	–	–	(2,377,230)	–	–	–	–	(2,377,230)	–	(2,377,230)
Balances as of January 1, 2024, as restated	13,277,474	4,672,394	17,949,868	(7,069)	88,419,802	(817,958)	899,283	174,698	25,385	106,644,009	28,415,911	135,059,920
Comprehensive income												
Net income	–	–	–	–	18,976,167	–	–	–	–	18,976,167	8,531,041	27,507,208
Other comprehensive income	–	–	–	–	–	–	283,552	67,336	(118,795)	232,093	(3,426)	228,667
Total comprehensive income	–	–	–	–	18,976,167	–	283,552	67,336	(118,795)	19,208,260	8,527,615	27,735,875
Issuance of preferred shares	10,000	9,990,000	10,000,000	–	–	–	–	–	–	10,000,000	–	10,000,000
Acquisition of a subsidiary - as restated (Note 4)	–	–	–	–	–	–	–	–	–	–	3,830,153	3,830,153
Cash dividends declared (Note 22)	–	–	–	–	(15,932,964)	–	–	–	–	(15,932,964)	(11,055,687)	(26,988,651)
Balances at December 31, 2024 - as restated	₱13,287,474	₱14,662,394	₱27,949,868	(₱7,069)	₱91,463,005	(₱817,958)	₱1,182,835	₱242,034	(₱93,410)	₱119,919,305	₱29,717,992	₱149,637,297

(Forward)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 22)	Additional Paid-in Capital (Note 22)	Total Paid-in Capital (Note 22)	Treasury Shares - Preferred (Note 22)	Retained Earnings (Note 22)	Premium on Acquisition of Non-controlling Interests (Note 32)	Remeasurements on Pension Plans - net of tax (Note 23)	Net Accumulated Unrealized Gains on Equity Investments Designated at FVOCI (Note 14)	Share in Other Comprehensive Income (Loss) of Associates (Note 11)	Total	Noncontrolling Interests (Note 32)	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 22)	–	–	–	–	(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

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		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱22,970,231**	₱30,623,304	₱41,154,676
Adjustments for:			
Depreciation, depletion and amortization (Notes 12, 13, 14, 24, 25 and 33)	**11,011,779**	8,933,983	8,630,329
Finance costs (Note 27)	**4,307,748**	2,730,175	964,167
Net unrealized foreign exchange loss (gain)	**105,754**	202,606	217,125
Write-down of asset held-for-sale (Note 10)	**–**	–	76,095
Equity in net earnings of associates and joint ventures (Note 11)	**(3,707,591)**	(3,354,081)	(2,145,377)
Finance income (Note 26)	**(2,171,196)**	(2,451,732)	(1,989,202)
Gain on sale of undeveloped parcel of land (Note 28)	**(50,208)**	(259,413)	(141,792)
Net movement in net pension asset (liability) (Note 23)	**298,583**	762,391	80,460
Loss (gain) on sale of property, plant and equipment - net (Notes 13 and 28)	**36,288**	–	(55,914)
Recoveries from insurance claims (Note 28)	**(361,837)**	(186,234)	(31,884)
Operating income before changes in working capital	**32,439,551**	37,000,999	46,758,683
Decrease (increase) in:			
Receivables and contract assets	**7,443,598**	9,175,967	3,224,211
Inventories	**(11,361,432)**	(1,418,175)	(4,866,708)
Other current assets	**2,082,433**	1,262,180	(1,898,943)
Increase (decrease) in:			
Contract liabilities and other customers' advances and deposits	**(2,252,287)**	5,192,707	3,431,596
Accounts and other payables	**(599,551)**	(18,033,909)	2,184,747
Liabilities for purchased land	**60,656**	(211,909)	(513,434)
Cash generated from operations	**27,812,968**	32,967,860	48,320,152
Income taxes paid	**(4,774,585)**	(4,515,741)	(3,998,389)
Interest paid (including interest capitalized as cost of inventory) (Note 8)	**–**	–	(1,858,629)
Interest received	**2,171,196**	2,451,732	1,504,282
Net cash provided by operating activities	**₱25,209,579**	₱30,903,851	₱43,967,416

Forward)

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates	**₱3,067,519**	₱1,278,113	₱915,551
Collection of purchase price adjustment on business acquisition (Note 4)	**446,675**	–	–
Cash paid for acquisition of business - net of cash received (Note 4)	–	(8,060,913)	–
Additions to:			
Property, plant and equipment (Note 13)	**(7,209,173)**	(12,647,025)	(5,460,280)
Investments in associates and joint ventures (Note 11)	–	(3,241,000)	–
Investment properties and exploration and evaluation assets (Notes 14)	**(729,311)**	(880,783)	(43,965)
Interest paid and capitalized as cost of property, plant and equipment (Note 13)	–	–	(74,143)
Proceeds from disposals of:			
Undeveloped land	**95,196**	1,821,219	1,339,286
Property, plant and equipment	**65,157**	–	86,777
Asset-held for sale (Note 10)	–	110,103	603,115
Recoveries from insurance claims (Note 28)	**361,837**	186,234	31,884
Decrease (increase) in other noncurrent assets	**545,203**	(1,686,651)	(774,131)
Net cash used in investing activities	**(3,356,897)**	(23,120,703)	(3,375,906)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of preferred shares (Note 22)	–	10,000,000	–
Proceeds from availment of:			
Short-term debt (Note 38)	**1,278,957**	2,765,140	917,968
Long-term debt (Note 38)	**5,619,617**	16,781,719	4,466,250
Payments of:			
Short-term debt (Note 38)	**(2,765,193)**	–	(500,000)
Long-term debt (Note 38)	**(5,952,756)**	(8,289,240)	(8,015,595)
Dividends to equity holders of the Parent Company (Notes 22 and 38)	**(14,749,006)**	(15,932,964)	(19,119,558)
Dividends to noncontrolling-interests (Notes 22 and 38)	**(5,981,838)**	(11,055,687)	(12,914,997)
Interest (Note 38)	**(4,230,050)**	(3,419,443)	(1,206,426)
Lease liabilities (Notes 33 and 38)	**(597,219)**	(21,133)	(35,840)
Increase (decrease) in other noncurrent liabilities (Note 38)	**409,932**	3,502,852	(216,583)
Net cash used in financing activities	**(26,967,556)**	(5,668,756)	(36,624,781)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(105,754)**	26,054	(217,125)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(5,220,628)**	2,140,446	3,749,604
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**34,298,524**	32,158,078	28,408,474
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱29,077,896**	₱34,298,524	₱32,158,078

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 Parent Company is 50.01%-owned by Dacon Corporation as of December 31, 2025 and 2024.

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on March 16, 2026.

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.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards as adopted by the Financial and Sustainability Reporting Standards Council (FSRSC).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as of December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025.

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).

		2025			2024		
	Nature of Business	**Direct**	**Indirect**	**Effective Interest**	Direct	Indirect	Effective Interest
				(In percentage)			
General Construction:							
D.M. Consunji, Inc. (DMCI)	General Construction	**100.00**	**–**	**100.00**	100.00	–	100.00
Beta Electromechanical Corporation (Beta Electric) [1]	General Construction	**–**	**53.20**	**53.20**	–	53.20	53.20
Raco Haven Automation Philippines, Inc. (Raco) [1*]	Non-operating	**–**	**50.14**	**50.14**	–	50.14	50.14
Oriken Dynamix Company, Inc. (Oriken) [1*]	Non-operating	**–**	**89.00**	**89.00**	–	89.00	89.00
DMCI Technical Training Center (DMCI Training) [1]	Services	**–**	**100.00**	**100.00**	–	100.00	100.00
Real Estate:							
DMCI Project Developers, Inc. (PDI)	Real Estate Developer	**100.00**	**–**	**100.00**	100.00	–	100.00
DMCI-PDI Hotels, Inc. (PDI Hotels) [2]	Hotel Operator	**–**	**100.00**	**100.00**	–	100.00	100.00
DMCI Homes Property Management Corporation (DPMC) [2]	Property Management	**–**	**100.00**	**100.00**	–	100.00	100.00
Zenith Mobility Solutions Services, Inc. (ZMSSI) [2]	Services	**–**	**100.00**	**100.00**	–	100.00	100.00
Riviera Land Corporation (Riviera) [2]	Real Estate Developer	**–**	**100.00**	**100.00**	–	100.00	100.00
Coal Mining:							
Semirara Mining and Power Corporation (SMPC)	Mining	**56.65**	**–**	**56.65**	56.65	–	56.65
On-Grid Power:							
Sem-Calaca Power Corporation (SCPC) [3]	Power Generation	**–**	**56.65**	**56.65**	–	56.65	56.65
Southwest Luzon Power Generation Corporation (SLPGC) [3]	Power Generation	**–**	**56.65**	**56.65**	–	56.65	56.65

(Forward)

	Nature of Business	2025 Direct	2025 Indirect	2025 Effective Interest	2024 Direct	2024 Indirect	2024 Effective Interest
				(In percentage)			
Sem-Calaca RES Corporation (SCRC) [3 & 6]	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
Off-Grid Power:							
DMCI Power Corporation (DPC)	Power Generation	**100.00**	**–**	**100.00**	100.00	–	100.00
DMCI Masbate Power Corporation (DMCI Masbate) [4]	Power Generation	–	**100.00**	**100.00**	–	100.00	100.00
Nickel Mining:							
DMCI Mining Corporation (DMC)	Holding Company	**100.00**	**–**	**100.00**	100.00	–	100.00
Berong Nickel Corporation (BNC) [5]	Mining	–	**74.80**	**74.80**	–	74.80	74.80
Ulugan Resouces Holdings, Inc. (URHI) [5]	Holding Company	–	**30.00**	**30.00**	–	30.00	30.00
Ulugan Nickel Corporation (UNC) [5]	Holding Company	–	**58.00**	**58.00**	–	58.00	58.00
Nickeline Resources Holdings, Inc. (NRHI) [5]	Holding Company	–	**58.00**	**58.00**	–	58.00	58.00
TMM Management, Inc. (TMM) [5]	Services	–	**40.00**	**40.00**	–	40.00	40.00
Zambales Diversified Metals Corporation (ZDMC) [5]	Mining	–	**100.00**	**100.00**	–	100.00	100.00
Zambales Chromite Mining Company Inc. (ZCMC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Fil-Asian Strategic Resources & Properties Corporation (FASRPC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Montague Resources Philippines Corporation (MRPC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Montemina Resources Corporation (MRC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Mt. Lanat Metals Corporation (MLMC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Fil-Euro Asia Nickel Corporation (FEANC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Heraan Holdings, Inc. (HHI) [5]	Holding Company	–	**100.00**	**100.00**	–	100.00	100.00
Zambales Nickel Processing Corporation (ZNPC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Zamnorth Holdings Corporation (ZHC) [5]	Holding Company	–	**100.00**	**100.00**	–	100.00	100.00
ZDMC Holdings Corporation (ZDMCHC) [5]	Holding Company	–	**100.00**	**100.00**	–	100.00	100.00
Cement:							
Concreat Asian South East Corporation (CASEC) (Note 4)	Holding Company	**56.75**	**6.31**	**63.06**	**56.75**	**6.31**	**63.06**
Concreat Holdings Philippines, Inc. (CHP) [7]	Holding Company	–	**56.66**	**56.66**	**–**	**56.66**	**56.66**
Edgewater Ventures Corp (EVC) [7]	Non-operational	–	**56.66**	**56.66**	**–**	**56.66**	**56.66**
Triple Dime Holdings, Inc. (TDHI) [7]	Non-operational	–	**56.66**	**56.66**	**–**	**56.66**	**56.66**
Bedrock Holdings, Inc. (BHI) [7]	Non-operational	–	**56.66**	**56.66**	**–**	**56.66**	**56.66**
Sandstones Strategic Holdings, Inc. (SSHI) [7]	Non-operational	–	**56.66**	**56.66**	**–**	**56.66**	**56.66**
Apo Cement Corporation (Apo) [7]	Cement	–	**56.66**	**56.66**	**–**	**56.66**	**56.66**
Solid Cement Corporation (Solid) [7]	Cement	–	**56.66**	**56.66**	**–**	**56.66**	**56.66**
Ecocast Builders, Inc. (Ecocast) [7*]	Non-operational	–	**56.66**	**56.66**	**–**	**56.66**	**56.66**
Enerhiya Central, Inc. (Enerhiya) [7*]	Non-operational	–	**56.66**	**56.66**	**–**	**56.66**	**56.66**
Ecocrete, Inc. (Ecocrete) [7*]	Non-operational	–	**56.66**	**56.66**	**–**	**56.66**	**56.66**
Ecopavements, Inc. (Ecopavements) [7*]	Non-operational	–	**56.66**	**56.66**	**–**	**56.66**	**56.66**
Newcrete Management, Inc. (NMI) [7*]	Non-operational	–	**39.66**	**39.66**	**–**	**39.66**	**39.66**
Manufacturing							
Semirara Cement Corporation (SemCem)	Non-operational	**100.00**	**–**	**100.00**	100.00	–	100.00
Wire Rope Corporation of the Philippines (Wire Rope)	Manufacturing	**45.68**	**16.02**	**61.70**	45.68	16.02	61.70

*Ongoing liquidation.
[1] DMCI's subsidiaries.
[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.
[7] CASEC's subsidiaries.

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 statements of income, consolidated statements of comprehensive income, and within equity in the consolidated statements 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 years, except CASEC and its subsidiaries, which were acquired in 2024 (see Note 4):

	(In Percentage)
Beta Electromechanical Corporation (Beta Electromechanical)	46.80
Raco Haven Automation Philippines, Inc. (Raco)	49.86
Oriken Dynamix Company, Inc. (Oriken)	11.00
Semirara Mining and Power Corporation (SMPC)	43.35
Sem-Calaca Power Corporation (SCPC)	43.35
Southwest Luzon Power Generation Corporation (SLPGC)	43.35
Sem-Calaca RES Corporation (SCRC)	43.35
SEM-Cal Industrial Park Developers, Inc. (SIPDI)	43.35
Semirara Energy Utilities, Inc. (SEUI)	43.35
Southeast Luzon Power Generation Corporation (SeLPGC)	43.35
Semirara 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
Concreat Asian South East Corporation (CASEC)	36.94
Concreat Holdings Philippines, Inc. (CHP)	43.34
Edgewater Ventures Corp (EVC)	43.34
Triple Dime Holdings, Inc. (TDHI)	43.34
Bedrock Holdings, Inc. (BHI)	43.34
Sandstones Strategic Holdings, Inc. (SSHI)	43.34
Apo Cement Corporation (Apo)	43.34
Solid Cement Corporation (Solid)	43.34
Ecocast Builders, Inc. (Ecocast)	43.34
Enerhiya Central, Inc. (Enerhiya)	43.34
Ecocrete, Inc. (Ecocrete)	43.34

	(In Percentage)
Ecopavements, Inc. (Ecopavements)	43.34
Newcrete Management, Inc. (NMI)	60.34
Wire Rope Corporation of the Philippines (Wire Rope)	38.30

The voting rights held by the Group in 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 36), 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.

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.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in "Operating expenses" account in the consolidated statements of income.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statements of income. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with PFRS 9 either in consolidated statements of income or as a change to OCI. If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with the appropriate PFRS Accounting Standards. Contingent consideration that is classified as equity is not measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at costs being the excess of the aggregate of the consideration transferred and the amount recognized for NCI and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in consolidated statements of income.

After initial recognition, goodwill is measured at costs less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within 12 months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

New Standards, Interpretations, and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of 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.

<u>Standards Issued but not yet Effective</u>
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, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*

  The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

  The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

  The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

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

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

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

- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*

  The amendments only apply to contracts that reference nature-dependent electricity such as contracts to buy or sell nature-dependent electricity, as well as financial instruments that reference such electricity. This amendment cannot be applied by analogy to other contracts, items or transactions.

  The amendments clarify the application of the 'own-use' requirements for in-scope contracts, amend the designation requirements for a hedge item in a cash flow hedging relationship for in-scope contracts and include new disclosure requirements.

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

- Annual Improvements to PFRS Accounting Standards − Volume 11

  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
    The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
    The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

  - Amendments in PFRS 9
    a) Lessee Derecognition of Lease Liabilities
    The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.
    b) Transaction Price
    The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

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

- Amendments to PAS 7, *Cost Method*
  The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

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

Effective beginning on or after January 1, 2027

- 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 FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. Thereafter, on February 14, 2025, the FSRSC approved the amendment to PFRS 17 that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

  This new accounting standard is not applicable to the Group.

- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:
  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

The Group is currently assessing the impact of adopting this new accounting standard.

- PFRS 19, *Subsidiaries without Public Accountability*

  The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards.

  In 2025, PFRS 19 was amended to provide reduced disclosure requirements for new or amended PFRS Accounting Standards adopted by the FSRSC from the issuances of the IASB between February 2021 and May 2024.

  The application of the standard is optional for eligible entities. This standard is not applicable to the Group.

- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*
  The amendments introduce translation requirements for entities translating their financial statements, or the results and financial position of a foreign operation, from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy.

  These amendments are not applicable to the Group.

Deferred effectivity

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

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

  On January 13, 2016, the FSRSC 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.

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 5, 6, 9, and 14).

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 statements 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 14).

d. 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 statements 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 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 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 inventories consist of subdivision land, residential houses and lots and condominium units for sale and development. These are properties acquired or being constructed for sale in the ordinary course of business rather than to be held for rental or capital appreciation. These are held as inventory and are measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land and land improvement cost;
- Amounts paid to contractors for construction and development of subdivision land, residential houses and lots and condominium units; and,

- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads, capitalized borrowing costs and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less costs to complete and the estimated costs of sale. The carrying amount of inventories is reduced through the use of allowance account and the amount of loss is charged to profit or loss.

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. The total costs are allocated pro-rata 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.

The repossessed lots and residential houses are recorded back to inventory at cost under the "Real estate inventories" account and are held for sale in the ordinary course of business. The Group performs certain repair activities on the said repossessed assets in order to put their condition at a marketable state. Costs incurred in bringing the repossessed assets to its marketable state are included in their carrying amounts.

Coal Inventory
Coal Inventories are valued at the lower of cost and net realizable value (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, which are usually carried as inventories, are mainly used for the maintenance of equipment are recognized in the statement of comprehensive income once installed and 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 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.

Cement Inventory
Cement Inventories are valued using the lower of their cost and net realizable value (NRV). The cost of inventories is based on the moving average method and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition, including attributable non-production overheads. NRV of inventories, other than spare parts, is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. The NRV of spare parts is the replacement cost. The Group analyzes its inventory balances to determine if, as a result of internal events, such as physical damage, or external events, such as technological changes or market conditions, certain portions of such balances have become obsolete or impaired.

When an impairment situation arises, the inventory balance is adjusted to its NRV, whereas, if an obsolescence situation occurs, the inventory obsolescence reserve is increased. In both cases, these adjustments are recognized against the results for the period. Advances to suppliers of inventory are presented as part of "Other current assets" account in the consolidated statements of financial position.

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 spare parts, 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.

<u>Assets Held-for-Sale</u>
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 statements 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 statements 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. 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 statements 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 statements 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 statements 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 statements 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 statements 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	3-50
Equipment and machinery under "coal mining properties and equipment"	2-3
Equipment and machinery under "nickel mining properties and equipment"	2-5
Equipment and machinery under "cement properties and equipment"	10-35
Construction equipment, machinery and tools	2-10
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 statements of 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 statements of income. During the period of development, the asset is tested for impairment annually.

Trademarks
The cost of the trademarks acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, trademarks are carried at cost, less any accumulated impairment loss.

Trademarks with indefinite lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The trademarks of the Group have indefinite lives.

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 in the case of goodwill and trademarks with indefinite useful life, 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 statements 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 statements 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.

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.

- *Cement and Merchandise Sales*
  Revenue from cement and 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 determining the transaction price, the Group considers whether the selling price of the real estate project includes significant financing component. Prior to January 1, 2024, 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. Effective January 1, 2024, the Group adopted the remaining

provisions of PIC Q&A 2018-12, which incudes the recognition of significant financing component. The Group determines whether a contract contains a significant financing component using individual contract approach by considering (a) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (b) the effect of the expected length of time between when the entity transfers the promised goods or service to the customer and when the customer pays for those goods or services and the prevailing EIR. The Group applies practical expedient by not adjusting the effect of financing component if the period when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

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 statements 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 statements of financial position.

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 statements 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 statements 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 statements of income. Capitalized cost to obtain a contract is included in 'Other current and noncurrent assets' account in the consolidated statements 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 statements 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 statements of income when incurred.

Borrowing Costs
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.

For real estate inventories, prior to January 1, 2024, the Group availed of the relief granted by SEC under MC No. 34-2020 (see Note 8). Effective January 1, 2024, the Group adopted the IFRIC Agenda Decision on Over Time Transfer of Constructed Goods. Interest are capitalized on the purchase cost of a site of property acquired specifically for sale but only to the extent where activities necessary to prepare the asset for selling are in progress prior to any pre-selling activities.

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 statements 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 statements 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, except to the extent that the deferred tax liability arises from the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); and (iii) at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. 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 34 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 statements 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 statements" 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 PFRS Accounting Standards 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 33).

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 in relation to the total contract price (or the buyer's equity). Collectability is assessed by considering factors such as history with the buyer, and age and pricing of the property. Also, management regularly evaluates the historical sales cancellations and back-outs, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

  In determining the transaction price, the Group considers whether the selling price of the real estate project includes significant financing component. The Group determines whether a contract contains a significant financing component using individual contract approach by considering (a) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (b) the effect of the expected length of time between when the entity transfers the promised goods or service to the customer and when the customer pays for those goods or services and the prevailing EIR. The Group applied practical expedient by not adjusting the effect of financing component if the period when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The Group determined that its transaction price on sale of real estate recognized over time includes significant financing component.

  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, which requires technical determination by the Group's specialists (i.e., 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 customer demonstrates control over the asset being constructed by possessing the ability to specify the design of the subject asset. Moreover, the Group builds the asset on the customer's land and the customer generally controls any work in progress arising from the Group's performance.

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 as there is direct relationship between the Company's effort (i.e., costs incurred) and the transfer of service to the customer.

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.

d. Principal versus agent considerations
The Group is allowed to subcontract certain or a portion of its works, to another party. The Group assessed that it is acting as a principal as it controls each specified good or service before that good or service is transferred to the customer and has the discretion in establishing the price of goods and services. Moreover, the contract states that it is principally responsible for the performance of the obligation and subcontracting any portion of the work (if any) does not relieve the Group of any liability or obligation under the contract.

e. Consideration of significant financing component in a contract
The Group usually imposes to its customers a percentage of contract price as an advance payment of the total contract price as mobilization fees. The Group concluded that there is no significant financing component for those contracts where the customer pays in advance, considering: (a) the advance payments have historically been recouped within 12 months from the reporting date; (b) the billings are normally based on the progress of work; and, (c) financing component is not significant. The lag time between performance of construction service which is measured through percentage of completion (POC) and actual billing and billing to collection is substantially within 12 months.

Amounts withheld by the customers (retention receivables) are expected to be recouped beyond one year from the date of completion of the project. Such amounts do not contain significant financing component as the withholding serve as a security against the Group's performance. These are collectible upon the lapse of the defect and liability period and receipt of customer certification that there are no defects on the constructed assets.

- *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 11).

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. Group
   Determination of purchase price allocation
   In 2024, the Group acquired Concreat Asian South East Corporation (CASEC; formerly, Cemex Asian South East Corporation) (see Note 4). The Group performed notional purchase price allocation, which required estimation in identifying the provisional fair value of the underlying assets acquired (including trademarks) and liabilities assumed from CASEC. Management has measured the trademarks based on the valuation report prepared by the external valuation specialist. The trademarks were valued using the relief-from-royalty method wherein the fair value of the trademarks is based on costs savings from owning the trademarks. Significant assumptions and estimates used include comparable royalty rates, terminal growth rate, and discount rates based on available market. In 2025, the purchase price allocation was finalized considering the purchase price adjustments and change in the fair value of the underlying assets acquired from CASEC (see Note 4).

