



REPORT 2023

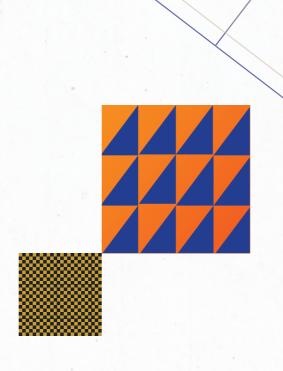


About the Cover

Titled "A Blueprint for a Buildup", the 2023 DMCI Holdings Annual Report features a straightforward brutalist design, reflecting the company's focus on simplicity, functionality and social purpose.

The combination of industrial grays and bright colors mirrors the company's construction roots and strategic transition into adjacent industries. Meanwhile, the minimalist typography and strong, block-like structures represent DMCI Holdings' resilience and no-frills business approach.

The color progression in the report symbolizes the company's growth and adaptability, moving from a challenging past towards a more dynamic and promising future.



Cautionary Note

Neither DMCI Holdings, Inc. (PSE: DMC) nor its advisors make any representation regarding, and assumes no responsibility or liability for, the accuracy or completeness of, or any errors or omissions in any information contained herein. Such information is subject to change without notice, and its accuracy is not guaranteed and may not contain all material information concerning the Company.

In addition, this document contains certain financial information and results of operation, and may also contain certain projections, plans, strategies, and objectives of DMC, that are not statements of historical fact which would be treated as forward looking statements within the meaning of applicable law.

Forward looking statements are subject to risks and uncertainties that may cause actual events and DMC's future results to be materially different than expected or indicated by such statements. No assurance can be given that the results anticipated by DMC, or indicated by any such forward looking statements, will be achieved.

At a Glance

On December 18, 1995, DMCI Holdings was listed on the Philippine Stock Exchange, a strategic move to extract greater value from the engineering expertise and construction resources of D.M. Consunji, Inc. (DMCI), the pioneering force behind some of the biggest and most complex infrastructure projects in the Philippines.

Since its listing, DMCI Holdings has diversified into a range of construction-related industries, including real estate development, coal and nickel mining, power generation and water services.

Among the PSE-listed holding companies in the Philippines, DMC is the only one that has construction as its core competency.

25.95% 28 13.28 bn **DMC** ₱129.72 bn

PSE Ticker Years Listed

Outstanding Shares

Free Float Level

Market Capitalization

Once commissioned, the CAMANA water reclamation facility will be the biggest of its kind in the country.



Vision

We are the leading integrated engineering and management conglomerate in the Philippines. Through our investments, we are able to do the following:



Deliver exceptional shareholder value



Motivate and provide employees with opportunities and just rewards



Cultivate growth in remote areas and key sectors



Integrate sustainable development with superior business results

Mission

To invest in engineering and construction-related businesses that bring real benefits to the people and to the country.

Values

Integrity

We base our decisions on what is right, just and ethical.



Customer-Focus

We strive to build lasting relationships with our customers.



Innovation

We adapt and innovate to generate value for our stakeholders.



Fairness

We honor agreements



Teamwork

We collaborate to solve tough problems and strenthen our



Accountability

We take responsibility and deliver on our commitments.



Sustainability

We drive progress by balancing economic growth, social wellbeing and environmental stewardship.





Strategic Report

- 4 At a Glance
- 8 The DMCI Creed
- 10 Our Value Creation Model
- **12** Our Portfolio
- 14 Contribution per Business
- **21** Geographic Footprint
- **22** Key Figures
- **24** Economic Contribution
- **26** Summary of Consolidated Financial Performance
- 28 Events and Milestones
- 30 Awards and Recognition

Our Leadership

- **32** Advisory Board
- **33** Board of Directors
- **38** Letter to Shareholders
- 45 Chief Finance Officer's Report

Business Review

- **52** Market Review and Outlook
- **56** D.M. Consunji, Inc.
- **60** DMCI Homes
- 64 Semirara Mining and Power Corporation
- **68** DMCI Power Corporation
- **72** DMCI Mining Corporation
- **76** Maynilad Water Services, Inc.

Financial Statements

- **82** Statement of Management's Responsibility for Consolidated Financial Statements
- 84 Statement of Board of Directors' Responsibility for Internal Controls and Risk Management Systems
- **85** Audit Committee Report to the Board of Directors
- 87 Internal Auditor's Attestation
- 88 Independent Auditor's Report
- 98 Consolidated Financial Statement

Additional Information

- 248 Board of Directors Profile
- **258** Key Officers
- 263 Map of Relationship of the Companies within the Group
- **268** Shareholding Statistics
- **270** Effective Percentages of Ownership
- **272** Corporate Information
- 272 Subsidiary and Affiliate Directory





We believe:

That construction is a noble profession whose activities are vital to economic development and national progress;

That fair competition is essential to the growth and stability of the construction industry;

That a contractor's primary responsibility to his client is to give his best in faithful compliance with their agreement;

That labor and capital should cooperate with one another so that labor may live with dignity and capital may find its just rewards;

That the ill-gotten violates business ethics and the ill-conceived wreaks havoc on the public good;

That the ultimate objectives are to serve not only man but humankind; and to build not only an enterprise but an institution that will serve society.



Choose

We choose industries and target sectors that align with our core competencies in construction, engineering and management.

Our investment philosophy is centered on the Philippines, as we see significant potential to drive progress and add value to the nation's development through our involvement.

Engage

We engage with our stakeholders in a fair and meaningful manner, with the goal of creating long-term value for all parties.

Our stakeholder engagement policy is guided by the mission, vision and values of our Company.

Pursue

We pursue undervalued businesses with unrealized potential that can be unlocked through a combination of innovative engineering and prudent management practices.

Our selection process is centered on identifying opportunities for shared value creation and nation building.

Manage

We manage our businesses in accordance with standards pertaining to the

Our adherence to these principles serves as a cornerstone of our ensuring the sustainability of our operations.

Return

We return surplus capital to our shareholders through regular and special cash dividends.

We are also firmly committed to fulfilling host communities by remitting governmenttimely manner.

How We Create Shared Value

Employment and Livelihood

We create jobs, invest in local talent, and help small businesses to support the economy of the communities we serve.



Dividends

We commit to a The Department dividend payout of Energy, ratio of at least Antique Province, 25% of the Caluya and preceding year's Brgy. Semirara consolidated are entitled to core net income. royalties from



Government Royalty

coal sales.



Energy Regulations No. 1-94

companies.

Communities Host local hosting power generating facilities are entitled to one-centavo per kilowatt-hour from the electricity sales of the generating



government units are entitled to a 40% share from the 2% excise tax paid to the national government.

Excise Tax

Our Portfolio

We maintain a diverse portfolio that spans essential industries, including construction, real estate, mining, power and water services.

Our comprehensive and synergistic investment strategy is a testament to our strong focus on nation building.

We believe that our targeted allocation of resources not only fuels economic growth but also underpins our commitment to the sustainable development and advancement of the Philippines.



Contribution Per Business

Based on Proportionate Ownership (in million pesos)



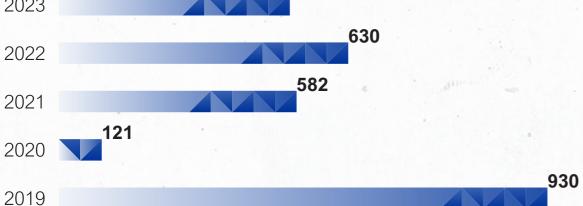


Founded in 1954 by the "Grandfather of Philippine Construction Industry", D.M. Consunji, Inc. (DMCI) is one of the leading engineering-based integrated construction firms in the country.

To date, it has completed over 1,100 projects of varying scale and complexity.

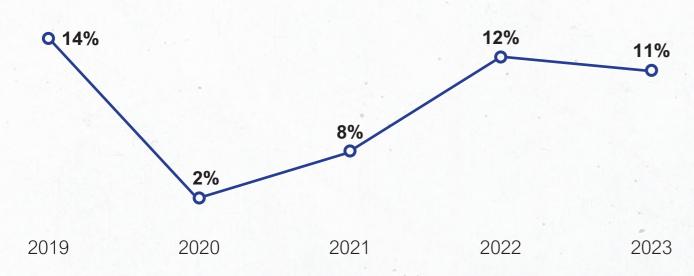
For the business review, see page 56

Income Contribution 2023



573

Return on Equity





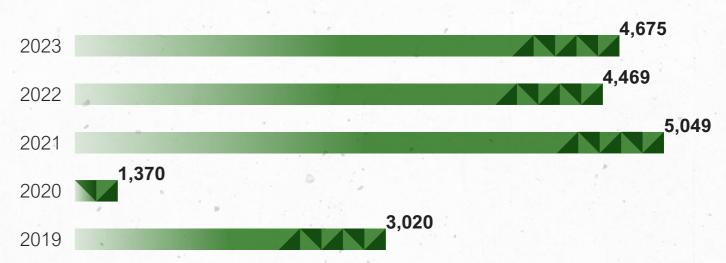


Initially a housing division under D.M. Consunji, Inc., DMCI Homes was spun-off in 1999 to address the surge in demand for urban homes.

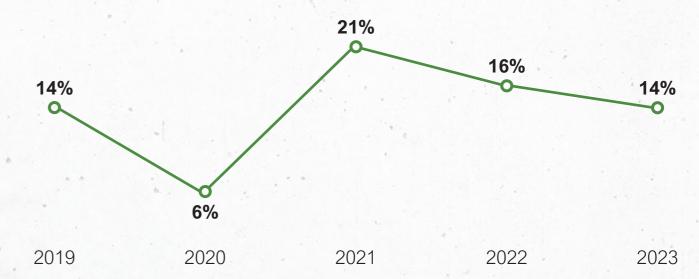
Since then, the company has become a leading developer in the mid-income segment.

For the business review, see page 60

Income Contribution



Return on Equity









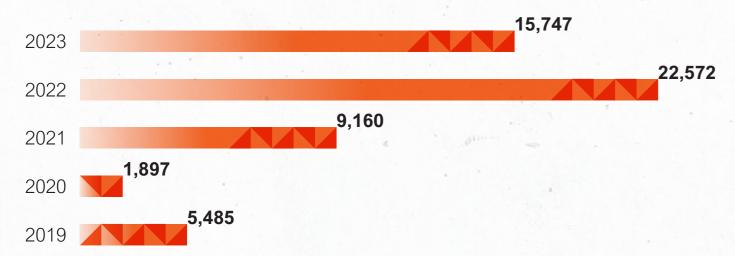


Semirara Mining and Power Corporation (SMPC) is the largest coal producer in the Philippines, and the only power generator in the country that produces its own fuel (coal).

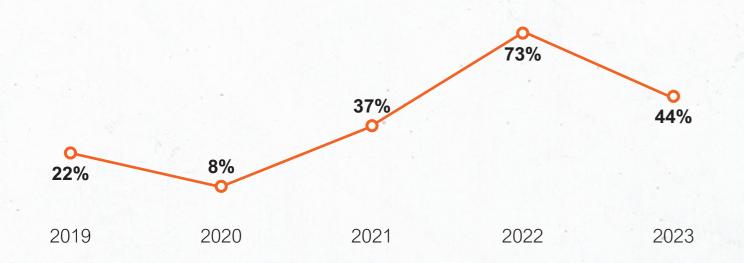
It supplies baseload power to the national grid through its subsidiaries Sem-Calaca Power Corporation (SCPC) and Southwest Luzon Power Generation Corporation (SLPGC).

For the business review, see page 64

Income Contribution



Return on Equity

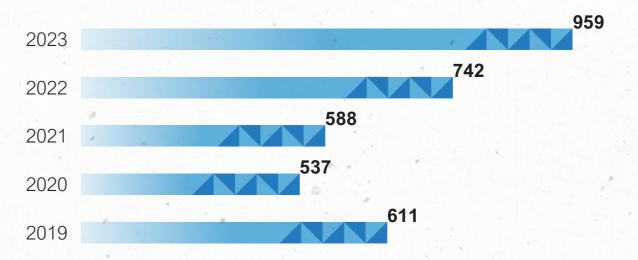


DMCI Power Corporation (DPC) was established in 2006 to provide affordable electricity to small and remote islands in the Philippines.

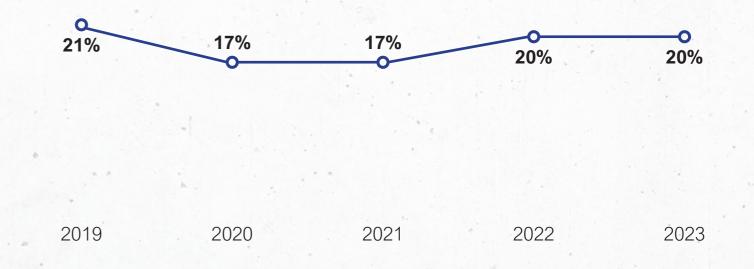
It currently operates and maintains thermal, bunker and diesel plants in parts of Masbate, Oriental Mindoro and Palawan.

For the business review, see page 68

Income Contribution



Return on Equity









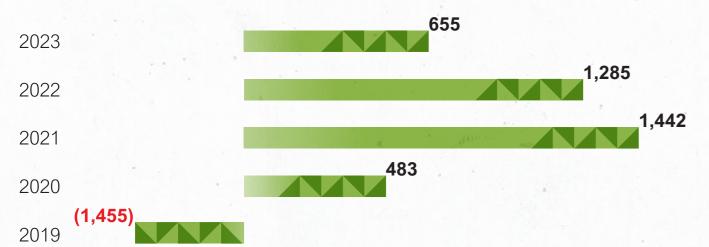


In 2007, DMCI Mining Corporation was formed to engage in ore, metal and mineral exploration, development and shipping, among others.

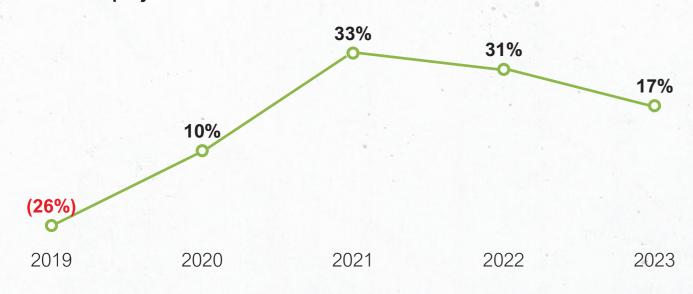
It has one operating nickel mining asset, Zambales Diversified Metals Corporation (ZDMC). Its other asset, Berong Nickel Corporation (BNC), is working on opening new mines in Palawan.

For the business review, see page 72

Income Contribution



Return on Equity

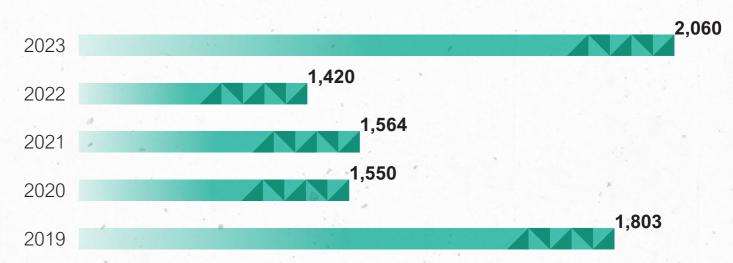


Maynilad Water Services, Inc. (Maynilad) is the largest water distributor in the Philippines based on customer base.

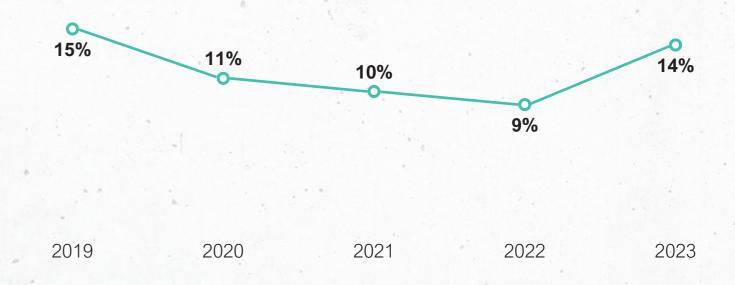
It has a 25-year legislative franchise to establish, operate and maintain the waterworks system in the West Zone of the Greater Manila Area.

For the business review, see page 76

Income Contribution



Return on Equity



CAR Philippine Luzon Sea MIMAROPA XIII Sulu Sea Mindanao BARMM XII THE PHILIPPINES 20

WE INVEST EXCLUSIVELY IN THE PHILIPPINES

Our businesses and projects are located in Metro Manila, Antique, Baguio City, Batangas, Boracay, Cavite, Davao City, Masbate, Oriental Mindoro, Palawan and Zambales, among others.

₱248.0 bn

Total Assets

Investment

DMC

Construction

- DMCI
- DMCI Homes

Engineering

- DMCI Power
- Maynilad
- SMPC (Power Plants)

Earth-Moving

- SMPC
- DMCI Mining

Key Figures

Shareholders

Market Capitalization

₱129.72 bn

2022 : ₱159.32 bn

Earnings
Per Share

₱1.86

2022 : ₱2.34

Price Performance

-18.58%

2022 : +55.6%

Dividends Paid

₱19.12 bn

2022 : ₱15.93 bn

Closing Share Price

₱9.77

2022 : ₱12.00



Government and Host Community

Royalties

₱9.65 bn

2022 : ₱16.03 bn

Hired Filipine Employees

5,047

2022 : 9,846

Taxes Paid

₱13.81 bn

2022 : ₱10.95 bn

Scholars

397 2022: 976

Social Investmen

₱292 mn

2022 : ₱267 mn



Employees and Workers

Total Workforce

35,495

2022 : 36,104

Non-Metro Manila Employees

10,330

2022: 8,029

Female Employees

2,584

2022 : 2,435

-

Consolidated
Training Hours

547,412

2022 : 524,698

Wages and Benefits

₱10.35 bn

2022 : ₱13.75 bn



Environment

Rehabilitation Spending

₱1.71 bn

2022 : ₱1.69 bn

Habitats Adopted

1,875 ha

2022 : 1,868 ha

Reforested Areas

1,649 ha

2022 : 1,414 ha

Giant Clams
Propagated

186,305

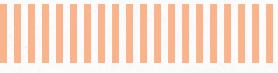
2022 : 182,598

Mangroves Planted

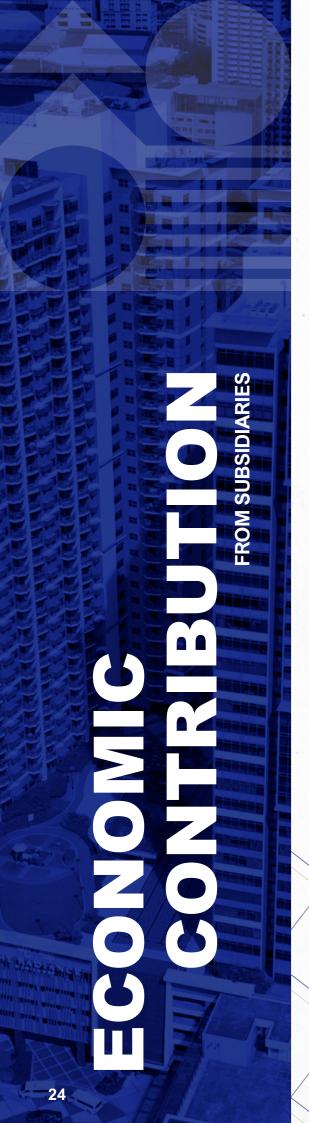
680,557

2022 : 775,958



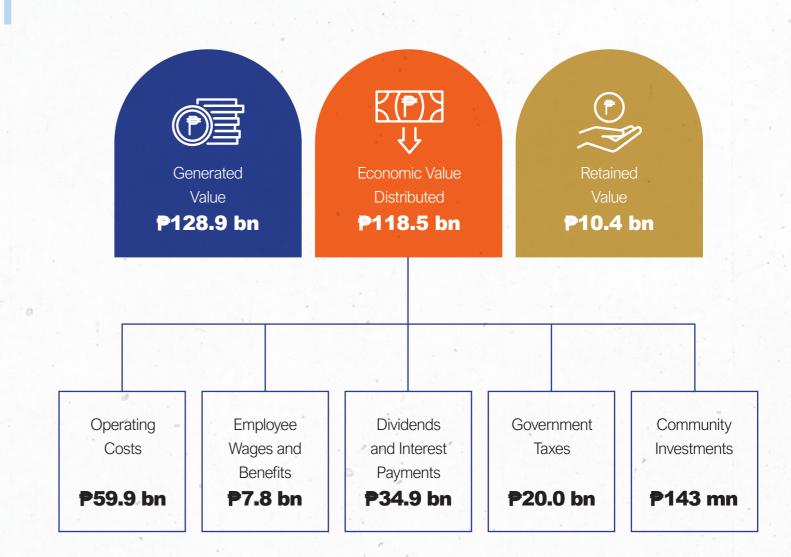






Our Company generated a total value of ₱128.9 bn in 2023, most of which came from the sale of our products and services.

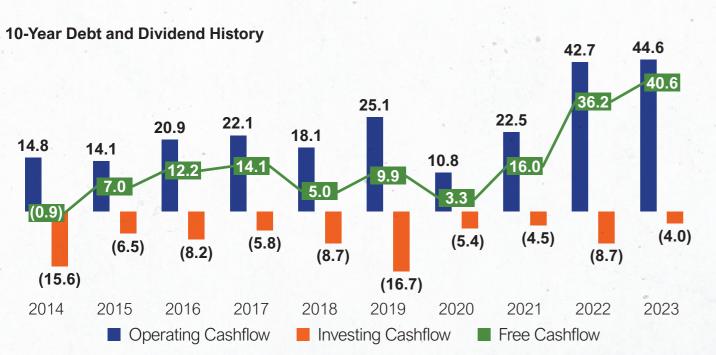
We returned most of this value to our stakeholders in the form of payment, reinvestment, dividends, salary, taxes and royalties.