   Recoverability of trademarks and goodwill
   The Group determines whether trademarks and goodwill with indefinite useful lives are impaired at least on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the recoverable amount of the CGU to which the goodwill is allocated. The recoverable amount of the CGU containing the goodwill and trademarks was determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The following bases were used to develop the assumptions used in computing value-in-use, among others:

   (a) Growth rate estimates – growth rates were based on experiences and strategies developed for the main operating subsidiaries. The prospect for the industry was also considered in estimating the growth rates.
   (b) Discount rates – discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

Calculated value-in-use for goodwill recoverability testing is most sensitive to changes in discount rate and terminal growth rate. The carrying amount of goodwill as at December 31, 2025 and 2024 amounted to ₱1,731.44 million. The carrying amount of trademarks as at December 31, 2025 and 2024 amounted to ₱5,492.74 million. As of December 31, 2025 and 2024, no impairment in trademarks and goodwill was recognized.

b. Mining

Estimating mineable ore reserves
The Group uses the mineable ore reserves in the determination of the amount of amortization of mine properties using units-of-production method. The Group estimates its mineable ore reserves based on the assessment performed by the internal specialists engaged by the Group, who are professionally qualified mining engineers and geologists (specialists). These estimates on the mineable ore resource and 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 coal mining properties, included in "Property, plant and equipment" as presented in the consolidated statements of financial position amounted to ₱3,634.25 million and ₱3,838.25 million as of December 31, 2025 and 2024, respectively (see Note 13).

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, 2025 and 2024 amounted to ₱6,477.90 million and ₱1,389.51 million, respectively (see Note 8).

Estimating recoverability of capitalized development costs
Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. Management assessed that no impairment indicator exists on the Group's capitalized development costs as of December 31, 2025 and 2024.

The carrying amounts of capitalized development costs are included under "Coal mining properties and equipment" under Property, plant and equipment in the consolidated statements of financial position (see Note 13).

Estimating recoverability of deferred mine exploration cost
The application of the Group's accounting policy for deferred mine exploration costs requires judgment and estimates in determining whether it is likely that the future economic benefits are certain, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available.

If, after deferred mine explorations costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written-off in the consolidated statements of income in the period when the new information becomes available.

The Group reviews the carrying values of its mining property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. An impairment loss is recognized when the carrying values of these assets are not recoverable and exceed their fair value. In 2025 and 2024, no provision for impairment loss on the Group's deferred mine exploration costs was recognized (see Note 14).

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, 2025 and 2024, the provision for decommissioning and mine site rehabilitation for coal mining activities amounted to ₱361.46 million and ₱354.06 million, respectively. As of the same dates, the provision for decommissioning and minesite rehabilitation cost for the nickel mining activities amounted to ₱137.15 million and ₱163.29 million, respectively (see Note 20).

c. 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 2025 and 2024. There is no assurance that the use of estimates may not result in material adjustments in future periods. Revenue from construction contracts amounted to ₱18,825.77 million, ₱15,054.33 million and ₱16,674.70 million in 2025, 2024 and 2023, respectively (see Note 34).

Estimation of variable consideration arising from change orders and claims
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 various change orders and claims, including 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.

d. 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 ₱12,465.03 million, ₱11,396.39 million and ₱18,587.31 million in 2025, 2024 and 2023, respectively (see Note 34).

Significant financing component – Starting January 1, 2024
The Group determined that its transaction price on sale of real estate recognized over time does include a significant financing component since the customer's payment of the transaction price does not coincide with the percentage-of-completion of the project. This gives rise to significant financing either by the customer to the Group as the property developer or vice versa. The Group uses its recent borrowing rates from the banks when the buyer pays ahead of the percentage-of-completion of the related project or the prevailing interest rates in the market as lending rate when the percentage-ofcompletion of the related project is ahead of the buyer's payment. Since contracts from customers comprise a significant component, a portion of the contract price is regarded as interest income and interest expense, included in "Finance income" and "Finance costs" accounts, respectively, in the consolidated statements of income.

e. 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 10).

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, 2025 and 2024, the estimated provision for decommissioning and site rehabilitation costs amounted to ₱37.30 million and ₱34.34 million, respectively (see Note 20).

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 above assessment resulted to recognition of additional allowance for impairment of ₱282.72 million, ₱172.96 million (including allowance for expected credit losses from acquired company) and ₱31.21 million in 2025, 2024 and 2023, respectively (see Notes 6 and 25).

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 ₱68,538.04 million and ₱56,646.35 million as of December 31, 2025 and 2024, respectively. Inventories carried at NRV amounted to ₱10,792.80 million and ₱10,587.80 million as of December 31, 2025 and 2024, respectively (see Note 8).

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, 2025 and 2024, the carrying value of property, plant and equipment of the Group amounted to ₱79,284.46 million and ₱82,041.19 million, respectively (see Note 13).

Impairment assessment of nonfinancial assets
The Group reviews its nonfinancial assets for impairment. This includes considering certain indicators of impairment such as significant or prolonged decline in the fair value of the asset, significant underperformance relative to expected historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for overall business, significant negative industry or economic trends, or significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment where the Group operates.

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:

	2025	2024 (As restated - Note 4)
Property, plant and equipment (Note 13)	**₱79,284,458**	₱82,041,191
Investments in associates and joint ventures (Note 11)	**24,440,477**	24,275,274
Right-of-use assets (Note 33)	**3,450,763**	3,828,484
Other current assets (Note 9)*	**12,614,472**	14,976,703
Other noncurrent assets (Note 14)*	**8,268,314**	8,160,396

Excluding current and noncurrent financial assets.

The Group determined that the absence of DOE's favorable response on SMPC's request for term adjustment and the launch of a bid round for Semirara Island's COC No. 5 are impairment indicators of its property, plant and equipment attributable to coal mining operations amounting to ₱8,249.50 million as of December 31, 2025.

Impairment testing requires an estimation of the recoverable amount of the cash-generating unit (CGU), which is determined to be the coal mining operations. The recoverable amount is measured as the higher of the CGU's value-in-use or fair value less costs to sell.

As of December 31, 2025, the recoverable amount of SMPC's property, plant and equipment are determined to be higher than its carrying amount. No impairment loss was recognized in the consolidated financial statements in 2025 (see Note 31).

Management believes that no impairment indicator exists for the Group's other nonfinancial tassets as of December 31, 2025 and 2024.

Maynilad Water
On May 18, 2021, the Revised Concession Agreement (RCA) has been executed and signed by the representative parties of Maynilad Water Services, Inc. (MWSI) and Metropolitan Waterworks and Sewerage System (MWSS). On December 10, 2021, Republic Act 11600 was signed into law (see Note 37). 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 Department of Finance ("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. On December 14, 2023, MWSS approved the 10-year extension from 2037 to 2047, pending the acknowledgment by the RoP through the Secretary of Finance. On November 17, 2025, Maynilad received the duly executed Memorandum of Agreement on and Confirmation of the

Amendment to the Revised Concession dated October 10, 2025, signed and acknowledged by the Secretary of the Department of Finance (see Note 37).

On November 7, 2025, MWSI conducted an Initial Public Offering (IPO), offering up to 1,660.3 million common shares in a primary offer and up to 24.9 million primary common shares in a preferential offer. Additionally, there was an overallotment option of up to 249.0 million primary common shares, with a potential upsize option of up to 354.7 million secondary common shares, all priced at ₱15.00 per share, intended for listing and trading on the Main Board of The Philippine Stock Exchange, Inc.

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 ₱3,273.38 million and ₱3,773.70 million as of December 31, 2025 and 2024, respectively (see Note 33).

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 net deferred tax assets recognized amounted to ₱1,669.78 million and ₱1,617.54 million as of December 31, 2025 and 2024, respectively (see Note 29).

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, 2025 and 2024 amounted to ₱1,028.35 million and ₱791.10 million, respectively (see Notes 20 and 23). Net pension assets amounted to ₱1,088.60 million and ₱1,060.40 million as of December 31, 2025 and 2024, respectively (see Notes 14 and 23).

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 36).

4. **Business Combination**

Acquisition of CASEC shares
On April 25, 2024, the Parent Company, SMPC and Dacon Corporation entered into a share purchase agreement with Cemex Asia B.V. (Cemex) for the sale and purchase of its 100% interest in Concreat Asian South East Corporation (CASEC; formerly, Cemex Asian South East Corporation), equivalent to a total of 42,140,266 shares. CASEC owns 89.86% of Concreat Holdings Philippines, Inc. (CHP; formerly, Cemex Holdings Philippines, Inc.), a cement company listed in the Philippine Stock Exchange under the ticker name, CHP. The Parent Company acquired 56.75% or 23,914,601 shares of CASEC.

On December 2, 2024, the transaction was completed with the Parent Company, SMPC and Dacon Corporation acquiring 56.75%, 11.13% and 32.12% ownership interest in CASEC, respectively. The total consideration paid by the Parent Company and SMPC amounted to ₱10,810.06 million. As of December 2, 2024, the Parent Company's effective interest in CASEC and CHP is 63.06% and 56.66%, respectively.

With the Group acquiring control over CASEC, this transaction was accounted for using the acquisition method under PFRS 3. The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets. The net assets recognized by the Group were based on the purchase price allocation made on fair value of CHP's net assets on the date of acquisition. The Group has assessed that the fair value of CHP's net identifiable assets is lower than the purchase consideration transferred. Accordingly, the Group recognized provisional goodwill amounting to ₱1,947.42 million as a result of the transaction. The acquisition is anticipated to strengthen the Group's ecosystem, with captured markets for coal, long-term contracted power capacity, fly ash, and cement products.

From the date of acquisition up to December 31, 2024, CASEC contributed ₱1,064.15 million of revenue and ₱247.39 million loss before tax from continuing operations of the Group. Had the business combination took place on January 1, 2024, the Group's gross revenues from operations would have increased by ₱16,040.47 million and the net income attributable to parent equity holders would have decreased by ₱2,071.71 million, before the impairment of goodwill amounting to ₱19,597.82 million at the separate financial statements of CASEC and its subsidiaries in 2024.

The fair value of the identifiable assets and liabilities of CHP and the result of purchase price allocation based on November 30, 2024 balances were presented below. The difference between the December 2, 2024 (acquisition date) and November 30, 2024 balances are immaterial. In 2024, the purchase price allocation has been prepared on a preliminary basis to include more information

necessary for the valuation of identifiable assets and liabilities, and intangible assets, if any. The provisional goodwill is subject to reasonable changes, if any, as additional information becomes available and the purchase price allocation has been finalized which shall not exceed one year from the acquisition date, as allowed under PFRS 3.

The share purchase agreement includes provision allowing post-completion adjustments on the considerations to be agreed by the parties. On August 1, 2025, the parties to the share purchase agreement finalized the post-completion adjustment, resulting to a total reduction of ₱534.26 million allocated for the Parent Company and SMPC. The final total consideration for the Parent Company and SMPC amounted to ₱10,275.80 million. The total consideration reduction of ₱534.26 million was recognized as part of “Receivables - net" as a restatement in the consolidated statement of financial position as of December 31, 2024. Out of ₱534.26 million, ₱446.68 million was collected by the Group from Cemex on December 18, 2025.

In addition, during the measurement period, it was determined that the property, plant and equipment from the net assets acquired was already impaired by ₱451.98 million. Accordingly, the purchase price allocation was finalized with a reduction of goodwill amounting to ₱215.98 million, resulting to final goodwill amounting to ₱1,731.44 million.

In 2025, the fair values of the net assets of CASEC acquired were finalized resulting to adjustments made from that of previously recognized as at December 2, 2024 as follows:

	As previously reported	Adjustments	As adjusted
Assets			
Cash and cash equivalents	₱2,749,142	₱–	₱2,749,142
Receivables	2,186,431	–	2,186,431
Inventories	2,496,117	–	2,496,117
Property, plant and equipment	27,199,040	(451,981)	26,747,059
Right-of-use assets	3,684,151	–	3,684,151
Trademarks	5,492,744	–	5,492,744
Other assets	5,411,831	–	5,411,831
Total Assets	49,219,456	(451,981)	48,767,475
Liabilities			
Accounts and other payables	21,345,028	–	21,345,028
Loans payable	7,399,281	–	7,399,281
Lease liability	3,606,935	–	3,606,935
Deferred tax liability	1,505,351	–	1,505,351
Other liabilities	2,536,366	–	2,536,366
Total Liabilities	36,392,961	–	36,392,961
Net identifiable net assets at fair value	12,826,495	(451,981)	12,374,514
Non-controlling interest (37%)	(3,963,855)	133,702	(3,830,153)
Purchase consideration transferred	(10,810,055)	534,259	(10,275,796)
Goodwill arising on acquisition	₱1,947,415	(₱215,980)	₱1,731,435

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use (ROU) assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favorable terms of the lease relative to market terms.

The Group valued the trademarks using the relief-from-royalty method. A royalty rate of 2.5% was used based on an independent screening of comparable trademarks arising from arrangements involving cement production companies operating in the Asia-Pacific region using Markables' database.

The Group's trademarks have indefinite useful life given by the stability and long-term nature of the cement industry, as an essential material for construction with growth expected to align with the country's economy. As such, a 4.0% terminal value was incorporated in the trademark valuation. The Group's trademarks include Apo Cement, Apo Portland, Apo Masonry, Apo Pozzolan, Apo High Strenght, Semento Filipino, Pioneer Cement, Island, Rizal and Palitada King Masonry.

Deferred tax liability was recognized from the adjustments on the increase in the fair value of ROU assets (net of lease liability) and trademarks.

The impact of the finalization of the purchase price allocation in the consolidated statement of financial position as of December 31, 2024 are as follows:

	As previously reported	Adjustments	As restated
Assets			
Receivables - net	₱23,033,562	₱534,259	₱23,567,821
Property, plant and equipment	82,493,172	(451,981)	82,041,191
Goodwill	1,947,415	(215,980)	1,731,435
Equity			
Noncontrolling interests	29,851,694	(133,702)	29,717,992

Accordingly, the impact on the consolidated statement of changes in equity for the year ended December 31, 2024, particularly on the effect of the acquisition of a subsdiary, follow:

	As previously reported	Adjustments	As restated
Acquisition of a subsidiary	₱3,963,855	(₱133,702)	₱3,830,153

5. Cash and Cash Equivalents

	2025	2024
Cash on hand and in banks	**₱8,541,522**	₱12,818,841
Cash equivalents	**20,536,374**	21,479,683
	₱29,077,896	₱34,298,524

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 0.05% to 6.25%, 2% to 6.50% and 0.50% to 7.50% in 2025, 2024 and 2023, respectively. Total finance income earned on cash in banks and cash equivalents amounted to ₱1,312.46 million, ₱1,744.67 million and ₱1,504.28 million in 2025, 2024 and 2023, respectively (see Note 26).

6. **Receivables**

	2025	2024 (As Restated - Note 4)
Trade:		
Electricity sales	**₱6,290,586**	₱6,670,362
Construction contracts	**5,519,471**	3,715,449
Real estate	**3,106,810**	4,188,769
Cement sales	**866,541**	821,841
Nickel mining	**304,731**	244,628
Coal mining	**250,134**	1,215,282
Merchandising and others	**86,505**	117,365
	16,424,778	16,973,696
Receivables from related parties (Note 21)	**2,892,643**	2,105,193
Other receivables	**4,864,802**	6,474,384
	24,182,223	25,553,273
Less allowance for expected credit losses	**2,068,124**	1,985,452
	₱22,114,099	₱23,567,821

Trade Receivables

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.

Construction contracts

Receivables from construction contracts principally consist of receivables arising from third-party construction projects over period of construction. These are noninterest-bearing and collectible over a period of 30- to 60-day term. These also include current portion of retention receivables amounting to ₱1,033.06 million and ₱456.30 million as of December 31, 2025 and 2024, respectively, which is 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 through presentation of certificate of completion. 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 14).

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. The annual interest rates on installment contracts receivable ranges from 1.00% to 15.00% in 2025 and 2024 and 10.00% to 15.00% in 2023. Interest on installment contracts receivable amounted to ₱858.74 million, ₱707.06 million and ₱484.92 million in 2025, 2024 and 2023, respectively (see Note 26).

The Group retains the assigned receivables in the "Real estate trade receivables" account and records the proceeds from these sales as long-term debt (see Note 19). The carrying value of installment contracts receivable sold with recourse amounted to ₱1.10 million and ₱74.65 million as of December 31, 2025 and 2024, respectively. The installment contracts receivable on a with recourse basis are used as collaterals for the bank loans obtained.

Cement sales
Receivables from cement sales principally consists of receivables arising from sale of cement and admixtures to third party institutions and retailers. These receivables are noninterest-bearing and generally have a 30- to 90-day credit terms.

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.

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. Other receivables also include the the post-completion adjustments on the consideration in relation to the acquisition of a subsidiary (see Note 4).

Allowance for expected credit losses
Movements in the allowance for expected credit losses are as follows:

2025

	Trade Receivables				
	Electricity Sales	**Coal Mining**	**Cement Sales**	**Other Receivables**	**Total**
At January 1	**₱1,648,994**	**₱41,928**	**₱89,010**	**₱205,520**	**₱1,985,452**
Provision (Note 25)	**32,740**	**6,181**	**32,613**	**47,040**	**118,574**
Write-off	**–**	**(35,902)**	**–**	**–**	**(35,902)**
At December 31	**₱1,681,734**	**₱12,207**	**₱121,623**	**₱252,560**	**₱2,068,124**

2024

	Trade Receivables				
	Electricity Sales	Coal Mining	Cement Sales	Other Receivables	Total
At January 1	₱1,586,303	₱41,928	₱–	₱184,263	₱1,812,494
Business combination (Note 4)	–	–	89,010	–	89,010
Provision (Note 25)	62,691	–	–	21,257	83,948
At December 31	₱1,648,994	₱41,928	₱89,010	₱205,520	₱1,985,452

7. **Contract assets**

	2025	2024
Contract assets	**₱9,894,785**	₱17,018,688
Costs and estimated earnings in excess of billings on uncompleted contracts	**2,615,362**	1,928,010
	12,510,147	18,946,698
Less: Contract assets - noncurrent portion	**4,999,828**	5,888,895
Current portion	**₱7,510,319**	₱13,057,803

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:

	2025	2024
Total costs incurred	**₱72,907,326**	₱66,105,829
Add estimated earnings recognized	**4,108,424**	4,704,793
	77,015,750	70,810,622
Less total billings (including unliquidated advances from contract owners of ₱3.14 billion in 2025 and ₱6.75 billion in 2024)	**82,197,794**	77,728,058
	(₱5,182,044)	(₱6,917,436)

The foregoing balances are reflected in the consolidated statements of financial position under the following accounts:

	2025	2024
Contract assets (liabilities)		
Costs and estimated earnings in excess of billings on uncompleted contracts	**₱2,615,362**	₱1,928,010
Billings in excess of costs and estimated earnings on uncompleted contracts (Note 18)	**(7,797,406)**	(8,845,446)
	(₱5,182,044)	(₱6,917,436)

8. Inventories

	2025	2024
At cost:		
Real estate held for sale and development	**₱57,538,900**	₱50,767,649
Coal inventory	**6,477,900**	1,389,505
Equipment parts, materials in transit and supplies	**3,383,283**	3,767,292
Cement inventory	**1,048,628**	690,231
Nickel ore	**89,333**	31,673
	68,538,044	56,646,350
At NRV:		
Equipment parts, materials in transit and supplies (Note 13)	**10,792,801**	10,587,796
	₱79,330,845	₱67,234,146

Real estate inventories recognized as cost of sales amounted to ₱6,381.99 million, ₱5,656.00 million and ₱11,172.42 million in 2025, 2024 and 2023, respectively (see Note 24). 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 amounted to ₱1,858.63 million. The capitalization rates used to determine the amount of borrowing costs eligible for capitalization in 2023 is 5.35%. Effective January 1, 2024, the Group adopted IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (see Note 2). No borrowing costs were capitalized in 2024 and 2025.

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:

	2025	2024
Balance at beginning of year	**₱50,767,649**	₱51,342,601
Construction/development cost incurred	**13,118,358**	6,828,266
Land acquired during the year	**254,509**	42,519
Cost of undeveloped land sold during the year	**(66,119)**	(1,561,806)
Recognized as cost of sales (Note 24)*	**(6,535,497)**	(5,883,931)
Balance at end of year	**₱57,538,900**	₱50,767,649

**Includes depreciation expense amounting to ₱153.51 million and ₱227.93 million in 2025 and 2024, respectively.*

Repossessed inventories amounted to ₱1,890.73 million and ₱2,006.65 million as at December 31, 2025 and 2024, respectively.

The Group sold undeveloped parcels of land in 2025 and 2024 at a gain of ₱50.21 million and ₱259.41 million, respectively. The gain on sale of land is presented under "Other income" account in the consolidated statements of income (see Note 28).

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 13).

Coal pile inventory is stated at cost, which is lower than NRV. The cost of coal inventories included under 'Cost of coal mining' in the consolidated statements of income amounted to ₱18,283.13 million and ₱21,087.20 million in 2025 and 2024, respectively.

Coal pile inventory at cost includes capitalized depreciation of ₱1,430.63 million and ₱227.76 million in 2025 and 2024, respectively.

Inventories attributable to coal mining operations amounted to ₱13,493.65 million and ₱8,749.40 million as of December 31, 2025 and 2024, respectively,

Movement in the Group's allowance for inventory obsolescence are as follows:

	2025	2024
Balance at beginning of year	**₱150,188**	₱189,168
Provision	**89,494**	–
Write-off (Note 25)	–	(35,504)
Reversal (Note 25)	–	(3,476)
Balance at end of year	**₱239,682**	₱150,188

In 2025, the Group recognized ₱89.49 million additional provision for inventory obsolescence for spare parts specifically identified to be obsolete (see Note 25).

In 2024, the Group has written off ₱35.50 million spare parts that had previously been provided with an allowance in prior years. These parts were sold along with the gas turbine plant in March 2024. Allowance for inventory write-down amounting to ₱3.48 million were reversed in 2024 as the net realizable value of the materials and supplies were recovered through use.

In 2023, the Group made a reversal on the previously recognized allowance for inventory obsolescence amounting to ₱79.86 million as the Group determined that several spare parts and supplies, for which an allowance had previously been established, remains functional and are actively employed in ongoing maintenance and operational activities.

The cost of inventories carried at NRV amounted to ₱11,032.48 million and ₱10,737.98 million as of December 31, 2025 and 2024, respectively.

9. Other Current Assets

	2025	2024
Advances to suppliers and contractors	**₱4,323,336**	₱4,692,955
Input VAT	**2,504,214**	4,847,302
Creditable withholding taxes	**1,996,281**	2,988,083
Prepaid expenses	**1,366,534**	759,289
Cost to obtain a contract - current portion (Notes 3 and 14)	**784,211**	65,300
Deposit in escrow fund (Note 35)	**337,813**	528,911
Refundable deposits (Notes 14 and 35)	**167,770**	225,784
Others	**1,639,895**	1,094,863
	₱13,120,054	₱15,202,487

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.

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.

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. The amounts as of December 31, 2025 and 2024 represents the residual after application as credit against income tax payable.

Prepaid Expenes
Prepaid expenses are composed of prepayments of insurance, environmental guarantee fund, guarantee deposit and advance payments for subscription.

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:

	2025	2024
Balance at beginning of year	**₱2,704,189**	₱2,623,478
Additions	**154,849**	703,147
Amortization	**(407,068)**	(622,436)
Balance at end of year	**2,451,970**	2,704,189
Noncurrent portion (Note 14)	**1,667,759**	2,638,889
Current portion	**₱784,211**	₱65,300

The amortization of capitalized commission and advance commissions which are expensed as incurred totaling ₱407.07 million, ₱622.44 million and ₱813.98 million in 2025, 2024 and 2023, respectively, are presented under 'Cost of sales and services - real estate sales' account in the consolidated statements of income (see Note 24).

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.

Refundable deposits
Refundable deposits pertain to bill deposits and guaranty deposits for utilities that will be recovered within one (1) year.

Others
Others include advances to officers and employees and various types of advances and other charges which could be recovered within one (1) year.

10. Asset Held-for-Sale

The Group classified its gas turbine plant as asset held-for-sale in 2022 upon assessment that the carrying amount of the asset will be recovered principally through a sale transaction rather than continuing use.

The plan to decommission and sell the asset was approved on August 2, 2022 by the BOD. On October 3, 2022, the Group completely secured all relevant clearances from regulatory bodies to disconnect, deregister, decommission, and sell the asset.

In October 2022, the Group reclassified its 2x25 MW gas turbine plant to “Asset Held-for-Sale”. Depreciation of the asset ceased immediately and a loss on write-down amounting to ₱171.77 million was recognized in 2022 to bring the carrying amount to its net realizable value before its reclassification.

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. The agreed transaction price amounted to ₱713.22 million. Prepayments totaling ₱603.11 million were received from the buyer based on the progress made in the dismantling of the asset. These were recorded under ‘Accounts and other payables’ in the consolidated statements of financial position in 2023.

Consequently, the Group recorded an additional loss on write-down amounting to ₱76.09 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 25).