Summary of Consolidated Financial Performance

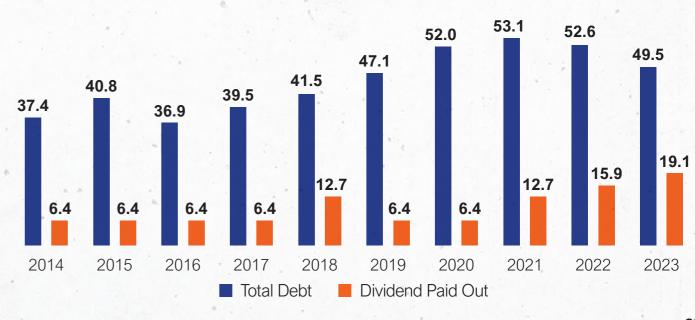
Figures in billion pesos unless otherwise stated

| Revenues 2023: 122.8 2022: 142.6 2021: 108.3 | Cost of Sales and Services 2023 : 67.2 2022 : 68.5 2021 : 69.7 |
|---|---|
| Operating Expenses 2023 : 20.7 2022 : 25.1 2021 : 14.1 | Gross Profit 2023 : 55.7 2022 : 74.1 2021 : 38.7 |
| EBITDA 2023: 48.8 2022: 61.3 2021: 36.8 | EBIT 2023: 40.1 2022: 53.4 2021: 28.2 -25% YoY |
| EBITDA Margin | Net Income |





10-Year Debt and Dividend History



Eventsand Milestones

DMC and **SMPC** included in

Index for third straight year;

receive Golden Arrow Awards

from the Institute of Corporate

2023 Bloomberg Gender Equality

ZDMC receives Presidential Mineral Environmental Industry Award and Top Taxpayer (GOLD) Award

DMCI completes Mi'Casa Kaia (Phase 1) and NLEX-SLEX Connector Road (Section 1); tops off Philippine General Hospital Felicidad Sy Multi-Specialty Building (Phase 2)

Maynilad secures Permanent Operational Permit for NEW WATER Facility from DOH

SMPC donates rainwater collection system to 16 Caluya schools

DMCI Homes launches The Calinea Tower, its first project in Caloocan City

Directors (ICD)

DMCI completes construction of 8 MW Cataingan Hybrid Diesel Power Plant (Masbate)

DMCI Power starts commercial operations of Cataingan plant; secures DOE approval for 4 MW Solar Energy Operating Contract (Masbate)

ZDMC secures Environment Compliance Certificate (ECC) to include Lot 4 in its Mineral Production Sharing Agreement

January

DMCI-Acciona Joint Venture (JV) bags South Commuter Railway Project Contract Package S02

DMCI-Taisei JV for North-South Commuter Railway Project Contract Package 01 achieves 10 million safe man-hours

DMCI Homes turns over Satori Residences Hacana Building (Pasig City) and The Atherton Helicia Building (Parañague City)

Maynilad conducts major pipe leak repair at the intersection of Osmeña Highway and Zobel Roxas

February

March

DMC and SMPC declare regular and special cash dividends totaling ₱0.72/share and ₱3.50/share, respectively

DMCI completes PGH Multi-Specialty Building Project (Phase 1); wins Dinapigue Causeway improvement and expansion project

DMCI Homes launches second phase of Mulberry Place (Taguig City)

DMCI Power, SMPC join Mindoro oil spill cleanup

Zambales Chromite Mining Company gets Environment Compliance Certificate (ECC) from DENR-MGB



May

June

DMCI bags DLSU Laguna University Hall, Razon Hall, Malolos-Clark Railway Project Contract Package 104 (Equipment Rental)

DMCI completes construction of DMCI Power's 15 MW Thermal Plant (Palawan)

SCPC and SLPGC receive Top Taxpayers Award from Calaca City LGU

Maynilad wins in 2023 Global Water Awards for its Parañaque NEW WATER Facility



DMCI Power energizes 69 kv Connection Facility in Narra, Palawan

DMCI-Nishimatsu JV breaks ground for Metro Manila Subway Project Contract Package 102

DMCI Homes turns over Prisma Residences Celeste Building

SMPC plants 1,500 mangroves in celebration of Earth Day

April

July

DMCI Homes completes The Orabella

SMPC wins Best Energy Company (Silver) in FinanceAsia's Best Managed Companies Poll

SMPC's Mindoro oil spill response lauded by DENR

DMCI Power inks 10 MW Emergency Power Supply Agreement (EPSA) with Oriental Mindoro Electric Cooperative

Maynilad switches to e-vehicles; aims for carbon neutrality by 2037

August

DMCI Homes launches its first beachfront leisure project, Solmera Coast

SMPC distributes 16,000 kg of seaweed propagules to Caluya seaweed farmers

Berong Nickel Corporation,

National Commission on Indigenous Peoples and Tagbanua Indigenous Cultural Community sign Free, Prior and Informed Consent Memorandum of Agreement for Long Point Nickel Mining project

DMCI Power gets ERC Certificate of Compliance for 15 MW Palawan Thermal Power Plant



DMC and SCC declare special cash dividends of ₱0.72 and ₱3.50 per share, respectively

DMC and **SMPC** publish their first Annual Diversity, Equity and Inclusion Report

DMCI Power receives ECC for 17 MW Wind Energy Project in Semirara Island



DMCI Homes launches The Oriana South Tower (Quezon City)

DMCI bags 20 MLD Tunasan Water Reclamation Facility and St. Luke's Medical Center Quezon City (New Hospital Building)

October

DMCI Homes and Marubeni sign MOU during state visit of President Ferdinand "Bongbong" Marcos Jr. (PBBM) in Japan; to jointly develop The Valeron Tower (Pasig City)

PBBM inaugurates ₱11 billion Poblacion Water Treatment Plant of **Maynilad**

SMPC donates state-of-the-art testing equipment to University of the Philippines Engineering Research Development Foundation, Inc.

SCPC and **SLPGC** medical mission benefits over 500 patients in Baclaran, Batangas

SCC transitions from the PSE's Mining & Oil sector to the Electricity, Energy, Power & Water subsector within the Industrial sector

December

November

DMCI completes Cavite Laguna Expressway project

DMCI Homes launches first microflat project, Anissa Heights

Maynilad introduces Enhanced Lifeline Program (ELP), giving higher discounts to low-income customers starting January 1, 2024

SCPC, SLPGC and Philippine Red Cross give free medical consultations to 117 Calaca and Balayan residents

29

September

DMC, SMPC receive 3 Golden Arrow Award from ICD

DMCI-Acciona JV secures Notice to Proceed for South Commuter Railway Project CP S-02

DMCI Power obtains ECC for 5 MW Diesel Power Plant EPSA (Oriental Mindoro) and 9 MW Aborlan Bunker Power Plant (Palawan)

SMPC donates fishing gears and solar kits to 75 indigent fisherfolks; turns over seaweed chips building to Tinogboc Farmers and Fishermen's Association

Awards and Recognition

DMCI Holdings, Inc.



Alpha Southeast Asia 13th Institutional







Scorecard (ACGS) Golden Arrow Awards

D.M. Consunji, Inc.

Winner, IABSF Award for Innovation in Construction Cebu-Cordova Link Expressway

Outstanding Project of the Year - Medium to Large FIDIC Infrastructure Awards 2023 Cebu-Cordova Link Expressway

DMCI Homes

Top 10 Corporate Taxpayers in Parañague City

Top 10 Taxpayers in Mandaluyong City

Top 4 Real Property Taxpayer and Top 3 Business Taxpayer in Pasig City

Top 6 Real Property Taxpayer in Davao City

BCI Asia Awards 2024

- 2023 Asia Top 10 Developers Award
- The Outlook 2023 by Lamudi Philippines
- Wellness-Focused Development of the Year (Silver Awardee) - Fortis Residences

Pillar Awards by the Chamber of Real Estate and Builders' Associations (CREBA)







One of the Philippines' Best Employers for 2024 according to the Philippine Daily Inquirer and Statista

Winner, Infrastructure Category Cebu-Cordova Link Expressway Philippines Excellence in Concrete Construction Awards



14th National Construction Safety Conference Safety Organization of the Philippines, Inc. (SOPI)

- Perfect Safety Record
- Equipment Management Group
- Award of Merit
- Equipment Management Group
- Award of Honor
- Equipment Management Group

DMCI Power



2022 Top 5 Corporate Taxpayers in Palawan Province

Semirara Mining & Power Corporation

2023 Bloomberg Gender Equality

2022 ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Awards by the Institute of Corporate Directors

• 3 Golden Arrow Award

FinanceAsia 2023 Asia's Best Managed Companies Poll

• Best Energy Company (Silver)



58th Anvil Awards by the Public Relations Society of the Philippines

• Multimedia Tools (Silver) - "Ano'ng Kwentong Semirara Mo?" Social development video documentary series



2022 Top 5 Taxpayers in the City of Calaca, Batangas

Zambales Diversified Metals Corporation

Presidential Mineral Environmental Industry Award (PMEIA), Department of Environment and Natural Resources (DENR) Mines and Geosciences Bureau

Top Taxpayer (GOLD) in Candelaria, Zambales

Maynilad

58th Anvil Awards by the Public Relations Society of the Philippines

- Crisis/Risk Communication for Private and Public Sector (Silver) - Sobriedad Pipe Realignment Information Campaign
- Crisis/Risk Communication for Private and Public Sector (Silver) - Pipe Breakage at Pureza: Managing the Public Backlash
- Multimedia Social Media Tool (Silver)
- Sagot ni Kuya Dong: Maynilad **NEW WATER Facebook Videos**

Multimedia – Social Media Tool (Silver)

- "Mayni-LAD to the rescue!" Wastewater Video Episode 5
- Special Events and Exhibits (Silver)
- Alab CXRO Midyear Rally 2022

2023 Europa Awards by the European Chamber of Commerce of the Philippines (ECCP)

• Clean and Green Energy Recognition

2023 Asia-Pacific Stevie Award

 Product Innovation Achievement (Silver Stevie)

- NEW WATER: Maynilad's Foray into Potable Water Reuse



2023 International Business Awards

• Product Innovation Achievement (Gold Stevie) - NEW WATER: Maynilad's Foray into Potable Water Reuse Communications or PR Campaign of the Year, Integration of Traditional and • New Media (Silver Stevie) - Ceremonial

Launch of Maynilad's NEW WATER

2023 Global Water Awards

 Water Reuse Project of the Year: Parañaque New Water plant

International Water Association

 Climate Smart Utilities (Outstanding Recognition)



ADVISORY BOARD

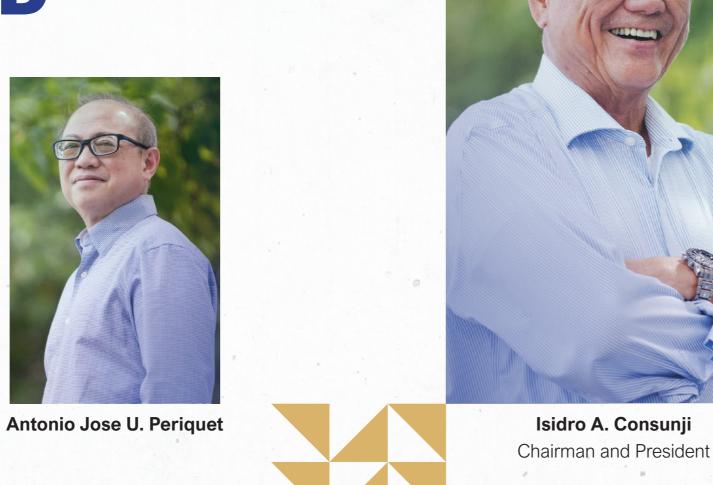


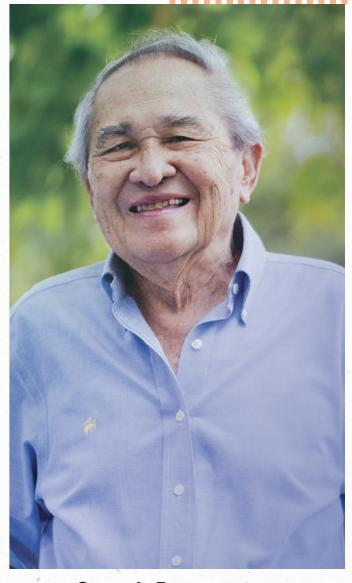
Herbert M. Consunji





Honorio O. Reyes-Lao





Cesar A. Buenaventura Vice Chairman Non-Executive Director

BOARD OF DIRECTORS





Ma. Edwina C. Laperal
Executive Director



Maria Cristina C. Gotianun
Executive Director





Jorge A. Consunji Non-Executive Director



Luz Consuelo A. Consunji
Non-Executive Director



Atty. Cynthia R. del Castillo Lead Independent Director

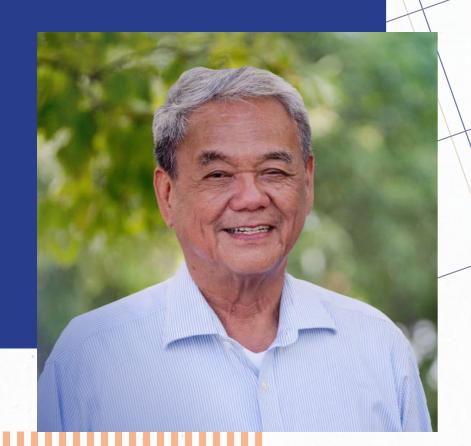


Roberto L. Panlilio Independent Director



Bernardo M. Villegas Independent Director





The domestic electricity market likewise showed a significant correction, as average effective spot settlement price (ESSP) for all grids declined double digits at 18%.

In contrast, our consolidated revenues declined at a slower pace of 14% from ₱142.6 billion to ₱122.8 billion, as higher volumes blunted the impact of lower selling prices.

We demonstrated strong cost control, as evidenced by a marginal increase (+2%) in cash costs (cost of sales and operating expenses) from ₱69.23 billion to ₱68.56 billion, despite historic shipments (coal and nickel) and electricity sales (on-grid and off-grid). This high-volume, controlled cost strategy led to our robust 2023 consolidated earnings of ₱24.72 billion, 20% lower than ₱31.09 billion last year but still the second-highest on record.

In turn, earnings per share declined from ₱2.34 to ₱1.86, while return on equity reached 23.4%, the highest among our listed conglomerate peers in the Philippines.

Earnings Breakdown

Semirara Mining and Power Corporation's contribution declined by 30% from ₱22.7 billion to ₱15.8 billion. Normalizing coal and electricity prices overshaded the impact of record coal shipments and higher electricity dispatch.

Meanwhile, DMCI Homes saw core earnings increase slightly (+2%) from ₱4.5 billion to ₱4.6 billion, attributed to improved selling prices and higher rental and forfeiture fee income.

Affiliate Maynilad's contribution grew by a significant 42% from ₱1.5 billion to ₱2.1 billion, largely driven by peak water production, higher non-domestic billed volume and tariff adjustments.

DMCI Power delivered a 29% upturn in its contribution from ₱742 million to ₱959 million, due to record-setting installed capacity, gross generation and electricity dispatch.

D.M. Consunji, Inc. reported a slight decrease (-2%) in net income from ₱587 million to ₱573 million, resulting from fewer ongoing projects and lower overall project accomplishments.

Finally, DMCI Mining's contribution saw a substantial 49% decline from ₱1.3 billion to ₱655 million, as a result of lower nickel prices and increased costs from its record shipments.

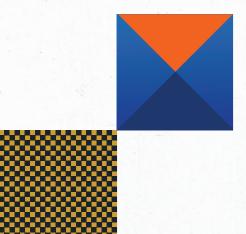
Letter to Shareholders

To My Fellow Shareholders,

Entering 2023, we were well aware of the likely impact normalizing market prices would have on our profitability. In response, we adopted a strategy focused on maximizing volumes while carefully managing costs.

While this approach prioritized resilience over replicating 2022's exceptional results, it enabled us to successfully navigate market challenges, translating to a more controlled slowdown for our Company.

To illustrate, coal and nickel prices experienced dramatic downturns, with average Newcastle and Indonesian Coal Index 4 prices declining by 64% and 26%, respectively, and Philippine Freight on Board nickel falling by 30%.



| | 2023 | | 2022 | |
|---------|--------|--------------|--------|--------------|
| | Amount | Payment Date | Amount | Payment Date |
| Regular | ₱0.61 | April 28 | ₱0.34 | April 29 |
| Special | ₱0.11 | April 28 | ₱0.14 | April 29 |
| | ₱0.72 | November 9 | ₱0.72 | November 16 |
| Total | ₱1.44 | | ₱1.20 | |

Stakeholder Returns

Our Company is committed to a dividend policy that ensures the distribution of a minimum of 25% of the prior year's core earnings.

In 2023, we marked a significant milestone by increasing our total dividend payout by 20% from \$1.20 per share to an unprecedented \$1.44 per share.

This translates to a total dividend payment of ₱19.1 billion to our shareholders, which constituted 61% of the company's consolidated core net income for the year 2022.

Our cumulative payout not only exceeds the guidelines of our dividend policy but also results in a noteworthy 13.14% yield, based on our annual volume-weighted average share price of ₱10.96.

However, our share price underperformed the local benchmark index, declining by nearly 19% from ₱12.00 to ₱9.77. This reduced our market capitalization from ₱159.3 billion to ₱129.7 billion.

In contrast, the Philippine Stock Exchange Index (PSEi) experienced a more modest decline of 1.77% from 6,566.39 to 6,450.04. We attribute our weaker results to external market conditions, specifically the sluggish performance and outlook for commodities, energy and real estate.

Despite challenging market conditions, our products and services generated substantial revenues for our host communities, demonstrating our Company's dedication to fostering shared value.

Government share in coal revenues fell by 33% from ₱15.96 billion to ₱10.68 billion because of lower prices and higher costs, muting the impact of record shipments.

Local government units are entitled to a 40% share of royalty proceeds for indigenous and renewable energy (RE) resources, while the rest (60%) goes to the National Government.

In line with Energy Regulation 1-94, the host communities of SEM-Calaca Power Corporation and Southwest Luzon Power Generation Corporation will receive
₱4.4 million, reflecting their entitlement to a share of the total electricity sales revenue generated by these companies.

Similarly, DMCI Power's host communities will receive ₱4 million in financial support, in accordance with ER 1-94.

ESG Performance

For the third consecutive year, DMCI Holdings and SMPC earned coveted spots in the Bloomberg Gender-Equality Index (GEI).

This index recognizes public companies committed to transparency in gender-data reporting. Only four Philippine companies were included in the 2023 index, which spans 45 countries and regions.

DMCI Holdings and SMPC further demonstrated their governance excellence

with a 3-Golden Arrow recognition from the Institute of Corporate Directors (ICD).

This award is conferred to publicly listed companies that achieved a score of 100 to 109 points in the 2022 ASEAN Corporate Governance Scorecard (ACGS) Assessment.

Additionally, Zambales Diversified Metals Corporation (ZDMC), a subsidiary of DMCI Mining, received the prestigious Presidential Mineral Industry Environmental Award (PMIEA).

The Mines and Geosciences Bureau of the Department of Environment and Natural Resources confers this recognition to metallic mining firms that demonstrate exceptional environmental stewardship and community development initiatives.

This marks ZDMC's first win and the third consecutive win for the DMCI Mining group, with Berong Nickel Corporation receiving the PMIEA in 2020 and 2021.





Looking Ahead

We expect another challenging market environment in 2024.

The global economic slowdown, particularly in China, is expected to cast a shadow on coal and nickel demand. Meanwhile, elevated interest rates and inventories could hinder the return of construction order book and real estate sales to pre-pandemic levels. Utilities, notably power and water, are likely bright spots, as easing inflation and fuel costs could boost consumption and margins.

We intend to tackle these headwinds through cost control, productivity gains and leveraging our integrated structure and financial strength. Our businesses also intend to pursue strategies and initiatives that will enhance their resilience amid the foreseeable economic disruptions:

DMCI: Focus on infrastructure and industrial projects, including Overseas Development Assistance (ODA)-funded contracts and public-private partnership (PPPs), will counterbalance the sluggishness in commercial and office demand.

DMCI Homes: Exploring new formats, like Solmera Coast (leisure) and Anissa Heights (microflats), will target underserved markets. The company will also expand joint ventures, such as the Valeron Tower with Marubeni, to optimize synergies and mitigate risks.

SMPC: The company will concentrate on achieving production, shipment and plant availability targets.

There is also potential upside with SEM-Calaca Power Corporation (SCPC) Unit 2's capacity restoration, contingent on the successful rewinding and swapping of its generator.

DMCI Power: Increased demand and fresh capacity could drive the company towards another year of record earnings. Upcoming wind and solar projects will solidify its market leadership and establish its foothold in the renewable energy market.

DMCI Mining: To offset the impact of declining nickel prices, the company will prioritize increasing shipments for short-term revenue support.

Additionally, securing permits for new mines in Palawan and Zambales will pave the way for long-term growth when the market recovers.

Maynilad: Decreased inflation and the revival of tourism should bolster consumption. The company will also benefit from a more favorable customer mix and the recently approved rate hike. Successful implementation of its massive capital expenditure program would also secure future tariffs.

While we foresee continued market challenges in 2024, our businesses are well-equipped to navigate these conditions. Their ability to adapt, innovate and pursue potential avenues for growth and expansion will allow us to not only survive but thrive.

In closing, I want to express my sincere gratitude to our Board, shareholders, customers, regulators, partners, employees and host communities. Your unwavering support is the driving force behind our determination to excel.

Thank you for your continued partnership, and let us work together to shape a successful future.

Sincerely,

In lang

Isidro A. Consunji Chairman, President and CEO

Conclusion

Sustained investments and operational improvements enabled us to deliver our second-best performance ever. While it is nowhere close to what we accomplished in 2022, I am proud of our results because it attests to the resilience of our strategy and hard work of our people.





Chief Finance Officer's Report

To Our Shareholders,

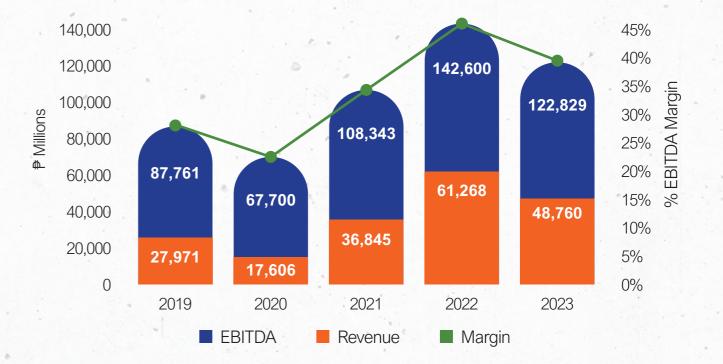
As we close another financial year, I am pleased to present to you the financial highlights and achievements of our Company. We made effective progress in profitability and cost structure by expanding capacity and implementing productivity enhancements within the group.

This resulted in consolidated earnings before interest, taxes, depreciation and amortization ("EBITDA") of ₱48.8 billion, a level that is 20% lower than the prior banner year and is a significant improvement from earnings

achieved before the COVID-19 pandemic. Consolidated return on equity ("ROE") was at 23%, which outperformed all other publicly listed conglomerates.

In order to enhance total return to shareholders, we have ascertained financial policies to improve business profitability, risk management and capital efficiency as integrated components. Moreover, we will endeavor to maintain a good balance between providing shareholder returns, minimizing financing costs and deploying value-accretive investment capital for the long-term.