On March 27, 2024, the sale of the asset was completed, and the final payment amounting to ₱110.10 million was received upon transfer of the asset to the buyer. The Group has also written-off ₱35.50 million spare parts which were sold along with the gas turbine plant and reversed ₱1.28 million as the net realizable value of the materials and supplies were recovered through use (see Note 8).

As of December 31, 2025 and 2024, the Group had no assets classified as held-for-sale.

11. Investments in Associates and Joint Ventures

The details of the Group’s investments in associates and joint ventures follow:

	2025	2024
Acquisition cost		
Balance at beginning of year	**₱4,387,469**	₱1,146,469
Addition	–	3,241,000
Balance at end of year	**4,387,469**	4,387,469
Less: Accumulated impairment loss	**(6,798)**	(6,798)
	4,380,671	4,380,671

(*Forward*)

	2025	2024
Accumulated equity in net earnings		
Balance at beginning of year	**₱20,020,610**	₱17,951,867
Equity in net earnings	**3,707,591**	3,354,081
Dividends and others	**(3,637,627)**	(1,285,338)
Balance at end of year	**20,090,574**	20,020,610
Share in other comprehensive loss	**(30,768)**	(126,007)
	₱24,440,477	₱24,275,274

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	
	2025	2024	**2025**	2024
Associates:				
Maynilad Water Holding Company, Inc. (MWHCI)	**27.19**	27.19	**₱21,000,535**	₱20,371,296
Subic Water and Sewerage Company, Inc. (Subic Water)	**30.00**	30.00	**321,882**	252,284
Bachy Soletanche Philippines Corporation (Bachy)	**49.00**	49.00	**43,060**	43,060
Celebrity Sports Plaza	**2.37**	2.37	**18,072**	18,100
			21,383,549	20,684,740
Joint Ventures:				
RLC DMCI Property Ventures, Inc. (RDPVI)	**50.00**	50.00	**₱391,409**	₱414,410
DMC Estate Development Ventures Inc. (DMC-EDVI)	**50.00**	50.00	**1,435,545**	1,609,305
DMCI MC Property Ventures, Inc (DMPV)	**60.00**	60.00	**1,214,655**	1,551,499
DMCI-First Balfour Joint Venture (DMFB)	**51.00**	51.00	**15,319**	15,320
			3,056,928	3,590,534
			₱24,440,477	₱24,275,274

There have been no outstanding capital commitments in 2025 and 2024.

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:

	2025	
	MWHCI	**Subic Water**
Statement of financial position		
Current assets	**₱33,710,091**	**₱789,287**
Noncurrent assets	**222,246,531**	**1,200,681**
Current liabilities	**(33,851,110)**	**(348,773)**
Noncurrent liabilities	**(105,037,936)**	**(291,324)**
Noncontrolling interests	**(36,030,181)**	**–**
Equity attributable to parent company	**81,037,395**	**1,349,871**
Proportion of the Group's ownership	**27.19%**	**30%**
Equity in net assets of associates	**22,034,068**	**404,961**
Less unrealized gains	**(1,033,533)**	**(83,079)**
Carrying amount of the investment	**₱21,000,535**	**₱321,882**

	2025	
	MWHCI	**Subic Water**
Statement of income		
Revenue and other income	**₱36,645,124**	**₱1,010,837**
Costs and expenses	**21,616,961**	**728,843**
Net income	**15,028,163**	**281,994**
Net income attributable to NCI	**1,487,309**	**−**
Net income attributable to parent company	**₱13,540,854**	**₱281,994**

	2024	
	MWHCI	Subic Water
Statement of financial position		
Current assets	₱16,824,190	₱566,714
Noncurrent assets	190,282,661	1,188,982
Current liabilities	(30,128,684)	(172,894)
Noncurrent liabilities	(94,135,509)	(232,931)
Noncontrolling interests	(4,662,429)	−
Equity attributable to parent company	₱78,180,229	₱1,349,871
Proportion of the Group’s ownership	27.19%	30%
Equity in net assets of associates	21,257,204	404,961
Less unrealized gains	(885,908)	(152,677)
Carrying amount of the investment	₱20,371,296	₱252,284
Statement of income		
Revenue and other income	₱33,494,515	₱997,125
Costs and expenses	20,448,963	705,802
Net income	13,045,552	291,323
Net income attributable to NCI	840,220	−
Net income attributable to parent company	₱12,205,332	₱291,323

The Group’s dividend income from MWHCI amounted to ₱3,052.52 million, ₱1,146.11 million and ₱915.55 million in 2025, 2024 and 2023, while dividend income from Subic Water amounted to ₱15.00 million and ₱132.00 million in 2025 and 2024, respectively (nil in 2023).

Equity in net earnings from MWHCI amounted to ₱3,681.76 million, ₱3,318.63 million and ₱2,060.29 million in 2025, 2024 and 2023, respectively, while equity in net earnings from Subic Water amounted to ₱84.60 million, ₱87.40 million and ₱20.87 million in 2024, 2024 and 2023, 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 66.78% 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:

	2025	2024
Acquisition cost	**₱390,428**	₱390,428
Accumulated equity in net earnings		
Balance at beginning of year	**19,980,868**	17,702,167
Equity in net earnings	**3,681,758**	3,318,630
Dividends received and other adjustments	**(3,052,519)**	(1,039,929)
Balance at end of year	**20,610,107**	19,980,868
	₱21,000,535	₱20,371,296

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 January 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. In 2024, the Group contributed additional ₱1,600.00 million for the capital of DMCI EDVI.

DMC MC Property Ventures, Inc. (DMPVI)

In 2024, the Group and Marubeni Corporation (Marubeni) entered into a joint venture agreement to purchase, acquire and develop parcels of land into condominium project for residential and commercial uses. The Group contributed ₱1,641.00 million to own 60% interest in the joint venture.

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.

12. Investment Properties

Investment properties, as included in Other noncurrent assets (see Note 14), in the consolidated statements of financial position consist of the following as of December 31:

	2025		
	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	**152,791**	**28,262**	**181,053**
Depreciation and amortization (Note 24)	**13,663**	**1,492**	**15,155**
Balances at end of year	**166,454**	**29,754**	**196,208**
Net Book Value	**₱48,544**	**₱7,885**	**₱56,429**

	2024		
	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	139,128	26,770	165,898
Depreciation and amortization (Note 24)	13,663	1,492	15,155
Balances at end of year	152,791	28,262	181,053
Net Book Value	₱62,207	₱9,377	₱71,584

The aggregate fair values of the investment properties as of December 31, 2025 and 2024 amounted to ₱297.10 million and ₱227.01 million, respectively.

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 ₱586.53 million, ₱498.06 million and ₱376.92 million in 2025, 2024 and 2023, respectively (see Note 28). Direct operating expenses (included under 'Operating expenses' in the consolidated statements of income) arising from investment properties amounted to ₱20.90 million, ₱23.85 million and ₱15.16 million in 2025, 2024 and 2023, respectively (see Note 25).

There are no investment properties as of December 31, 2025 and 2024 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.

13. **Property, Plant and Equipment**

	2025										
	Land and Land Improvements	**Power Plant, Buildings and Building Improvements**	**Coal Mining Properties and Equipment**	**Nickel Mining Properties and Equipment**	**Cement Buildings, building improvement, Properties and Equipment**	**Construction Equipment, Machinery and Tools**	**Office Furniture, Fixtures and Equipment**	**Transportatio n Equipment**	**Leasehold Improvements**	**Construction in Progress**	**Total**
Cost											
Balances at beginning of year – as restated (Note 4)	**₱3,962,350**	**₱70,626,399**	**₱51,386,845**	**₱6,289,479**	**₱9,052,715**	**₱14,772,240**	**₱1,253,608**	**₱1,362,057**	**₱498,386**	**₱21,312,203**	**₱180,516,282**
Additions	**76,831**	**1,006,942**	**4,427,503**	**506,242**	**88,118**	**454,572**	**83,679**	**144,590**	**11,116**	**1,806,798**	**8,606,391**
Reclassification	**–**	**1,234,109**	**–**	**(4,351.00)**	**–**	**–**	**–**	**–**	**–**	**(1,229,758)**	**–**
Transfers (Notes 8 and 14)	**–**	**236,139**	**1,397,218**	**–**	**18,370,616**	**–**	**68**	**–**	**294,528**	**(18,665,144)**	**1,633,425**
Disposals	**–**	**–**	**(2,376,971)**	**(56,702)**	**(972,410)**	**–**	**(926)**	**(110,436)**	**–**	**–**	**(3,517,445)**
Adjustments (Note 20)	**–**	**–**	**22,371**	**(35,230)**	**–**	**–**	**–**	**–**	**–**	**–**	**(12,859)**
Balances at end of year	**4,039,181**	**73,103,589**	**54,856,966**	**6,699,438**	**26,539,039**	**15,226,812**	**1,336,429**	**1,396,211**	**804,030**	**3,224,099**	**187,225,794**
Accumulated Depreciation, Depletion and Amortization											
Balances at beginning of year	**1,336,344**	**33,954,996**	**44,429,040**	**2,175,926**	**90,162**	**14,225,635**	**1,123,803**	**848,850**	**290,335**	**–**	**98,475,091**
Depreciation, depletion and amortization (Notes 24 and 25)	**42,621**	**3,815,124**	**6,638,321**	**212,472**	**1,404,957**	**546,462**	**67,540**	**149,847**	**4,901**	**–**	**12,882,245**
Disposal	**–**	**–**	**(2,376,372)**	**(56,702)**	**(871,564)**	**–**	**(926)**	**(110,436)**	**–**	**–**	**(3,416,000)**
Balances at end of year	**1,378,965**	**37,770,120**	**48,690,989**	**2,331,696**	**623,555**	**14,772,097**	**1,190,417**	**888,261**	**295,236**	**–**	**107,941,336**
Net Book Value	**₱2,660,216**	**₱35,333,469**	**₱6,165,977**	**₱4,367,742**	**₱25,915,484**	**₱454,715**	**₱146,012**	**₱507,950**	**₱508,794**	**₱3,224,099**	**₱79,284,458**

	2024										
	Land and Land Improvements	Power Plant, Buildings and Building Improvements	Coal Mining Properties and Equipment	Nickel Mining Properties and Equipment	Cement Buildings, building improvement, 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	₱3,465,824	₱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
Acquisition of a business - as restated (Note 4)	–	–	–	–	9,032,821	–	–	–	–	17,714,238	26,747,059
Additions	496,526	1,618,237	5,779,259	566,554	19,894	92,389	81,381	80,946	–	1,843,071	10,578,257
Transfers (Note 8)	–	434,431	–	–	–	–	–	–	–	(120,708)	313,723
Adjustments (Note 20)	–	–	16,592	–	–	–	–	–	–	–	16,592
Balances at end of year	3,962,350	70,626,399	51,386,845	6,289,479	9,052,715	14,772,240	1,253,608	1,362,057	498,386	21,312,203	180,516,282
Accumulated Depreciation, Depletion and Amortization											
Balances at beginning 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
Depreciation, depletion and amortization (Notes 24 and 25)	47,502	3,505,390	4,692,205	198,210	90,162	586,089	58,647	96,786	13,250	–	9,288,241
Balances at end of year	1,336,344	33,954,996	44,429,040	2,175,926	90,162	14,225,635	1,123,803	848,850	290,335	–	98,475,091
Net Book Value	₱2,626,006	₱36,671,403	₱6,957,805	₱4,113,553	₱8,962,553	₱546,605	₱ 129,805	₱513,207	₱208,051	₱21,312,203	₱82,041,191

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 33 and 36).

- The Group also sold land and various equipment items, resulting in a net loss of ₱36.29 million in 2025, nil in 2024, and a net gain of ₱55.91 million in 2023 (see Note 28).

Construction-in-progress

- In 2024, there were reclassifications from “Construction in progress” to “Power Plant, Buildings and Building Improvement” upon completion and regular rehabilitation works which amounted to ₱120.71 million.

  This also includes capitalized project development costs amounting to ₱120.31 million and ₱111.67 million as of December 31, 2025 and 2024, respectively, related to its planned construction of 2x350 Megawatt (MW) coal-fired power plant. As of December 31, 2025, construction of the plant itself has yet to commence as the timeline is contingent on several factors such as the construction of the transmission connection by the National Grid Corporation of the Philippines (NGCP) and the power supply requirements of electricity customers. Based on management’s estimation of the recoverable amount, there is no resulting impairment loss in 2025 and 2024.

  In 2024, the Group acquired CASEC and its subsidiaries (see Note 4), resulting to an additional ₱17.71 million contruction in progress in relation to a new production line of cement.

- Interest expense incurred on long-term debts capitalized as part of ‘Construction in Progress’ amounted to ₱46.16 million and ₱60.60 million in 2025 and 2024, respectively. The capitalization rate used to determine the borrowing eligible for capitalization ranges from 5.65% to 7.32% and from 6.29% to 7.58% in 2025 and 2024, 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 20).

  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.

- As of December 31, 2025 and 2024, coal mining properties included in “Coal Mining Properties and Equipment” amounted to ₱3,634.25 million and ₱3,838.25 million, respectively (see Note 3).

  Property, plant and equipment attributable to coal mining operations amounted to ₱8,249.50 million and ₱8,571.02 million as of December 31, 2025 and 2024, 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, 2025 and 2024, nickel mining properties included in "Nickel Mining Properties and Equipment" amounted to ₱3,472.80 million and ₱3,509.07 million, respectively.

14. 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 ₱550.20 million and ₱1,386.30 million as of December 31, 2025 and 2024, respectively.

	2025	2024
Nickel mining	**₱550,195**	₱392,705
Coal mining	**–**	993,591
	₱550,195	₱1,386,296

The exploration and evaluation assets for nickel mining 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.

The exploration and evaluation assets for coal mining pertain to the costs of drilling, geological studies and land reclamation related to exploration of Acacia Mine. The cost incurred for the coal mining exploration activities amounted to ₱403.63 million and ₱993.59 million in 2025 and 2024, respectively. In 2025, initial resource valuation confirmed both the technical feasibility and commercial viability of the coal deposit. Accordingly, SMPC proceeded to the production stage in August 2025. Upon commencement of production, the accumulated deferred exploration and development costs amounting to ₱1,397.22 million were reclassified to 'Coal mining properties and equipment' under "Property, plant and equipment" in the consolidated statements of financial position, and are amortized using the unit-of-production method over the economically recoverable reserves of the mine in 2025 (see Note 13).

Other noncurrent assets

Other noncurrent assets consist of the following:

	2025	2024
Retention receivable (Note 6)	**₱1,978,636**	₱2,408,320
Cost to obtain a contract - net of current portion (Note 9)	**1,667,759**	2,638,889
Pension assets - net (Note 23)	**1,088,596**	1,060,397
Deposits and funds for future investment	**766,923**	766,923
Refundable deposits (Notes 9 and 35)	**686,312**	507,376
Investment in bonds	**300,000**	–

(*Forward*)

	2025	2024
Equity investments designated at FVOCI	**₱299,291**	₱297,007
Software cost	**121,522**	85,422
Deferred input VAT	**106,458**	110,392
Advances to suppliers and contractors	**281,471**	83,102
Investment properties (Note 12)	**56,429**	71,584
Others	**1,601,229**	659,895
	₱8,954,626	₱8,689,307

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, 2025 and 2024, the conditions set forth under the agreement have not yet been satisfied.

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.

Equity investments designated at FVOCI

	2025	2024
Quoted securities		
Cost	**₱52,796**	₱52,796
Cumulative unrealized gains recognized in OCI	**244,318**	242,034
	297,114	294,830
Unquoted securities		
Gross amount	**110,388**	110,388
Less allowance for probable loss	**(108,211)**	(108,211)
	2,177	2,177
	₱299,291	₱297,007

Quoted securities
The quoted securities include investments in golf and yacht club shares. Movements in the unrealized gains follow:

	2025	2024
Balance at beginning of year	**₱242,034**	₱174,698
Changes in fair values of equity investments designated at FVOCI	**2,284**	67,336
Balance at end of year	**₱244,318**	₱242,034

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, 2025 and 2024.

Software cost
Movements in software cost account follow:

	2025	2024
Cost		
Balance at beginning of year	**₱719,384**	₱645,918
Additions	**112,045**	73,466
Disposals	**(67,321)**	–
Balance at end of year	**764,108**	719,384
Accumulated Amortization		
Balance at beginning of year	**633,962**	589,257
Amortization (Notes 24 and 25)	**75,945**	44,705
Disposals	**(67,321)**	–
Balance at end of year	**642,586**	633,962
Net Book Value	**₱121,522**	₱85,422

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.

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.

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.

15. Short-term Debt

	2025	2024
Bank loans	**₱2,786,524**	₱4,298,599
Acceptances and trust receipts payable	**39,766**	13,927
	₱2,826,290	₱4,312,526

Bank loans
The Group’s bank loans consist of unsecured Peso-denominated short-term borrowings from local banks which bear annual interest ranging from 4.95% to 6.40% and 6.30% to 7.58% in 2025 and 2024, 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 2025 and 2024, 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 ₱289.25 million, ₱159.57 million and ₱168.52 million in 2025, 2024 and 2023, respectively (see Note 27).

16. 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, 2025 and 2024 follow:

	2025	2024
Current	**₱632,575**	₱532,239
Noncurrent	**507,439**	547,119
	₱1,140,014	₱1,079,358

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 5.04% to 5.79% and 6.10% to 6.18% in 2025 and 2024, respectively, based on applicable rates for similar types of liabilities.

17. Accounts and Other Payables

	2025	2024
Trade and other payables:		
Suppliers and subcontractors	**₱17,439,192**	₱16,067,711
Others	**537,059**	460,051
Accrued costs and expenses		
Project cost	**2,221,511**	2,003,556
Withholding and other taxes	**480,141**	337,221
Salaries	**385,462**	445,994

(*Forward*)

	2025	2024
Interest	**₱177,938**	₱217,105
Payable to DOE (Note 31)	–	2,098,715
Various operating expenses	**3,757,513**	2,862,929
Output VAT payable - net	**2,593,409**	5,464,665
Commission payable - current portion (Note 20)	**1,964,718**	1,288,410
Payable to related parties (Note 21)	**743,793**	383,531
Refundable deposits (Note 35)	**556,371**	547,123
Financial benefits payable	**109,055**	67,981
	₱30,966,162	₱32,244,992

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 31).

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 liabilities" account in the consolidated statements of financial position (see Note 20).

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.

18. Contract Liabilities and Other Customers' Advances and Deposits

	2025	2024
Contract liabilities - real estate	**₱9,062,672**	₱9,457,004
Billings in excess of costs and estimated earnings on uncompleted contracts (Note 7)	**7,797,406**	8,845,446
Other customers' advances and deposits	**5,441,348**	6,251,263
	22,301,426	24,553,713
Less noncurrent portion of		
Contract liabilities - real estate	**4,793,029**	4,971,858
Billings in excess of costs and estimated earnings on uncompleted contracts	**3,535,324**	3,382,386
Current portion	**₱13,973,073**	₱16,199,469

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 ₱2,038.92 million, ₱1,563.22 million and ₱2,604.86 million in 2025, 2024 and 2023, 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.

19. Long-term Debt

	2025	2024
Bank loans	**₱63,480,557**	₱63,813,696
Less noncurrent portion	**(50,730,254)**	58,907,449
Current portion	**₱12,750,303**	₱4,906,247

Details of the bank loans follow:

	Outstanding Balances				
	2025	2024	**Maturity**	**Interest Rate**	**Payment Terms**
Loans from banks and other institutions					
Term loans and corporate notes	**₱56,817,579**	₱56,306,762	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	**6,968,350**	7,789,243	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	**1,095**	74,647	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
	63,787,024	64,170,652			
Less: Unamortized debt issuance cost	**306,467**	356,956			
	₱63,480,557	₱63,813,696			

The movements in unamortized debt issuance cost follow:

	2025	2024
Balance at beginning of year	**₱356,956**	₱223,811
Acquisition of a business (Note 4)	–	25,900
Additions	**10,000**	138,405
Amortization (Note 27)	**(60,489)**	(31,160)
Balance at end of year	**₱306,467**	₱356,956

Interest expense on long-term debt, net of capitalized interest, recognized under 'Finance cost' amounted to ₱3,901.63 million, ₱2,496.00 million and ₱719.32 million in 2025, 2024 and 2023, respectively (see Note 27).

The schedule of repayments of loans based on existing terms are provided in Note 35.

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, 2025 and 2024.

- As discussed in Note 6, the installment contracts receivable under the receivable purchase agreements are used as collaterals in the loans payable obtained. These amounted to ₱1.10 million and ₱74.65 million as of December 31, 2025 and 2024, 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.

20. **Other Noncurrent Liabilities**

	2025	2024
Lease liabilities (Note 33)	**₱3,273,380**	₱3,773,697
Commission payable - noncurrent portion (Note 17)	**1,506,450**	1,190,791
Pension liabilities - net (Note 23)	**1,028,348**	791,099
Retention payable	**832,851**	550,606
Provision for decommissioning and site rehabilitation costs	**535,908**	551,689
Other payables	**114,596**	108,037
	₱7,291,533	₱6,965,919

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 5.37% to 8.58% in 2025, 6.10% to 8.58% in 2024 and 5.96% to 8.70% in 2023. Segment breakdown of provision for decommissioning and site rehabilitation costs follows:

	2025	2024
Coal	**₱361,463**	₱354,061
Nickel	**137,150**	163,290
On-grid power	**37,295**	34,338
	₱535,908	₱551,689

The rollforward analysis of the provision for decommissioning and site rehabilitation costs account follows:

	2025	2024
Balance at beginning of year	**₱551,689**	₱469,383
Addition	**34,005**	80,873
Effect of change in estimates	**(12,859)**	16,592
Actual usage	**(70,794)**	(52,318)
Accretion of interest (Note 27)	**33,867**	37,159
Balance at end of year	**₱535,908**	₱551,689

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 ₱12.86 million reduction and ₱16.59 million addition (recognized as adjustment to 'Coal mining properties and equipment' under Property, plant and equipment account) in 2025 and 2024, respectively (see Note 13).

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.

21. 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:

	2025		
	Reference	**Transaction Amount**	**Due from (Due to)**
Receivables from related parties (Note 6)			
Construction contracts	(a)	**₱2,925,612**	**₱2,404,283**
Equipment rentals	(c)	**1,502**	**–**
Sale of materials and reimbursement of shared and operating expenses	(d, g)	**123,751**	**488,360**
			₱2,892,643
Payable to related parties (Note 17)			
Shiploading, coal delivery and coal handling	(e)	**₱1,607,540**	**(₱227,481)**
Mine exploration and hauling services	(f)	**454,065**	**(127,966)**
Land, warehouse, office and parking rental	(k)	**22,467**	**(17,016)**
Aviation services	(h)	**119,780**	**(127,372)**
Freight charges	(j)	**1,027,440**	**(243,958)**
			(₱743,793)

	2024		
	Reference	Transaction Amount	Due from (Due to)
Receivables from related parties (Note 6)			
Construction contracts	(a)	₱4,867,016	₱1,794,652
Sale of marine vessels	(b)	–	13,390
Equipment rentals	(c)	16,993	–
Sale of materials and reimbursement of shared and operating expenses	(d)	219,145	297,151
			₱2,105,193
Payable to related parties (Note 17)			
Shiploading, coal delivery and coal handling	(e)	₱1,507,278	(₱138,279)
Mine exploration and hauling services	(f)	574,713	(120,634)
Other general and administrative expense	(g)	20,099	(1,451)
Aviation services	(h)	223,800	(35,100)
Office and parking rental	(i)	29,927	(30,728)
Freight charges	(j)	366,533	(57,339)
			(₱383,531)

(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 ₱2,404.28 million and ₱1,794.65 million as of December 31, 2025 and 2024, respectively. In addition, billings in excess of costs and estimated earning on uncompleted contracts from its affiliates amounted to ₱566.38 million and ₱622.63 million as of December 31, 2025 and 2024, 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, 2024.

(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.

(k) An affiliate had transactions with the Group representing long-term lease on land, warehouse space and other transactions necessary for the coal operations. Rental expenses on warehouse space are included in cost of sales under ‘Outside services’, while payments related to lease of land are accounted as reduction to lease liabilities upon adoption of PFRS 16 (see Notes 25 and 33).

Terms and conditions of transactions with related parties
Outstanding balances as of December 31, 2025 and 2024, 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, 2025 and 2024, 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:

	2025	2024	2023
Short-term employee benefits	**₱275,854**	₱230,384	₱203,314
Post-employment benefits (Note 23)	**40,432**	25,158	60,900
	₱316,286	₱255,542	₱264,214

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.