Revenue and EBITDA (incl. equity in earnings)





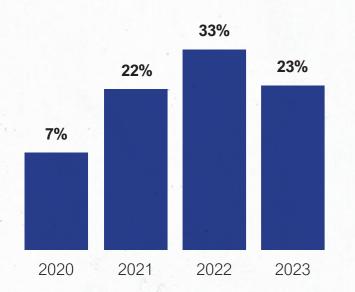
Business Profitability

Despite the challenges presented by a dynamic macroeconomic landscape, we achieved solid financial performance.

Commodity prices of coal and nickel, along with the electricity rates, have declined precipitously, but managed to be supported by stronger sales volume across the various businesses.

As a result, aggregate sales dipped by 14% year-on-year to ₱122.8 billion, which is less than half the decline of coal and nickel benchmark indices, reflecting the resiliency of the various revenue streams. It is notable that the FY2023 revenue exhibited a 9% compounded annual growth rate since FY2019.

Return on Equity (parent)

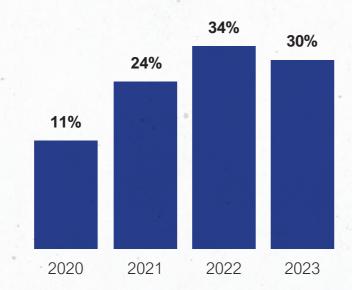


We maintained a disciplined approach to cost management, which, coupled with productivity improvements, resulted in a healthy bottom line. Cash costs declined by 8% year-on-year to ₱79.2 billion in spite of higher production levels and inflationary pressures.

The downward movement in cost of sales was primarily attributed to DMCI Homes, D.M. Consunji, Inc. (DMCI) and DMCI Power, with respective declines of 16%, 14% and 8% versus the previous year.

Income grew by 17% year-on-year to
₱5.2 billion, driven by the attributable profit
contribution from Maynilad and ancillary
income derived from DMCI Homes and SMPC.
In total, net income for the year ended
₱24.7 billion (-20% year-on-year) with a
net profit margin of 30%.

Net Profit Margin (before minorities)



Risk Management

We established a risk management framework some years back and included it as an essential part of corporate strategy. It is our thrust to build a unique portfolio of businesses that provides us operating synergies and growth prospects, as we unlock opportunities, develop new ideas, invest in new verticals, and explore prospects for collaboration.

- The group desires to create value as a holding company by being a natural owner to businesses that leverages on its operating excellence and extracts intercompany synergies through the development of superior talent and technical expertise.
- It is a priority of the group to employ
 a sharper focus on its portfolio by
 continuing to expand the core
 businesses and pursue new ventures
 through prudent assessment of
 risks, financial management and
 operational excellence.
- Enhancing organizational development
 will enhance the group's succession
 plans and upgrade necessary skills.
 We are conducting an assessment on
 the organization's strengths,
 weaknesses, opportunities, and
 threats that can affect the long-term
 business performance.

Risk management has become an increasingly important business driver for the group, and have since integrated it as part of overall corporate strategy. By treating risk as intrinsic to the conduct of the business, risk management is elevated from an exercise of risk avoidance to an essential consideration in every decision, strategic initiative and commercial activity.

Capital Efficiency

It is our duty to safeguard the prudent deployment of capital and maintain a strong balance sheet during periods of macroeconomic uncertainty and intricate operating landscape.

The group's capital expenditures for FY2023 at ₱41.2 billion was higher than the previous year by 8% primarily due to the increased spending requirements for Maynilad, capturing almost half of total spending, somewhat mitigated by lower capital deployed for the off-grid power plants since the bulk of the spending was conducted in the year prior.

DMCI Homes cornered 39% of aggregate capital expenditures of the group for its project development and land banking activities.

SMPC continued its re-fleeting program and improvements in materials handling capacity, as well as maintenance activities for its power plants, with aggregate expenditures of ₱4.0 billion. DMCI Power spent ₱644 million for its power plant expansion and ₱216 million for maintenance activities. DMCI acquired several construction equipment and machinery to be used on its projects.

We managed to strengthen our balance sheet by reducing leverage versus the previous year. Gross debt amounted to ₱49.5 billion as of FY2023, which is 6% lower than the previous year's debt of ₱52.6 billion.

We closed the business year with ₱32.2 billion worth of cash on the balance sheet, resulting to a net gearing ratio of 13% and net debt-to-EBITDA multiple of 0.4x, demonstrating considerable financial flexibility. The current debt profile consisted of 90% fixed rate debt at a blended interest rate of ~6%, and the balance of which, at variable floating rates.

DMCI Homes debt stock grew by ₱1.6 billion to ₱37.4 billion versus the previous year, which was offset with the ₱3.5 billion paydown of debt by SMPC. DMCI Power and DMCI, likewise, reduced its borrowings by ₱0.9 billion and ₱0.3 billion, respectively, using its internally generated cash.

We are looking to streamline our asset holdings and manage interest-bearing debt, with the target of achieving a fundamentally sound and efficient balance sheet.

We will also pursue opportunities for expansion, while meticulously evaluating the portfolio's financial attractiveness.

Total Return to Shareholders

Our objective is to create value for our shareholders over the long-term. The company ended the year with a market capitalization of ₱129.7 billion, which represents a price-to-book value of 1.2x. The price-to-earnings multiple increased to 5.2x in FY2023, an improvement from 5.1x recorded during the previous year.

We were able to declare a record ₱1.44 per share or ₱19.1 billion in cash dividends for FY2023, up from ₱1.20 per share or ₱15.9 billion from the prior year. This translated to a dividend yield of 12% using the share price of the prior year as basis, which would be ranked as one of the highest in the Philippine Stock Exchange.

We are looking to increase capital expenditures for FY2024 to ₱58.9 billion, which is 24% higher than the previous year.

Higher spending is going to be primarily driven by Maynilad at ₱31.4 billion for its water supply, operations support and sewerage projects. DMCI Homes is also ramping-up its capital expenditures by 7% to ₱17.0 billion for construction and land banking activities.

Other business units hiking spending are SMPC (+75% year-on-year), DMCI Power (+172% year-on-year), and DMCI Mining (+286% year-on-year) to ₱7.0 billion, ₱2.3 billion and ₱1.1 billion, respectively for re-fleeting, expansion into renewable energy and exploration activities.

As we reflect on the past year, we are reminded of the resilience and adaptability that our organization has demonstrated. The year was a testament to our commitment to productivity improvement and prudent financial management, which has ultimately reinforced our market position.

Our balance sheet remains fundamentally strong, with an enviable financial position that provides us the flexibility to pursue growth opportunities while also returning value to our shareholders. We continued our practice of prudent capital allocation, balancing investments in the business units along with cash dividend distributions.

We are poised to navigate the uncertainties in FY2024 with confidence. It is our commitment to invest in spaces that will ensure our long-term success and solidify our obligation to all our stakeholders.

We continue to build an organization that not only delivers robust financial performance, but also contributes constructively to society and the environment. I extend my heartfelt gratitude to our dedicated team, loyal investors and committed stakeholders. Together, we will continue to build a resilient and prosperous future.

Thank you for your unwavering trust and support.

Yours sincerely,

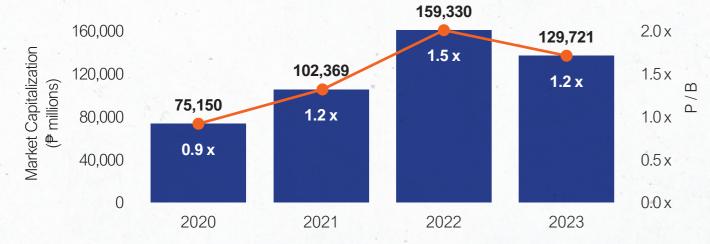
Herbert M. Consunji

EVP and Chief Finance Officer





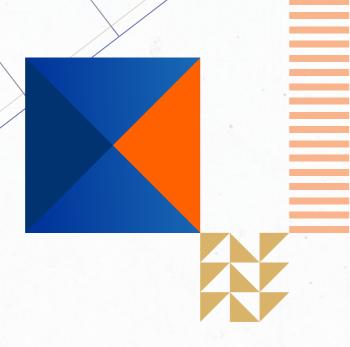






- Market Review and Outlook 52
 - D.M. Consunji, Inc. 56
 - DMCI Homes 60
 - Semirara Mining and 64
 Power Corporation
 - DMCI Power Corporation 68
 - DMCI Mining Corporation 72
- Maynilad Water Services, Inc. 76





YEAR IN REVIEW

The year 2023 was marked by a confluence of economic challenges and uncertainties that tested the resilience of the global and Philippine economies. Key among these were high inflation, aggressive monetary tightening, mounting recession fears, escalating geopolitical tensions and volatility in the commodities, energy and currency markets. Despite these challenges, the global economy showed signs of resilience, as most major economies avoided a recession because of high employment rates, strong consumer spending and untangled supply chains.

HIGH INFLATION

Inflation rates around the world reached levels not seen in decades, driven by a combination of factors including the knock-on effects of the COVID-19 pandemic, supply chain disruptions and rising energy prices.

In the Philippines, annual average inflation rate hit 6%, higher than the previous year (5.8%) and well above the government's ceiling of 2% to 4%.

MONETARY TIGHTENING

To tame elevated inflation, the U.S. Federal Reserve, European Central Bank and other major central banks raised interest rates at a pace and synchronicity not seen in many decades.

The Bangko Sentral ng Pilipinas (BSP) likewise maintained a hawkish stance. Following a 350 basis point (bps) increase in 2022, the BSP further raised the Target Reverse Repurchase (RRP) Rate by 100 bps in 2023, reaching a 16-year high of 6.5%.

GEOPOLITICAL TENSIONS

The ongoing conflicts between
Russia-Ukraine, Israel-Hamas and
China-Taiwan influenced global energy
and commodity markets, trade routes
and international diplomatic relations,
leading to increased volatility and uncertainty.

RECESSION FEARS

Aggressive rate hikes, supply chain problems and high inflation triggered widespread predictions of a global recession, as economies struggled to manage monetary policy without stifling growth.

In the Philippines, annual GDP growth stood at 5.6%, way below the official government growth target of 6% to 7%. The growth was mainly driven by strong household spending and significant investments in construction and infrastructure, with both public and private investments contributing to this upsurge.

MARKET VOLATILITY

Energy, commodity and currency markets reacted to the interplay of inflationary pressures, geopolitical events and central bank policies, resulting in sharp swings in demand and prices.

OUTLOOK

For 2024, there is widespread expectation of tepid global economic growth owing to a slowdown in China's economy, the environmental and agricultural impacts of El Niño, persistently sticky inflation, ongoing geopolitical tensions and cooling interest rates.

The Philippines is expected to deliver stronger economic growth in 2024, driven by accelerated public investment, a rebound in exports and robust private consumption.

This outlook is supported by multilateral organizations and credit rating agencies, which predict the country will outpace many of its peers in terms of growth.

CHINA SLOWDOWN

The combination of subdued consumer sentiment, a property sector downturn and US-China trade decoupling is likely to suppress industrial and trade activities, impacting global commodity demand and employment.

EL NIÑO

A prolonged dry season is likely to disrupt agricultural output and water resources in various parts of the world, while severe floods could impact agriculture and mining production. Both events could lead to increased food prices.

STICKY INFLATION

While some relief may come from resolving supply chain issues and cooling demand, structural factors and the lagged effects of previous monetary and fiscal policies could keep inflation above target levels in many economies.

GEOPOLITICAL TENSIONS

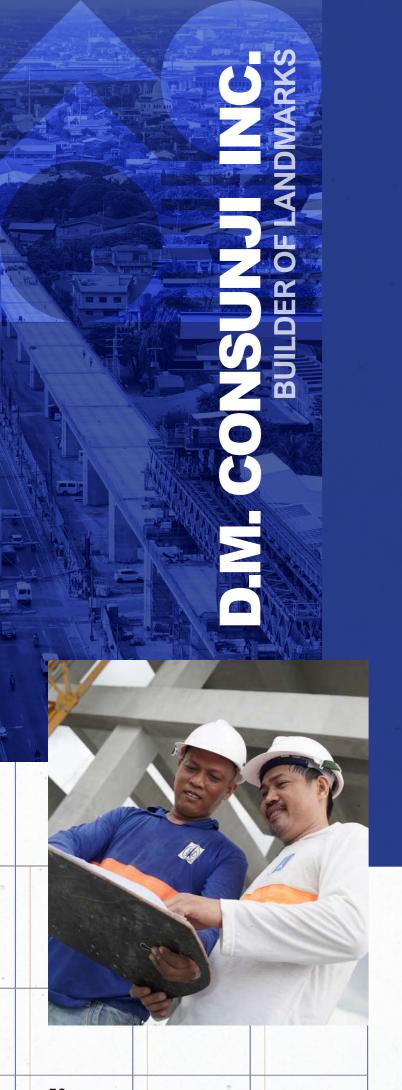
Armed conflicts and restrictive trade policies could spike energy and goods prices, worsening inflation. Heightened tensions could also deter capital spending as businesses and investors seek stability.

COOLING INTEREST RATES

Anticipated rate cuts following a period of unprecedented monetary tightening could buoy confidence across the spectrum of economic actors from individual consumers to large corporations.







2023

High borrowing costs amid a real estate oversupply dulled private sector demand for construction. Government infrastructure spending accelerated during the year but awarding of new projects remained slow.

2024

Sluggish demand to continue due to oversupply pressures, weak business sentiment and elevated interest rates. Infrastructure and industrial projects may offer pockets of resilience and growth opportunities.

D.M. CONSUNJI, INC.

ENGINEERS · CONTRACTORS

Over the course of the year, DMCI navigated a challenging business environment characterized by unfavorable industry conditions. While construction demand showed signs of recovery, the company's deliberate pivot towards big-ticket, high-margin projects limited its ability to fully capitalize on the broader uptrend.

Expanding its joint venture portfolio proved to be a successful move, significantly contributing to the company's contract revenues and backlog. The main challenge for DMCI in 2024 will be restoring its order book to pre-pandemic levels while facing fierce competition for infrastructure and industrial contracts.

Operating Highlights

After three straight years of double-digit declines, the order book rebounded with a 19% increase, rising from ₱35.2 billion to ₱41.9 billion.

Of this total, approximately 48% (₱20.2 billion) represents new projects secured during the year, with an additional ₱396 million attributed to change orders for ongoing projects. Notably, the value of new contracts surpassed the company's five-year pre-pandemic average of ₱17.8 billion by 12%.

The newly awarded projects include the South Commuter Railway Project Contract Package 02 (a joint venture with Acciona Construction Philippines), St. Luke's Medical Center (New Hospital Building), pipelaying works in Muntinlupa, University Hall and Razon Hall in

the De La Salle University Laguna Campus, an 88 MLD Water Reclamation Facility in Las Piñas City and the Levi Mariano Pumping Station and Reservoir in Taguig City among others.

Joint Ventures (48%) accounted for most of the order book, followed by Buildings, Energy and Utilities (47%). The rest (5%) were infrastructure projects.

The value of infrastructure backlogs cratered by 87% from ₱17.5 billion in 2019 to ₱2.25 billion in 2023, mostly due to stiff competition, pandemic headwinds and delays in project awarding.

DMCI completed ₱12.32 billion in projects during the year, namely NLEX-SLEX Connector Road (Section 1), La Mesa Water Treatment Plant 2 (Rehad Retrofitting) and DMCI Power Palawan Thermal Plant, among others.

Meanwhile, projects nearing completion include The Imperium, Maven at Capital Commons, Connor, Dinapigue Causeway and Solaire North (Joint Venture with Prime BMD).

Financial Performance

Revenues decreased by 15% from ₱19.50 billion to ₱16.51 billion due to the completion of major projects and fewer new infrastructure projects.

The Building unit, which includes projects related to buildings, energy, plants and utilities, was the leading contributor,

representing 56% of total revenues, up from 44% in the previous year. Joint Venture projects followed at 19%, higher than 16% last year. The Infrastructure unit contributed 15%, a marked decline from 33%, while contribution from Project Support rose from 8% to 10%.

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

Meanwhile, revenues from the Infrastructure unit plunged by 62% from ₱6.38 billion to ₱2.43 billion owing to the absence of new major contracts. Project support revenues grew by 15% from ₱1.49 billion to ₱1.71 billion because of higher equipment rental from new third party projects.

In line with lower topline, cost of sales declined by 15% from ₱17.1 billion to ₱14.5 billion on reduced activity from fewer ongoing projects. Operating expenses decreased by 14% from ₱514 million to ₱441 million due to lower retirement benefit expense after realignment, coupled with lower business permit expenses in line with reduced

taxable revenue.

Noncash items moderated by 12% from ₱794 million to ₱698 million, mainly from an increase in fully depreciated assets, resulting from reduced project requirements in prior years.

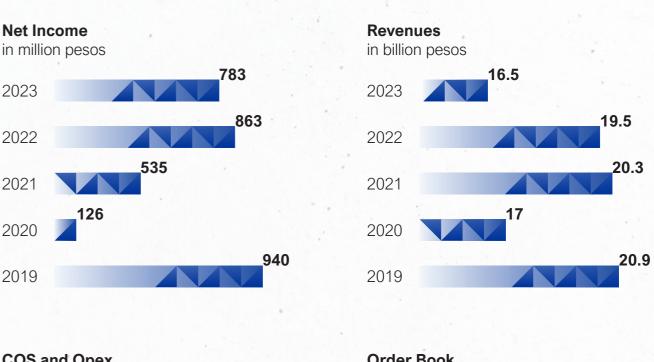
Standalone net income margin saw a slight increase from 4% to 5% on the combined effect of higher other income, improved net finance income and reduced income tax provisions.

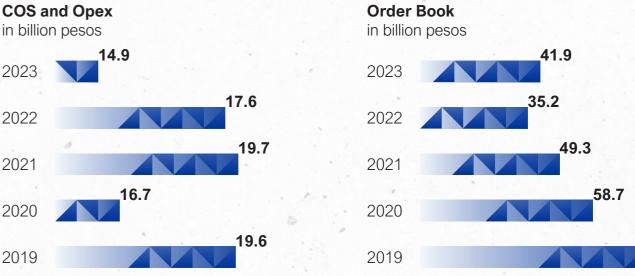
Other income surged by 358% from ₱19 million to ₱87 million, propelled by a foreign currency adjustment after the revaluation of joint venture financial statements (₱39 million). This increase was further supported by management fees (₱17 million) and rental income (₱1.7 million).

Standalone net income slipped by 9% from ₱863 million to ₱783 million on slower revenue recognition from ongoing projects, sparked by delays and weaker demand for large-scale construction projects.

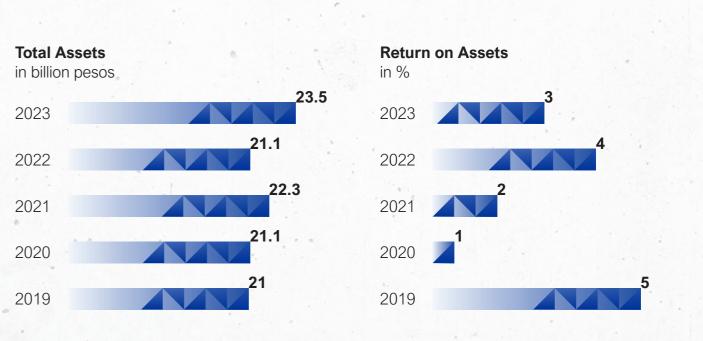
Excluding nonrecurring items, core net income declined by 7% from ₱815 million to ₱757 million. Nonrecurring items pertain to gain on sale of equipment, which amounted to ₱26 million in 2023 and ₱48 million in 2022.

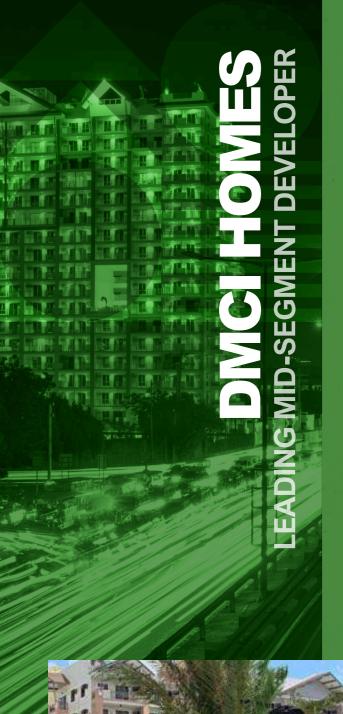
Five-Year Performance Review





68.2





2023

Demand for mid-income residential units gained traction on easing credit standards, but high interest rates and inflation pressures prevented recovery to pre-pandemic levels. Leisure projects attracted significant attention, emerging as a bright spot.

2024

Delivery of residential condominium units launched in 2019 to deepen residential market glut. Return to pre-pandemic sales levels still unlikely owing to steep loan rates, demand-supply imbalance and weak consumer confidence.

The COVID-19 pandemic and the ensuing economic downturn have persistently affected DMCI Homes, with sluggish sales since 2020 and an uptick in cancellations compressing revenues and limiting project launches. In response, the company pivoted to new product formats and strategic partnerships to reignite sales and enhance risk management.

Heading into 2024, DMCI Homes faces the critical challenge of accelerating inventory turnover amidst intensifying market competition and evolving consumer demands. The efficient liquidation of existing properties will be key to financing future developments, preserving cash flow and safeguarding the company's sustainability.

Operating Highlights

Total unit sales increased by 8% from 7,701 to 8,284—the highest level since the start of the COVID-19 pandemic but still 22% below the 2019 level of 10,628 units.

The recovery was largely driven by a 25% surge in residential unit sales, reaching 5,387 from 4,326. This was partially offset by a 14% decline in parking unit sales, falling from 3,375 to 2,897, due to one of the projects not offering parking slots.

Newly launched projects, including Solmera Heights and Anissa Heights, accounted for 37% of total residential sales, with 75% and 80% of their inventories sold by year-end, respectively. Average selling price (ASP) per square meter rose by 12% from ₱125,000 to ₱139,000, while ASP per unit slipped by 9% from ₱6.82 million to ₱6.24 million owing to the launch of microflats (Anissa Heights) and smaller units (Solmera Coast and Sage Residences).

With higher unit sales and better selling prices, total sales value accelerated by 12% from ₱32.09 billion to ₱35.89 billion—the highest in four years.

The cancellation rate for residential units awaiting revenue recognition showed a positive trend, declining from 18% to 13%. This improvement was driven by both higher overall sales and fewer cancellations.

Total inventory went up by 30% from ₱57.35 billion to ₱74.90 billion because of a 35% upswing in pre-selling inventory from ₱41.82 billion to ₱56.47 billion, alongside a 19% uptick in Ready-for-Occupancy (RFO) units from ₱15.53 billion to ₱18.43 billion.

Land bank contracted from 217.89 hectares to 196.90 hectares due to the development of a Batangas leisure project, coupled with the acquisition of a 2.3-hectare Mindanao property. Consequently, bulk (57%) of the land bank is concentrated in Metro Manila, followed by Luzon (38%), Visayas (3%) and Mindanao (2%).

Financial Performance

Total revenues dropped by 12% from ₱21.92 billion to ₱19.25 billion due to slower recognition for real estate projects,



mitigated by higher revenue contributions from construction services (for joint venture projects), property management and elevator maintenance. Real estate development comprised 95% of total revenues, a slight decrease from 97% in the previous year.

Revenue from active accounts contracted from 72% to 67% of total revenues, attributed to a slowdown in sales triggered by the pandemic.

Sales cancellations, mostly from Mainland Chinese buyers for Prisma Residences, pushed revenue reversals up by 24% from ₱2.75 billion to ₱3.41 billion.

Meanwhile, revenues from newly recognized accounts improved from 41% to 51% on rebounding sales.

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

Total cash costs reflected the drop in revenues, mainly due to reduced construction activities. From ₱17.62 billion, it slumped by 11% to ₱15.64 billion.

Operating expenses jumped by 10% from ₱2.68 billion to ₱2.95 billion on increased digital marketing spending, personnel costs, taxes and licensing fees.

62

Topline weakness was partially offset by significant uptrends in other income and net finance income. Other income soared by 37% from ₱1.65 billion to ₱2.26 billion, primarily fueled by increased forfeitures and rentals from the company's rent-to-own (RTO) program.

Net finance income, after accounting for finance costs, surged by 81% from ₱259 million to ₱471 million, driven by higher interest earnings from in-house financing.

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

On a standalone basis, net income increased by 4% from ₱4.55 billion to ₱4.73 billion. Excluding a nonrecurring gain from land sale to EDVI, core net income grew by 2% from ₱4.55 billion to ₱4.63 billion.

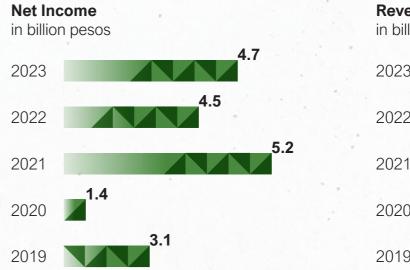
Capital expenditures rose marginally (1%) from ₱15.80 billion to ₱15.90 billion.

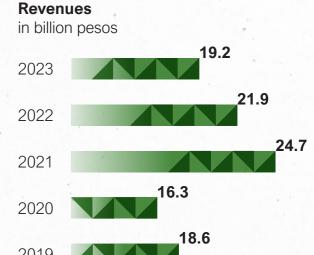
Most (92%) of the spending went to construction activities, which increased by 5% from ₱13.96 billion to ₱14.63 billion.

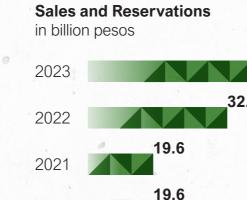
Meanwhile, land banking investments fell by 41% from ₱1.53 billion to ₱906 million.

Unbooked revenues climbed by 8% from ₱64.9 billion to ₱69.9 billion, boosted by a revival in sales and the introduction of seven new projects in the last two years, collectively valued at ₱73 billion.

Five-Year Performance Review





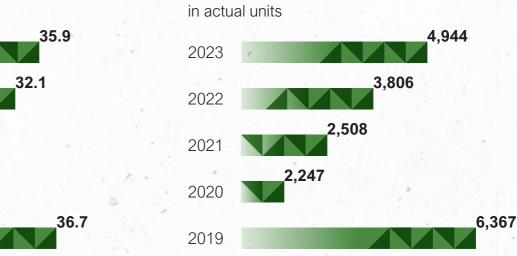


2020

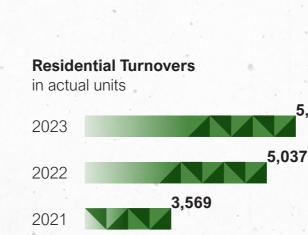
2019

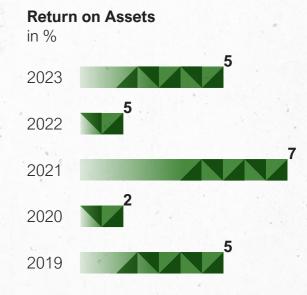
2020

2019



Residential Launches





*All figures at PDI consolidated level

4.040

5,352

Collectively valued at 1 70 billion.

^{**} Net of sales value reversal from project cancellation for a Davao project

2023

Coal - Global consumption reached a record high because of India, Indonesia and China but coal prices tumbled due to increased exports from Indonesia, a global shift to renewable energy, a warm winter and subdued global economic growth.

Spot Electricity - The entry of new capacity and the interconnection of the Visayas and Mindanao grids bolstered supply, lowering spot market prices despite higher demand from increased economic activities, return-to-office mandates and on-site classes.

2024

Coal - Escalating tensions in the Middle East could inject some volatility into the market but prices are likely to trend lower given the continued weakening of the Chinese economy and accelerated transition to renewables by developed economies.

Spot Electricity - A strong El Niño, persisting into the second quarter, is likely to boost demand and curtail hydropower plant output, driving spot prices higher in the first half. Prices are anticipated to stabilize in the second half as conditions normalize.



Normalizing market prices tempered the impact of SMPC's record operating results. However, stronger demand from China and the reintroduction of additional capacity from SEM-Calaca Power Corporation (SCPC) supported overall financial performance, making it the second highest in the company's history.

Attributable earnings from the coal segment dropped from 81% to 65%, indicating the growth potential and increasing significance of power generation within the company's portfolio. In 2024, SMPC expects its power segment to do even better on the back of lower outage days and improved plant capacity.

Operating Highlights

For the second consecutive year, coal production reached the 16 million metric ton (MMT) limit stipulated in the company's Environmental Compliance Certificate (ECC). The simultaneous operation of Molave and Narra mines accounted for the strong performance. Total production was nearly evenly split between the two mines, with Molave contributing 51% and Narra 49%.

The combined effect of maximum production, high beginning inventory and record exports led to all-time high shipments of 15.8 MMT, up 7% from 14.8 MMT in 2022 and exceeding the previous high of 15.6 MMT in 2019.

Exports surged by 14% from 7.1 MMT to 8.1 MMT, fueled by strong China demand. Shipments to China accelerated by 31% from 4.0 MMT to 5.2 MMT, while shipments to South Korea remained steady at 2.2 MMT.

The two countries accounted for 92% of total exports, followed by Brunei (4%), Japan (2%), India (1%) and Vietnam (1%).

Domestic sales was unchanged at 7.7 MMT, as high sulfur content in some commercial-grade coal curbed external sales, offsetting the impact of higher shipments to SMPC-owned plants.

Internal sales rebounded by 38% from 2.6 MMT to 3.6 MMT on improved overall plant availability. However, sales to other power plants, cement plants and industrial plants slipped by 20% from 5.1 MMT to 4.1 MMT.

Average selling price (ASP) for Semirara coal declined by 26% from ₱5,136/MT to ₱3,796/MT, mirroring the Indonesian Coal Index 4 (ICI4).

Full-year average Newcastle index (NEWC) plummeted by 64% from a historic high of US\$360.2 to US\$173.0, while average ICI4 fell at a slower pace (26%) from peak US\$85.9 to US\$63.2.

The **power segment** delivered a strong performance, with overall plant availability increasing from 62% to 81%. This was mostly due to fewer outage days and the commercial operations of SCPC Unit 2 on October 9, 2022. Higher plant availability translated to a 31% surge in total gross generation from 3,735 GWh to 4,890 GWh.

Increased plant output led to a 26% expansion in power sales from 3,596 GWh to 4,515 GWh, most (68%) of which went to the spot market.

Total spot sales soared to a record high of 3,076 GWh, up by 64% from 1,881 GWh, because of higher plant output and uncontracted capacity. Correspondingly, bilateral contract sales slowed by 16% from 1,715 GWh to 1,439 GWh. Overall ASP tapered by 5% from P5.67/kWh to P5.40/kWh because of weaker spot prices.

Financial Performance

Consolidated revenues declined by 16%, falling from ₱91.13 billion to ₱76.96 billion, largely due to lower selling prices. Coal remained the largest contributor to revenue at 68%, with SCPC and SLPGC following at 22% and 10%, respectively.

Total cash costs decreased by 6% from ₱43.76 billion to ₱41.21 billion, owing to a significant drop in government share payments, which contracted by 33% from ₱15.96 billion to ₱10.68 billion.

Cash component of the cost of sales rose by 9% from ₱24.09 billion to ₱26.24 billion, driven by record coal shipments, elevated production costs carried over from beginning inventory and higher expenses for labor, lubricants and contracted services.

Operational expenses also advanced by 16% from ₱3.71 billion to ₱4.30 billion on higher costs for plant maintenance, insurance and taxes.

Other income plunged by 56% from ₱1.25 billion to ₱550 million on the high base effect, influenced by a net forex loss of ₱176 million versus a net forex gain of ₱1.00 billion last year. It also included a ₱206 million refund of wharfage fees from the Philippine Ports Authority, a ₱31 million insurance claim for two 25 MW gas turbines, ₱472 million from the sale of fly ash and ₱6 million in income from gas turbine storage fees.

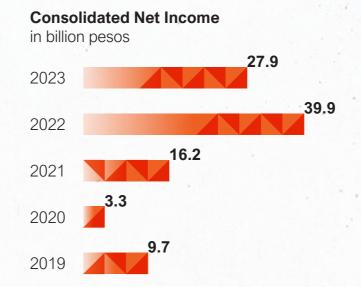
Tax expenses decelerated by 10% from ₱2.40 billion to ₱2.17 billion, following the 2022 adjustment of the Molave mine tax holiday period and somewhat offset by higher taxable profits from the power segment.

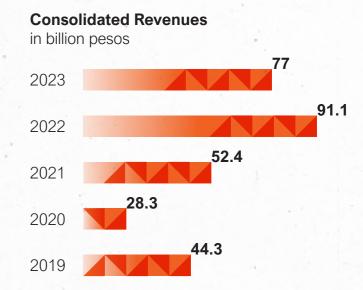
Excluding nonrecurring items, core net income dropped by 30% from \$\int 40.03\$ billion to \$\int 27.99\$ billion. The nonrecurring item in 2023 pertains to recognized loss from the planned sale of the two 25 MW gas turbines, while the nonrecurring item in 2022 was due to the write-down of the gas turbines' value based on its estimated price when the assets were reclassified to Assets Held for Sale.

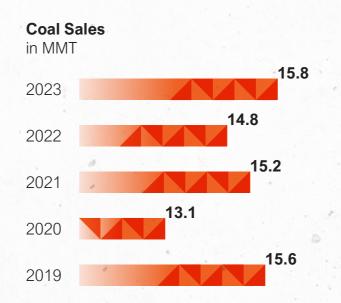
Breaking it down by segment, coal contribution decreased by 44%, while SCPC saw a growth of 53%. SLPGC's contribution retreated by 15%.

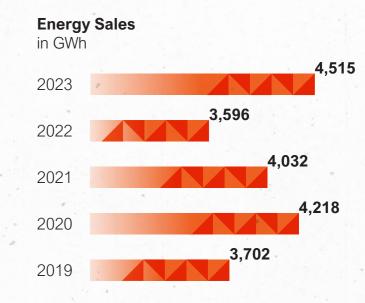
Consolidated net income pulled back by 30% from ₱39.87 billion to ₱27.93 billion on account of all-time high coal shipments and electricity sales volume amid a sharp correction in market prices. The coal segment contributed 65% to the bottom line, followed by SCPC (28%) and SLPGC (7%).

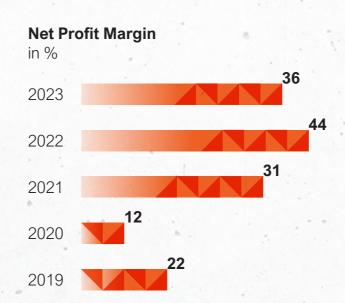
Five-Year Performance Review

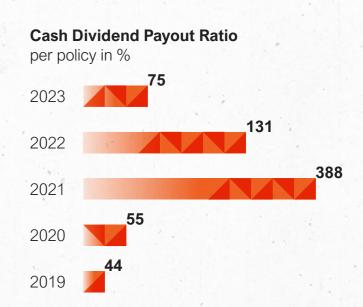


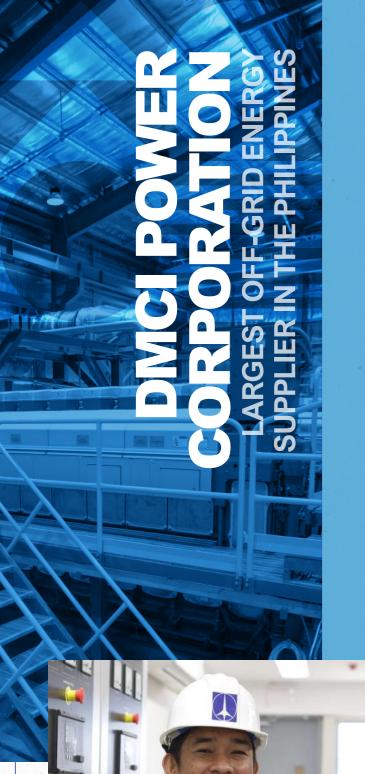












2023

Philippine tourist arrivals more than doubled translating to increased economic activities in key sites.

Concurrently, a significant drop in fuel prices, particularly diesel, coal and bunker, tempered electricity rates.

2024

Demand is seen to increase due to the influx of foreign visitors and the government's expansion efforts aimed at achieving 100% household electrification by 2028. Fuel prices should remain stable on weak global demand. For the second straight year, DMCI Power notched double-digit growth, outpacing its historical results. Continued investments in high-growth areas boosted overall capacity and generation, solidifying its leadership position in the off-grid energy market. Dispatch also grew with the continued rise in electricity demand.

For 2024, the company expects another standout performance, fueled by the year-round operation of its expansion plants and robust off-grid demand. Efforts are also underway to boost plant capacity in Palawan, Masbate and Semirara Island through the integration of conventional and renewable energy technologies.

Operating Highlights

The commissioning of an 8 MW diesel plant in Masbate in January 2023 and a 15 MW thermal plant in Palawan in July 2023 lifted total installed capacity by 17% from 136.4 megawatts (MW) to a record-setting 159.8 MW.

With increased capacity, total gross electricity generation rose by 7% from 447.3 GWh to a new peak of 479.7 GWh. Increased plant output in Palawan and Masbate compensated for the reduced generation in Oriental Mindoro.

Palawan gross power generation surged by 15% from 178.8 GWh to 205.9 GWh, while Masbate posted a 5% increase from 165.0 GWh to 173.2 GWh. In contrast, Oriental Mindoro gross generation decreased by 3% from 103.5 GWh to 100.6 GWh, sidelined by higher availability of renewable energy and conventional power sources.

Total energy sales grew by 6% from 426.0 GWh to a historic high of 452.6 GWh on the back of higher dispatch from Palawan and Masbate.

Palawan was the top growth contributor, representing 79% of the increase in total sales. Its dispatch grew by 12% from 178.8 GWh to 200.2 GWh, fueled by stronger economic activity and an increase in capacity.

Similarly, Masbate dispatch ascended by 6% from 147.7 GWh to 156.1 GWh, supported by similar factors. Meanwhile, Oriental Mindoro energy sales slipped by 3% from 99.4 GWh to 96.2 GWh, amid higher availability of renewable energy and conventional power plants.

Palawan maintained its sales dominance, increasing its contribution to total sales from 42% to 44%. Meanwhile, sales in Masbate and Oriental Mindoro saw minor adjustments, shifting to 34% from 35% and 21% from 23%, respectively.

Market shares in Masbate and Palawan stayed the same at 100% and 52%, respectively. DMCI Power remains the sole power provider in Masbate, while the operation of the 15 MW thermal plant in Palawan limited its diesel plant operation. Oriental Mindoro market share fell from 26% to 22% due to the better availability of both renewable and conventional plants in the area.

The overall average selling price (ASP) fell by 7% from ₱17.5 to ₱16.4 per kilowatt hour (KWh), driven by decreased coal, bunker and diesel costs amid global energy price stabilization.

69



This decline was further influenced by the commercial operations of the 15 MW Palawan thermal plant on August 15, with a lower tariff.

Reflecting market trends, coal costs dropped by 43% from ₱11.8 to ₱6.7 per kilogram, bunker fuel prices decreased by 3% from ₱46.1 to ₱45.0 per liter and diesel prices saw a slight decrease (-1%) from ₱56.9 to ₱56.2 per liter.

Financial Performance

Total revenues remained largely stable (-1%), decreasing from ₱7.47 billion to ₱7.41 billion, as record energy sales moderated the impact of lower selling prices.

Total cash costs posted a sharper decrease (-6%) from ₱6.20 billion to ₱5.82 billion. This reduction was primarily driven by lower fuel costs, significantly influenced by the operations of the Palawan thermal plant, which charged a lower tariff.

Income tax provisions decreased by 12% from ₱142 million to ₱125 million on account of the income tax holidays (ITH) granted to the Masbate hybrid diesel and Palawan 15 MW thermal plants.

Masbate thermal plant's ITH will expire in September 2024, while the tax incentives for the hybrid diesel and Palawan thermal plants will continue until January 2029 and August 2027, respectively.

Depreciation and amortization expenses advanced by 10% from ₱337 million to ₱370 million, owing to the commissioning of the Masbate diesel and Palawan thermal plants.

Net finance costs (net of income) more than tripled (208%) from ₱49 million to ₱152 million because of higher interest rates and increased borrowing costs associated with the additional 23 MW capacity.

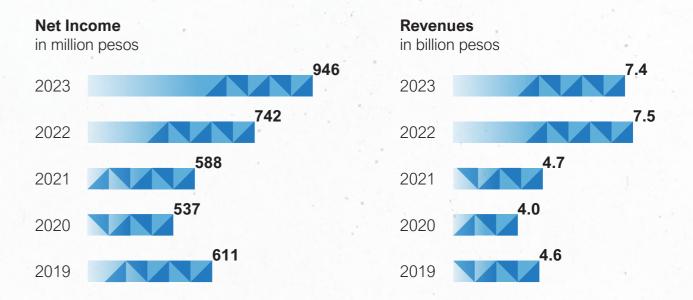
As of December 31, 2023, a significant portion (70%) of the company's total loans were subject to floating interest rates.

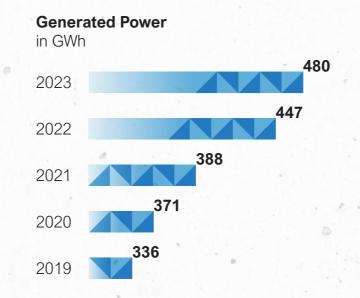
At the standalone level, net income accelerated by 28% from ₱742 million to an all-time high of ₱946 million. No nonrecurring items were recognized in either period.

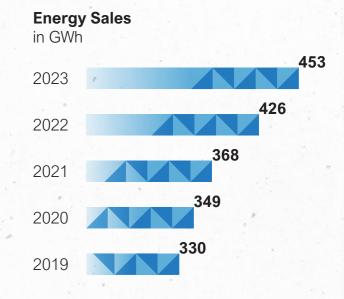
Capital investments plunged by 54% from ₱1.89 billion to ₱860 million, following the completion of two expansion plants. The Palawan and Masbate projects accounted for 66% of 2023 CapEx, representing a decrease from 81% the previous year.

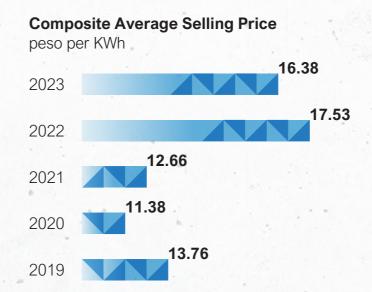
The remaining Capex was allocated towards regular plant maintenance activities and a down payment for the purchase of additional generating units, supporting ongoing operations and future growth.

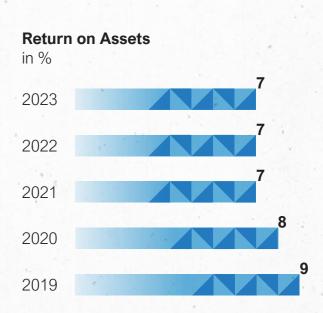
Five-Year Performance Review













2023

Increased output from Indonesia led to a global oversupply. This, compounded by recession fears, slow shift to electric vehicles and continued weakness in China's real estate and manufacturing sectors, resulted in a sharp drop in market prices.

2024

Despite increased clean energy investments, demand and prices are expected to fall due to sluggish global trade, China's property challenges, electronic vehicle slowdown and continued production ramp up in Indonesia. Global market seen to rebalance in 2026.

DMCI MINING CORPORATION

DMCI Mining exhibited remarkable resilience amidst a challenging market downturn. Their strategic foresight, operational excellence and commitment to stakeholder engagement enabled them to maximize the value of a single mine.

This success, achieved through prudent spending and agile marketing, not only sustained the company during a volatile year but also lays the foundation for unlocking the value of additional mines in Palawan and Zambales in 2024.

Operating Highlights

Total production posted a strong recovery, increasing by 70% from 1.0 million wet metric tons (WMT) to 1.7 million WMT, after Zambales Diversified Metals Corporation (ZDMC), the sole operating asset, obtained the necessary permits and heavy equipment to mine up to 2 million WMT of nickel ore starting January 2023.

ZDMC secured the necessary Environmental Compliance Certificate (ECC) to boost its nickel ore production from 1 million metric tons to 2 million metric tons, effective January 2023.

Following the depletion of its Berong mine in December 2021, Berong Nickel Corporation (BNC) transitioned to focusing on final mine rehabilitation, obtaining permits and exploring for new nickel mines.

As a result, all shipments originated from ZDMC, which grew by 16% from 1.45 million WMT to an all-time high of 1.68 million WMT. The average nickel grade sold was mostly unchanged (1%) from 1.33% to 1.35%.

Despite the stable nickel grade, average selling price (ASP) plunged by 14% from \$42/WMT to \$36/WMT, primarily due to weakened demand for stainless steel in China and an oversupply of Nickel Pig Iron (NPI) from Indonesia.

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

Total ending inventory more than doubled (141%) from 54,000 WMT to 130,000 WMT, as Zambales stockpile accelerated by 230% from 33,000 WMT to 109,000 WMT. Berong stockpile remained at 21,000 WMT, which is less than the standard shipping volume of 50,000 WMT.

Looking ahead to 2024, DMCI Mining is cautiously optimistic about the opening of three new nickel mines, two in Zambales and one in Palawan. These new sites are expected to add around 2 million WMT of nickel ore to the total production.