22. **Equity**

Capital Stock
As of December 31, 2025 and 2024, the Parent Company's total paid-in capital are as follows:

Capital stock	₱13,287,474
Additional paid-in capital	14,662,394
	₱27,949,868

The details of the Parent Company's capital stock as of December 31, 2025 and 2024 follow:

Common Shares

	Number of Shares		**Amount**	
	2025	2024	**2025**	2024
Authorized – 19,900,000,000 shares, ₱1 par value				
Issued and outstanding				
At beginning and end of year	**13,277,470,000**	13,277,470,000	**₱13,277,470**	₱13,277,470

Preferred shares

	Number of Shares		Amount	
	2025	2024	**2025**	2024
Authorized – 100,000,000 shares, ₱1 par value				
Issued and outstanding				
At beginning of year	**10,003,780**	3,780	**₱10,004**	₱4
Issuance	**–**	10,000,000	**–**	10,000
Issued at end of year	**10,003,780**	10,003,780	**10,004**	10,004
Less: Treasury shares	**(2,820)**	(2,820)	**(7,069)**	(7,069)
Outstanding at end of year	**10,000,960**	10,000,960	**₱2,935**	₱2,935

On December 23, 2024, the SEC approved the issuance of the 10,000,000 Class B preferred stocks via private placement at ₱1,000 face value to Dacon Corporation.

The preferred stock is redeemable, non-voting, non-participating and cumulative with par value of ₱1.00 per share.

Below is the summary of the Parent Company's track record of registration of securities with the SEC as of December 31, 2025:

	Number of Shares Registered (in billions)	Number of holders of securities as of year end
December 31, 2023	13.28	707
Add/(Deduct) Movement	–	29
December 31, 2024	13.28	736
Add/(Deduct) Movement	–	38
December 31, 2025	13.28	774

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, 2025 and 2024 amounted to ₱4,233.94 million and ₱4,475.74 million, respectively.

Dividend declaration

The Parent Company's BOD approved the declaration of cash dividends in favor of all its stockholders as follows:

	2025	2024	2023
March 25, 2025, ₱0.35 per share regular cash dividend to shareholders on record as of April 10, 2025, payable on or before April 24, 2025.	**₱4,647,115**	₱–	₱–
March 25, 2025, ₱0.25 per share special cash dividend to shareholders on record as of April 10, 2025, payable on or before April 24, 2025.	**3,319,368**	–	–

(*Forward*)

	2025	2024	2023
October 25, 2025 ₱0.48 per share special cash dividend to shareholders on record as of November 5, 2025, payable on or before November 21, 2025.	**₱6,373,185**	₱–	₱–
April 4, 2024, ₱0.46 per share regular cash dividend to shareholders on record as of April 22, 2024, payable on or before May 3, 2024.	–	6,107,636	–
April 4, 2024, ₱0.26 per share special cash dividend to shareholders on record as of April 22, 2024, payable on or before May 3, 2024	–	3,452,142	–
October 16, 2024 ₱0.48 per share special cash dividend to shareholders on record as of October 30, 2024, payable on or before November 15, 2024.	–	6,373,186	–
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
	₱14,339,668	₱15,932,964	₱19,119,558

In addition, the Group paid a total of ₱400.00 million in 2025 in relation to its cumulative preferred shares.

On various dates in 2025, 2024 and 2023, partially-owned subsidiaries of the Group declared dividends amounting to ₱13,827.34 million, ₱25,505.29 million and ₱29,753.83 million, respectively, of which dividends to noncontrolling-interest amounted to ₱5,989.66 million, ₱11,055.69 million, and ₱12,898.29 million, respectively. The unpaid dividends to noncontrolling-interests amounted to ₱6.15 million and ₱3.33 million as of December 31, 2025 and 2024, respectively.

The unappropriated retained earnings include undistributed net earnings amounting to ₱87,976.51 million and ₱86,980.12 million as of December 31, 2025 and 2024, 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 (see Note 32).

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.

23. **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, 2025.

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 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.

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, 2025, 2024, and 2023 (see Notes 25 and 28):

Pension Expense

	2025	2024	2023
Current service cost	**₱364,143**	₱224,782	₱204,238
Net interest income on benefit obligation and plan assets	**(21,986)**	(16,084)	(122,574)
Effect of the asset limit	**57,117**	52,069	57,109
Total pension expense	**₱399,274**	₱260,767	₱138,773

Movements in the fair value of plan assets of the Group follow:

	2025	2024
Balance at beginning of year	**₱4,168,107**	₱3,815,642
Interest income	**297,081**	163,119
Remeasurement gain (loss)	**(43,215)**	231,853
Benefits paid - from plan assets	**(233,203)**	(42,507)
Contributions	**95,982**	–
Balance at end of year	**₱4,284,752**	₱4,168,107

Changes in the present value of the defined benefit obligation follow:

	2025	2024
Balances at beginning of year	**₱2,962,599**	₱2,301,042
Current service cost	**364,143**	224,782
Interest expense	**275,095**	147,035
Benefits paid - from plan assets	**(233,203)**	(42,507)
Benefits paid - direct payments	**(5,697)**	(95,506)
Remeasurement loss (gain) arising from:		
Financial assumptions	**(13,497)**	(308,386)
Demographic assumptions	**(19,541)**	1,952
Experience adjustments	**(60,068)**	138,199
Transfer	**988**	–
Business combinations/disposals	**–**	595,988
Balances at end of year	**₱3,270,819**	₱2,962,599

Change in relation to business combination pertains to the impact of the acquisition of CASEC shares (see Note 4).

Below is the net pension asset, which is included under Other noncurrent assets in the consolidated statements of financial position (see Note 14), for those entities within the Group with net pension asset position:

	2025	2024
Fair value of plan assets	**₱2,956,218**	₱3,272,922
Present value of funded defined benefit obligations	**(913,937)**	(1,276,315)
	2,042,281	1,996,607
Effect on asset ceiling	**(953,685)**	(936,210)
Net pension asset	**₱1,088,596**	₱1,060,397

Movements in the net pension asset follow:

	2025	2024
Net pension asset at beginning of year	**₱1,060,397**	₱992,028
Remeasurements gain (loss) recognized in other comprehensive income	**16,819**	287,946
Transfer	**24,646**	–
Contribution	**6,542**	–
Benefits paid - direct payments	–	57,899
Business combinations/disposals	–	(270,629)
Net pension income (expense)	**(19,808)**	(6,847)
Net pension asset at end of year	**₱1,088,596**	₱1,060,397

Movements in the effect of asset ceiling follow:

	2025	2024
Effect of asset ceiling at beginning of year	**₱936,210**	₱857,554
Interest on the effect of asset ceiling	**57,117**	52,069
Changes in the effect of asset ceiling	**(39,642)**	26,587
Effect of asset ceiling at end of year	**₱953,685**	₱936,210

Below is the net pension liability, which is included under Other noncurrent liabilities in the consolidated statements of financial position (see Note 20), for those entities within the Group with net pension liability position:

	2025	2024
Present value of funded defined benefit obligations	**(₱2,356,882)**	(₱1,686,284)
Fair value of plan assets	**1,328,534**	895,185
Net pension liability	**(₱1,028,348)**	(₱791,099)

Movements in the net pension liability follow:

	2025	2024
Net pension liability at beginning of year	**(₱791,099)**	(₱334,982)
Net pension income (expense)	**(379,466)**	(253,920)
Remeasurement gain (loss) recognized in other comprehensive income	**72,714**	85,555
Benefits paid - direct payments	**5,697**	37,607
Contributions	**89,440**	–
Transfer	**(25,634)**	–
Business combinations/disposals	**–**	(325,359)
Net pension liability at end of year	**(₱1,028,348)**	(₱791,099)

Breakdown of remeasurements recognized in other comprehensive income in 2025 and 2024 follow:

	2025	2024
Remeasurement gain (loss) on plan assets	**(₱43,215)**	₱231,853
Remeasurement gain on defined benefit obligations	**93,106**	168,235
Changes in the effect of asset ceiling	**39,642**	(26,587)
Net remeasurement gains (losses) on pension plans	**89,533**	373,501
Income tax effect	**(22,383)**	(93,375)
Net remeasurement gain (loss) on pension plans - net of tax	**₱67,150**	₱280,126

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:

	2025	2024
Cash and cash equivalents		
Cash in banks	**₱11,324**	₱275,949
Time deposits	**983,803**	830,811
	995,127	1,106,760
Investments in stocks		
Common shares of domestic corporations		
Quoted	**1,189,673**	1,531,825
Unquoted	**169,694**	175,444
Preference shares	**52,431**	12,065
	1,411,798	1,719,334
Investment in government securities		
Fixed rate treasury notes (FXTNs)	**1,198,572**	1,007,595
Trasury bills (T-bills)	**72,068**	79,985
Retail treasury bonds (RTBs)	**93,852**	48,731
	1,364,492	1,136,311
Investment in other securities and debt instruments		
AAA rated debt securities	**150,747**	117,632
Not rated debt securities	**319,440**	56,159
	470,187	173,791
Other receivables	**43,958**	32,300
Accrued trust fees and other payables	**(810)**	(389)
Fair value of plan assets	**₱4,284,752**	₱4,168,107

Trust fees paid in 2025, 2024 and 2023 amounted to ₱2.16 million, ₱2.82 million and ₱2.74 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. This includes investment in SMPC shares with fair value of ₱1.81 million and ₱2.23 million as of December 31, 2025 and 2024, respectively.
- *Investment in government securities* - includes investment in Philippine RTBs and FXTNs T-bills.
- *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:

	2025	2024	2023
Discount rate	**6.23% to 6.53%**	6.08% to 6.13%	6.05% to 6.16%
Salary increase rate	**3.00% to 10.00%**	3.00% to 6.00%	3.00% to 7.00%

The weighted average duration of significant defined benefit obligation per segment are as follows (average number of years):

	2025	2024
Construction and others	**5.7 years**	4.6 years
Coal mining	**5.7 years**	5.3 years
Nickel mining	**11.6 years**	9.9 years
Real estate development	**18.7 years**	11.2 years
Power - On grid	**9.9 years**	13.2 years
Power - Off grid	**8.8 years**	10.4 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, 2025 and 2024.

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)	**2025**	2024
Discount rates	+100 basis points	**(₱206,980)**	(₱212,563)
	-100 basis points	**238,307**	247,054
Salary increases	+1.00%	**237,351**	245,903
	-1.00%	**(209,986)**	(215,516)

24. Costs of Sales and Services

	2025	2024	2023
Cost of Sales			
Cost of real estate held for sale and development (Note 8)	**₱6,381,987**	₱5,656,003	₱11,172,424
Fuel and lubricants	**11,154,865**	10,907,346	12,479,306
Materials and supplies	**8,026,009**	5,975,714	5,345,724
Depreciation and amortization (Notes 12, 13, 14 and 33)	**5,515,519**	4,429,705	4,120,529
Direct labor	**3,648,502**	3,222,732	2,601,573
Outside services	**1,883,229**	662,875	937,362
Hauling, shiploading and handling costs (Note 21)	**1,857,518**	1,804,216	2,111,778
Production overhead	**1,192,427**	1,332,076	1,566,306
Commission expense (Note 9)	**398,981**	593,770	813,984
Others	**445,297**	75,942	393,158
	40,504,334	34,660,379	41,542,144
Cost of Services			
Materials and supplies	**10,694,560**	5,309,915	6,388,265
Direct labor	**6,506,816**	5,340,006	3,503,916
Depreciation and amortization (Notes 12, 13, 14 and 33)	**4,844,234**	3,893,085	4,256,717
Outside services	**3,855,118**	3,079,129	3,638,538
Fuel and lubricants	**3,717,661**	4,362,946	3,364,844
Production overhead	**2,825,138**	2,986,670	2,972,844
Spot purchases of electricity	**502,703**	903,930	880,726
Others	**480,235**	123,372	622,031
	33,426,465	25,999,053	25,627,881
	₱73,930,799	₱60,659,432	₱67,170,025

Cost of real estate sales presented in the consolidated statements of income includes cost of running hotel and property management operations amounting to ₱197.95 million, ₱177.51 million and ₱155.14 million for 2025, 2024 and 2023, respectively.

Related revenue from hotel and property management operations amounted to ₱327.57 million, ₱312.18 million and ₱282.83 million in 2025, 2024 and 2023, respectively.

Depreciation, depletion and amortization included in the consolidated statements of income follow:

	2025	2024	2023
Included in:			
Cost of electricity sales	**₱4,347,433**	₱3,357,418	₱3,050,825
Cost of coal mining	**3,593,518**	3,646,595	3,882,037
Cost of construction contracts and others	**496,801**	535,667	695,958
Cost of real estate development	**153,511**	227,928	592,886
Cost of nickel mining	**388,871**	432,276	155,540
Cost of cement manufacturing	**1,379,619**	122,906	–
Operating expenses (Note 25)	**652,026**	611,193	253,083
	₱11,011,779	₱8,933,983	₱8,630,329

	2025	2024	2023
Depreciation, depletion and amortization of:			
Property, plant and equipment (Note 13)	**₱12,882,245**	₱9,288,241	₱9,707,448
Other noncurrent assets (Note 14)	**75,945**	44,705	33,830
Investment properties (Note 12)	**15,155**	15,155	15,155
Right-of-use assets (Note 33)	**452,114**	39,562	25,357
	₱13,425,459	₱9,387,663	₱9,781,790

Depreciation, depletion and amortization capitalized in ending inventories and mine properties included in 'Property, Plant and Equipment' amounted to ₱2,413.68 million, ₱453.68 million and ₱1,151.46 million in 2025, 2024 and 2023, respectively.

Salaries, wages and employee benefits included in the consolidated statements of income follow:

	2025	2024	2023
Presented under:			
Costs of sales and services	**₱6,390,530**	₱5,384,656	₱5,472,925
Operating expenses (Note 25)	**3,788,526**	3,026,724	2,349,526
	₱10,179,056	₱8,411,380	₱7,822,451

25. **Operating Expenses**

	2025	2024	2023
Salaries, wages and employee benefits (Note 24)	**₱3,788,526**	₱3,026,724	₱2,349,526
Transportation and travel	**2,425,269**	360,266	105,758
Outside services	**2,031,358**	1,522,516	1,495,586
Government share (Note 31)	**1,955,301**	6,379,395	10,682,608
Taxes and licenses	**1,857,056**	1,643,189	1,719,400

(*Forward*)

	2025	2024	2023
Repairs and maintenance	**₱1,389,938**	₱1,456,302	₱1,594,123
Insurance	**1,202,750**	841,947	510,434
Supplies	**611,198**	355,885	267,182
Advertising and marketing	**587,316**	470,576	429,970
Association dues	**494,829**	207,995	162,153
Depreciation and amortization (Note 24) (Notes 12, 13, 14, 24 and 33)	**652,026**	611,193	253,083
Provision for ECL and probable losses - net of reversals (Notes 6 and 9)	**118,574**	83,988	39,678
Entertainment, amusement and recreation	**217,175**	196,812	138,430
Communication, light and water	**194,609**	155,195	92,735
Rent (Note 33)	**135,782**	89,485	206,086
Loss on write-down of inventories, asset held-for- sale and property, plant and equipment - net of reversals (Notes 8, 10 and 13)	**89,494**	(38,981)	(3,765)
Miscellaneous	**395,540**	647,622	657,311
	₱18,146,741	₱18,010,109	₱20,700,298

26. **Finance Income**

Finance income is derived from the following sources:

	2025	2024	2023
Interest on:			
Bank savings accounts (Note 5)	**₱924,895**	₱1,191,013	₱1,338,601
Installment contracts receivable (Note 6)	**858,738**	707,060	484,920
Short-term placements (Note 5)	**387,563**	553,659	165,681
	₱2,171,196	₱2,451,732	₱1,989,202

27. **Finance Costs**

The finance costs are incurred from the following:

	2025	2024	2023
Long-term debt (Note 19)	**₱3,901,632**	₱2,495,998	₱719,320
Short-term debt (Note 15)	**289,251**	159,571	168,522
Amortization of debt issuance cost (Note 19)	**60,489**	31,160	42,898
Accretion on unamortized discount on provision for decommissioning and site rehabilitation costs (Note 20)	**33,867**	37,159	28,094
Lease liabilities (Note 33)	**22,509**	6,287	5,333
	₱4,307,748	₱2,730,175	₱964,167

28. Other Income (Charges) - Net

	2025	2024	2023
Forfeitures and cancellation of real estate contracts	**₱2,763,042**	₱2,260,508	₱1,635,979
Rental income (Note 12)	**586,531**	498,060	376,915
Recoveries from insurance claims	**361,837**	186,234	31,884
Sales of fly ash	**359,219**	392,167	472,005
Foreign exchange gains (losses)	**106,713**	(94,266)	(120,057)
Gain on sale of undeveloped parcel of land (Note 8)	**50,208**	259,413	141,792
Gain (loss) on sale of property, plant and equipment - net (Note 13)	**(36,288)**	–	55,914
Others - net (Note 13)	**632,598**	336,543	431,041
	₱4,823,860	₱3,838,659	₱3,025,473

Recoveries from insurance claims
Recoveries from insurance claims represent proceeds from the settlement of insurance claims, net any related deductibles, and are recognized when the receipt of the proceeds is virtually certain.

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.

29. Income Tax

The provision for income tax shown in the consolidated statements of income consists of:

	2025	2024	2023
Current	**₱4,404,900**	₱4,418,501	₱4,042,180
Deferred	**(1,068,478)**	(1,573,098)	5,135
Final	**234,693**	270,693	270,447
	₱3,571,115	₱3,116,096	₱4,317,762

The components of net deferred tax assets as of December 31, 2025 and 2024 follow:

	2025	2024
Deferred tax assets on:		
Allowance for:		
Expected credit losses	**₱540,861**	₱537,420
Inventory obsolescence	**86,922**	57,939
NOLCO	**282,598**	339,294
Pension liabilities - net	**195,853**	258,215
Impairment	**151,508**	151,508
Unrealized foreign exchange loss	**59,837**	125,977
Lease liabilities	**78,869**	74,463

(*Forward*)

	2025	2024
Provision for decommissioning and site rehabilitation	**₱102,248**	₱51,570
Unrealized gross loss on construction contracts	**35,494**	18,813
MCIT	**4,381**	4,381
Accruals of expenses	**56,037**	–
Others	**140,033**	48,606
	1,734,641	1,668,186
Deferred tax liabilities on:		
Accrual of expenses	–	(23,197)
Other comprehensive income	**(17,312)**	(20,115)
Unrealized foreign exchange gain	**(47,553)**	(7,330)
	(64,865)	(50,642)
	₱1,669,776	₱1,617,544

The components of net deferred tax liabilities as of December 31, 2025 and 2024 follow:

	2025	2024
Deferred tax assets on:		
Pension liabilities – net	**₱735,879**	₱613,807
Allowance for expected credit losses	**17,851**	17,851
Unrealized gross profit on construction contracts	**3,432**	–
PFRS 15 adoption	–	751,230
Deferred commission expense	–	6,626
Others	**26,811**	184,466
	783,973	1,573,980
Deferred tax liabilities on:		
Excess of book over tax income pertaining to real estate sales	**(2,556,470)**	(3,600,171)
Unamortized fair value on nickel mining rights acquired	**(2,322,848)**	(2,604,322)
Unrealized foreign exchange gain – net	**(650,485)**	(587,861)
Deferred Commission expense	**(104,004)**	–
Pension assets - net	**(82,743)**	(16,446)
Mine rehabilitation	**(44,544)**	(11,699)
Unamortized transaction cost on loans payable	**(24,694)**	(41,630)
Unrealized gross profit on construction contracts	–	(25,076)
Others	**(16,627)**	–
	(5,802,415)	(6,887,205)
	(₱5,018,442)	(₱5,313,225)

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:

	2025	2024
NOLCO	**₱12,337,470**	₱10,895,079
Allowance for impairment losses	**5,128**	128,171
MCIT	**184,363**	210,880
Others	–	1,158

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
2025	₱2,027,438	₱44,316	2028
2024	7,221,169	79,174	2027
2023	2,918,086	60,873	2026
2021	170,777	–	2026
	₱12,337,470	₱184,363	

Rollforward analysis of the Group's NOLCO and MCIT follows:

	NOLCO		**MCIT**	
	2025	2024	**2025**	2024
Balances at beginning of year	**₱12,303,044**	₱68,626	**₱215,261**	₱–
Additions	**3,157,831**	1,123	**44,316**	–
Business combination	**–**	12,233,295	**–**	215,261
Expirations and usage	**(1,942,224)**	–	**(70,833)**	–
Balances at end of year	**₱13,518,651**	₱12,303,044	**₱188,744**	₱215,261

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:

	2025	2024
Statutory income tax rate	**25.00%**	25.00%
Adjustments for:		
NOLCO	**3.71**	–
Nondeductible expenses	**0.73**	0.55
Effect of OSD availment	**0.07**	0.12
Changes in unrecognized deferred tax assets	**0.04**	(0.13)
Income under income tax holiday	**(9.21)**	(11.33)
Nontaxable equity in net earnings of associates and joint ventures	**(3.78)**	(2.83)
Interest income subjected to final tax at a lower rate – net	**(0.24)**	(0.64)
Excess costs of construction contracts	**(0.24)**	(0.16)
Others	**(0.52)**	(0.40)
Effective income tax rate	**15.56%**	10.18%

<u>Registrations with Department of Energy and BOI</u>

a. *Certain power generation companies - Registration with the BOI*
Certain power generation companies in the Group have been registered with the BOI. Accrodingly, 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, 2025 and 2024, the Group have complied with the requirements.

b. *SMPC - Expanding Producer of Coal (Narra and Molave Minesite)*
On August 31, 2012 and February 24, 2016, BOI has granted SMPC Certificates of Registration as New Producer of Coal in accordance with the provisions of the Omnibus Investments Code of 1987 in relation to the operations in Narra Mine (formerly Bobog) (Certificate of Registration No. 2012-183) and Molave Mine (Certificate of Registration No. 2016-042). Pursuant thereto, SMPC shall be entitled to the following incentives for the two Certificates of Registration, among others:

(a) ITH for four (4) years from January 2015 and January 2017 for Narra Mine and Molave Mine, 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 October 24, 2019, the BOI approved the request for suspension of Narra Mine until the slope stability of the Narra Mine to resume production is ensured, as follows:

(a) the suspension of mining operation of Narra Mine under its Certificate of Registration No. 2012-183 dated August 31, 2012, subject to the capping of ITH incentive of Molave Mine to 9,697,165 MT under BOI Certificate of Registration No. 2016-042 dated February 24, 2016, which is the highest attained production volume for the last three (3) years of operation; and,
(b) the suspension of the corresponding ITH under its Certificate of Registration No. 2012-183 dated August 31, 2012.

On November 28, 2019, the BOI approved SMPC's application for extension for one (1) year for ITH incentive. The approved bonus year under Certificate of Registration No. 2016-042 is for the period October 15, 2020 to October 14, 2021 using the *Indigenous Raw Material Criterion* pursuant to Executive Order No. 226.

SMPC received a letter from the BOI dated February 28, 2020, stating that the BOI per Board Resolution No. 04-14, Series of 2020, approved the motion for reconsideration of SMPC and that the portion of BOI Board Resolution No. 31-07, Series of 2019, capping the incentive of Molave Mine to 9,697,165 MT be amended. The annual coal production rate of 16 million metric tons as specified in the Amended Environmental Compliance Certificate issued by the Department of Environment and Natural Resources-Environmental Management Bureau (DENR-EMB) shall be imposed upon SMPC's two (2) projects under BOI Certificate of Registration No. 2012-183 dated August 31, 2012 and BOI Certificate of Registration No. 2016-042 dated February 24, 2016 as New Producer of Coal, pursuant to the provisions under the Executive Order No. 226. Any revenue arising from the coal production in excess of 16 million metric tons annual production rate shall not be entitled to ITH incentive.

On July 2, 2020, through Board Resolution No. 12-13, Series of 2020, the BOI approved the request for deferment of the ITH incentive availment for Molave Mine for taxable year 2020, noting that the operation has been affected or disrupted by COVID-19 pandemic and since the project has not fully enjoyed the incentives granted to it for reasons beyond SMPC's control pursuant to Article 7(14) of Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987, as amended, subject to the following:

(1) the income tax due for the taxable year covered by the deferment period shall be paid by SMPC;
(2) SMPC will only be entitled to ten (10) months of ITH incentive in the next taxable year since the deferment period, taxable year 2020, is the project's last year of ITH availment period;
(3) that this deferment shall not prejudice the project's approved bonus year under Certificate of Registration No. 2016-042 for the period October 15, 2020 to October 14, 2021 using the Indigenous Raw Material Criterion pursuant to Art. 39(a)(ii) of E.O. 226 pursuant to Board Resolution No. 31-07, Series of 2019. Noting the deferment of its ITH incentive for taxable year 2020, the bonus year shall correspondingly be amended from October 15, 2021 to October 24, 2022.