Financial Performance

Revenues contracted by 11% from ₱3.79 billion to ₱3.39 billion, as lower selling prices muted the impact of record shipments. Total cash cost rose by 25% from ₱1.60 billion to ₱1.20 billion on higher cost of sales (COS) and operating expenses (OPEX). Meanwhile, total cash costs per WMT rose by 4% from US\$ 20.5 to US\$ 21.3.

COS jumped by 36% from ₱749 million to ₱1.02 billion on increased nickel ore shipments while OPEX went up by 15% from ₱854 million to ₱985 million on higher BNC spending on environmental, mechanical and administrative support and excise taxes, along with increased ZDMC spending for environmental and social development activities.

Noncash items grew by 29% from ₱488 million to ₱628 million due to higher depreciation costs from the acquisition of additional mining equipment. Under Philippine Accounting Standards (PAS) 16, shipments are amortized based on a mine's available reserves.

Other income fell by 27% from ₱122 million to ₱89 million on account of a stabilizing US\$:Philippine Peso exchange rate. Average US dollar to Philippine peso exchange rate rose by 4% from US\$1:₱54 to US\$1:₱56.

This year, the company reversed a ₱90 million provision for long-outstanding operating costs incurred.

Tax provisions receded by 52% from ₱444 million to ₱211 million on weaker topline, coupled with higher depreciation and amortization.

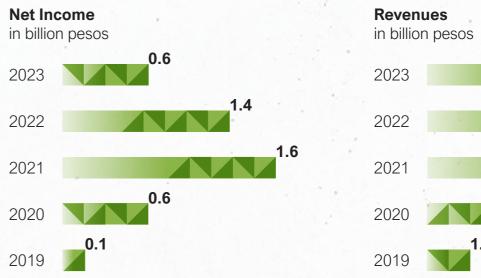
Standalone net income contracted by 54% from ₱1.36 billion to ₱622 million on anemic selling prices and elevated costs resulting from record-high shipments. No nonrecurring item was recognized during both periods.

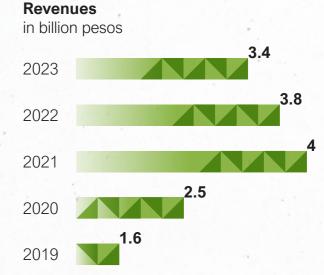
Profit contribution to DMCI Holdings plunged by 49% from ₱1.29 billion to ₱655 million because of lower selling prices and increased costs stemming from record-high shipments.

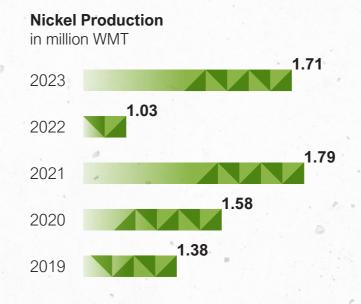
Ending cash balance declined by 23% from ₱1.10 billion to ₱853 million due to reduced operating cash flow, cash dividend distributions (₱667 million) and capital expenditures (₱169 million). Debt level was unchanged at ₱350 million.

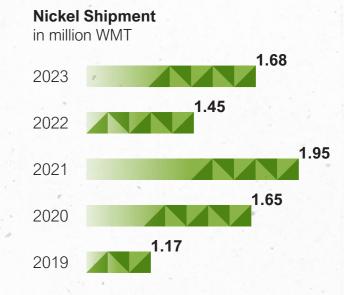
Committed capital spending retreated by 38% from ₱459 million to ₱283 million owing to lower mining equipment requirements amid ongoing permitting of mining assets.

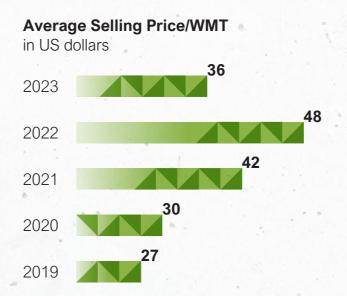
Five-Year Performance Review

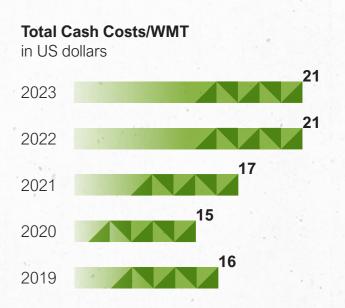


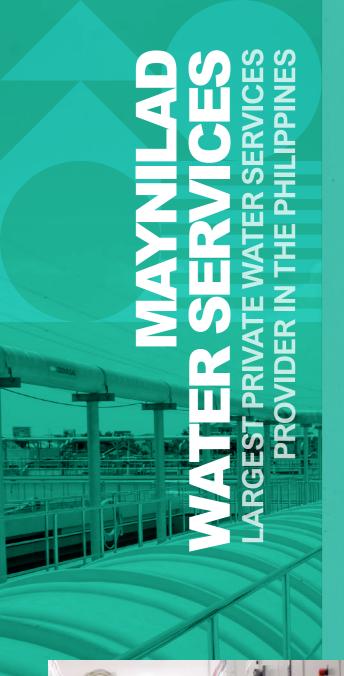












2023

Increased activities in the manufacturing and hospitality sectors boosted demand, reflecting the broader economic reopening and recovery from the pandemic.

2024

Cooling inflation, interest rate cuts and the recovery of tourist arrivals to pre-pandemic levels could support demand expansion in the residential and commercial segments.

2023, propelled by strategic investments, rebounding non-domestic demand and a more favorable tariff structure. This success follows years of sustained expansion in both its water and wastewater businesses.

Maynilad achieved near-record earnings in

In 2024, the company will launch its largestever annual capital expenditure program since the 1997 privatization of water services in the West Zone. It plans to spend an unprecedented ₱31 billion to secure long-term water sustainability, meet growing customer demand and support future tariff adjustments.

Operating Highlights

Total water production reached a recordbreaking 774.8 million cubic meters (MCM), representing a 2% increase from 756.2 MCM. This growth was attributed to higher raw water supply from Angat Dam, increased cross-border purchases, the activation of the "NEW WATER" treatment plant in Parañaque and expanded use of deep wells.

With increased production, 24-hour water availability significantly improved from 92.7% to 97.5% due to increased production. Total new connections reached 24,748, with water service connections (WSC's) increased to 1,532,463. Consequently, water service coverage expanded from 94.6% to 94.8%, translating to a 3% upturn in served population from 10 million to 10.3 million.

Sewer service coverage reached its highest level yet, rising from 22.6% to 30.7% due to aggressive infrastructure spending. In effect, served population surged by 40% from 2.3 million to 3.1 million.

Billed volume went up by 2% from 526.9 MCM to a record high of 538.5 MCM on the back of record water production, rising non-domestic demand and the reactivation of delinquent accounts.

Non-domestic billed volume swelled from 17.3% to 18.4%, fueled by accelerated economic activity. Conversely, the share of domestic billed volume decreased from 82.7% to 81.6%. This represents the most favorable customer mix in four years, following the 20% non-domestic share recorded in 2019.

Average non-revenue water (NRW) stood at 30.5%, slightly higher than 30.3% last year due to improved production. However, end-of-period NRW decreased by 5% from 32.1% to 30.4% on higher billed volume and ongoing NRW-reduction initiatives such as leak repairs and pipe replacements.

Average effective tariff increased by 14% from ₱42.11 to ₱48.12 because of the staggered implementation of the Metropolitan Waterworks and Sewerage System-approved basic rate adjustment (effective January 1, 2023), alongside a more favorable customer mix.



M MAYNILAD

Financial Performance

Total revenues jumped by 19% from ₱22.88 billion to ₱27.32 billion in 2022 on account of implemented increases in tariff rates effective 1 January 2023, favorable customer mix, and higher billed volume driven by easing of COVID-19 restrictions, and aggressive efforts in reducing losses in the primary distribution system.

Total cash costs grew (+17%) slower than total revenues (+19%) – rising from ₱8.62 billion to ₱10.09 billion. This was driven by lower light and power expenses and a milder increase in personnel costs. However, these savings were partially offset by higher spending on outside services, water treatment chemicals, repairs and maintenance and cross-border water purchases.

Provisions for credit losses nearly quadrupled (281%) from ₱170 million to ₱648 million due to increased reserves for potentially uncollectible debts.

Other income shifted significantly from an expense of ₱771 million to an income of ₱1.02 billion, largely due to higher interest income and reversal of provision for penalties on water service interruptions in 2022.

Depreciation and amortization expenses increased by 11% from ₱2.95 billion to ₱3.27 billion, reflecting additional capital expenditure projects completed during the year.

Standalone net income accelerated by 53% from ₱5.88 billion to ₱9.01 billion, buoyed by stronger operating results, increased rates and the recognition of other income.

Excluding nonrecurring items, standalone core net income surged by 51% from ₱6.05 billion to ₱9.12 billion. 2023 nonrecurring items included net foreign exchange losses (₱39 million) and donations (₱95 million).

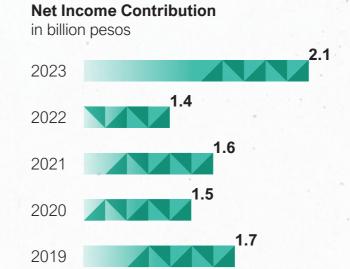
In contrast, 2022 nonrecurring items primarily consisted of loan prepayment fees (\$\P\$138 million), miscellaneous expenses (\$\P\$47 million), severance pay (\$\P\$45 million), donations (\$\P\$29 million) and foreign exchange gains (\$\P\$23 million).

Profit contribution to DMCI Holdings surged by 42% from ₱1.42 billion to ₱2.06 billion. Excluding nonrecurring items, core net income contribution grew even faster (+45%) from ₱1.47 billion to ₱2.09 billion.

DMC's share of nonrecurring items resulted in a ₱28 million loss in 2023 due to foreign exchange fluctuations and donations. This compares to a ₱47 million nonrecurring loss in 2022 from loan prepayment fees, severance pay, donation and miscellaneous items.

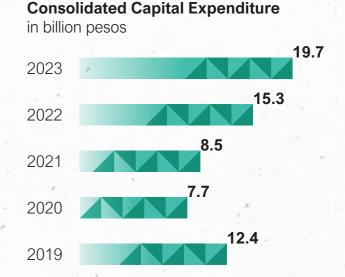
Capital disbursements accelerated by 87% from ₱13.93 billion to an unprecedented ₱26.05 billion, fueled by increased investments in wastewater and operational support.

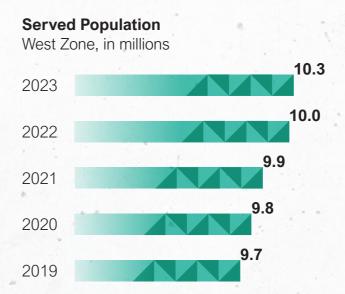
Five-Year Performance Review

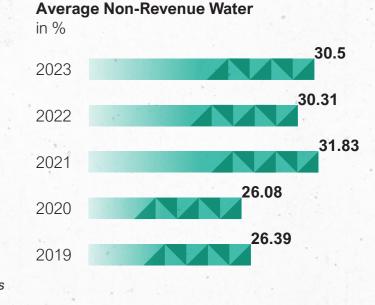




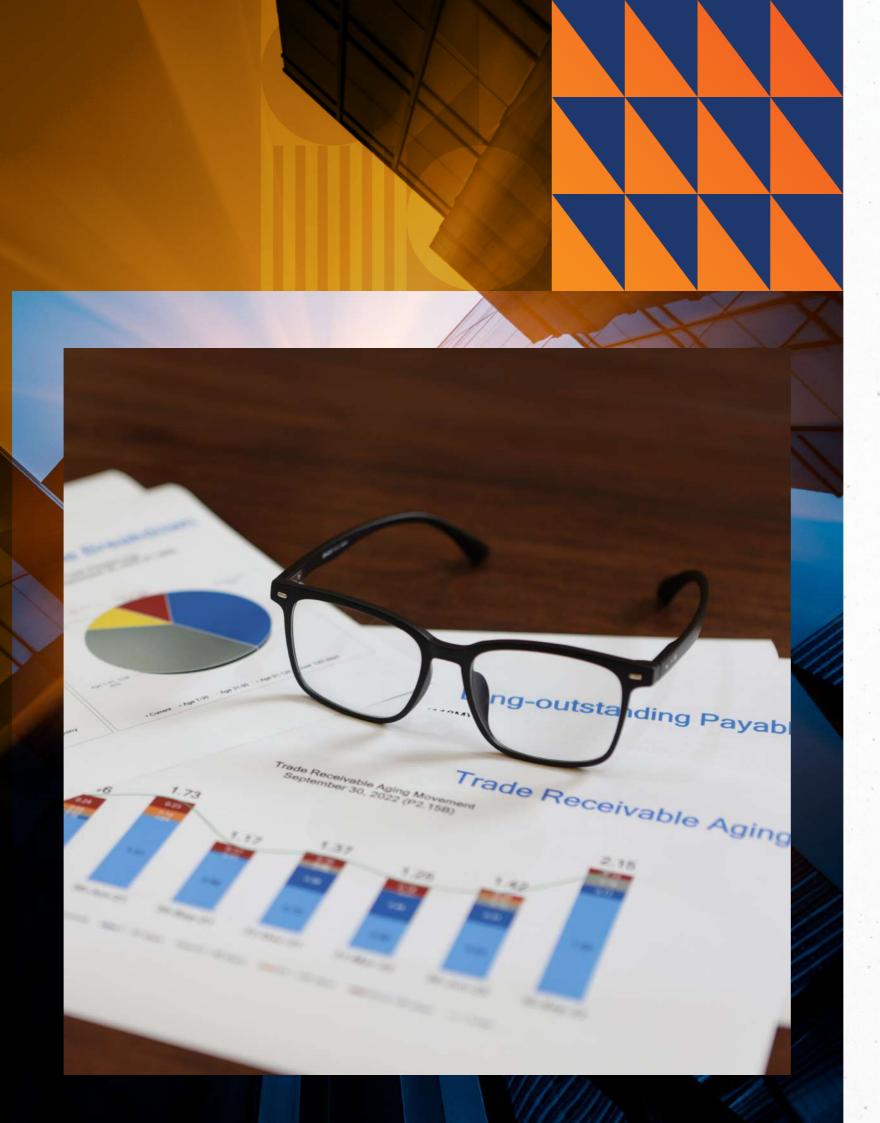








¹Constrained water served population using 2016 factors ²District Metered Area (DMA)



- Statement of Management's **82**Responsibility for Consolidated
 Financial Statements
- Statement of Board of Directors' **84**Responsibility for Internal Controls and Risk Management Systems
 - Audit Committee Report to the Board of Directors
 - Internal Auditor's Attestation 87
 - Independent Auditor's Report 88
- Consolidated Financial Statements 98



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

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

Ísidro A. Consunji

Chairman of the Board/ President

Herbert M. Consunji
Executive Vice President/

Chief Finance Officer

Joseph Adelbert V. Legasto

Deputy Chief Finance Officer

Signed this March 05, 2024

Subsidiaries:
D.M. Consunji, Inc.
DMCI Project Developers, Inc.
DMCI Power Corporation
DMCI Mining Corporation
Semirara Mining and Power Corporation
Maynilad Water Holdings, Inc.
Wire Rope Corporation of the Phils.

| SUBSCRIBED AND | SWORN TO BEFORE | ME, a Notary Rublic | for and ir |
|----------------|-------------------------------|---------------------|------------|
| MAKATICITY | SWORN TO BEFORE , this day of | 19 MAR 2024 | |

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

Page No. 78 Book No. LXV Series No. 204

Notary Public of Makati City
Appaintment No. At-111
First December 31, 2024
PTR No. MIST 10073904: 01-02 2024; Makati City
IBP Lifetime No. 013595; 12-27-2013; 1.C
Roll No. 37226
MCLE Compliance No. VII-0024195; 02-15-2027

Ground Floor, Makati Terraces Condominium 3650 Davila St., Brgy, Tejeros, Makati City 1204



DACON Building
2281 Don Chino Roces Ave.
(formerly Pasong Tamo Ext.)
Makati City 1231, Philippines

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

Statement of Board of Directors' Responsibility for Internal Controls and Risk Management Systems

The Board of Directors ("Board") of DMCI HOLDINGS, INC. is responsible for the internal controls and risk management systems. The Board's Audit Committee assists in the oversight of the internal controls, financial reporting process, internal audit, external audit and compliance functions, while the Risk Committee assists in the oversight of the risk management process.

During the year, Management has established adequate and effective internal controls and risk management systems to provide reasonable assurance that:

- financial transactions are properly authorized, recorded and maintained to enable the preparation of financial statements that give a true, fair and transparent view of the Company's financial position and operating results; and
- governance processes and internal controls are strengthened, and significant risks are managed to ensure the achievement of the Company's business objectives.

Based on the assurance work performed by the internal and external auditors and the oversight duties performed by the Board's Audit Committee and Risk Committee, the Board is of the opinion that the Company's internal controls and risk management systems are adequate and effective.

March 05, 2024

Isidro A. Consunji
Chairman and President

Herbert M Consunji /

Executive Vice President and Chief Finance Officer

Joseph Adelbert V. Legasto
Deputy Chief Finance Officer

Subsidiaries:
D.M. Consunji, Inc.
DMCI Project Developers, Inc.
DMCI Power Corporation
DMCI Mining Corporation
emirara Mining and Power Corporation
Maynillad Water Holdings, Inc.
Wire Rope Corporation of the Phils.

AUDIT COMMITTEE REPORT TO THE BOARD OF DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 2023

The Audit Committee Charter defines the ultimate responsibility of the Audit Committee for policies and practices relating to integrity of the financial and regulatory reporting of the Company. It assists the Board in fulfilling its oversight functions with respect to:

- (a) Support the Board of Directors in meeting its responsibilities to shareholders;
- (b) Enhance the independence of the external auditor;
- (c) Facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors;
- (d) Increase the credibility and objectivity of the Company's financial reports and public disclosure.

In 2023, the Audit Committee accomplished the following in compliance with its Charter:

- 1. The members of the Audit Committee are composed of two (2) Independent Directors and one (1) Non-executive director.
- 2. The Chairman of the Audit Committee is an Independent Director.
- 3. The Committee convened four (4) meetings in 2023.
- 4. The Committee had an executive meeting with the external and internal auditors.
- 5. Recommended the appointment of the external auditors to the Board.
- 6. Reviewed the external auditor's audit plans, fees and schedules and any related services proposals
- 7. Reviewed and pre-approved the non-audit services provided to the Company by its internal/external auditor prior to Board approval.
- 8. Ensured that the external auditor met the rotation requirements for handling partners pursuant to SRC Rule 68(3)(b)(iv) and SEC Memorandum Circular No. 8 Series of 2003.
- 9. Reviewed and discussed with the management and external auditors the consolidated financial statements ended December 31, 2023 including audit and accounting issues of the Company's subsidiaries, material transactions with related parties, accounting policies, and audit results prior to recommendation to Board for approval and to dissemination to stockholders and the public.
- 10. Assessed the integrity and independence of external auditors and exercising effective oversight in reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process.

- 11. Reviewed and discussed the external auditor's audit plans for the year ending December 31, 2023, which focus on (1) engagement team, (2) audit services,(3) audit approach, (4) areas of audit emphasis, (5) inquiries relating to matters relevant to the audit, (6) ethics and interdependence, and (7) regulatory updates.
- 12. Reviewed and discussed the internal auditor's plans for the year ending December 31, 2023, which include (1) review of internal audit mandate (2) business development, (3) financial consolidation and reporting,
 - (4) treasury and cash disbursement, and (5) governance, risk and compliance,
- 13. Reviewed the 2023 audit assessment results.
- 14. The Committee reviewed the adequacy and effectiveness of the internal control and risk management system based on its assessment, from the reports provided by internal and external auditors, and from management's assessment of internal controls.
- 15. Reviewed and discussed with the management the quarterly financial reports which include changes in accounting policies and practices, significant adjustments resulting from the audit, compliance with accounting standards, material transactions and accounting issues of the Company's subsidiaries.
- 16. Reviewed the Management Discussion and Analysis of the annual and quarterly financial statements prior to public disclosures.
- 17. Reviewed the propriety of related party transactions (RPTs) and the required reporting disclosures, considered the terms are on arm's length and fair to the Company; determined if the significant RPTs were in the best interests of the company and the shareholders; whether the RPT met the prescribed threshold set in Company's policy and by the Securities and Exchange Commission (SEC).
- 18. The Committee Chairman and members attended the Annual Stockholders' Meeting on May 17, 2023.

Signed on March 27, 2024.

Bernardo M. Villegas

Chairman, Audit Committee

Bernado M. Villy



30 January 2024

The Audit Committee DMCI Holdings, Inc.

Internal Control and Compliance System For the year ended 31 December 2023

The Board of Directors is responsible for providing governance and, through the Audit Committee, for overseeing the implementation of adequate and effective risk management and internal control system for DMCI Holdings, Inc. (the Company).

Management is responsible for designing and implementing adequate risk management, internal control, and compliance processes and for evaluating its adequacy and effectiveness. Due to its inherent nature, risk management and internal control processes will only provide reasonable assurance on the adequacy of controls in mitigating the risks.

The Audit Committee assists the Board of Directors and management by exercising oversight responsibility over the Company's financial reporting, internal control, internal and external audit activities, and compliance with applicable laws and regulations. The Company outsourced its internal audit activities to Punongbayan & Araullo, which directly reports to the Audit Committee.

Internal audit adopts a risk-based approach in developing the annual audit plan and in conducting its reviews to assess the adequacy and effectiveness of the Company's governance, risk management, internal control, and compliance processes. The results of internal audit reviews are discussed and presented to management and the Audit Committee on a periodic basis. Management have also addressed the recommendations included in internal audit reports.

Based on the results of our reviews for the period 01 January to 31 December 2023, we attest to the overall adequacy and effectiveness of the internal audit, internal control, and compliance system of the Company.

Isidro A Consunji
Chairman and President

DMCI Holdings, Inc.

Michael C. Gallego Internal Audit (Outsourced) Partner, Punongbayan & Araullo The Stockholders and the Board of Directors DMCI Holdings, Inc. 3rd Floor, Dacon Building 2281 Chino Roces Avenue Makati City

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

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

Key Audit Matters

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

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

Recognition of Revenue from Real Estate and Construction Contracts

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

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

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

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

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





Audit Response

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

Real estate contracts

For the buyer's equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales collections from buyers with accumulated payments above the collection threshold. We traced the analysis to cancelled sales monitoring and supporting documents such as notice of cancellations. For the application of the output method in determining real estate revenue, we obtained an understanding of the Group's processes for determining the percentage of completion (POC) and performed tests of the relevant controls. We inspected the certified POC reports prepared by the project engineers and assessed their competence, capabilities and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries, and inspected the supporting details of POC reports showing the completion of the major activities of the project construction.

Construction contracts

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

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

Accounting for the Investment in a Significant Associate

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

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

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

Audit Response

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

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

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

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





Estimation of Mineable Ore Reserves

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

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

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

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

The Group disclosed its intention to sell the 2x25 MW Gas Turbine Plant (the Asset) as discussed and approved in the minutes of meeting of the Board of Directors (BOD) held on August 2, 2022. The Group maintains that the carrying amount of the Asset will be recovered principally through a sale transaction rather than through continuing use. In October 2022, the Group has completely secured all relevant clearances from regulatory bodies to disconnect, deregister, decommission, and sell the Asset. In October 2023, upon the completion of the one-year period, the sale of the Asset was not finalized due to circumstances beyond the control of the Group but the commitment to the plan to sell the Asset remains. As of December 31, 2023, the Group has yet to complete the sale of the Asset with a carrying value of P713.22 million. The Group assessed that the Asset will continue to be accounted for as asset held-for-sale in accordance with Philippine Financial Reporting Standards (PFRS) 5, *Non-current Assets Held-for-Sale and Discontinued Operations*.

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

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

Audit response

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

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

Other Information

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

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

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

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

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

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

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





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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Gennifer D. Tichar

Jennifer D. Ticlao

Partner

CPA Certificate No. 109616

Tax Identification No. 245-571-753

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

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

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

March 5, 2024







SyCip Gorres Velayo & Co. 6760 Ayala Avenue 1226 Makati City Philippines Tel: (632) 8891 0307 Fax: (632) 8819 0872 ev.com/ph

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of DMCI Holdings, Inc. and its subsidiaries (collectively, the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 5, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.

Jennifer D. Tichar

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-110-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10082023, January 6, 2024, Makati City

March 5, 2024





SyCip Gorres Velayo & Co. 6760 Ayala Avenue 1226 Makati City Philippines Tel: (632) 8891 0307 Fax: (632) 8819 0872 ev.com/ph



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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of DMCI Holdings, Inc. and its subsidiaries (collectively, the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 5, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Components of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements, and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the SEC, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Junifer D. Ticlar

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-110-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10082023, January 6, 2024, Makati City

March 5, 2024

A member firm of Ernst & Young Global Limited



-2-

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Amounts in Thousands of Pesos)

| | December 31 | | |
|--|--------------|--------------|--|
| | 2023 | 2022 | |
| A COUTTO | | | |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents (Note 4) | ₽32,158,078 | ₽28,408,474 | |
| Receivables - net (Note 5) | 23,265,106 | 26,738,90 | |
| Current portion of contract assets (Note 6) | 19,304,451 | 16,643,25 | |
| Inventories (Note 7) | 67,902,205 | 61,524,53 | |
| Other current assets (Note 8) | 12,088,585 | 10,189,642 | |
| outer outront assets (Note o) | 154,718,425 | 143,504,81 | |
| Asset held-for-sale (Note 9) | 713,218 | 789,313 | |
| Total Current Assets | 155,431,643 | 144,294,124 | |
| | | | |
| Noncurrent Assets | . / . | | |
| Property, plant and equipment (Note 12) | 53,673,801 | 57,638,31 | |
| Investments in associates and joint ventures (Note 10) | 19,091,633 | 18,195,32 | |
| Contract assets - net of current portion (Note 6) | 10,839,030 | 12,765,71 | |
| Pension assets - net (Note 22) | 992,028 | 1,012,66 | |
| Deferred tax assets - net (Note 28) | 922,891 | 554,59 | |
| Exploration and evaluation assets (Note 13) | 505,513 | 390,384 | |
| Right-of-use assets (Note 32) | 140,629 | 116,94 | |
| Investment properties (Note 11) | 86,739 | 101,894 | |
| Other noncurrent assets (Note 13) | 6,311,316 | 5,690,01 | |
| Total Noncurrent Assets | 92,563,580 | 96,465,860 | |
| | ₽247,995,223 | ₽240,759,984 | |
| | * | | |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities | | | |
| Short-term debt (Note 14) | ₽1,547,386 | ₽1,129,418 | |
| Accounts and other payables (Notes 16, 20 and 32) | 30,495,688 | 28,376,73 | |
| Income tax payable | 488,465 | 174,22 | |
| Current portion of liabilities for purchased land (Note 15) | 753,046 | 960,623 | |
| Current portion of labilities for purchased land (Note 13) Current portion of long-term debt (Note 18) | 6,660,721 | 6,758,448 | |
| Current portion of long-term debt (Note 16) Current portion of contract liabilities and other customers' advances | 0,000,721 | 0,730,440 | |
| and deposits (Note 17) | 16 151 576 | 12 222 60 | |
| <u> </u> | 16,151,576 | 12,322,699 | |
| Total Current Liabilities | 56,096,882 | 49,722,147 | |

(Forward)



| | Dece | ember 31 |
|---|--------------|--------------|
| | 2023 | 2022 |
| Noncurrent Liabilities | | |
| Long-term debt - net of current portion (Note 18) | P41,261,215 | ₽44,669,935 |
| Deferred tax liabilities - net (Note 28) | 6,434,245 | 6,245,576 |
| Contract liabilities - net of current portion (Note 17) | 3,199,429 | 3,596,710 |
| Liabilities for purchased land - net of current portion (Note 15) | 538,221 | 844,078 |
| Pension liabilities - net (Note 22) | 334,982 | 148,850 |
| Other noncurrent liabilities (Notes 19 and 32) | 2,693,099 | 2,863,054 |
| Total Noncurrent Liabilities | 54,461,191 | 58,368,203 |
| Total Liabilities | 110,558,073 | 108,090,350 |
| Equity Equity attributable to equity holders of the Parent Company: | | |
| Paid-in capital | 17,949,868 | 17,949,868 |
| Treasury shares - Preferred (Note 21) | (7,069) | (7,069 |
| Retained earnings (Note 21) | 90,797,032 | 85,194,218 |
| Premium on acquisition of noncontrolling-interests (Note 31) | (817,958) | (817,958 |
| Remeasurements on pension plans - net of tax (Note 22) | 899,283 | 975,442 |
| Net accumulated unrealized gains on equity investments designated at fair value through other comprehensive | | |
| income (FVOCI) (Note 13) | 174,698 | 131,613 |
| Share in other comprehensive income of associates (Note 10) | 25,385 | 25,290 |
| | 109,021,239 | 103,451,404 |
| Noncontrolling interests (Note 31) | 28,415,911 | 29,218,230 |
| Total Equity | 137,437,150 | 132,669,634 |
| | ₽247,995,223 | ₽240,759,984 |

See accompanying Notes to Consolidated Financial Statements.



DMCI HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands of Pesos, Except for Earnings Per Share Figures)

| | | Ended December 31 | 2021 |
|---|-------------------------|-------------------------|-------------------------|
| | 2023 | 2022 | 2021 |
| REVENUE (Note 33) | | | |
| Coal mining | ₽51,633,898 | ₽69,759,876 | ₽35,592,979 |
| Electricity sales | 32,106,384 | 28,092,159 | 21,471,122 |
| Real estate sales | 18,587,311 | 21,398,777 | 24,328,512 |
| Construction contracts | | | |
| Nickel mining | 16,674,696 3,386,352 | 19,076,915 3,788,595 | 22,469,649 4,022,442 |
| Merchandise sales and others | 440,473 | 483,371 | |
| ivier chandise sales and others | 122,829,114 | 142,599,693 | 458,165 108,342,869 |
| | 122,023,114 | 142,000,000 | 100,042,000 |
| COSTS OF SALES AND SERVICES (Note 23) | | | |
| Coal mining | 23,255,381 | 21,169,795 | 17,449,383 |
| Electricity sales | 14,481,403 | 13,685,705 | 11,814,131 |
| Real estate sales | 12,141,546 | 14,480,400 | 17,387,078 |
| Construction contracts | 15,316,709 | 17,577,604 | 21,194,313 |
| Nickel mining | 1,611,941 | 1,206,505 | 1,436,291 |
| Merchandise sales and others | 363,045 | 387,935 | 384,835 |
| | 67,170,025 | 68,507,944 | 69,666,031 |
| GROSS PROFIT | 55,659,089 | 74,091,749 | 38,676,838 |
| OPERATING EXPENSES (Note 24) | 20,700,298 | 25,066,956 | 14,087,696 |
| OF ENVITAGE EN ENGES (Note E4) | 34,958,791 | 49,024,793 | 24,589,142 |
| | | | |
| EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT | | | |
| VENTURES (Note 10) | 2,145,377 | 1,506,278 | 1,612,328 |
| OTHER INCOME (EXPENSES) | - 400 | | |
| Finance income (Note 25) | 1,989,202 | 858,495 | 394,817 |
| Finance costs (Note 26) | (964,167) | (1,108,564) | (1,139,255 |
| Other income - net (Note 27) | 3,025,473 | 2,918,662 | 1,969,255 |
| | 4,050,508 | 2,668,593 | 1,224,817 |
| INCOME BEFORE INCOME TAX | 41,154,676 | 53,199,664 | 27,426,287 |
| PROVISION FOR INCOME TAX (Note 28) | 4,317,762 | 4,723,689 | 1,759,163 |
| NET INCOME (Note 33) | ₽36,836,914 | ₽48,475,975 | ₱25,667,124 |
| | | | |
| NET INCOME ATTRIBUTABLE TO: | | | |
| Equity holders of the Parent Company | P24,722,372 | ₽31,087,484 | ₱18,394,231 |
| Noncontrolling interests (Note 31) | 12,114,542 | 17,388,491 | 7,272,893 |
| | ₽36,836,914 | ₽48,475,975 | ₽25,667,124 |
| Basic/diluted earnings per share attributable to equity | | | |
| holders of the Parent Company | | | |
| (Note 29) | ₽1.86 | ₽2.34 | ₽1.39 |

See accompanying Notes to Consolidated Financial Statements.



DMCI HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Amounts in Thousands of Pesos)

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

See accompanying Notes to Consolidated Financial Statements.



DMCI HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

| | , | | | | Attribu | ıtable to Equity Hole | ders of the Parent Co | mpany | | | | |
|--|----------------------------|---|--|--|-----------------------------------|-----------------------|--|--|--|------------------------|--|------------------------|
| | Capital Stock (Note 21) | Additional Paid-in Capital (Note 21) | Total Paid-in Capital (Note 21) | Treasury Shares - Preferred (Note 21) | Retained Earnings (Note 21) | Premium | Remeasurements on Pension Plans - net of tax | Net Accumulated Unrealized Gains on Equity Investments Designated at FVOCI (Note 13) | Share in Other Comprehensive Income (Loss) of Associates (Note 10) | Total | Noncontrolling Interests (Note 31) | Total Equity |
| | | | | | | For the Year Ended | d December 31, 2023 | | | | | |
| Balances as of January 1, 2023 | ₽13,277,474 | ₽4,672,394 | ₱17,949,868 | (P 7,069) | ₽85,194,218 | (P 817,958) | ₽975,442 | ₽131,613 | ₽25,290 | ₱103,451,404 | ₱29,218,230 | ₱132,669,634 |
| Comprehensive income Net income Other comprehensive income | = | · /. = | Ξ,. | = | 24,722,372 | | (76,159) | 43,085 | 95 | 24,722,372 (32,979) | 12,114,542 (18,574) | 36,836,914 (51,553) |
| Total comprehensive income | | - | - | - | 24,722,372 | - | (76,159) | 43,085 | . 95 | 24,689,393 | 12,095,968 | 36,785,361 |
| Cash dividends declared (Note 21) | _ | _ | - | - | (19,119,558) | _ | _ | _ | - | (19,119,558) | (12,898,287) | (32,017,845) |
| Balances at December 31, 2023 | P13,277,474 | P4,672,394 | ₱17,949,868 | (₽7,069) | ₱90,797,032 | (P 817,958) | ₱899,283 | ₱174,698 | ₽25,385 | ₱109,021,239 | ₱28,415,911 | ₱137,437,150 |
| | | | | | | For the Year Ended | December 31, 2022 | | | | | |
| Balances as of January 1, 2022 | ₽13,277,474 | P4,672,394 | ₽17,949,868 | (P7,069) | ₽70,039,693 | (P817,958) | P513,860 | ₽100,319 | (P21,611) | ₽87,757,102 | ₽21,089,510 | P108,846,612 |
| Comprehensive income Net income Other comprehensive income | | øm = | | - | 31,087,484 | | 461,582 | 31,294 | 46,901 | 31,087,484 539,777 | 17,388,491 13,070 | 48,475,975 552,847 |
| Total comprehensive income | | _ | _ | _ | 31,087,484 | _ | 461,582 | 31,294 | | 31,627,261 | 17,401,561 | 49,028,822 |
| Cash dividends declared (Note 21) | - · | | | - | (15,932,959) | - | - i | - | | (15,932,959) | (9,272,841) | (25,205,800) |
| Balances at December 31, 2022 | ₽13,277,474 | P4,672,394 | ₽17,949,868 | (P7,069) | ₽85,194,218 | (P817,958) | P975,442 | ₽131,613 | ₹25,290 | P103,451,404 | ₽29,218,230 | P132,669,634 |

(Forward)



Attributable to Equity Holders of the Parent Company Net Accumulated Unrealized Gains on Share in Other Premium Additional Total on Acquisition of Remeasurements Equity Investments Comprehensive Noncontrolling Paid-in Paid-in Treasury Retained Non-controlling on Pension Designated at Income (Loss) of Capital Stock (Note 21) Capital (Note 21) Shares - Preferred Earnings (Note 21) **FVOCI** Capital Interests Plans - net of tax Interests Total Associates (Note 10) (Note 21) (Note 21) (Note 13) Total (Note 31) (Note 31) (Note 22) Equity For the Year Ended December 31, 2022 ₽13,277,474 P4,672,394 ₽17,949,868 ₽64,391,833 (P817,958) P149,316 ₽19,556,450 ₽101,202,771 Balances as of January 1, 2021 (P7,069)-₽99,131 (P118,800) ₽81,646,321 Comprehensive income (loss) 18,394,231 462,921 Net income 18,394,231 7,272,893 25,667,124 364,544 1,188 97,189 (9,576) 453,345 Other comprehensive income (loss) 18,394,231 18,857,152 Total comprehensive income 364,544 1,188 97,189 7,263,317 26,120,469 Cash dividends declared (Note 21) Balances at December 31, 2021 (5,730,257) P21,089,510 (12,746,371) (12,746,371) (18,476,628) ₽13,277,474 P4,672,394 P17,949,868 (P7,069) P70,039,693 (P817,958) P513,860 P100,319 (P21,611) P87,757,102 P108,846,612

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Amounts in Thousands of Pesos)

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

(Forward)



| | 2022 | 0000 | 0004 |
|--|--------------|-------------------------|-------------|
| | 2023 | 2022 | 2021 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Dividends received from associates | ₽915,551 | ₽834,367 | ₽45,000 |
| Additions to: | | | |
| Property, plant and equipment (Note 12) | (5,460,280) | (6,514,073) | (6,451,869 |
| Investments in associates and joint ventures | | | |
| (Note 10) | _ | _ | (207,376 |
| Investment properties and exploration and evaluation | | | |
| assets (Notes 13) | (43,965) | (174,766) | (6,132 |
| Interest paid and capitalized as cost of property, plant | | | |
| and equipment (Note 12) | (74,143) | (1,188) | (3,162 |
| Proceeds from disposals of: | | | 4 |
| Undeveloped land | 1,339,286 | _ | _ |
| Property, plant and equipment | 86,777 | 93,684 | 469,388 |
| Investment properties | _ | _ | 19,320 |
| Insurance claims and claims from third party | | | |
| settlement | 31,884 | _ | _ |
| Decrease (increase) in other noncurrent assets | (774,131) | (2,932,467) | 1,662,636 |
| Net cash used in investing activities | (3,979,021) | (8,694,443) | (4,472,195 |
| CARLLELOWS FROM FINANCING ACTIVITIES | | | 100 |
| CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from availment of: | 1 | | |
| | 047.060 | 1 065 655 | 250,000 |
| Short-term debt (Note 37) | 917,968 | 1,065,655 11,906,818 | 350,000 |
| Long-term debt (Note 37) | 4,466,250 | 11,900,010 | 17,759,494 |
| Payments of: | (500.000) | (075 000) | /F 440 CO7 |
| Short-term debt (Note 37) | (500,000) | (975,600) | (5,110,697 |
| Long-term debt (Note 37) | (8,015,595) | (12,487,673) | (11,838,767 |
| Dividends to equity holders of the Parent Company | (40 440 EEO) | (45.020.050) | (40.746.074 |
| (Notes 21 and 37) | (19,119,558) | (15,932,959) | (12,746,371 |
| Dividends to noncontrolling-interests | (40.044.007) | (0.050.404) | /F 700 0F7 |
| (Notes 21 and 37) | (12,914,997) | (9,256,131) | (5,730,257 |
| Interest (National All All All All All All All All All A | (1,206,426) | (1,045,927) | (1,384,172 |
| Lease liabilities (Note 32) | (35,840) | (32,940) | (46,625 |
| Increase (decrease) in other noncurrent liabilities | (040 500) | 4 54 4 700 | 404.074 |
| (Note 37) | (216,583) | 1,514,788 | 164,271 |
| Net cash used in financing activities | (36,624,781) | (25,243,969) | (18,583,124 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH | | | |
| AND CASH EQUIVALENTS | (217,125) | 1,283,023 | 5,416 |
| NET INCREASE (DECREASE) IN CASH AND CASH | | | |
| EQUIVALENTS | 3,749,604 | 10,066,455 | (576 /31 |
| EGOTALLITO | 3,143,004 | 10,000,400 | (576,431 |
| CASH AND CASH EQUIVALENTS AT | | | |
| BEGINNING OF YEAR | 28,408,474 | 18,342,019 | 18,918,450 |
| CASH AND CASH EQUIVALENTS AT | | | |
| UNDITATE VANILLACTIALLITIUM | | | |

See accompanying Notes to Consolidated Financial Statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

The Parent Company and its subsidiaries (collectively referred to herein as the Group) is primarily engaged in general construction, coal and nickel mining, power generation, real estate development, and manufacturing of certain construction materials. In addition, the Group has equity ownership in water concession business.

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

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on March 5, 2024.

2. Material Accounting Policy Information

Basis of Preparation

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

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

Statement of Compliance

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

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

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

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

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

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) and



Philippine Interpretations Committee (PIC).

Basis of Consolidation

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

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

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

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

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount
 of any noncontrolling-interests and the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other similar events. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



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

| | | 2023 | | | 2022 | | | |
|---|-----------------------|--------|----------|-----------|--------|----------|-----------|--|
| | | - | | Effective | | | Effective | |
| | Nature of Business | Direct | Indirect | Interest | Direct | Indirect | Interest | |
| | | | | (In perce | ntage) | | | |
| 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 | 89.0 | |
| 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 | |
| Hampstead Gardens Corporation | Real Estate Developer | | | | | | | |
| (Hampstead) 2* | | - | 100.00 | 100.00 | _ | 100.00 | 100.00 | |
| DMCI Homes, Inc. (DMCI Homes) 2* | Marketing Arm | - | 100.00 | 100.00 | _ | 100.00 | 100.00 | |
| L & I Development Corporation (LIDC) 2* | Real estate Developer | - | 100.00 | 100.00 | - | 100.00 | 100.00 | |
| Coal Mining: | | | | | | | | |
| Semirara Mining and Power Corporation (SMPC) | Mining | 56.65 | - | 56.65 | 56.65 | - | 56.68 | |
| On-Grid Power: | | | | | | | | |
| Sem-Calaca Power Corporation (SCPC) 3 | Power Generation | - | 56.65 | 56.65 | - | 56.65 | 56.68 | |
| Southwest Luzon Power Generation Corporation | | | | | | | | |
| (SLPGC) ³ | Power Generation | _ | 56.65 | 56.65 | _ | 56.65 | 56.65 | |
| Sem-Calaca RES Corporation (SCRC) 3 | Retail | - | 56.65 | 56.65 | - | 56.65 | 56.65 | |
| SEM-Cal Industrial Park Developers, Inc. | | | | | | , | | |
| (SIPDI) ³ | Non-operational | _ | 56.65 | 56.65 | - | 56.65 | 56.6 | |
| Semirara Energy Utilities, Inc. (SEUI) ³ | Non-operational | - | 56.65 | 56.65 | - | 56.65 | 56.65 | |
| Southeast Luzon Power Generation Corporation | 4 | | 56.65 | 56.65 | | 56.65 | 56.6 | |
| (SeLPGC) ³ | Non-operational | - | | | - | | | |
| Semirara Materials and Resources Inc. (SMRI) ³ | Non-operational | _ | 56.65 | 56.65 | - | 56.65 | 56.65 | |
| St. Raphael Power Generation Corporation | Non-operational | | | | | | | |
| (SRPGC) 3 | | - | 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 | |

| | | | 2023 | | | 2022 | |
|---|--------------------|--------|----------|-----------|-----------|----------|-----------|
| | | | | Effective | | | Effective |
| | Nature of Business | Direct | Indirect | Interest | Direct | Indirect | Interest |
| | | | | (In per | rcentage) | | |
| Nickel Mining: | 4 | | | | | | |
| DMCI Mining Corporation (DMC) | Holding Company | 100.00 | _ | 100.00 | 100.00 | _ | 100.00 |
| Berong Nickel Corporation (BNC) 5 | Mining | - | 74.80 | 74.80 | - | 74.80 | 74.80 |
| Ulugan Resouces Holdings, Inc. (URHI) 5 | Holding Company | - | 30.00 | 30.00 | _ | 30.00 | 30.00 |
| Ulugan Nickel Corporation (UNC) 5 | Holding Company | - | 58.00 | 58.00 | _ | 58.00 | 58.00 |
| Nickeline Resources Holdings, Inc. | | | | | | | |
| (NRHI) ⁵ | Holding Company | | 58.00 | 58.00 | _ | 58.00 | 58.00 |
| TMM Management, Inc. (TMM) ⁵ | Services | - | 40.00 | 40.00 | - | 40.00 | 40.00 |
| Zambales Diversified Metals Corporation | | | | | | | |
| (ZDMC) ⁵ | Mining | | 100.00 | 100.00 | _ | 100.00 | 100.00 |
| Zambales Chromite Mining Company Inc. | | | | | | | |
| (ZCMC) ⁵ | Non-operational | _ | 100.00 | 100.00 | _ | 100.00 | 100.00 |
| Fil-Asian Strategic Resources & Properties | | | | | | | |
| Corporation (FASRPC) 5 | Non-operational | _ | 100.00 | 100.00 | _ | 100.00 | 100.00 |
| Montague Resources Philippines | | | | | | | |
| Corporation (MRPC) ⁵ | Non-operational | _ | 100.00 | 100.00 | - | 100.00 | 100.00 |
| Montemina Resources Corporation (MRC) ⁵ | Non-operational | _ | 100.00 | 100.00 | _ | 100.00 | 100.00 |
| Mt. Lanat Metals Corporation (MLMC) 5 | Non-operational | _ | 100.00 | 100.00 | _ | 100.00 | 100.00 |
| Fil-Euro Asia Nickel Corporation | | | | | | | |
| (FEANC) ⁵ | Non-operational | _ | 100.00 | 100.00 | _ | 100.00 | 100.00 |
| Heraan Holdings, Inc. (HHI) ⁵ | Holding Company | - | 100.00 | 100.00 | _ | 100.00 | 100.00 |
| Zambales Nickel Processing Corporation | | | | | | | |
| (ZNPC) ⁵ | Non-operational | _ | 100.00 | 100.00 | _ | 100.00 | 100.00 |
| Zamnorth Holdings Corporation (ZHC) ⁵ | Holding Company | | 100.00 | 100.00 | _ | 100.00 | 100.00 |
| ZDMC Holdings Corporation (ZDMCHC) ⁵ | Holding Company | - | 100.00 | 100.00 | - | 100.00 | 100.00 |
| Manufacturing: | | | | | | | |
| Semirara Cement Corporation (SemCem) Wire Rope Corporation of the Philippines | Non-operational | 100.00 | - | 100.00 | 100.00 | - | 100.00 |
| (Wire Rone) | Manufacturing | 45 68 | 16 02 | 61 70 | 45.68 | 16.02 | 61 70 |

^{*}Ongoing liquidation.