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 SMPC'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 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 year) will expire beginning October 2023 and the income from the registered activities of the BOI project (Molave Mine Pit) after the said period will be subjected to regular corporate tax of 25%.

The BOI then 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.

On August 2, 2024, SMPC applied for another extension of one (1) year of ITH incentive for Narra Mine. On October 10, 2024, the BOI approved SMPC's application for extension for one (1) year of ITH incentive for Narra Mine.

The approved bonus year for Narra Mine under Certificate of Registration No. 2012-183 is for the period May 15, 2024 to May 14, 2025 using the *Indigenous Raw Material* criterion pursuant to Art. 39 (a) (1)(ii) of Executive Order No. 226 subject to the following conditions:

(1) At the time of the ITH bonus year incentive, the ratio of the cost of indigenous raw materials shall be at least 50% of the total raw material cost; and

(2) In relation to Memorandum Circular (MC) No. 2024-004 on Lifting of the Covid-Related Policies implemented by the Board of Investments (BOI) Pursuant to Presidential Proclamation (PP) No. 297 Providing for the Lifting of the State of Public Health Emergency Throughout the Philippines Due to Covid-19, the firm shall include in the list of CSRs for ITH Bonus Year the provision of essential goods, products, and services, including basic amenities such as food, accommodation, and transportation, to fight the effects of a pandemic; or to address the medical requirements of the community or the country during local or national public health emergency; or to use during the occurrence of natural calamities or disasters such as, but not limited to, typhoons, earthquake, volcanic eruptions.

On October 7, 2025, SMPC applied for the last bonus year of ITH incentive for Narra Mine. On December 22, 2025, under Certificate No. 2012-183, Narra mine bonus year was approved for the period May 15, 2025 to May 14, 2026 using the Net Foreign Exchange Earnings (NFEE) criterion pursuant to Art. 39 (1)(iii) of E.O. 226 subject to the following conditions:

(1) Undertake Corporate Social Responsibilities (CSR) activities which shall be completed on the actual availment of the bonus year.
(2) In relation to Memorandum Circular (MC) No. 2024-004 on Lifting of the Covid-Related Policies implemented by the Board of Investments (BOI) Pursuant to Presidential Proclamation (PP) No. 297 Providing for the Lifting of the State of Public Health Emergency Throughout the Philippines Due to Covid-19, the firm shall include in the list of CSRs for ITH Bonus Year the provision of essential goods, products, and services, including basic amenities such as food, accommodation, and transportation, to fight the effects of a pandemic; or to address the medical requirements of the community or the country during local or national public health emergency; or to use during the occurrence of natural calamities or disasters such as, but not limited to, typhoons, earthquake, volcanic eruptions.

SMPC availed of incentive in the form of ITH on its income under registered activities. The income under registered activities amounted to ₱7,792.78 million, ₱12,946.75 million, ₱21,559.39 million in 2025, 2024 and 2023, respectively.

30. 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):

	2025	2024	2023
Net income attributable to equity holders of Parent Company	**₱15,094,185**	₱18,976,167	₱24,722,372
Divided by weighted average number of common shares	**13,277,470**	13,277,470	13,277,470
Basic/diluted earnings per share	**₱1.14**	₱1.43	₱1.86

There were no potentially dilutive ordinary shares. Accordingly, no diluted earnings per share is presented in 2025, 2024 and 2023.

31. **Coal Operating Contract with DOE**

The DOE issued Coal Operating Contract No. 5 (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 coal produced and used solely by SMPC to feed its power plant used directly for mining operations is excluded in determining the royalty amount due to DOE.

On May 13, 2008, the DOE granted SMPC's request for an extension of its COC for another 15-year which is set to expire on July 14, 2027.

On February 27, 2026, the DOE launched a Pre-Determined Area (PDA) Bid Round for coal development and production, offering coal areas with identified mineable reserves to support broader energy security and transition agenda under a transparent and competitive contracting process. Under the bid round, the DOE included the (10) blocks in Semirara Island, Caluya, Antique. The bidders are given (60) calendar days to submit their bid. A Pre-Submission Conference will be held twenty (20) days after the launch to address bidder inquiries and clarify requirements. The bid submission deadline will be on April 28, 2026 and contract will be awarded within 60 days from such date.

The PDA Bid Round for the continuation of coal operations in Semirara Island will be undertaken pursuant to DOE Department Circular No. 2026-02-004, within the broader policy framework of DOE Department Circular No. 2017-09-0010 governing coal operating contract. Management has undertaken an assessment of the applicable regulatory framework for the bid and award of a coal operating contract which is anchored on the proponent's ability to deliver the following:

1. Demonstrated technical competence and an optimized mine development plan;
2. Sufficient financial capability to undertake exploration, development, and rehabilitation obligations that maximizes fiscal benefits to the Government while supporting national energy security
3. A work program that ensures efficient resource utilization, environmental protection, and sustainability; and
4. A strong compliance and regulatory track record.

Management believes that SMPC is in a uniquely strong and advantageous position. As the long-standing operator in Semirara Island, SMPC has established mining infrastructure, logistics systems, equipment, and an experienced workforce. This enables immediate continuity of operations and minimizes transition risks, directly supporting the DOE's objective of ensuring uninterrupted domestic coal supply. SMPC's extensive operational history provides deep geological data and mine planning expertise, and decades of experience in managing complex engineering projects, together with its established operations, technical expertise, and extensive equipment fleet developed through its long-standing presence in Semirara Island, provide a strong competitive advantage.

The Group has also established a strong financial position, liquidity, and access to funding, which demonstrate its ability to meet capital requirements, and fulfill contractual obligations, thereby satisfying both the qualification and execution requirements under the applicable Circulars. Leveraging its existing assets and operational efficiencies, SMPC intends to submit the best technical and financial offer in the PDA Bid Round.

The events described above are considered subsequent events that provide evidence of conditions existing at the reporting date. Consequently, the Group identified these events as indicators of impairment which required the assessment of recoverability of the coal mining's nonfinancial assets including inventories and property, plant and equipment attributable to coal mining operations as of December 31, 2025.

The recoverable amount was determined based on multiple scenario-based projections reflecting Management's best estimate of future outcomes for the Group's coal mining operations. These estimates incorporate projected coal sales, margins, and the discount rate, as well as the depreciated replacement cost of coal mining assets where applicable.

Based on this assessment, no impairment was recognized as of December 31, 2025, as the recoverable amount was determined to be in excess of the carrying amount of the subject assets.

The management has also evaluated that the above does not present a material risk to SMPC's ability to continue as going concern due to the following:

(1) Bidding advantage due to SMPC's long-standing Semirara operator experience in which SMPC possesses established infrastructure and technical expertise including its experienced workforce.
(2) Independence of Power Generation Subsidiaries in which SCPC and SLPGC's operational maturity, remaining plant life, and strategic importance of these power generation assets provide SMPC with a stable and continuing economic base that is independent of the remaining term of SMPC's coal mining operations. These subsidiaries therefore continue to support SMPC's financial position and its ability to operate as a going concern.
(3) Re-strategizing the role of SMPC in which it can continue to act or operate as a coal supplier, intermediary or importer to support the fuel requirements of the affiliated power plants, thereby establishing a continuing line of business for SMPC.
(4) Opportunity for Support Services to Affiliates in which SMPC's assets may be redeployed within the group through leasing or service arrangements with affiliated companies.

Royalty dues for DOE's share under this contract, amounted to ₱1,955.30 million, ₱6,379.40 million and ₱10,682.61 million in 2025, 2024 and 2023, respectively, included under 'Operating expenses' in the consolidated statements of income (see Note 25). Receivable from DOE amounting to ₱480.42 million are included under the 'Receivables' account in the consolidated statements of financial position as of December 31, 2025 (see Note 6). Payable to DOE amounting to ₱2,098.72 million are included under the 'Trade and other payables' account in the consolidated statements of financial position as of December 31, 2024 (see Note 17).

32. **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

	2025	2024 (as restated)
Consolidated statements of financial position		
Current assets	**₱29,660,678**	₱30,284,270
Noncurrent assets	**36,832,533**	40,909,688
Total assets	**66,493,211**	71,193,958
Current liabilities	**9,770,511**	12,871,518
Noncurrent liabilities	**940,951**	1,803,886
Total liabilities	**10,711,46**	14,675,404
Equity	**₱55,781,749**	₱56,518,554
Consolidated statements of comprehensive income		
Revenue	**₱52,232,196**	₱65,194,300
Cost of sales	**30,869,439**	33,162,622
Gross profit	**21,362,757**	32,031,678
Operating expenses	**(7,195,380)**	(11,244,550)
Other income (charges) - net	**556,386**	1,019,756
Income before income tax	**14,723,763**	21,806,884
Provision for income tax	**1,663,574**	2,177,380
Net income	**13,060,189**	19,629,504
Other comprehensive income	**17,285**	14,358
Total comprehensive income	**₱13,077,474**	₱19,643,862
Cash flow information		
Operating	**₱16,434,115**	₱27,506,551
Investing	**(6,102,509)**	(7,426,250)
Financing	**(15,463,626)**	(29,626,391)
Effect of exchange rate changes on cash and cash equivalents	**29,014**	26,053
Net increase (decrease) in cash and cash equivalents	**(₱5,103,006)**	(₱9,520,037)

The accumulated balances of material noncontrolling-interest of SMPC and subsidiaries at December 31, 2025 and 2024 amounted to ₱24,489.80 million and ₱24,822.96 million, respectively. Dividends paid to noncontrolling interests amounted to ₱5,988.08 million and ₱11,054.92 million in 2025 and 2024, 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 (see Note 22).

Concreat Asian South East Corporation (CASEC) and Subsidiaries

	2025	2024
Consolidated statements of financial position		
Current assets	**₱8,055,713**	₱11,228,234
Noncurrent assets	**39,738,019**	40,144,353
Total assets	**47,793,732**	51,372,587
Current liabilities	**9,500,831**	9,876,607
To Noncurrent liabilities	**24,138,787**	23,869,071
Total liabilities	**33,639,618**	33,745,678
Equity	**₱14,154,114**	₱17,626,909

	2025 (one year)	2024 (one month, Note 4)
Consolidated statements of comprehensive income		
Revenue	**₱15,117,551**	₱1,097,127
Cost of sales	**13,207,670**	1,158,666
Gross profit	**1,909,881**	(61,539)
Operating expenses	**(3,783,648)**	(420,203)
Other income (charges) - net	**(1,631,588)**	227,974
Income before income tax	**(3,505,355)**	(253,768)
Provision for (benefit from) income tax	**26,123**	(335,379)
Net income (loss)	**(3,531,478)**	81,611
Other comprehensive loss	**(290,295)**	–
Total comprehensive income (loss)	**(₱3,821,773)**	₱81,611
Cash flow information		
Operating	**(₱868,138)**	(₱17,820,659)
Investing	**(1,657,435)**	746
Financing	**1,582,573**	16,107,537
Effect of exchange rate changes on cash and cash equivalents	**1,134**	–
Net decrease in cash and cash equivalents	**(₱941,866)**	(₱1,712,376)

33. 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, 2025			
	Land and buildings	**Office space**	**Machinery and equipment**	**Total**
Cost				
Balances at beginning of year	**₱3,654,512**	**₱260,032**	**₱106,078**	**₱4,020,622**
Additions	**74,364**	**–**	**29**	**74,393**
Balances at end of year	**3,728,876**	**260,032**	**106,107**	**4,095,015**
Accumulated amortization				
Balances at beginning of year	**31,014**	**161,124**	**–**	**192,138**
Amortization (Note 24)	**349,692**	**23,122**	**79,300**	**452,114**
Balances at end of year	**380,706**	**184,246**	**79,300**	**644,252**
	₱3,348,170	**₱75,786**	**₱26,807**	**₱3,450,763**

	Year ended December 31, 2024			
	Land and buildings	Office space	Machinery and equipment	Total
Cost				
Balances at beginning of year	₱103,168	₱239,977	₱–	₱343,145
Acquisition of a business (Note 4)	3,600,451	–	83,700	3,684,151
Additions	–	69,995	22,378	92,373
Expiration	(49,107)	(49,940)	–	(99,047)
Balances at end of year	3,654,512	260,032	106,078	4,020,622
Accumulated amortization				
Balances at beginning of year	24,106	178,410	–	202,516
Amortization (Note 24)	6,908	32,654	–	39,562
Expiration	–	(49,940)	–	(49,940)
Balances at end of year	31,014	161,124	–	192,138
	₱3,623,498	₱98,908	₱106,078	₱3,828,484

On June 30, 2021, the Group purchased the parcels of land under PSALM OEN which amounted to ₱43.11 million (see Notes 13 and 37). Unused rentals as of option exercise date amounted to ₱1.13 million which was applied against the total purchase price.

Lease liabilities

	2025	2024
Beginning balance	**₱3,773,697**	₱89,235
Acquisition of a business (Note 4)	**–**	3,606,935
Additions	**74,393**	92,373
Payment	**(597,219)**	(21,133)
Accretion (Note 27)	**22,509**	6,287
	₱3,273,380	₱3,773,697

The following are the amounts recognized in consolidated statements of income in 2025 and 2024:

	2025	2024
Depreciation expense of right-of-use assets charged to:		
Cost of sales and services (Note 24)	**₱259,731**	₱15,504
Operating expenses (Note 25)	**21,978**	17,150
Expenses relating to short-term leases charged to operating expenses (Note 25)	**260,634**	209,067
Interest expense on lease liabilities (Note 27)	**22,509**	6,287
	₱564,852	₱248,008

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 17 and 20).

As of December 31, 2025 and 2024, future undiscounted minimum lease payments under operating lease are as follows:

	2025	2024
Within one year	**₱23,383**	₱23,112
After one year but not more than five years	**49,292**	63,036
More than five years	**17,769**	18,514
	₱90,444	₱104,662

Operating Lease - As Lessor
The Group entered into lease agreements with third parties covering its investment property portfolio (see Note 12). These leases generally provide for a fixed monthly rental with an escalation minimum of 5% upon renewal of contract.

As of December 31, 2025 and 2024, future minimum lease receivables under the aforementioned operating lease are as follows:

	2025	2024
Within one year	**₱44,669**	₱30,521
After one year but not more than five years	**160,821**	112,474
More than five years	**56,286**	42,569
	₱261,776	₱185,564

34. Operating Segments

Business Segment Information
For management purposes, the Group is organized into eight (8) 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.
- Cement Manufacturing - engaged in the production, marketing, distribution and sale of cement and other cement products.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Executive Officer (CEO), who is the Chief Operating Decision Maker (CODM), 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 PFRS Accounting Standards.

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 21%, 24%, and 20% of the Group's total revenue in 2025, 2024 and 2023, 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, 2025, 2024 and 2023 and property, plant and equipment additions, total assets and total liabilities for the business segments as of December 31, 2025, 2024 and 2023.

Year ended December 31, 2025

	Construction and Others*	Coal Mining	Nickel Mining	Real Estate Development	Power *On-Grid*	Power *Off-Grid*	Water	Cement Manufacturing	Parent Company	Total
Revenue	₱19,148,723	₱27,128,699	₱4,093,452	₱12,645,004	₱23,316,042	₱7,601,097	₱–	₱14,719,855	₱–	₱108,652,872
Equity in net earnings of associates and joint ventures	–	–	–	(58,765)	–	–	3,766,356	–	–	3,707,591
Other income (expense)	49,731	172,805	39,730	3,872,418	622,539	23,407	–	23,387	19,843	4,823,860
	19,198,454	27,301,504	4,133,182	16,458,657	23,938,581	7,624,504	3,766,356	14,743,242	19,843	117,184,323
Cost of sales and services (before depreciation and amortization)	16,462,902	14,850,465	1,251,090	7,804,637	7,716,506	4,405,763	–	11,079,683	–	63,571,046
Government share (Note 25)	–	1,955,301	–	–	–	–	–	–	–	1,955,301
Operating expense (before depreciation and amortization)	885,924	929,675	1,174,933	3,952,541	4,090,169	953,543	–	3,431,102	121,527	15,539,414
	17,348,826	17,735,441	2,426,023	11,757,178	11,806,675	5,359,306	–	14,510,785	121,527	81,065,761
EBITDA	1,849,628	9,566,063	1,707,159	4,701,479	12,131,906	2,265,198	3,766,356	232,457	(101,684)	36,118,562
Other income (expenses)										
Finance income (cost) (Notes 26 and 27)	51,337	20,504	(60,922)	(759,787)	93,155	(167,861)	–	(1,672,146)	359168	(2,136,552)
Depreciation and amortization (Notes 24 and 25)	(504,159)	(3,626,713)	(428,753)	(332,628)	(3,866,030)	(515,021)	–	(1,738,475)	–	(11,011,779)
Pretax income	1,396,806	5,959,854	1,217,484	3,609,064	8,359,031	1,582,316	3,766,356	(3,178,164)	257,484	22,970,231
Provision for income tax (Note 29)	194,371	127,854	329,833	1,223,164	1,494,104	104,491	–	28,838	68,460	3,571,115
Net income	1,202,435	5,832,000	887,651	2,385,900	6,864,927	1,477,825	3,766,356	(3,207,002)	189,024	19,399,116
Net income attributable to noncontrolling-interests	7,105	2,561,809	(36,618)	–	3,032,262	–	–	(1,259627)	–	4,304,931
Net income attributable to equity holders of the Parent Company	₱1,195,330	₱3,270,191	₱924,269	₱2,385,900	₱3,832,665	₱1,477,825	₱3,766,356	(₱1,947,375)	₱189,024	₱15,094,185
Segment Assets										
Cash	₱5,455,952	₱871,967	₱900,949	₱11,352,760	₱3,491,920	₱246,934	₱–	₱788,835	₱5,968,579	₱29,077,896
Receivables and contract assets	10,380,007	2,236,129	476,398	13,882,064	3,198,690	2,965,228	–	1,014,258	471,472	34,624,246
Inventories	1,133,249	13,493,649	151,794	57,529,800	3,777,050	642,309	–	2,602,994	–	79,330,845
Investment in associates and joint venture	58,379	(79,059)	–	3,612,439	–	–	–	50,000	20,798,718	24,440,477
Fixed assets**	2,586,143	8,245,743	4,882,044	1,173,177	26,142,781	9,502,201	–	27,354,034	4,960	79,891,083
Others	6,996,856	1,091,212	1,377,128	6,855,429	1,358,179	1,169,184	–	15,352,257	162,723	34,362,968
	₱26,610,586	₱25,859,641	₱7,788,313	₱94,405,669	₱37,968,620	₱14,525,856	₱–	₱47,162,378	₱27,406,452	₱281,727,515
Segment Liabilities										
Contract liabilities	₱8,569,682	₱–	(₱25,347)	₱13,757,091	₱–	₱–	₱–	₱–	₱–	₱22,301,426
Short-term and long-term debt	220,758	279,776	1,450,000	32,158,820	716,919	7,079,424	–	24,401,150	–	66,306,847
Others	8,545,497	6,714,797	2,302,802	11,015,255	3,151,819	1,915,852	–	10,872,495	153,867	44,672,384
	₱17,335,937	₱6,994,573	₱3,727,455	₱56,931,166	₱3,868,738	₱8,995,276	₱–	₱35,273,645	₱153,867	₱133,280,657
Other disclosures										
Property, plant and equipment additions (Note 13)	₱586,911	₱5,089,277	₱697,653	₱94,210	₱421,089	₱188,538	₱–	₱1,525,381	₱3,332	₱8,606,391
Acquisition of land for future development (Note 8)	–	–	–	254,509	–	–	–	–	–	254,509

**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, 2024

	Construction and Others*	Coal Mining	Nickel Mining	Real Estate Development	Power *On-Grid*	Power *Off-Grid*	Water	Cement Manufacturing	Parent Company	Total
Revenue	₱15,427,865	₱39,462,717	₱2,477,387	₱11,542,627	₱24,712,156	₱7,691,650	₱–	₱1,064,146	₱–	₱102,378,548
Equity in net earnings of associates and joint ventures	–	–	–	(51,946)	–	–	3,406,027	–	–	3,354,081
Other income (expense)	39,018	(102,059)	23,556	3,175,707	929,552	(277,382)	–	94,990	(44,723)	3,838,659
	15,466,883	39,360,658	2,500,943	14,666,388	25,641,708	7,414,268	3,406,027	1,159,136	(44,723)	109,571,288
Cost of sales and services (before depreciation and amortization)	13,038,413	18,098,245	909,635	7,070,765	8,341,882	3,881,305	–	996,397	–	52,336,642
Government share (Note 25)	–	6,379,395	–	–	–	–	–	–	–	6,379,395
Operating expense (before depreciation and amortization)	796,576	788,262	855,076	3,271,461	3,885,270	933,649	–	400,566	88,661	11,019,521
	13,834,989	25,265,902	1,764,711	10,342,226	12,227,152	4,814,954	–	1,396,963	88,661	69,735,558
EBITDA	1,631,894	14,094,756	736,232	4,324,162	13,414,556	2,599,314	3,406,027	(237,827)	(133,384)	39,835,730
Other income (expenses)										
Finance income (cost) (Notes 26 and 27)	85,211	391,554	(26,983)	(1,070,741)	107,241	(203,125)	–	132,984	305,416	(278,443)
Depreciation and amortization (Notes 24 and 25)	(554,587)	(3,666,935)	(465,699)	(386,126)	(2,880,755)	(834,886)	–	(142,543)	(2,452)	(8,933,983)
Pretax income	1,162,518	10,819,375	243,550	2,867,295	10,641,042	1,561,303	3,406,027	(247,386)	169,580	30,623,304
Provision for income tax (Note 29)	121,888	246,047	24,689	985,838	1,913,936	100,546	–	(335,379)	58,531	3,116,096
Net income	₱1,040,630	₱10,573,328	₱218,861	₱1,881,457	₱8,727,106	₱1,460,757	₱3,406,027	₱87,993	₱111,049	₱27,507,208
Net income attributable to noncontrolling-interests	12,658	4,827,205	(26,685)	–	3,679,660	–	–	38,203	–	8,531,041
Net income attributable to equity holders of the Parent Company	₱1,027,972	₱5,746,123	₱245,546	₱1,881,457	₱5,047,446	₱1,460,757	₱3,406,027	₱49,790	₱111,049	₱18,976,167
Segment Assets										
Cash	₱4,356,200	₱5,203,051	₱848,325	₱9,687,607	₱4,264,017	₱574,930	₱–	₱1,968,143	₱7,396,251	₱34,298,524
Receivables and contract assets	8,882,244	4,163,605	276,183	21,934,929	1,870,722	2,807,392	–	2,114,809	464,635	42,514,519
Inventories	1,384,068	8,749,403	83,308	50,758,549	3,227,899	725,906	–	2,305,013	–	67,234,146
Investment in associates and joint venture	58,379	–	–	3,746,828	–	–	–	–	20,470,067	24,275,274
Fixed assets**	2,397,542	8,792,125	4,832,564	1,345,095	30,021,716	8,771,709	–	27,334,457	3,863	83,499,071
Others	8,050,420	1,365,647	1,259,906	6,889,619	851,862	1,125,849	–	16,878,570	68,544	36,490,417
	₱25,128,853	₱28,273,831	₱7,300,286	₱94,362,627	₱40,236,216	₱14,005,786	₱–	₱50,600,992	₱28,403,360	₱288,311,951
Segment Liabilities										
Contract liabilities	₱9,232,863	₱444,519	₱45,582	₱14,632,619	₱36,818	₱–	₱–	₱161,312	₱–	₱24,553,713
Short-term and long-term debt	357,222	502,869	900,000	35,103,629	2,131,876	5,547,436	–	23,583,190	–	68,126,222
Others	7,076,305	8,137,348	2,058,391	11,673,547	2,563,485	2,398,579	–	11,937,393	149,671	45,994,719
	₱16,666,390	₱9,084,736	₱3,003,973	₱61,409,795	₱4,732,179	₱7,946,015	₱–	₱35,681,895	₱149,671	₱138,674,654
Other disclosures										
Property, plant and equipment additions (Note 13)	₱667,562	₱5,740,494	₱847,571	₱224,766	₱901,676	₱1,517,322	₱–	₱677,561	₱1,305	₱10,578,257
Acquisition of land for future development (Note 8)	–	–	–	42,519	–	–	–	–	–	42,519

**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, 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 25)	–	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 26 and 27)	(20,401)	674,801	(9,599)	467,813	(78,965)	(153,467)	–	144,853	1,025,035
Depreciation and amortization (Notes 24 and 25)	(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 29)	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	₱–	₱159,112	₱110,558,073
Other disclosures									
Property, plant and equipment additions (Note 13)	₱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 8)	–	–	–	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*

35. **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, 2025 and 2024, 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.