Change in Corporate Name of Semirara Claystone, Inc.

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

Incorporation of Semirara Ports Facilities, Inc.

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

Noncontrolling Interests

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

Noncontrolling interests are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from equity holders of the Parent Company. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interests even if these result to the noncontrolling-interest, having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction.

 ² PDI's subsidiaries.
 ³ SMPC's subsidiaries. SMRI was formerly known as Semirara Claystone, Inc, (SCI)
 ⁴ DPC's subsidiaries.

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

- 6 -

Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interests is recognized in equity of the parent company in transactions where the noncontrolling interest are acquired or sold without loss of control.

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

| | (In F | Percentag | e) | |
|---|-------|-----------|----|---|
| 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) | 100 | 43.35 | | |
| Sem-Calaca Port Facilities, Inc. (SCPFI) | | 43.35 | | |
| Berong Nickel Corporation (BNC) | | 25.20 | | |
| Ulugan Resouces Holdings, Inc. (URHI) | | 70.00 | | |
| Ulugan Nickel Corporation (UNC) | | 42.00 | | |
| Nickeline Resources Holdings, Inc. (NRHI) | | 42.00 | | |
| TMM Management, Inc. (TMM) | | 60.00 | | |
| Wire Rope Corporation of the Philippines (Wire Rope) | | 38.30 | , | |
| | | | | |

The voting rights held by the Group in the these subsidiaries are in proportion to their ownership interests, except for URHI and TMM (see Note 3).

Interests in Joint Control

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

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

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements starting January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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



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

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

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

Amendments to PAS 8, Definition of Accounting Estimates

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

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

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

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

Amendments to PAS 12. International Tax Reform – Pillar Two Model Rules

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

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

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

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



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

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2024

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

The amendments clarify:

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

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

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

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

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

This amendment has no impact to the Group's consolidated financial statements.

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

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

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

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



Effective beginning on or after January 1, 2025

PFRS 17. Insurance Contracts

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

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- o A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

This standard is not applicable to the Group.

Amendments to PAS 21, Lack of exchangeability

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

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

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

Deferred effectivity

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

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



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

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

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

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

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

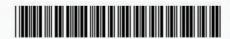
After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021

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

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

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35I of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

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



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

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

Material Accounting Policies

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

Recognition and Measurement of Financial Instruments

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

Financial assets

a. Initial recognition

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

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

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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

b. Subsequent measurement - Financial assets at amortized cost



- 12 -

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

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

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

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

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

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

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

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

c. Derecognition

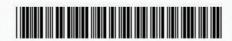
A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Financial liabilities



a. Initial recognition

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

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

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

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

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

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

Derecognition

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

Impairment of Financial Assets

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For receivables, except for receivables from related parties where the Group applies general approach, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.



For real estate, installment contracts receivable (ICR) and contract assets, the Group uses the vintage analysis for ECL by calculating the cumulative loss rates of a given ICR pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

As these are future cash flows, these are discounted back to the time of default (i.e., is defined by the Group as upon cancellation of CTS) using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

For other financial assets such receivable from related parties, other receivables and refundable deposits, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard & Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For short term investments, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



Deferred financing costs represent debt issue costs arising from the fees incurred to obtain project financing. This is included in the initial measurement of the related debt. The deferred financing costs are treated as a discount on the related debt and are amortized using the effective interest method over the term of the related debt.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Inventories

Real Estate Held for Sale and Development

Real estate held for sale and development consists of condominium units and subdivision land for sale and development.

Condominium units and subdivision land for sale are carried at the lower of aggregate cost and net realizable value (NRV). Costs include acquisition costs of the land, plus costs incurred for the construction, development and improvement of residential units. Borrowing costs are capitalized while the development and construction of the real estate projects are in progress, and to the extent that these are expected to be recovered in the future. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Undeveloped land is carried at lower of cost and NRV.

The costs of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

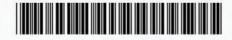
Valuation allowance is provided for real estate held for sale and development when the NRV of the properties are less than their carrying amounts.

Coal Inventory

Inventories are valued at the lower of cost NRV. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale for coal inventory or replacement cost for spare parts and supplies. Cost is determined using the weighted average production cost method for coal inventory and the moving average method for spare parts and supplies.

The cost of extracted coal includes stripping costs and other mine-related costs incurred during the period and allocated on per metric ton basis by dividing the total production cost with total volume of coal produced. Except for ship loading cost, which is a period cost, all other production related costs are charged to production cost. Spare parts and supplies are usually carried as inventories and are recognized in the consolidated statement of comprehensive income when consumed.

Inventories transferred to property, plant and equipment are used as a component of self-constructed property, plant and equipment and are recognized as expense during the useful life of that asset. Transfers of inventories to property, plant and equipment do not change the carrying amount of the inventories transferred, and that carrying amount becomes cost for recognition.





Nickel Ore Inventory

Nickel ore inventories are valued at the lower of cost and NRV. Cost of beneficiated nickel ore or nickeliferous laterite ore is determined by the moving average production cost and comprise of outside services, production overhead, personnel cost, and depreciation, amortization and depletion that are directly attributable in bringing the beneficiated nickel ore or nickeliferous laterite ore in its saleable condition. NRV for beneficiated nickel ore or nickeliferous laterite ore is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Stockpile tonnages are verified by periodic surveys.

Materials in Transit

Cost is determined using the specific identification basis.

Equipment Parts, Materials and Supplies

The cost of equipment parts, materials and supplies is determined principally by the average cost method (either by moving average or weighted average production cost).

Equipment parts and supplies are transferred from inventories to property, plant and equipment when the use of such supplies is expected to extend the useful life of the asset and increase its economic benefit. Transfers between inventories to property, plant and equipment do not change the carrying amount of the inventories transferred and they do not change the cost of that inventory for measurement or disclosure purposes.

Equipment parts and supplies used for repairs and maintenance of the equipment are recognized in the consolidated statements of income when consumed.

NRV for supplies and fuel is the current replacement cost. For supplies and fuel, cost is also determined using the moving average method and composed of purchase price, transport, handling and other costs directly attributable to its acquisition. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision or obsolescence.

Assets Held-for-Sale

The Group classifies noncurrent assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Noncurrent assets classified as held-for-sale are carried at the lower of carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification under PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations* is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification. Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset (or disposal group).

Property, plant and equipment are not depreciated or amortized once classified as held for sale. Assets classified as held for sale are presented separately as current items in the consolidated statements of financial position.

Immediately before the initial classification of the asset as held for sale, the carrying amount of the asset will be measured in accordance with applicable PFRSs. Any impairment loss on initial classification and subsequent measurement is recognized as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognized) is recognized in profit or loss.

Stripping Costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalized as part of the cost of mine properties and subsequently amortized over its useful life using the units-of-production method over the mine life. The capitalization of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The costs of such stripping are accounted for in the same way as development stripping (as discussed above).

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory or improved access to the coal body to be mined in the future. Where the benefits are realized in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a noncurrent asset, referred to as a stripping activity asset, if the following criteria are met:

- Future economic benefits (being improved access to the coal body) are probable;
- The component of the coal body for which access will be improved can be accurately identified;
 and
- The costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the consolidated statements of income as operating costs as they are incurred.

In identifying components of the coal body, the Group works closely with the mining operations department for each mining operation to analyze each of the mine plans. Generally, a component will be a subset of the total coal body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the coal body, the geographical location, and/or financial considerations.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of coal body, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the coal body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place.



The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is included as part of 'Mine properties, mining tools and other equipment' under 'Property, plant and equipment' in the consolidated statement of financial position. This forms part of the total investment in the relevant cash generating unit (CGU), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the coal body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the coal body. The stripping activity asset is then carried at cost less accumulated amortization and any impairment losses.

Mineable Ore Reserves

Mineable ore reserves are estimates of the amount of coal that can be economically and legally extracted from the Group's mining properties. The Group estimates its mineable ore reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the coal body, and require complex geological judgments to interpret the data.

The estimate on the mineable ore reserve is determined based on the information obtained from activities such as drilling, core logging or geophysical logging, coal sampling, sample database encoding, coal seam correlation and geological modelling. The Group will then estimate the recoverable reserves based upon factors such as estimates of commodity prices, future capital requirements, foreign currency exchange rates, and production costs along with geological assumptions and judgments made in estimating the size and grade of the coal body. Changes in the reserve or resource estimates may impact the amortization of mine properties included as part of 'Mine properties, mining tools and other equipment' under 'Property, plant and equipment'.

Other assets

Other current and noncurrent assets, which are carried at cost, pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

Advances to Suppliers and Contractors

Advances to suppliers and contractors are recognized in the consolidated statement of financial position when it is probable that the future economic benefits will flow to the Group and the assets has cost or value that can be measured reliably. These assets are regularly evaluated for any impairment in value. Current and noncurrent classification is determined based on the usage/realization of the asset to which it is intended for (e.g., inventory, investment property, property plant and equipment).

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. Input VAT pertains to the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services. Deferred input VAT pertains to input VAT on accumulated purchases of property, plant and equipment for each month amounting to P1.00 million or more. This is amortized over five (5) years or the life of the property, plant and equipment, whichever is shorter, in accordance with the Bureau of Internal Revenue (BIR) regulation. Output VAT pertains to the 12% tax due on the local sale of goods and services by the Group.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statements of financial position. When input VAT exceeds output VAT, the excess is recognized as an asset in the consolidated statements of financial position to the extent of the recoverable amount.



Investments in Associates and Joint Ventures

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investments in associate or joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized and is not tested for impairment individually.

The consolidated statements of income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share in profit or loss of an associate and joint venture is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss after tax and noncontrolling-interests in the subsidiaries of the associate or joint venture. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group discontinues recognizing its share to the extent of the interest in associate or joint venture.

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

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Investment Properties

Investment properties comprise completed property and property under construction or redevelopment that are held to earn rentals or capital appreciation or both and that are not occupied by the Group.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties, except land, are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost less any impairment in value.



The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of income in the period of derecognition.

Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives (EUL) of assets of 20 to 25 years.

The assets' residual value, useful life, and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortizations are consistent with the expected pattern of economic benefits from items of investment property.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

Exploration and Evaluation Assets and Mining Properties

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Researching and analyzing historical exploration data
- · Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

License costs paid in connection with a right to explore in an existing exploration area are capitalized and amortized over the term of the permit. Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to consolidated statement of income as incurred, unless the Group's management concludes that a future economic benefit is more likely than not to be realized. These costs include materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalized, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Expenditure is transferred from 'Exploration and evaluation assets' to 'Mining properties' which is a subcategory of 'Property, plant and equipment' once the work completed to date supports the future development of the property and such development receives appropriate approvals. After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized in 'Mining properties and equipment'.

Development expenditure is net of proceeds from the sale of ore extracted during the development phase.

Property, Plant and Equipment

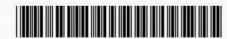
Property, plant and equipment, except land, are stated at cost less accumulated depreciation, depletion and amortization, and any impairment in value. Land is stated at cost, less any impairment in value

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Costs also include decommissioning and site rehabilitation costs. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period in which the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property, plant and equipment.

Construction-in-progress included in property, plant and equipment is stated at cost. This includes the cost of the construction of property, plant and equipment and other direct costs. Construction-in-progress is not depreciated until such time that the relevant assets are completed and put into operational use.

Depreciation, depletion and amortization of assets commences once the assets are put into operational use.





Depreciation and amortization of property, plant and equipment, except mine properties, are calculated on a straight-line basis over the following EUL of the respective assets or the remaining contract period, whichever is shorter:

| | Years |
|---|-------|
| Land improvements | 5-25 |
| Power plant, buildings and building improvements | 10-25 |
| Equipment and machinery under "coal mining properties and | |
| equipment" | 2-3 |
| Equipment and machinery under "nickel mining properties and | |
| equipment" | 2-5 |
| Construction equipment, machinery and tools | 5-10 |
| Office furniture, fixtures and equipment | 3-5 |
| Transportation equipment | 4-5 |
| Leasehold improvements | 5-7 |

The EUL and depreciation, depletion and amortization methods are reviewed periodically to ensure that the period and methods of depreciation, depletion and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Land is stated at historical cost less any accumulated impairment losses. Historical cost includes the purchase price and directly attributable costs.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. When assets are retired, or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement income in the year the item is derecognized.

Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded as part of cost of sales in the consolidated statement of income. During the period of development, the asset is tested for impairment annually.

Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Group's property, plant and equipment, investment properties, right-of-use assets, intangible assets, assets held-for-sale, exploration and evaluation assets and investments in associates and joint ventures.

Property, Plant and Equipment, Investment Properties, Right-of-Use Assets, Intangible Assets and Assets Held-for-Sale

The Group assesses at each reporting date whether there is an indication that these assets may be



impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, depletion and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation assets may exceed its recoverable amount. Under PFRS 6 one or more of the following facts and circumstances could indicate that an impairment test is required. The list is not intended to be exhaustive: (a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

(c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

Investments in associates and joint ventures

For investments in associates and joint ventures, after application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in associates or jointly controlled entities is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the carrying value and the recoverable amount of the investee company and recognizes the difference in the consolidated statement of income.

Liabilities for Purchased Land

Liabilities for purchased of land represents unpaid portion of the acquisition costs of raw land for future development, including other costs and expenses incurred to effect the transfer of title of the property. Noncurrent portion of the carrying amount is discounted using the applicable interest rate for similar type of liabilities at the inception of the transactions.



When the Group obtains control over a previously held joint operation, and the joint operation does

give rise to goodwill. The acquisition cost to obtain control of the joint operation is allocated to the

not constitute a business, the transaction is also accounted for as an asset acquisition which does not

Equity

Capital Stock

Capital stock consists of common and preferred shares which are measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. Direct cost incurred related to the equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to 'Additional paid-in capital' account.

Treasury Shares

Treasury shares pertains to own equity instruments which are reacquired and are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings

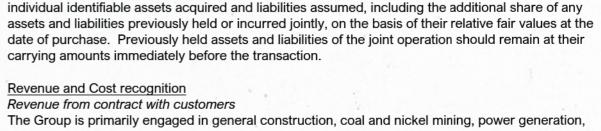
Retained earnings represent accumulated earnings of the Group, and any other adjustments to it as required by other standards, less dividends declared. The individual accumulated earnings of the subsidiaries are available for dividend declaration when these are declared as dividends by the subsidiaries as approved by their respective BOD.

Dividends on common shares are deducted from retained earnings when declared and approved by the BOD or shareholders of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the reporting date and disclosed accordingly.

Asset Acquisitions

To assess whether a transaction is the acquisition of a business, the Group applies first a quantitative concentration test (also known as a screening test). The Group is not required to apply the test but may elect to do so separately for each transaction or other event. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is required. Otherwise, or if the Group elects not to apply the test, the Group will perform the qualitative analysis of whether an acquired set of assets and activities includes at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business as defined under PFRS 3, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets) and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.



The Group is primarily engaged in general construction, coal and nickel mining, power generation, real estate development, water concession and manufacturing. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is acting as principal in all of its significant revenue arrangements since it is the primary obligor in these revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Revenue recognized at a point in time

Coal Mining

Revenue is recognized when control passes to the customer, which occurs at a point in time once the performance obligation to the customer is satisfied. The revenue is measured at the amount to which the Group expects to be entitled, being the price expected to be received upon final billing, and a corresponding trade receivable is recognized.

Revenue from local and export coal sales are denominated in Philippine Peso and US Dollar (US\$), respectively.

Cost of coal includes directly related production costs such as materials and supplies, fuel and lubricants, labor costs including outside services, depreciation and amortization, cost of decommissioning and site rehabilitation, and other related production overhead. These costs are recognized when incurred.

Nickel Mining

Revenue is recognized when control passes to the customer, which occurs at a point in time when the beneficiated nickel ore/nickeliferous laterite ore is physically transferred onto a vessel or onto the buyer's vessel.

Cost of nickel includes cost of outside services, production overhead, personnel cost and depreciation, amortization and depletion that are directly attributable in bringing the inventory to its saleable condition. These are recognized in the period when the goods are delivered.

Sales and services

Revenue from room use, food and beverage sales and other services are recognized when the related sales and services are rendered.

Merchandise Sales

Revenue from merchandise sales is recognized upon delivery of the goods to and acceptance by the buyer and when the control is passed on to the buyers.





Revenue recognized over time using output method

Real Estate Sales

The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period using the percentage of completion (POC) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by project engineers, and reviewed and approved by area managers under construction department which integrates the surveys of performance to date of the construction activities for both subcontracted and those that are fulfilled by the developer itself.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables, under "Receivables", is included in the "Contract asset" account in the asset section of the consolidated statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the "Contract liabilities" account in the liabilities section of the consolidated statement of financial position. The impact of the significant financing component on the transaction price has not been considered since the Group availed of the relief granted by the SEC under MC Nos. 14-2018 for the implementation issues of PFRS 15 affecting the real estate industry. Under the SEC MC No. 34-2020, the relief has been extended until December 31, 2023.

The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Group recognizes as an asset these costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Flectricity Sales

Revenue from sale of electricity is derived from its primary function of providing and selling electricity to customers of the generated and purchased electricity. The Group recognizes revenue from contract energy sales over time, using output method measured on actual energy delivered or nominated by the customer, net of adjustments, as agreed between parties.

Revenue from spot electricity sales is derived from the sale to the spot market of excess generated electricity over the contracted energy using price determined by the spot market, also known as Wholesale Electricity Spot Market (WESM), the market where electricity is traded, as mandated by Republic Act (RA) No. 9136 of the Department of Energy (DOE). Revenue is recognized over time using the output method measured principally on actual generation delivered to trading participants of WESM.

Under PFRS 15, the Group has concluded that revenue should be recognized over time since the customer simultaneously receives and consumes the benefits as the seller supplies power. In this

case, any fixed capacity payments for the entire contract period is determined at contract inception and is recognized over time. The Group has concluded that revenue should be recognized over time and will continue to recognize revenue based on amounts billed.

Cost of electricity sales includes costs directly related to the production and sale of electricity such as cost of coal, coal handling expenses, bunker, lube, diesel, depreciation and other related production overhead costs. Cost of electricity sales are recognized at the time the related coal, bunker, lube and diesel inventories are consumed for the production of electricity. Cost of electricity sales also includes electricity purchased from the spot market and the related market fees. It is recognized as cost when the Group receives the electricity and simultaneously sells to its customers.

Revenue recognized over time using input method

Construction Contracts

Revenue from construction contracts are recognized over time (POC) using the input method. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated costs of the project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on onerous contracts are recognized immediately when it is probable that the total unavoidable contract costs will exceed total contract revenue. The amount of such loss is determined irrespective of whether or not work has commenced on the contract; the stage of completion of contract activity; or the amount of profits expected to arise on other contracts, which are not treated as a single construction contract. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements that may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined. Profit incentives are recognized as revenue when their realization is reasonably assured.

The asset "Costs and estimated earnings in excess of billings on uncompleted contracts", which is presented under "Contract assets", represents total costs incurred and estimated earnings recognized in excess of amounts billed. The liability "Billings in excess of costs and estimated earnings on uncompleted contracts", which is presented under "Contract liabilities", represents billings in excess of total costs incurred and estimated earnings recognized. Contract retention receivables are presented as part of "Trade receivables" under the "Receivables" and "Other Noncurrent Assets" accounts in the consolidated statement of financial position.

Contract Balances

Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).



Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

For the Group's real estate segment, contract assets are initially recognized for revenue earned from development of real estate projects as receipt of consideration is conditional on successful completion of development. Upon completion of development and acceptance by the customer, the amounts recognized as contract assets are reclassified to receivables. It is recognized as "contract asset" account in the consolidated statement of financial position.

For the Group's construction segment, contract asset arises from the total contract costs incurred and estimated earnings recognized in excess of amounts billed.

Costs to obtain contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group's commission payments to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Cost of Sales and Services – Real estate sales" account in the consolidated statement of income. Capitalized cost to obtain a contract is included in 'Other current and noncurrent assets' account in the consolidated statement of financial position.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

For the Group's real estate segment, contract liability arises when the payment is made or the payment is due (whichever is earlier) from customers before the Group transfers goods or services to the customer. Contract liabilities are recognized as revenue when the Group performs (generally measured through POC) under the contract. The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

For the Group's construction segment, contract liability arises from billings in excess of total costs incurred and estimated earnings recognized.

Contract fulfillment assets

Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered.

The assessment of these criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets pertain to connection fees and land acquisition costs as included in the 'Inventory' account in the consolidated statement of financial position.

Amortization, derecognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract

The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that contract fulfillment asset or capitalized cost to obtain a contract may be impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive, less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits.

Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Revenue and Income Recognition

Forfeitures and cancellation of real estate contracts

Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Income from commissioning

Income from commissioning pertains to the excess of proceeds from the sale of electricity produced during the testing and commissioning of the power plant over the actual cost incurred to perform the testing and commissioning.

Dividend income

Dividend income is recognized when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.

Rental income

Rental income arising from operating leases on investment properties and construction equipment is



accounted for on a straight-line basis over the lease terms.

Interest income

Interest income is recognized as interest accrues using the effective interest method.