	2025				
	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 and cash equivalents	**₱29,077,896**	**₱–**	**₱–**	**₱–**	**₱29,077,896**
Receivables - gross					
Trade:					
Electricity sales	**6,290,586**	–	–	–	**6,290,586**
General construction	**3,021,656**	**2,183,800**	**34,592**	**279,423**	**5,519,471**
Real estate	**3,106,810**	–	–	–	**3,106,810**
Cement	**866,541**	–	–	–	**866,541**
Nickel mining	**304,731**	–	–	–	**304,731**
Coal mining	**250,134**	–	–	–	**250,134**
Merchandising and others	**86,505**	–	–	–	**86,505**
Receivables from related parties	**2,892,643**	–	–	–	**2,892,643**
Other receivables	**4,864,802**	–	–	–	**4,864,802**
Other assets		–	–	–	
Refundable deposits	**167,770**	**649,313**	**1,293**	**35,706**	**854,082**
Deposit in escrow fund	**337,813**	–	–	–	**337,813**
	51,267,887	**2,833,113**	**35,885**	**315,129**	**54,452,014**
Other Financial Liabilities					
Short-term debt**	**6,076,900**	–	–	–	**6,076,900**
Accounts and other payables**	**30,182,336**	–	–	–	**30,182,336**
Liabilities for purchased land	**632,575**	**396,836**	**7,111**	**103,492**	**1,140,014**
Long-term debt*	**20,615,918**	**13,112,886**	**12,191,566**	**42,649,792**	**88,570,162**
Total undiscounted financial liabilities	**57,507,729**	**13,509,722**	**12,198,677**	**42,753,284**	**125,969,412**
Liquidity gap	**(₱6,239,842)**	**(₱10,676,609)**	**(₱12,162,792)**	**(₱42,438,155)**	**(₱71,517,398)**

**Including future interest payment.*
***Excluding nonfinancial liabilities.*

	2024				
	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 and cash equivalents	₱34,298,524	₱–	₱–	₱–	₱34,298,524
Receivables - gross					
Trade:					
Electricity sales	6,670,362	–	–	–	6,670,362
Real estate	4,188,769	–	–	–	4,188,769
General construction	1,428,557	2,052,473	150,760	83,659	3,715,449
Coal mining	1,215,282	–	–	–	1,215,282
Cement	821,841				821,841
Nickel mining	244,628	–	–	–	244,628
Merchandising and others	117,365	–	–	–	117,365
Receivables from related parties	2,105,193	–	–	–	2,105,193
Other receivables	6,457,373	404	–	16,607	6,474,384
Other assets					
Refundable deposits	225,784	472,634	3,532	31,210	733,160
Deposit in escrow fund	528,911	–	–	–	528,911
	58,302,589	2,525,511	154,292	131,476	61,113,868
Other Financial Liabilities					
Short-term debt**	4,571,277	–	–	–	4,571,277
Accounts and other payables**	24,276,410	–	–	–	24,276,410
Liabilities for purchased land	532,240	406,438	7,111	133,570	1,079,359
Long-term debt*	12,252,676	13,171,904	24,349,903	40,136,327	89,910,810
Total undiscounted financial liabilities	41,632,603	13,578,342	24,357,014	40,269,897	119,837,856
Liquidity gap	₱16,669,986	(₱11,052,831)	(₱24,202,722)	(₱40,138,421)	(₱58,723,988)

**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, 2025 and 2024.

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)	
	2025	2024	**2025**	2024
PSE	**-18.93%**	-20.29%	**(₱126)**	(₱13,580)
	+18.93%	+20.29%	**126**	13,580
Others	**+1.67%**	+30.88%	**11**	20,670
	-1.67%	-30.88%	**(11)**	(20,670)

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 18.93% and 1.67% in 2025 and 20.29% and 30.88% in 2024, 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):

	2025	2024
Owned Plants*	**29.8%**	24.9%
Domestic market	**24.6%**	23.9%
Export market	**45.6%**	51.2%
	100%	100%

**Sales to Owned Plants are eliminated in the consolidated financial results.*

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, 2025 and 2024 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 2025 and 2024.

	Effect on income before income tax	
Change in coal price	**2025**	2024
Based on ending coal inventory		
Increase by **495**% in 2025 and 62% in 2024	**₱1,731,419**	₱290,758
Decrease by **495**% in 2025 and 62% in 2024	**(1,731,419)**	(290,758)
Based on coal sales volume		
Increase by **40**% in 2025 and 64% in 2024	**₱6,687,317**	₱4,779,123
Decrease by **40**% in 2025 and 64% in 2024	**(6,687,317)**	(4,779,123)

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:

	2025		
	Change in basis points	**Effect on income before income tax**	**Effect on equity**
Peso floating rate borrowings	**+100 bps**	**(₱365,982)**	**(₱274,486)**
	-100 bps	**365,982**	**274,486**

	2024		
	Change in basis points	Effect on income before income tax	Effect on equity
Peso floating rate borrowings	+100 bps	(₱329,812)	(₱247,359)
	-100 bps	329,812	247,359

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 2025 and 2024. 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, 2025 and 2024.

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)**	
	2025	2024	**2025**	2024
US Dollar[1]	**+0.21%**	+0.14%	**(₱2,388)**	(₱881)
	-0.21%	-0.14%	**2,388**	881
Japanese Yen[2]	**+1.73%**	+5.69%	**939**	3,848
	-1.73%	-5.69%	**(939)**	(3,848)
UK Pounds[3]	**+1.3%**	+3.46%	**5**	11
	-1.30%	-3.46%	**(5)**	(11)
E.M.U. Euro[4]	**+2.26%**	+5.19%	**1,104**	(1,431)
	-2.26%	-5.19%	**(1,104)**	1,431

1. The exchange rates used were ₱58.81 to $1 and ₱58.1 to $1 for the year ended December 31, 2025 and 2024, respectively.
2 The exchange rates used were ₱0.38 to ¥1 and ₱0.37 to ¥1 for the year ended December 31, 2025 and 2024, respectively.
3.The exchange rates used were ₱79.41 to £1 and ₱72.43 to £1 for the year ended December 31, 2025 and 2024, respectively.
4. The exchange rates used were ₱69.25 to €1 and ₱59.92 to €1 for the year ended December 31, 2025 and 2024, respectively.

Information on the Group's foreign currency-denominated monetary assets and liabilities and their Philippine Peso equivalents as of December 31, 2025 and 2024 follows:

2025

	U.S. Dollar	**Japanese Yen**	**UK Pounds**	**E.M.U Euro**	**Equivalent in PHP**
Financial assets					
Cash and cash equivalents	**$18,938**	**¥117,731**	**£5**	**€326**	**₱1,180,938**
Receivables	**20,838**	**26,845**	**–**	**381**	**1,261,952**
	39,776	**144,576**	**5**	**707**	**2,442,890**
Financial liabilities					
Accounts payable and accrued expenses	**(58,689)**	**–**	**–**	**–**	**(3,451,500)**
Lease Liability	**(517)**	**–**	**–**	**–**	**(30,405)**
	(59,206)	**–**	**–**	**–**	**(3,481,905)**
	($19,430)	**¥144,576**	**£5**	**€707**	**(₱1,039,015)**

2024

	U.S. Dollar	Japanese Yen	UK Pounds	E.M.U Euro	Equivalent in PHP
Financial assets					
Cash and cash equivalents	$32,644	¥156,519	£4	€564	₱1,985,677
Receivables	20,929	26,845	−	381	1,246,771
	53,573	183,364	4	945	3,232,448
Financial liabilities					
Accounts payable and accrued expenses	(64,605)	−	−	(1,405)	(3,831,884)
Lease Liability	(3,622)	−	−	−	(210,112)
	(68,227)	−	−	(1,405)	(4,041,996)
	($14,654)	¥183,364	£4	(€460)	(₱809,548)

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, 2025 and 2024.

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, 2025 and 2024 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, 2025 and 2024, 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 6.

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 6. 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.

The repossessed lots and residential houses are recorded back to inventory at cost under the “Real estate inventories” account and are held for sale in the ordinary course of business. The total of these inventories amounts to ₱1,890.73 million and ₱2,006.65 million as at December 31, 2025 and 2024, respectively. The Group performs certain repair activities on the said repossessed assets in order to put their condition at a marketable state. Costs incurred in bringing the repossessed assets to its marketable state are included in their carrying amounts.

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.

Cement Manufacturing
The Group has developed policies for the authorization of credit to customers. The exposure to credit risk is monitored constantly according to the behavior of payment of the debtors. Credit is assigned on a customer-by-customer basis and is subject to assessments which consider the customers' payment capacity, as well as past behavior regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, the Group requires cash bonds from its customers and financial counterparties with regard to financial assets, which can be called upon if the counterparty is in default under the terms of the agreement. The Group has established a policy which analyzes the creditworthiness of each new client individually before offering the general conditions of payment terms and delivery, and the review includes external ratings, when references are available, and in some cases bank references. Threshold of credit limits are established for each client, which represent the maximum credit amount that requires different levels of approval. Customers who do not meet the levels of solvency requirements imposed by the Group can only carry out transactions by paying cash in advance.

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.

	2025			
	12-month ECL	**Lifetime ECL Not credit impaired**	**Lifetime ECL Credit impaired**	**Total**
Cash in bank and cash equivalents*	**₱29,037,599**	**₱–**	**₱–**	**₱29,037,599**
Receivables				
Trade				
Electricity sales	–	**4,608,852**	**1,681,734**	**6,290,586**
General construction	–	**5,519,471**	–	**5,519,471**
Real estate	–	**3,106,810**	–	**3,106,810**
Cement sales	–	**744,918**	**121,623**	**866,541**
Nickel mining	–	**304,731**	–	**304,731**
Coal mining	–	**237,927**	**12,207**	**250,134**
Merchandising and others	–	**86,505**	–	**86,505**
Receivable from related parties	–	**2,892,643**	–	**2,892,643**
Other receivables	–	**4,612,242**	**252,560**	**4,864,802**
Refundable deposits	**854,082**	–	–	**854,082**
Deposit in escrow funds	**337,813**	**-**	**-**	**337,813**
Total	**₱30,229,494**	**₱22,114,099**	**₱2,068,124**	**₱54,411,717**

**Excludes cash on hand amounting to ₱40,297*

The Group did not accrue any interest income on impaired financial assets.

	2024			
	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Total
Cash in bank and cash equivalents*	₱34,249,521	₱–	₱–	₱34,249,521
Receivables				
Trade				
Electricity sales	–	5,021,368	1,648,994	6,670,362
Real estate	–	4,188,769	–	4,188,769
General construction	–	3,715,449	–	3,715,449
Coal mining	–	1,173,354	41,928	1,215,282
Cement sales	–	732,831	89,010	821,841
Nickel mining	–	244,628	–	244,628
Merchandising and others	–	117,365	–	117,365
Receivable from related parties	–	2,105,193	–	2,105,193
Other receivables	–	6,268,864	205,520	6,474,384
Refundable deposits	733,160	–	–	733,160
Deposit in escrow funds	528,911	–	–	528,911
Total	₱35,511,592	₱23,567,821	₱1,985,452	₱61,064,865

**Excludes cash on hand amounting to to ₱49,003*

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, 2025 and 2024:

	2025		2024	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial assets at amortized cost				
Cash and cash equivalents				
Cash in banks	**₱8,501,225**	**₱8,501,225**	₱12,769,838	₱12,769,838
Cash equivalents	**20,536,374**	**20,536,374**	21,479,683	21,479,683

(Forwards)

	2025		2024	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Receivables - net				
Trade				
Electricity sales	**₱4,608,852**	**₱4,608,852**	₱5,021,368	₱5,021,368
General construction	**5,519,471**	**5,519,471**	3,715,449	3,715,449
Real estate	**3,106,810**	**3,106,810**	4,188,769	4,188,769
Cement	**744,918**	**744,918**	732,831	732,831
Nickel mining	**304,731**	**304,731**	244,628	244,628
Coal mining	**237,927**	**237,927**	1,173,354	1,173,354
Merchandising and others	**86,505**	**86,505**	117,365	117,365
Receivable from related parties	**2,892,643**	**2,892,643**	2,105,193	2,105,193
Other receivables	**4,612,242**	**4,612,242**	6,268,864	5,734,605
Refundable deposits	**854,082**	**854,082**	733,160	733,160
Deposit in escrow fund	**337,813**	**337,813**	528,911	528,911
	23,305,994	**23,305,994**	24,829,892	24,295,633
Equity investment designated at FVOCI				
Quoted securities	**297,114**	**297,114**	294,830	294,830
Unquoted securities	**2,177**	**2,177**	2,177	2,177
	299,291	**299,291**	297,007	297,007
	₱23,605,285	**₱23,605,285**	₱25,126,899	₱24,592,640
Other Financial Liabilities				
Accounts and other payables*	**₱30,182,336**	**₱30,182,336**	₱24,276,410	₱24,276,410
Liabilities for purchased land	**1,140,014**	**1,043,999**	1,079,359	1,013,086
Short-term and long-term debt	**66,306,847**	**60,231,460**	68,126,222	60,689,635
	₱97,629,197	**₱91,457,795**	₱93,481,991	₱85,979,131

**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 0.94% to 5.78% and 4.88% to 4.97% in 2025 and 2024, respectively. The discount rates used for liabilities for purchased land range from 6.10% to 6.18% in 2025 and 6.10% to 6.18% in 2024.

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.

36. **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 ₱10.0 per metric ton (MT) to ₱50.0 per MT in the first year of implementation, ₱100.0/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, 2025 and 2024 and will only be confirmed when the said issuance will be issued by the tax bureau.

b. Tax Case on Fuel Importation

On June 5, 2025, SMPC filed a Complaint for Injunction with an application for a Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction to prevent the Department of Finance (DOF), Bureau of Internal Revenue (BIR), and Bureau of Customs (BOC) from enforcing a unilateral withdrawal of SMPC's long-standing exemptions from tariff duties, compensating tax, and fuel-marking fees. These exemptions are expressly granted under Coal Operating Contract (COC) No. 5, executed pursuant to Presidential Decree (PD) No. 972, and have been consistently recognized by the government for decades.

The case is entitled "Semirara Mining and Power Corporation (SMPC) vs. Hon. Ralph Gonzales *Recto, in his capacity as Secretary of the Department of Finance (DOF); Hon. Romeo D. Lumagui, Jr., in his capacity as Commissioner of the Bureau of Internal Revenue (BIR); and Hon. Bienvenido Y. Rubio, in his capacity as Commissioner of the Bureau of Customs (BOC)*", and docketed as Civil Case No. R-MKT-25-01180-CV pending before the Regional Trial Court of Makati City, Branch 234.

The issue stemmed from a BIR Opinion dated April 30, 2025, which erroneously suggested that PD No. 972 was effectively repealed by Republic Act No. 11534 or the CREATE Law. Acting solely on this internal BIR interpretation, the DOF stopped issuing Tax Exemption Indorsements (TEIs) despite SMPC's valid Tax Exemption Certificates (TECs) issued by the Department of Energy (DOE).

SMPC's position rests on clear and well-established legal grounds:

- COC No. 5 is a valid and subsisting contract between SMPC and the DOE.
- The DOE, as the contracting party and SMPC's main government regulator fully supports SMPC's position, has not amended the fiscal regime of the contract, and continues to issue TECs in favor of SMPC.
- The Non-Impairment Clause of the Constitution protects SMPC's vested tax and tariff exemptions. The actions of the DOF violate SMPC's constitutional right.
- Neither the CREATE Law (RA 11534) nor CREATE MORE (RA 12066) contains any express or implied repeal of PD No. 972.
- The BIR Opinion is unilateral, without statutory basis, and constitutes an ultra vires act impairing a government contract.
- The exemptions under PD No. 972 are integral to the State's policy of encouraging coal development and ensuring national energy security.

Recognizing the merits and urgency of SMPC's petition, the RTC Makati issued a Temporary Restraining Order on June 17, 2025. SMPC's position was supported by the DOE in a formal letter to the DOF dated July 4, 2025, expressly stating that:

- coal operators remain exempt from tariff duties and compensating tax under Section 16(b) of PD No. 972; and
- such exemptions are key features of coal operating contracts deliberately crafted to support energy-sector development.

SMPC has submitted this DOE Letter to the trial court as further evidence.

RTC Makati subsequently issued a Writ of Preliminary Injunction on August 6, 2025 effectively directing the DOF, BIR, and BOC to refrain from implementing the withdrawal of fiscal incentives under PD No. 972. It further denied the respondents' Motion for Reconsideration.

Following the RTC's denial of the respondents' Motion for Reconsideration, the BIR elevated the matter to the Court of Tax Appeals (CTA) by filing, on December 12, 2025, a Petition for Certiorari and Prohibition with an urgent prayer for the issuance of a Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction. The Petition seeks to nullify the RTC Orders and to restrain the RTC from further proceeding with the case.

While a copy of the Petition was served upon SMPC's external counsel, SMPC itself has not yet been formally served. It is respectfully submitted that service upon external counsel does not constitute proper service upon the company. Accordingly, we believe that the CTA has not yet acquired jurisdiction over SMPC in this matter.

On December 15, 2025, the BIR likewise moved for the suspension of proceedings before the RTC Makati, which the latter granted on January 13, 2026 for a period of ninety (90) days in deference to the CTA. The RTC will resume a status hearing scheduled on April 14, 2026.

To date, the CTA has not taken any significant action on the BIR's application for a TRO/Injunction nor has formally served the Petition to SMPC.

c. Operating Lease Commitment - as a Lessee

SCPC 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 Group 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.

SCPC was also required to deliver and submit to the lessor a performance security in the form of Stand-by Letter of Credits. As of December 31, 2023, SBLC issued for this purpose has a value of US$0.54 million. The Performance Security shall be maintained by SCPC 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.

On various dates starting in 2010, PSALM issued OENs and granted SCPC the “Option” to purchase parcels of land (Optioned Assets) that form part of the leased premises for which SCPC has availed on selected parcels of land. This also includes the assignment of the option to purchase to the Group/SLPGC and the request to sub-lease a portion of the Calaca Leased Premises to SLPGC for the purpose of constructing and operating a power plant. These requests were approved by PSALM’s Board on February 13, 2012.

On December 27, 2023, PSALM wrote informing SCPC 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”. SCPC, in its letter to PSALM dated January 24, 2024, 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 “as-is-where-is’ basis. To date, SCPC has yet to consider whether to accede to the position of PSALM.

Foreshore lease

On December 29, 2011, following the execution of the Deed of Sale on the power plant between PSALM and SCPC, the National Power Corporation (NAPOCOR or “NPC”) transferred its rights over the foreshore lease with the Department of Environment and Natural Resources (DENR) to the Company through an execution of Deed of Assignment in which SCPC unconditionally agrees to assume all rights and obligations under the Foreshore Lease Contract. The Foreshore Lease Contract is entered into between NPC and DENR effective for a period of 25 years starting April 2009.

The lease payments is subject to reappraisal every 10 years. The lease rate for the first 10 years is ₱2.65 million which was reappraised to ₱3.88 million for the next 10 years starting April 2019. Refer to Note 33 for the information and related disclosures.

d. Application for Approval of the ASPA between the Group and NGCP, with Prayer for the Issuance of Provisional Authority

On July 12, 2018, SLPGC and NGCP filed an application for approval of the ASPA, with a prayer for the issuance of provisional authority, docketed as ERC Case No. 2018-074-RC, where NGCP agreed to procure, and SLPGC agreed to supply ancillary services in the form of regulating reserve under a firm and non-firm arrangement and contingency reserve and dispatchable reserve under a non-firm arrangement.

Although the ERC granted interim relief to implement the ASPA in its order dated May 20, 2019, the ERC had disallowed the recovery of the cost of minimum stable load (Pmin) Capacity of 2MW. Subsequently, on September 5, 2019, the ERC resolved to deny SLPGC's Motion for Partial Reconsideration, praying for the recovery of the cost Pmin Capacity of 2 MW, for lack of merit.

On November 22, 2019, SLPGC and NGCP filed their Joint Manifestation with Motion to Withdraw in view of the decision to terminate the ASPA.

While no supply agreement has been secured, the gas turbine plant was used by SLPGC for electricity generation and sale through WESM.

On August 2, 2022, the BOD approved the plan to decommission and sell the gas turbine plant. Following the receipt of all necessary regulatory clearances for disconnection and deregistration, the sale of the asset was finalized on March 27, 2024, with SLPGC receiving full payment upon the transfer of the asset to the buyer.

As of the reporting date, the ERC has yet to formally rule on the Joint Manifestation with Motion to Withdraw. However, SLPGC concludes that this pending administrative action has no material impact on SLPGC's financial position, as the underlying asset has been fully disposed of and the associated ASPA has been terminated.

e. 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),* unincorpoated 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%.

- *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.

2021

- *Acciona DMCI SCRP02 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.

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

- On September 20, 2023, DMCI and Nishimatsu Construction Co., Ltd. entered into a joint venture agreement to undertake the construction of the two stations of the Metro Manila Subway project (Kalayaan Avenue and Bonifacio Global City) of the DOTr. The respective interests of the Parties in the Joint Venture are 67% to Nishimatsu and 33% to DMCI. The project has been awarded to the joint venture on October 29, 2025. The respective interests of the Parties in the Joint Venture are 67% to Nishimatsu and 33% to DMCI. The joint venture is expected to begin its mobilization phase by 2026 and no revenue has been recognized for the year. The joint venture was registered with the BIR on January 8, 2026.

f. 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.

37. **Other Matters**

a. Electric Power Industry Reform Act (EPIRA)

The Group's operations are governed by Republic Act No. 9136, otherwise known as the EPIRA, and its Implementing Rules and Regulations. Pursuant to Section 30 of the EPIRA, WESM serves as the centralized venue for trading electricity as a commodity.

The WESM is operated by the Independent Electricity Market Operator of the Philippines, Inc. (IEMOP). IEMOP is responsible for the centralized scheduling, dispatch, and settlement of energy transactions in the Luzon, Visayas, and Mindanao grids.

The Group participates in the WESM for the sale of its uncontracted capacity and the purchase of replacement power, where applicable.

The Group remains in compliance with the WESM Rules and Market Manuals. Any enforcement and compliance matters are monitored by Philippine Electricity Market Corporation (PEMC), acting as the governance body, while technical dispatch and reliability standards are overseen by the National Grid Corporation of the Philippines (NGCP) as the System Operator.

b. Environmental Compliance and Sustainability

Philippine Clean Air Act (R.A. 8749)
The Group's thermal power generation facilities are subject to the provisions of R.A. No. 8749, or the Philippine Clean Air Act (PCAA), and its Implementing Rules and Regulations. To ensure compliance with the National Emission Standards for Source Specific Air Pollutants (NESSAP) and Ambient Air Quality Guideline Values, the Group operates a Continuous Emission Monitoring System (CEMS).

The Group's emission data is transmitted in real-time (or periodically as required) to the Department of Environment and Natural Resources – Environmental Management Bureau (DENR-EMB) through an online database system, in compliance with EMB Memorandum Circular No. 2021-14 and other relevant issuances.

Sustainability Reporting Transition
Pursuant to Memorandum Circular No. 16, series of 2025, the Securities and Exchange Commission (SEC) has mandated the adoption of PFRS S1, *General Requirements for Disclosure of Sustainability-related Financial Information* and PFRS S2, *Climate-related Disclosures,* beginning fiscal year 2026. The Group is currently enhancing its internal reporting frameworks to include standardized disclosures of climate-related risks and Greenhouse Gas (GHG) emissions. Management believes the Group is positioned to meet these evolving reporting requirements as they become mandatory.

c. Coal Moratorium Policy

On December 22, 2020, the DOE issued an advisory on the moratorium of endorsements for greenfield coal-fired power projects in line with improving sustainability of the Philippines' electric power industry ("Coal Moratorium Policy"). Pursuant to the Coal Moratorium Policy, the DOE is enjoined from processing applications for greenfield coal-fired power generation facility projects requesting for endorsements. However, explicitly excluded from the Coal Moratorium Policy are existing and operational coal-fired power generation facilities as well as those considered as *i)* committed power projects; *ii)* existing power plant complexes which already have firm expansion plans and existing land site provision; and *iii)* indicative power projects with substantial accomplishments.

On July 19, 2024, the DOE, through its Electric Power Industry Management Bureau, clarified the coverage of the Coal Moratorium Policy and emphasized the exclusion of coal-fired plants that specifically fall under the exceptions. DOE also clarified its ministerial process in operationalizing its Coal Moratorium Policy. It stated that once a request for certification of non-coverage is applied by a project proponent, the DOE ministerially issues a confirmation after verification and in accordance with the guidelines stated in the Coal Moratorium Policy.

d. Competitive Selection Process (CSP)

Pursuant to DOE Circular No. DC2023-06-0021 and ERC Resolution No. 16, Series of 2023, all Distribution Utilities (DUs) are mandated to procure power supply for their captive market through a CSP. This framework ensures transparency and competitive pricing in the execution of Power Supply Agreements (PSAs).

As of December 31, 2025, and 2024, the Group's existing PSAs were entered into in compliance with the CSP guidelines effective at the time of execution. The Group monitors the following regulatory developments related to CSP:

New Procurement Framework
Under the 2023 CSP Policy (which repealed previous circulars from 2015, 2018, and 2021), the Group participates in bidding processes characterized by standardized pre-qualification, transparent evaluation, and ERC-mandated PSA templates.

Emergency Power Supply Agreements (EPSA)
The Group acknowledges the provisions for CSP exemptions in cases of emergency power procurement and direct negotiation, subject to strict ERC price caps and time-limited validity.

Contract Renewals
In accordance with ERC Resolution No. 16 (2023), the Group recognizes that any extension or renewal of expiring PSAs must undergo a fresh CSP, unless specifically exempted under the "Protocol for Negotiated Procurement."

The Group continues to align its business development and bidding strategies with these guidelines to ensure the long-term viability of its power supply contracts and compliance with the National Electrification Administration (NEA) and ERC oversight.

e. Retail Competition and Open Access (RCOA)

Pursuant to Section 31 of the EPIRA, Retail Competition and Open Access (RCOA) allows qualified "Contestable Customers" to choose their electricity suppliers, fostering competition in the retail market.

Omnibus Rules and Current Thresholds
On September 6, 2024, ERC Resolution No. 13, Series of 2024 (Omnibus Rules for Customer Choice Programs in the Retail Market) took effect. This resolution consolidated and streamlined the rules for various customer choice programs, effectively providing a clear regulatory framework following previous legal stay orders.

As of the reporting date, the following programs are active:

Competitive Retail Electricity Market (CREM): Allows end-users with an average monthly peak demand of at least 500kW to voluntarily enter into Retail Supply Contracts (RSCs) with licensed Retail Electricity Suppliers (RES).

Green Energy Option Program (GEOP): Enables end-users with a monthly average peak demand of at least 100kW to source their energy from renewable energy resources.

Retail Aggregation Program (RAP): Permits the joining of two or more end-users within a contiguous area to aggregate their demand to meet the 500kW threshold for contestability.

The Group monitors these programs to identify wholesale supply opportunities for licensed RES and to manage the impact on the competitive landscape.

f. Renewable Portfolio Standards (RPS)

Pursuant to Republic Act No. 9513 (the "Renewable Energy Act of 2008"), the RPS mandates energy sector participants to source a portion of their supply from renewable resources. Compliance is monitored via the Philippine Renewable Energy Market (PREM), where Renewable Energy Certificates (RECs) are issued for every megawatt-hour of generation from eligible RE facilities. While the Group's current portfolio consists of thermal generation assets providing baseload capacity, it continues to monitor RPS developments and the resulting PREM rules for any indirect impact on the long-term contracting environment and dispatch protocols within the Philippine Grid. The Group also remains committed to operational efficiency and grid reliability, providing the critical baseload power necessary to support the intermittency of the growing renewable energy sector.

g. Nickel Sales Agreement

BNC, ZDMC and ZCMCI 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. In 2025, BNC exported a total of 0.08 million WMT (nil in 2024 and 2023). ZDMC, on the other hand, exported a total of 1.07 million WMT, 1.4 million WMT, and 1.7 million WMT in 2025, 2024 and 2023, respectively, upon lifting of suspension order in 2019. ZCMCI on its first year of operations exported a total of 0.05 million WMT. In 2025, ZCMCI exported a total of 0.78 million WMT.

h. Enhanced Fiscal Regime for Large-Scale Metallic Mining Act or Republic Act No. 12253 (RA 12253)

On September 4, 2025, Republic Act No. (RA) 12253, otherwise known as the "Enhanced Fiscal Regime for Large-Scale Metallic Mining Act", was signed into law. It took effect 15 days after its complete publication in the Official Gazette and in newspapers of general circulation or September 20, 2025. The Implementing Rules and Regulations (IRR) of RA 12253 were promulgated on December 18, 2025, although the transitory clause provides that large-scale metallic mining contractors and/or operators shall immediatly be subject to the fiscal regime provided therein after 150 days from the date of effectivity or February 17, 2026.

RA 12253 applies to large-scale metallic mining operations, or the exploration, development and utilization of metallic minerals under a mineral agreement or Financial or Technical Assistance Agreement (FTAA). Patented mining claims validly located and perfected under the Philippine Bill of L902, which have thereby been segregated from the public domain and vested with private ownership, and which have been expressly excluded from the coverage of any mineral agreement or FTAA, shall not be subject to the taxes imposed under Section 15L-A of the National Internal Revenue Code, as amended by RA 12253, except as may be otherwise determined by the Supreme Court of Philippines.

The following, among others, are the salient provisions of RA 12253:

- Income from metallic mining operations is defined as gross output less deductions directly attributable to mining operations, which include:
  - Mining, milling, transporting, and handling expenses together with smelting and refining costs incurred, which refer to ordinary and necessary costs incurred in the extraction and processing of minerals;
  - General and administrative expenses actually incurred by the metallic mining contractor or operator;
  - Environmental expenses of the metallic mining contractor or operator;
  - Expenses for the development of host and neighboring communities and of geosciences and mining technology;
  - Lease and royalty payments which shall refer to necessary payments made by the contractor or operator to claim owners, or surface landowners, and/or lndigenous Cultural Community or lndigenous People relating to the contract area during the operating period;
  - Continuing exploration and development expenses, which shall refer to costs incurred within the contract area after the pre-operating period for further exploration and development of the mining project;
  - Interest expenses which shall refer to amounts paid or incurred on loans that are necessary for mining operations, subject to the financing requirement under the mineral agreement or FTAA, provided that interest incurred on related-party debts of metallic mining contractors or operators, in excess of a quarterly related-party debt-to-equity ratio of 2:1 at any time during a taxable year shall not be allowed as a deduction under Section 3a(B) of the Tax Code, as amended;
  - Depreciation, depletion, or amortization, which shall refer to deductions representing the systematic allocation of the cost of tangible and intangible mining assets over their useful life or productive period; and
  - Duties, fees, charges, and taxes, which shall refer to compulsory payments imposed under existing laws and regulations, other than royalty as provided in this Section 151-A and the windfall profits tax under Section 151-B of the Tax Code, as amended.

- Margin, for purposes of calculating the royalty tax, is defined as the ratio of income from large-scale metallic mining operations to gross output while for purposes of calculating the windfall profits tax, 'windfall' or 'margin' is defined as the ratio of 'net income from large-scale metallic mining operations' to gross output.
- Royalty of 5% on the gross output of the minerals or mineral products extracted or produced by large-scale metallic mineral operations within mineral reservations.
- Margin-based royalty ranging from 1% to 5% on income of large-scale metallic operations outside mineral reservations. If the margin of large-scale metallic mining operations outside mineral reservations is less than or equal to 0%, a minimum royalty of 1/10 of 1% of the gross output of the minerals or mineral products extracted or produced shall be imposed
- Large-scale metallic mining operations shall be subject to a windfall profits tax on net income from metallic mining operations. The windfall profits tax rate is based on margin and ranges from 1% to 10%. For purposes of calculating the windfall profits tax, windfall or margin refers to the ratio of net income from large-scale metallic mining operations to gross output except that allowable tax deductions shall include corporate income tax and royalty tax. Further, for the purpose of computing the windfall or margin, the optional standard deduction shall not be used. The windfall profits tax shall not be deductible from taxable income as defined in Section 31 of the Code.
- For purposes of computing and paying the royalty tax and windfall profits tax, the following shall be treated as a separate taxable entity:
    - A metallic mining contractor, with respect to each mineral agreement or FTAA that it holds and/or operates
    - Where there is more than one (1) valid mining operator under the same mineral agreement or FTAA, each mining operator shall be deemed a separate taxable entity for its respective mining operations under each mineral agreement or FTAA

- The fiscal regime and revenue-sharing arrangement provided under RA 12253 shall accordingly be embodied, as appropriate, in the mineral agreements and FTAA on metallic mineral production entered into by the Philippines government. This fiscal regime and revenue-sharing arrangement shall continue to be in force and effect for the entire duration of the contracts so entered and executed after the enactment of RA 12253. Valid mineral agreements and FTAA existing prior to the effectivity of the IRR shall contiiue to be governed by their respective terms and conditions until the expiration of their periods, except if said agreements provide that terms and conditions resulting from the repeal or amendment of existing laws or regulations or from the enactment of new laws or regulations shall be considered written into and part of said mineral agreements and FTAAs.

As of March 16, 2026, the revenue regulations implementing changes to the Tax Code, as amended by RA 12253, have not yet been issued by the Bureau of Internal Revenue (BIR).

RA 12253 is not considered substantively enacted as of December 31, 2025, because the transitory clause in the IRR provides that large-scale metallic mining contractors and/or operators shall be subject to the fiscal regime provided therein only on February 17, 2026.

The Group is currently assessing the impact of the amendments introduced by RA 12253 on its December 2026 financial statements based on the provisions of the IRR. The Group will reassess the impact of RA 12253 on its financial statements after the relevant revenue regulations have been issued by the BIR.

i. Concession Agreement

On February 21, 1997, Maynilad entered into a Concession Agreement with the MWSS ("Original Concession Agreement" or OCA). Under the OCA, MWSS granted Maynilad, as agent, the right to perform certain functions and to exercise certain rights and powers under the MWSS Charter, and as contractor, the sole right to manage, operate, repair, decommission and refurbish all fixed and movable assets required (except certain retained assets of MWSS) to provide water and wastewater services in the West Service Area, as defined in the OCA. This includes the right to bill and collect for water and wastewater services supplied in the West Service Area for 25 years or until May 6, 2022 (the "Expiration Date").

In April 2011, the Expiration Date was extended for 15 years, moving it to July 31, 2037, unless the OCA is pre-terminated due to an event of default. The MWSS approved the 15-year extension of the OCA in 2009 (see Notes 7, 10 and 22) and it was duly acknowledged by the Republic of the Philippines (RoP) through a Letter of Consent and Undertaking dated March 17, 2010 ("Republic Undertaking").

Maynilad is also tasked to manage, operate, repair, decommission and refurbish certain specified MWSS facilities in the West Service Area. The legal title to these assets remains with MWSS. However, legal title to the property, plant and equipment that Maynilad contributes to the existing MWSS system during the concession period remains with Maynilad until the Expiration Date (or on early termination date) at which time, all rights, titles and interest in such assets will automatically vest in MWSS.

Sometime in the early part of 2019, then President Rodrigo Duterte ordered the review of the terms of the OCA of Maynilad and Manila Water. In January 2020, he caused the establishment of the Concession Agreements Review Committee ("RevCom") to review the OCA and to submit its recommendations to the President. The RevCom was composed of the Executive Secretary, the Secretaries of the Departments of Justice and Finance, the Solicitor General, the Government Corporate Counsel and the Presidential Adviser on Flagship Programs and Projects.

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 (FCDA);
4. Capping of the annual inflation factor to 2/3 of the Consumer Price Index (CPI);
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 (ADR) 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 was to take effect six months after its signing on May 18, 2021, or on November 18, 2021 (“Effective Date”), upon compliance with all the conditions precedent (CPs). 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 of Trustees (MWSS BOT), 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 BOT to defer the RCA’s Effective Date by another two months (until February 16, 2022) or until the Republic Undertaking has been 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 BOT approved to defer further the RCA Effective Date from March 18, 2022, until such 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 of 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 did 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.

Maynilad posited 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, remained valid and effective.

In the meantime, on January 22, 2022, Maynilad’s legislative franchise or Republic Act (RA) No. 11600 (RA 11600) took effect. RA 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,” recognized the OCA and the 2010 MOA that extended the term of the concession for 15 years, or until 2037.

On August 9, 2022, pursuant to RA 11600, Maynilad formally applied for a 10-year extension of the RCA with the MWSS to be able to provide affordable water to its customers and mitigate anticipated tariff increases. On September 6, 2022, Maynilad provided MWSS the preliminary tariff impact simulations and highlighted the fiscal benefits of a 10-year extension of the RCA.

In a subsequent letter dated September 14, 2022, Maynilad proposed to the MWSS certain amendments to the RCA, which include: (a) reinstatement of the FCDA mechanism; (b) reinstatement of the full CPI adjustment; and (c) review of the exclusions from the Material Adverse Government Action provision. Such request was made on account of certain events, i.e., the COVID-19 pandemic, the Ukrainian conflict and the significant depreciation of the Peso, which not only posed a challenge to Maynilad’s operations, but have also highlighted the need to ensure that the Concession Agreements are future-proof and the customers are guaranteed continuity of service.

On May 10, 2023, MWSS and Maynilad signed the Amendments to the RCA, among which include the following highlights:

1. Adjustment in the CPI factor or "C" from 2/3 to ¾ 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. The FCDA and MFCDA mechanisms are based on the principle of "no over or under recovery" and does not impact the company's revenue position. However, this 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 (i.e., up to 50% of actual net forex gain over a period of one year);
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 (MWSS-RO) on applications relating to rate adjustments filed by the Concessionaire; and
5. Deletion of the composition and decisions of the MWSS-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 effectivity of which retroacted 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. On December 14, 2023, MWSS approved the 10-year extension from 2037 to 2047, pending the acknowledgment by the RoP through the Secretary of Finance. This acknowledgment is required for all amendments to the RCA. In a letter dated March 3, 2025, the Company was advised by MWSS that the Department of Finance recommended that MWSS adhere to the procedures under Republic Act No. 11966, or the Public-Private Partnership Code of the Philippines (the "PPP Code") and its implementing rules and regulations. The Department of Finance considered the 10-year extension of the RCA as a variation of an executed public-private partnership (PPP) contract, which, as a project that costs above ₱15.0 billion, requires the approval of the National Economic Development Authority (NEDA) Board in accordance with the General NEDA-Investment Coordination Committee (NEDA-ICC) Procedures as of April 25, 2024. Consequently, MWSS has informed Maynilad that a technical working group, comprising representatives from both MWSS and the Company, will be formed to prepare the necessary documentation for submission to the NEDA-ICC.Thereafter, Maynilad expect the NEDA-ICC to review the submission. There is no assurance that Maynilad will receive the approval by the NEDA Board and acknowledgement of the RoP through the Secretary of Finance to align the expiration dates of the Franchise and the RCA.

On November 17, 2025, Maynilad received the duly executed Memorandum of Agreement on and Confirmation of the Amendment to the Revised Concession dated October 10, 2025, signed and acknowledged by the Secretary of the Department of Finance.

j. 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. 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 Maynilad's Certificate of Public Convenience and Necessity for the operation of its waterworks and sewerage system. 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 its terms, or invalidated when national security, national emergency or public interest so requires;
ii. The prohibition on the passing on of corporate income tax to Maynilad 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 has 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 BOT 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% Value Added Tax (VAT), but will be subject to Other Percentage Tax (OPT).

The OPT, which shall be reflected as "Government Taxes" 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.

38. Notes to Consolidated Statements of Cash Flows

Supplemental disclosure of noncash investing activities follows:

	2025	2024	2023
Depreciation capitalized in Inventories and Mine properties (Note 24)	**₱2,413,680**	₱453,680	₱1,151,461
Transfer from Inventories to property, plant and equipment (Notes 8 and 13)	**1,633,425**	313,723	239,372

Changes in liabilities arising from financing activities

	2025				
	January 1, 2025	**Cash flows**	**Acquisition of a business**	**Others**	**December 31, 2025**
Short-term debt	**₱4,312,526**	**(₱1,486,236)**	**₱–**	**₱–**	**₱2,826,290**
Long-term debt*	**63,813,696**	**(333,139)**	**–**	**–**	**63,480,557**
Dividends	**129,712**	**(20,730,844)**	**–**	**20,729,323**	**128,191**
Interest payable	**217,105**	**(4,230,050)**	**–**	**4,190,883**	**177,938**
Lease liabilities	**3,564,357**	**(597,219)**	**–**	**306,242**	**3,273,380**
Other noncurrent liabilities	**7,354,343**	**409,932**	**–**	**(3,746,122)**	**4,018,153**
	₱79,391,739	**(₱26,967,556)**	**₱–**	**₱21,480,326**	**₱73,904,509**

**Includes current portion*

	2024				
	January 1, 2024	Cash flows	Acquisition of a business	Others	December 31, 2024
Short-term debt	₱1,547,386	2,765,140	₱–	₱–	₱4,312,526
Long-term debt*	47,921,936	8,492,479	7,399,281	–	63,813,696
Dividends	30,336	(26,988,651)	–	27,088,027	129,712
Interest payable	87,363	(3,419,443)	–	3,549,185	217,105
Lease liabilities	89,235	(21,133)	3,606,935	(110,680)	3,564,357
Other noncurrent liabilities	3,851,491	3,502,852	–	–	7,354,343
	₱53,527,747	(₱15,668,756)	₱11,006,216	₱30,526,532	₱79,391,739

**Includes current portion*

	2023				
	January 1, 2023	Cash flows	Acquisition of a business	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*

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.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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1226 Makati City
Philippines

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

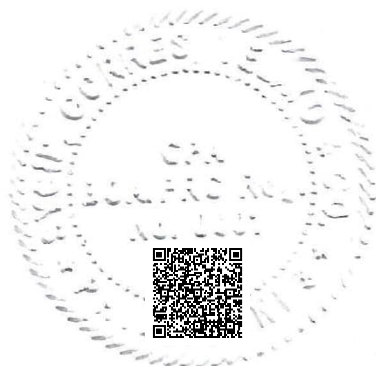
The Stockholders and the Board of Directors
DMCI Holdings, Inc.
3rd Floor, Dacon Building
2281 Chino Roces Avenue
Makati City

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, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated March 16, 2026. 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, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 109616-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-110-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10765137, January 2, 2026, Makati City

March 16, 2026



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**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, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated March 16, 2026. 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 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 (PFRS) Accounting Standards, 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 Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 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, April 16, 2024, valid until August 23, 2026
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BIR Accreditation No. 08-001998-110-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10765137, January 2, 2026, Makati City

March 16, 2026

A member firm of Ernst & Young Global Limited

DMCI HOLDINGS, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDENDS DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2025

Unappropriated retained earnings, beginning			₱4,475,742,744
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	(₱14,739,667,600)	
	Retained Earnings appropriated during the reporting period	–	
	Effect of restatements or prior-period adjustments	–	
	Others (describe nature)	–	
	Subtotal		(14,739,667,600)
Unappropriated Retaining earnings, as adjusted			(10,263,924,856)
Add (Less): Net Income (loss) for the current			14,497,868,619
Less:	**Category C.l: 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		14,497,868,619
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 andlease 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	–	
Sub-total		–
TOTAL RETAINED EARNINGS, END OF THE REPORTING PERIOD AVAILABLE FOR DIVIDEND		₱4,233,943,763

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 (Payable to) 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
   H. External Auditor Fee-Related Information

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, 2025

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	₱266,600,000	₱266,600,000	₱–
Manila Electric Company	38,533	22,117,943	22,117,943	–
Mabuhay Vinyl Corp. - Class A	34,889	181,075	181,075	–
Others	1	23,608,752	23,608,752	–
	73,434	₱312,507,770	₱312,507,770	₱–

**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

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, 2025:

Entity with Receivable Balance	Name of Entity with Payable Balance	Due from related party	Due to related party
Semirara Mining and Power Corporation	Concreat Holdings, Inc.	**₱817,989,701**	**(₱817,989,701)**
Beta Electromechanical Corporation	D.M. Consunji, Inc.	**242,918,856**	**(242,918,856)**
Semirara Mining and Power Corporation	Semirara Materials and Resources, Inc.	**231,607,594**	**(231,607,594)**
D.M. Consunji, Inc.	Beta Electromechanical Corporation	**187,932,778**	**(187,932,778)**
Semirara Mining and Power Corporation	Sem Calaca Power Corporation	**181,588,757**	**(181,588,757)**
DMCI Project Developers, Inc.	DMCI PDI Hotels, Inc.	**136,946,434**	**(136,946,434)**
Riviera Land Corporation	DMCI Project Developers, Inc.	**134,783,262**	**(134,783,262)**
Semirara Mining and Power Corporation	Southwest Luzon Power Generation Corporation	**113,353,988**	**(113,353,988)**
D.M. Consunji, Inc.	DMCI Power Corporation	**100,871,669**	**(100,871,669)**
Semirara Mining and Power Corporation	DMCI Masbate Power Corporation	**72,393,387**	**(72,393,387)**
Concreat Holdings, Inc.	D.M. Consunji, Inc.	**55,425,910**	**(55,425,910)**
DMCI Power Corporation	Semirara Mining and Power Corporation	**49,037,540**	**(49,037,540)**
D.M. Consunji, Inc.	DMCI Project Developers, Inc.	**47,076,208**	**(47,076,208)**
Semirara Mining and Power Corporation	DMCI Power Corporation	**37,863,903**	**(37,863,903)**
Semirara Mining and Power Corporation	Southeast Luzon Power Generation Corporation	**17,861,563**	**(17,861,563)**
D.M. Consunji, Inc.	DMCI Masbate Power Corporation	**13,717,582**	**(13,717,582)**
D.M. Consunji, Inc.	Concreat Holdings, Inc.	**10,962,868**	**(10,962,868)**
Semirara Mining and Power Corporation	St. Raphael Power Generation Corporation	**10,510,402**	**(10,510,402)**
DMCI Project Developers, Inc.	DMCI Power Corporation	**7,841,770**	**(7,841,770)**
Wire Rope Corporation	D.M. Consunji, Inc.	**7,629,640**	**(7,629,640)**
Semirara Mining and Power Corporation	Berong Nickel Corporation	**6,851,356**	**(6,851,356)**

Entity with Receivable Balance	Name of Entity with Payable Balance	Due from related party	Due to related party
D.M. Consunji, Inc.	Wire Rope Corporation	**₱5,939,744**	**(₱5,939,744)**
Southwest Luzon Power Generation Corporation	Sem Calaca RES Corporation	**5,459,228**	**(5,459,228)**
Berong Nickel Corporation	DMCI Power Corporation	**3,577,487**	**(3,577,487)**
D.M. Consunji, Inc.	Sem Calaca Power Corporation	**2,649,061**	**(2,649,061)**
D.M. Consunji, Inc.	St. Raphael Power Generation Corporation	**2,016,498**	**(2,016,498)**
D.M. Consunji, Inc.	DMCI Technical Training Center	**2,007,919**	**(2,007,919)**
Sem Calaca Power Corporation	Concreat Holdings, Inc.	**1,756,942**	**(1,756,942)**
DMCI Project Developers, Inc.	DMCI Homes Property Management Corporation	**1,585,080**	**(1,585,080)**
DMCI Project Developers, Inc.	Zenith Mobility Solutions Services, Inc.	**1,146,346**	**(1,146,346)**
Southwest Luzon Power Generation Corporation	Sem Calaca Power Corporation	**1,117,090**	**(1,117,090)**
Sem Calaca Power Corporation	St. Raphael Power Generation Corporation	**1,042,628**	**(1,042,628)**
Semirara Mining and Power Corporation	Semirara Energy Utilities, Inc.	**887,939**	**(887,939)**
D.M. Consunji, Inc.	Raco Haven Automation Phil. Inc.	**752,120**	**(752,120)**
Sem Calaca Power Corporation	Southwest Luzon Power Generation Corporation	**737,084**	**(737,084)**
D.M. Consunji, Inc.	Semirara Mining and Power Corporation	**732,726**	**(732,726)**
DMCI Power Corporation	St. Raphael Power Generation Corporation	**626,175**	**(626,175)**
Semirara Mining and Power Corporation	Sem-Cal Industrial Park Developers, Inc.	**468,790**	**(468,790)**
Concreat Holdings, Inc.	Semirara Mining and Power Corporation	**420,834**	**(420,834)**
Sem Calaca Power Corporation	Sem-Calaca Port Facilities, Inc.	**268,110**	**(268,110)**
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)**
Wire Rope Corporation	Semirara Mining and Power Corporation	**53,979**	**(53,979)**
Semirara Mining and Power Corporation	D.M. Consunji, Inc.	**23,719**	**(23,719)**
Sem Calaca Power Corporation	Southeast Luzon Power Generation Corporation	**11,931**	**(11,931)**
Sem Calaca RES Corporation	Sem-Cal Industrial Park Developers, Inc.	**2,500**	**(2,500)**
Sem Calaca RES Corporation	Southeast Luzon Power Generation Corporation	**2,000**	**(2,000)**
Sem Calaca RES Corporation	Sem-Calaca Port Facilities, Inc.	**750**	**(750)**
Semirara Mining and Power Corporation	Sem Calaca RES Corporation	**200**	**(200)**

As of December 31, 2025, 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
Term loan and corporate notes	₱56,817,578,174	₱11,702,601,506	₱45,114,976,668
Peso denominated loans	6,661,883,329	1,047,375,078	5,614,508,251
Liabilities on Installment Contract Receivable	1,095,469	326,036	769,433
Peso denominated loans	₱ 63,480,556,972	₱12,750,302,620	₱50,730,254,352

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

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

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	10,000,960	–	10,000,000	–	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	13,287,470,960	–	9,194,917,600	621,991,364	3,470,568,996

Schedule H. External Auditor Fee-Related Information

Below are the audit and non-audit fees (exclusive of out of pocket expenses and VAT) of the Group for the years ended December 31, 2025 and 2024:

	2025	2024
Total audit fees	**₱33,996,765**	₱25,732,245
Non-audit service fees		
Climate change advisory services	**3,170,558**	2,517,500
Tax services	**3,157,750**	
Agreed upon procedure services	**280,400**	150,000
Environmental, social, and governance (ESG) services	**–**	200,000
Total non-audit fees	**6,608,708**	2,867,500
Total audit and non-audit fees	**₱40,605,473**	₱28,599,745

DMCI HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024

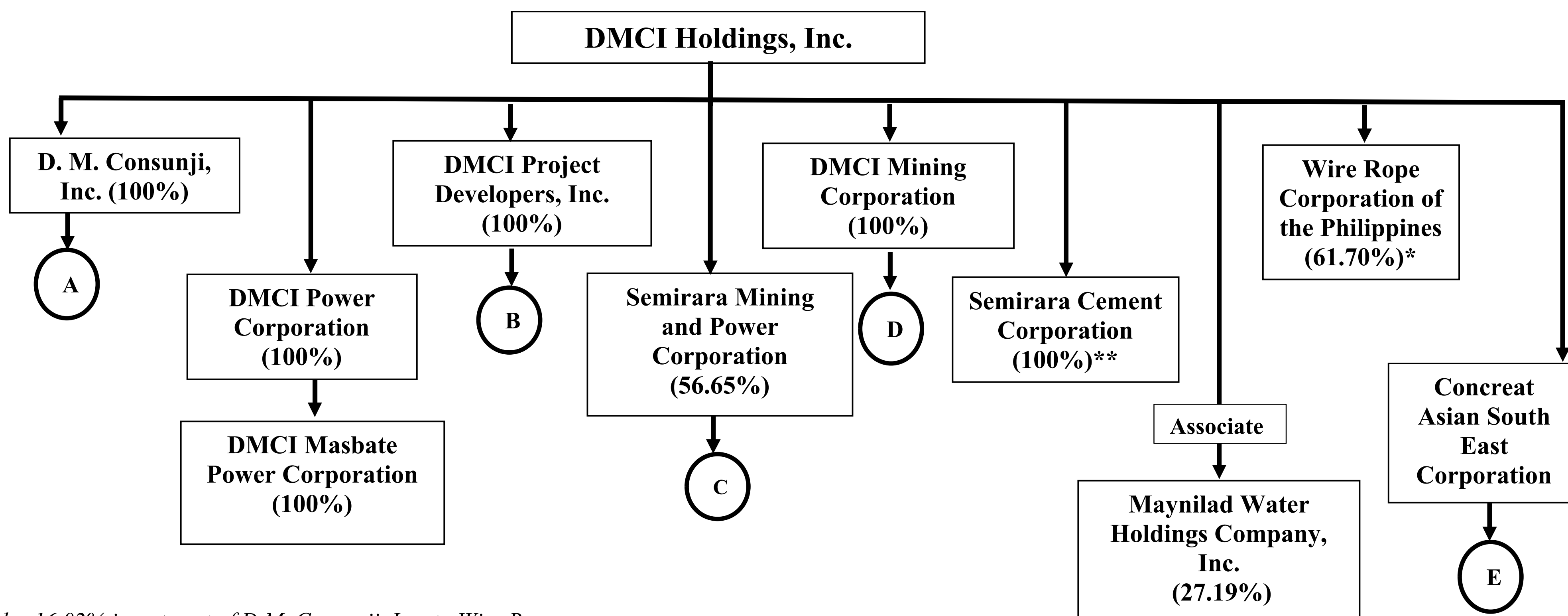
Ratio	Formula	Current Year	Prior Year (As restated)
Current ratio	Current assets/Current liabilities	246%	262%
Acid test ratio	Quick assets/Current liabilities	83%	99%
Solvency ratio	Net income plus Depreciation / Total liabilities	23%	26%
Debt-to-equity ratio	Total interest-bearing debt/Total stockholders' equity	45%	46%
Net debt-to-equity ratio	Total interest-bearing debt less Cash and cash equivalents /Total stockholders' equity	25%	23%
Asset-to-equity ratio	Total assets/Total stockholders' equity	190%	193%
Interest coverage ratio	EBIT/Interest paid during the year	6x	9x
Return on equity	Net income attributable to equity holders/Average total stockholders' equity	13%	17%
Return on assets	Net income /Average total assets	7%	10%
Net profit margin	Net income /Revenue	18%	27%

DMCI HOLDINGS, INC.

MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

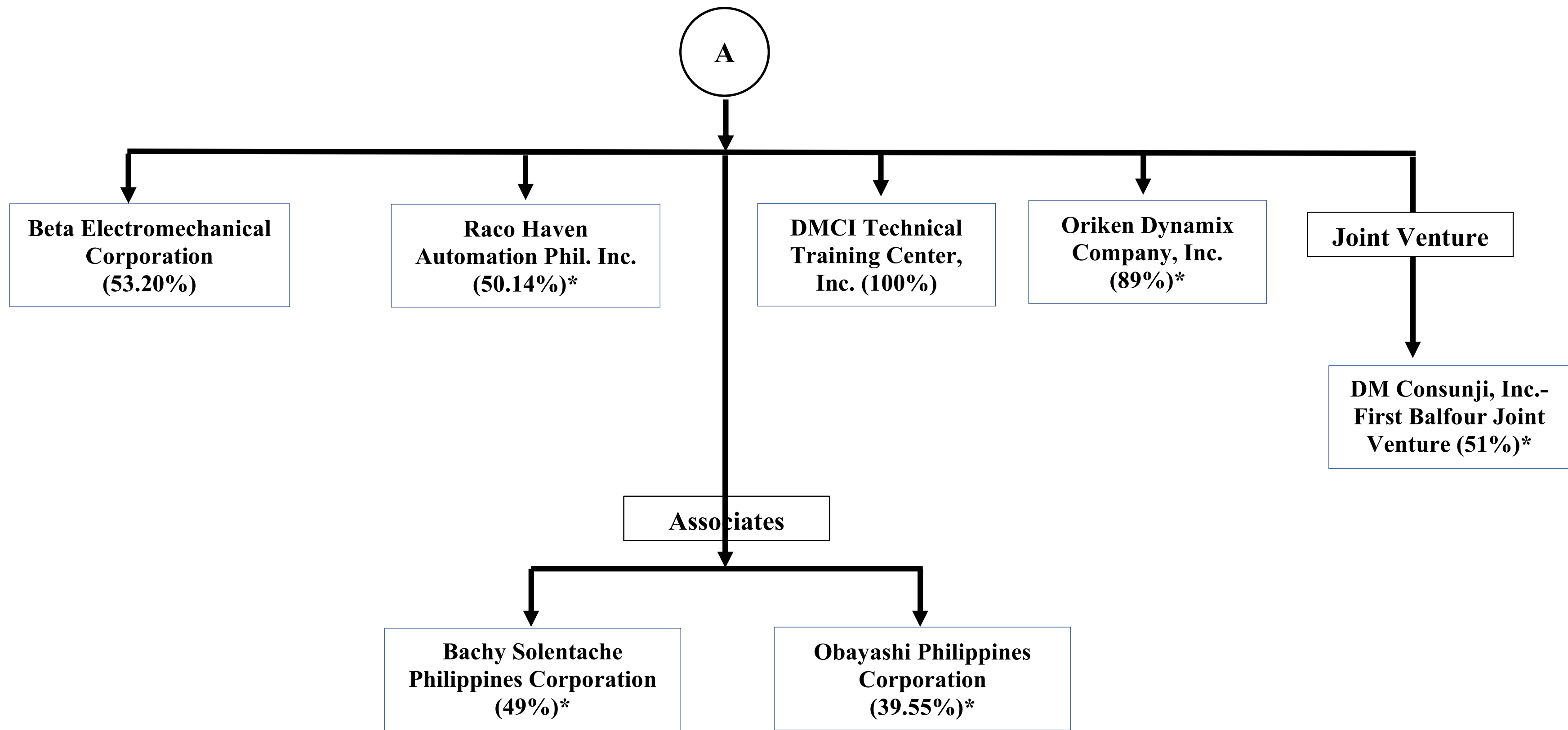
Group Structure

Below is a map showing the relationship between and among the Group as of December 31, 2025:

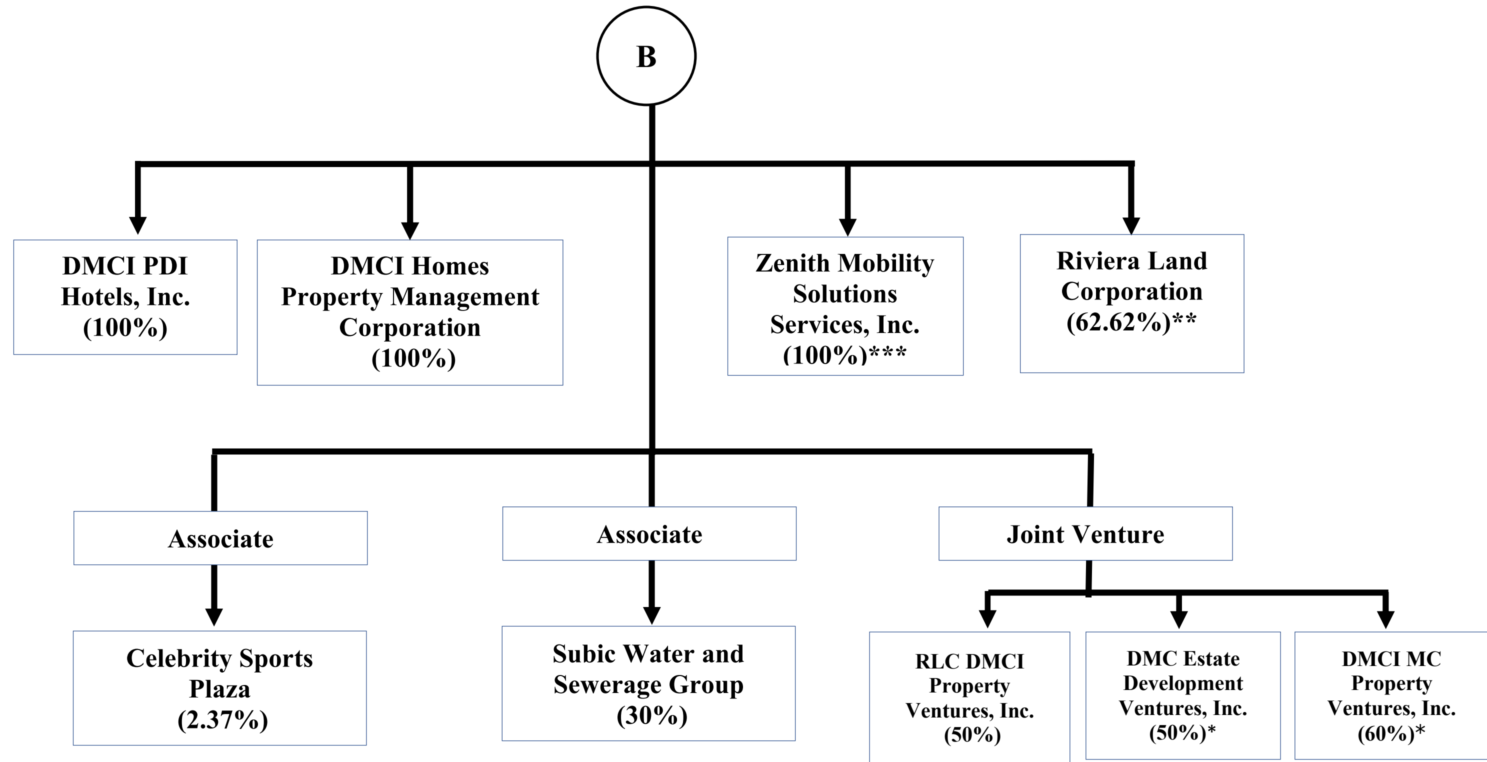


* *Includes 16.02% investment of D.M. Consunji, Inc. to Wire Rope.*

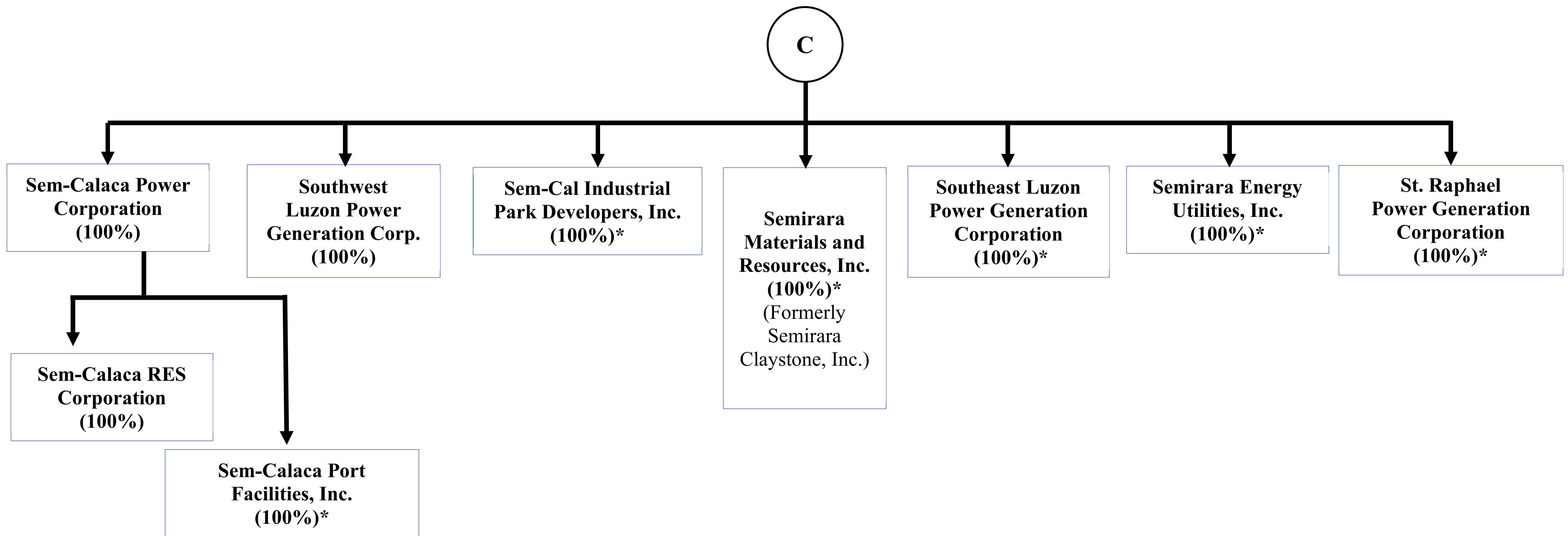
***Non-operating entity*



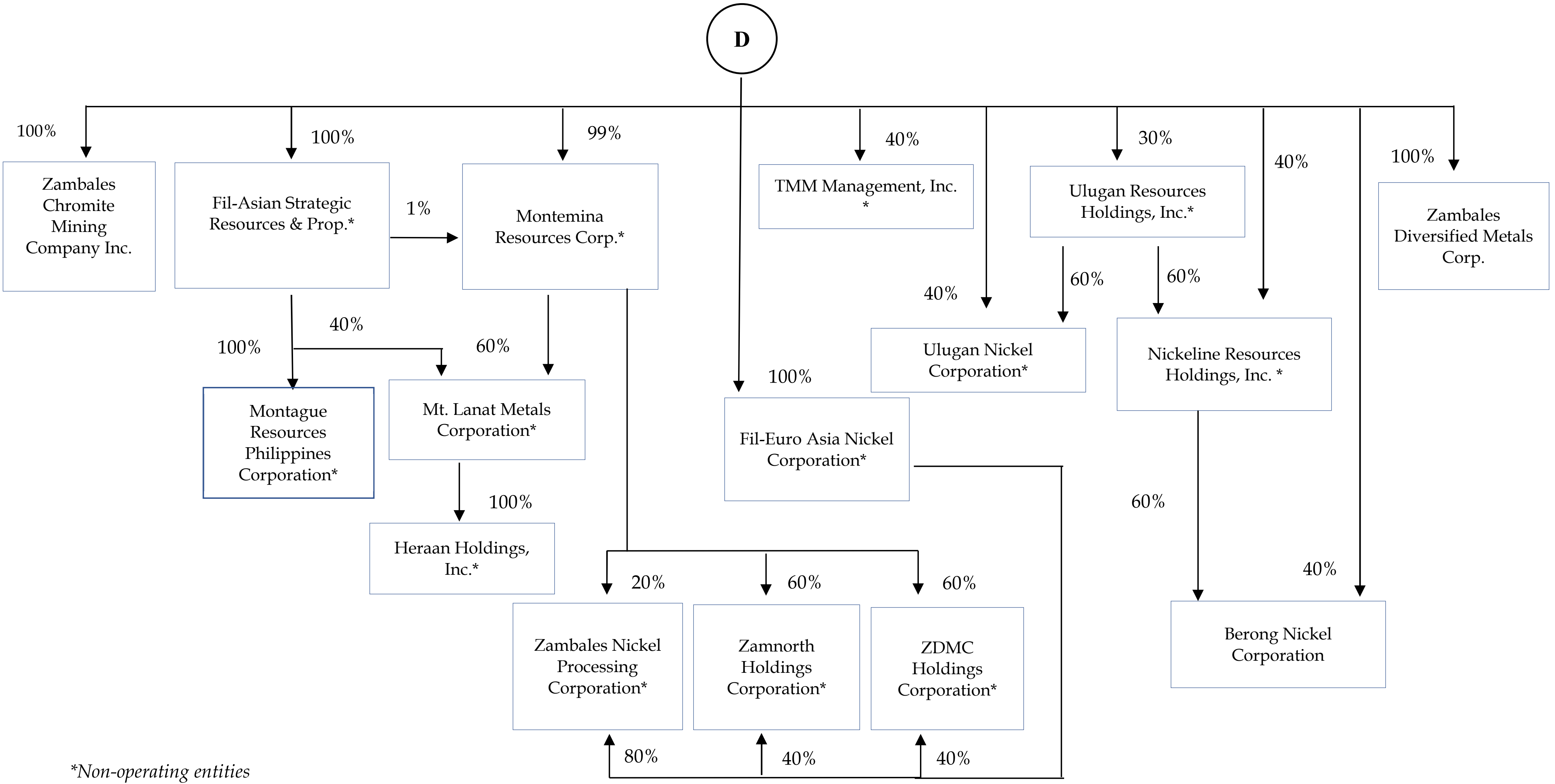
Non-operating entities



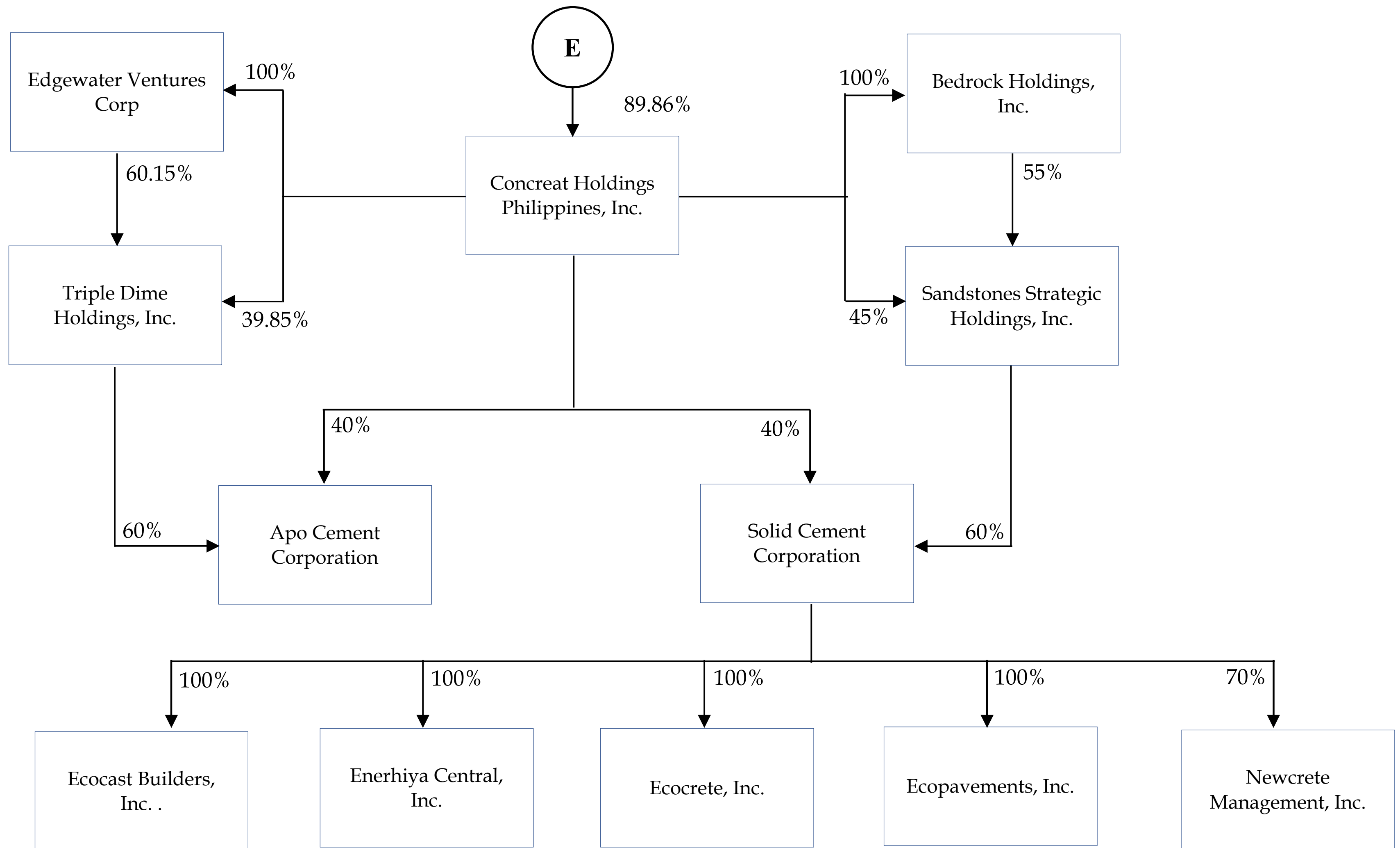
*	*Established in 2021*
**	*Includes the 34.12% interest of DMCI*
***	*Equity interest increased from 51% to 100% in 2020*



Non-operating entities



*Non-operating entities


E
89.86%
Edgewater Ventures Corp
100%
60.15%
Concreat Holdings Philippines, Inc.
100%
Bedrock Holdings, Inc.
55%
Triple Dime Holdings, Inc.
39.85%
45%
Sandstones Strategic Holdings, Inc.
40%
40%
60%
Apo Cement Corporation
Solid Cement Corporation
60%
100%
100%
100%
100%
70%
Ecocast Builders, Inc. .
Enerhiya Central, Inc.
Ecocrete, Inc.
Ecopavements, Inc.
Newcrete Management, Inc.