Operating Expenses

Operating expenses are expenses that arise in the ordinary course of operations of the Group. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, supplies, investment properties and property, plant and equipment. Expenses are recognized in the consolidated statement of income when incurred.

Borrowing Costs

As discussed above, the Group availed of the relief granted by SEC under MC No. 34-2020 (see Note 7). Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Borrowing costs are also capitalized on the purchased cost of a site property acquired specially for development but only where activities necessary to prepare the asset for development are in progress.

Foreign Currency Translations and Transactions

The consolidated financial statements are presented in Philippine Peso. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate at the reporting date. All differences are taken to consolidated statement of income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Pension Cost

The Group has a noncontributory defined benefit multi-employer retirement plan.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

projected unit credit method.

The cost of providing benefits under the defined benefit plans is actuarially determined using the

Defined benefit costs comprise the following:

- Service cost
- · Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.





Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessor

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

The Group as a lessee

Except for short-term leases and leases of low-value assets, the Group applies a single recognition and measurement approach for all leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

"Right-of-use assets" are presented under noncurrent assets in the consolidated statement of financial position.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments

(e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Short-term leases



The Group applies the short-term lease recognition exemption to its leases of office spaces, storage and warehouse spaces that have lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on these short-term leases are recognized as expense on a straight-line basis over the lease term.

Income Taxes

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences with certain exception. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic associates and investments in joint ventures.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantially enacted at the financial reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets relate to the same taxable entity and the same taxation authority.

For periods where the income tax holiday (ITH) is in effect, no deferred taxes are recognized in the consolidated financial statements as the ITH status of the subsidiary neither results in a deductible temporary difference or temporary taxable difference. However, for temporary differences that are expected to reverse beyond the ITH, deferred taxes are recognized.



Earnings Per Share (EPS)

Basic EPS is computed by dividing the consolidated net income for the year attributable to equity holders of the Parent Company (net income for the period less dividends on convertible redeemable preferred shares) by the weighted average number of common shares issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period. Diluted EPS is computed by dividing the net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year adjusted for the effects of dilutive convertible redeemable preferred shares. Diluted EPS assumes the conversion of the outstanding preferred shares. When the effect of the conversion of such preferred shares is anti-dilutive, no diluted EPS is presented.

Operating Segment

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group generally accounts for intersegment revenues and expenses at agreed transfer prices. Income and expenses from discontinued operations are reported separate from normal income and expenses down to the level of income after taxes. Financial information on operating segments is presented in Note 33 to the consolidated financial statements.

Provisions

Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Provision for decommissioning and site rehabilitation costs

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes closure of plants, dismantling and removing of structures, reforestation, rehabilitation activities on marine and rainwater conservation and maintenance of rehabilitated area.

The obligation generally arises when the asset is installed, or the ground environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets and restoration of power plant sites. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of income as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of comprehensive income.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets

are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements on the period in which the change occurs.

Events After the Reporting Period

Post year-end events up to the date of the auditor's report that provide additional information about the Group's position at reporting date (adjusting events) are reflected in the consolidated financial statements. Any post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. Material Accounting Judgments, Estimates and Assumptions

The preparation of the accompanying consolidated financial statements in conformity with PFRSs requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any
periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any
periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event o r change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include the renewal and termination period of several lease contracts since the renewal and termination options is based on mutual agreement, thus currently not enforceable (see Note 32).

Classification of asset held-for-sale

The Group classified its 2x25 MW gas turbine plant as asset held-for-sale under PFRS 5, *Noncurrent Assets Held-for-Sale and Discontinued Operations*, as result of the assessment that the assets' carrying amount will be recovered principally through a sale transaction rather than through continuing use.



The following criteria are met:

- a) The asset is available for immediate sale in its present condition.
- b) The sale is highly probable to be completed within 12 months from the classification date.
- c) The Group is committed to sell the 2x25 MW gas turbine plant as evidenced by the approval of the Group's BOD on August 2, 2022, and the clearances obtained from relevant government agencies in October 2022.
- d) The Group has initiated an active programme to locate a buyer upon approval of the BOD.
- e) The Group determined that it is unlikely that the plan will be significantly changed or withdrawn.

The Group identified that the above criteria are met in October 2022 upon completely securing all relevant clearances from regulatory bodies to disconnect, deregister, decommission and sell the asset and reclassified the asset as held-for-sale (see Note 9).

During the initial one-year period, circumstances arise that were previously considered unlikely, and, as a result, the sale of the gas turbine plant was not finalized as of the end of October 2023. The Group took the necessary actions to respond to these circumstances and was able to locate a buyer and agree with the terms and conditions of the sale. As of December 31, 2023, the criteria for the extension of the one-year period are met and the gas turbine plant remains as an Asset held-for-sale in accordance with PFRS 5.

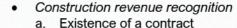
Revenue recognition method and measure of progress

Real estate revenue recognition

The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use; and (b) the Group has an enforceable right to payment for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. The Group also considers the buyer's commitment to continue the sale which may be ascertained through the significance of the buyer's initial payments and the stage of completion of the project.

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

In measuring the progress of its performance obligation over time, the Group uses the output method which is based on the physical proportion of work done on the real estate project and requires technical determination by the Group's specialists (project engineers). The Group believes that this method faithfully depicts the Group's performance in transferring control of real estate development to the customers.



The Group assessed that various documents or arrangements (whether separately or collectively) will create a contract in accordance with PFRS 15. The Group considered relevant facts and circumstances including customary business practices and assessed that the enforceability of its documents or arrangements depends on the nature and requirements stated in the terms of those documents or arrangements. Certain documents that indicate enforceability of contract include Letter/ Notice of Award, Letter of Intent, Notice to Proceed and Purchase Order.

b. Revenue recognition method and measure of progress

The Group concluded that revenue for construction services is to be recognized over time because (a) the customer controls assets as it is created or enhanced; (b) the Group's performance does not create an asset with an alternative use and; (c) the Group has an enforceable right for performance completed to date. The Group assessed that the first criterion is consistent with the rationale for percentage of completion (POC) revenue recognition approach for construction contract. Moreover, the customer can also specify the design of the asset being constructed and the Group builds the asset on the customer's land or premises and the customer can generally control any work in progress arising from the Group's performance. The last criterion is evident in the actual provisions of the contract. As the Group cannot direct the asset to another customer, it satisfies the criteria of no alternative

In measuring the progress of its performance obligation over time, the Group uses the input method which is based on actual costs incurred to date relative to the total estimated cost to complete the construction projects. The Group believes that this method faithfully depicts the Group's performance in transferring control of construction services to the customers.

c. Identifying performance obligation

Construction projects of the Group usually includes individually distinct goods and services. These goods and services are distinct as the customers can benefit from the service on its own and are separately identifiable. However, the Group assessed that goods and services are not separately identifiable from other promises in the contract. The Group provides significant service of integrating the various goods and services (inputs) into a single output for which the customer has contracted. Consequently, the Group accounts for all of the goods and services in the contract as a single performance obligation.

With regard to variation orders, the Group assessed that these do not result in the addition of distinct goods and services and are not identified as separate performance obligations because they are highly interrelated with the services in the original contract, and are part of the contractor's service of integrating services into a single output for which the Group has been contracted.

Mining and electricity sales – Revenue recognition method and measure of progress
 The Group concluded that revenue from coal and nickel ore sales is to be recognized at a point in time as the control transfers to customers at the date of shipment.

On the other hand, the Group's revenue from power sales is to be recognized over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the delivery of power that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance obligation

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance of its obligation to its





customers, since the customer obtains the benefit from the Group's performance based on actual energy delivered each month.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation assets requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase.

Some of the criteria include, but are not limited to the following:

- the level of capital expenditure compared to construction cost estimates;
- completion of a reasonable period of testing of the property and equipment;
- ability to produce ore in saleable form; and,
- · ability to sustain ongoing production of ore.

When a mine development project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalizable costs related to mining asset additions or improvements, mine development or mineable reserve development. It is also at this point that depreciation or depletion commences.

Determination of components of ore bodies and allocation of measures for stripping cost allocation. The Group has identified that each of its two active mine pits, Narra and Molave, is a whole separate ore component and cannot be further subdivided into smaller components due to the nature of the coal seam orientation and mine plan.

Judgment is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the coal body (i.e., stripping ratio) is the most suitable production measure. The Group recognizes stripping activity asset by comparing the actual stripping ratio during the year for each component and the component's mine life stripping ratio.

Evaluation and reassessment of control

The Group refers to the guidance in PFRS 10, Consolidated Financial Statements, when determining whether the Group controls an investee. Particularly, the Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group considers the purpose and design of the investee, its relevant activities and how decisions about those activities are made and whether the rights give it the current ability to direct the relevant activities (see Note 10).

The Group controls an investee if and only if it has all the following:

- a. power over the investee;
- b. exposure, or rights, to variable returns from its involvement with the investee; and,
- c. the ability to use its power over the investee to affect the amount of the investor's returns.



Ownership interests in URHI and TMM represent 30% and 40%, respectively. The stockholders of these entities signed the Memorandum of Understanding (MOU) that gives the Group the ability to direct the relevant activities and power to affect its returns considering that critical decision-making position in running the operations are occupied by the representatives of the Group.

Management's Use of Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. Mining

Estimating mineable ore reserves

The Group uses the estimated minable ore reserve in the determination of the amount of amortization of mining properties using units-of-production (UOP) method. The Group estimates its mineable ore reserves by using estimates provided by third party, and professionally qualified mining engineers and geologist (specialists). These estimates on the mineable ore reserves are determined based on the information obtained from activities such as drilling, core logging or geophysical logging, coal sampling, sample database encoding, coal seam correlation and geological modelling.

The carrying value of mining properties and mining rights, included in "Property, plant and equipment" as presented in the consolidated statements of financial position amounted to ₱3,751.88 million and ₱4,196.98 million in 2023 and 2022, respectively (see Note 12).

Estimating coal stockpile inventory quantities

The Group estimates the stockpile inventory of clean and unwashed coal by conducting a topographic survey which is performed by in-house and third-party surveyors. The survey is conducted by in-house surveyors on a monthly basis with a confirmatory survey by third party surveyors at year end. The process of estimation involves a predefined formula which considers an acceptable margin of error of plus or minus five percent (5%). Thus, an increase or decrease in the 38stimationn threshold for any period would differ if the Group utilized different estimates and this would either increase or decrease the profit for the year. The coal pile inventory as of December 31, 2023 and 2022 amounted to ₱1,884.44 million and ₱2,557.12 million, respectively (see Note 7).

Estimating provision for decommissioning and mine site rehabilitation costs

The Group is legally required to fulfill certain obligations under its Department of Energy and National Resources (DENR) issued Environmental Compliance Certificate when its activities have ended in the depleted mine pits. In addition, the Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for decommissioning and mine site rehabilitation costs as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities given the approved decommissioning and mine site rehabilitation plan, (e.g., costs of reforestation, and maintenance of the rehabilitated area), technological changes, regulatory changes, cost increases, and changes in inflation rates and discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided.

An increase in decommissioning and site rehabilitation costs would increase the carrying amount of the related assets and increase noncurrent liabilities. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Assumptions used to compute the decommissioning and site rehabilitation costs are reviewed and updated annually.

As of December 31, 2023 and 2022, the provision for decommissioning and mine site rehabilitation for coal mining activities amounted to ₱322.26 million and ₱285.95 million, respectively. As of the same dates, the provision for decommissioning and minesite rehabilitation



cost for the nickel mining activities amounted to ₱115.51 million and ₱95.56 million, respectively (see Note 19).

b. Construction

Revenue recognition – construction contracts

The Group's construction revenue is based on the POC method measured principally on the basis of total actual cost incurred to date over the estimated total cost of the project. Actual cost incurred to date includes labor, materials and overhead which are billed and unbilled by contractors. The Group also updates the estimated total cost of the project based on latest discussions with customers to include any revisions to the job order sheets and the cost variance analysis against the supporting details. The POC method is applied to the contract price after considering approved change orders.

When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognized as an expense immediately. The amount of such a loss is determined irrespective of:

- (a) whether work has commenced on the contract;
- (b) the stage of completion of contract activity; or
- (c) the amount of profits expected to arise on other contracts which are not treated as a single construction contract.

The Group regularly reviews its construction projects and used the above guidance in determining whether there are projects with contract cost exceeding contract revenues. Based on the best estimate of the Group, adjustments were made in the books for those projects with expected losses in 2023 and 2022. There is no assurance that the use of estimates may not result in material adjustments in future periods. Revenue from construction contracts amounted to ₱16,674.70 million, ₱19,076.92 million and ₱22,469.65 million in 2023, 2022 and 2021, respectively (see Note 33).

Determining method to estimate variable consideration for variation orders

It is common for the Group to receive numerous variation orders from the customers during the period of construction. These variation orders could arise due to changes in the design of the asset being constructed and in the type of materials to be used for construction.

The Group estimates the transaction price for the variation orders based on a probability-weighted average approach (expected value method) based on historical experience.

c. Real estate

Revenue recognition – real estate sales

The assessment process for the POC and the estimated project development costs requires technical determination by management's specialists (project engineers) and involves significant management judgment. The Group applies POC method in determining real estate revenue. The POC is measured principally on the basis of the estimated completion of a physical proportion of the contract work based on the inputs of the internal project engineers.

Revenue from real estate sales amounted to ₱18,587.31 million, ₱21,398.78 million and ₱24,328.51 million in 2023, 2022 and 2021, respectively (see Note 33).



d. Power

Determination of fair value less cost to sell

The Group estimated the recoverable amount of the 2x25 MW gas turbine plant based from offers received from buyers in the advanced stage of negotiations or, if available, the final selling price agreed with the buyer, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing the asset (e.g. dismantling and handling costs) (see Note 9).

Estimating provision for decommissioning and site rehabilitation costs

The Group is contractually required to fulfill certain obligations under Section 8 of the Land Lease Agreement (LLA) upon its termination or cancellation. Significant estimates and assumptions are made in determining the provision for site rehabilitation as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. An increase in decommissioning and site rehabilitation costs would increase the property, plant and equipment and increase noncurrent liabilities.

The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Assumptions used to compute the provision for decommissioning and site rehabilitation costs are reviewed and updated annually.

As of December 31, 2023 and 2022, the estimated provision for decommissioning and site rehabilitation costs amounted to ₱31.61 million and ₱29.11 million, respectively (see Note 19).

Estimating allowance for expected credit losses (ECLs)

a. Installment contracts receivable and contract assets

The Group uses the vintage analysis in calculating the ECLs for real estate ICR. Vintage analysis calculates the vintage default rate of each period through a ratio of default occurrences of each given point in time in that year to the total number of receivable issuances or occurrences during that period or year. The rates are also determined based on the default occurrences of customer segments that have similar loss patterns (i.e., by payment scheme).

The vintage analysis is initially based on the Group's historically observed default rates. The Group will adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., bank lending rates and interest rates) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

b. Trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).



The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and foreign exchange rates. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group has considered the impact of COVID-19 pandemic and revisited its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL.

The changes in the gross carrying amount of receivables during the year and impact of COVID-19 pandemic did not materially affect the allowance for ECLs.

The above assessment resulted to recognition of additional allowance for impairment of ₱31.30 million, ₱9.54 million and ₱33.39 million in 2023, 2022 and 2021, respectively (see Notes 5 and 24).

Evaluation of net realizable value of inventories

Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV.

For real estate inventories, the Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the real estate inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In evaluating NRV, recent market conditions and current market prices have been considered.

For inventories such as equipment parts, materials in transit and supplies, the Group's estimate of the NRV of inventories is based on evidence available at the time the estimates are made of the amount that these inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at reporting date. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Inventories carried at cost amounted to ₱58,578.40 million and ₱52,312.89 million as of December 31, 2023 and 2022, respectively. Inventories carried at NRV amounted to ₱9,323.80 million and ₱9,211.65 million as of December 31, 2023 and 2022, respectively (see Note 7).

Estimating useful lives of property, plant and equipment (see 'estimation of minable ore reserves" for the discussion of amortization of coal mining properties)

The Group estimated the useful lives of its property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease noncurrent assets.

In estimating the useful life of depreciable assets that are constructed in a leased property, the Group considers the enforceability of and the intent of management to exercise the option to purchase the leased property. For these assets, the depreciation period is over the economic useful life of the asset which may be longer than the remaining lease period.

As of December 31, 2023 and 2022, the carrying value of property, plant and equipment of the Group amounted to ₱53,673.80 million and ₱57,638.32 million, respectively (see Note 12).

Impairment assessment of nonfinancial assets

The Group assesses impairment of nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important and which could trigger an impairment review include the following:

- significant underperformance relative to projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and,
- significant negative industry or economic trends or change in technology.

When indicators exist, an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Assets that are subject to impairment testing when impairment indicators are present are as follows:

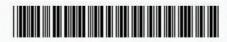
| | 2023 | 2022 |
|---|------------|------------|
| Asset held-for-sale (Note 9) | ₽713,218 | ₽789,313 |
| Investments in associates and joint ventures | | |
| (Note 10) | 19,091,633 | 18,195,324 |
| Property, plant and equipment (Note 12) | 53,673,801 | 57,638,317 |
| Right-of-use assets (Note 32) | 140,629 | 116,945 |
| Other current assets (Note 8)* | 9,410,688 | 8,829,378 |
| Other noncurrent assets (Note 13)* | 5,167,265 | 3,554,249 |
| *Excluding current and noncurrent financial assets. | | |

Maynilad Water

On May 18, 2021, the Revised Concession Agreement (RCA) has been executed and signed by the representative parties of MWSI and Metropolitan Waterworks and Sewerage System (MWSS). On December 10, 2021, Republic Act 11600 was signed into law (see Note 36). On December 14, 2021, Maynilad Water again requested the MWSS Board to defer the RCA's Effective Date by another two months (until February 16, 2022) or until the Republic Letter of Undertaking is issued. On June 30, 2022, Maynilad received MWSS's letter of even date informing Maynilad Water that the DOF has issued the Republic Undertaking dated June 24, 2022 signed by the Executive Secretary and the DOF Secretary.

Maynilad Water wrote the MWSS on July 1, 2022 informing them that the signed Republic Letter of Undertaking does not conform to the agreed form in the RCA, and, thus, Section 16.3 (iii) I of the RCA has not been satisfied.

On May 10, 2023, MWSS and Maynilad signed the Amendments to the RCA which took effect retroactively on June 29, 2022. Along with the Amendments to the RCA, the Letter of Undertaking in the form agreed by the parties was also issued. The Letter of Undertaking's effectivity retroacts to July 1, 2022 (see Note 36).





- 44 -

Management believes that no impairment indicator exists for the Group's other nonfinancial assets.

Estimating the incremental borrowing rate

The Group uses its incremental borrowing rate (IBR) to measure lease liabilities because the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The Group's lease liabilities amounted to ₱89.24 million and ₱70.70 million as of December 31, 2023 and 2022, respectively (see Notes 19 and 32).

Deferred tax assets

The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO to be utilized. However, there is no assurance that the Group will generate sufficient future taxable income to allow all or part of the deferred tax assets to be utilized.

The deferred tax assets recognized amounted to ₱1,680.58 million and ₱1,339.02 million as of December 31, 2023 and 2022, respectively. The unrecognized deferred tax assets of the Group amounted to ₱74.62 million and ₱203.88 million as of December 31, 2023 and 2022, respectively (see Note 28).

Estimating pension obligation and other retirement benefits

The cost of defined benefit pension plans and other employee benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The net pension liabilities as at December 31, 2023 and 2022 amounted to ₱334.98 million and ₱148.85 million, respectively (see Note 22). Net pension assets amounted to ₱992.89 million and ₱1,012.67 million as of December 31, 2023 and 2022, respectively (see Note 22).

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit liability. Future salary increases are based on expected future inflation rates and other relevant factors.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates.

Contingencies

The Group is currently involved in various legal proceedings and taxation matters. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the evaluation of the case, the estimates of potential claims or in the effectiveness of the strategies relating to these proceedings (see Note 35).

4. Cash and Cash Equivalents

| | 2023 | 2022 |
|---------------------------|-------------|-------------|
| Cash on hand and in banks | ₽8,238,983 | ₽8,444,448 |
| Cash equivalents | 23,919,095 | 19,964,026 |
| | ₽32,158,078 | ₽28,408,474 |

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term placements made for varying periods of up to three (3) months, depending on the immediate cash requirements of the Group, and earn annual interest ranging from 0.50% to 7.50%, 0.50% to 6.00% and 0.25% to 1.75% in 2023, 2022 and 2021, respectively. Total finance income earned on cash in banks and cash equivalents amounted to ₱1,504.28 million, ₱509.65 million and ₱70.44 million in 2023, 2022 and 2021, respectively (see Note 25).

5. Receivables

| | 2023 | 2022 |
|--|-------------|-------------|
| Trade: | , | |
| Coal mining | ₽5,945,199 | ₽7,351,674 |
| Electricity sales | 5,801,611 | 5,591,220 |
| Construction contracts | 4,011,467 | 6,274,186 |
| Real estate | 3,319,660 | 3,458,309 |
| Nickel mining | 81,895 | 118,850 |
| Merchandising and others | 116,228 | 128,040 |
| | 19,276,060 | 22,922,279 |
| Receivables from related parties (Note 20) | 2,450,235 | 1,049,028 |
| Other receivables | 3,351,305 | 4,548,792 |
| | 25,077,600 | 28,520,099 |
| Less allowance for expected credit losses | 1,812,494 | 1,781,196 |
| | ₽23,265,106 | ₽26,738,903 |

Trade Receivables

Coal and nickel mining

Receivable from mining pertains to receivables from the sale of coal and nickel ore both to domestic and international markets. These receivables are noninterest-bearing and generally have 30 to 45-day credit terms.





Construction contracts

Receivables from construction contracts principally consist of receivables arising from third-party construction projects over period of construction. These are non-interest bearing and collectible over a period of 30- to 60-day term. These also include current portion of retentions which pertain to the part of the contract billed and retained as security and shall be released upon the period allotted as indicated in the contract. These are collected after a certain period of time upon acceptance by project owners upon presentation of certificate of completion amounting to P479.97 million and P2,153.22 million as of December 31, 2023 and 2022, respectively. Retention receivables pertain to the part of the contract which the contract owner retains as security and shall be released after the period allotted as indicated in the contract for the discovery of defects and other non-compliance from the specifications indicated. Noncurrent portion of retention receivables is presented as part of "Other Noncurrent Assets" in the consolidated statements of financial position (see Note 13).

Electricity sales

Receivables from electricity sales are claims from power distribution utilities, spot market operator and other customers for the sale of contracted energy and spot sales transactions. These are generally on a 30-day credit term and are carried at original invoice amounts, less discounts and rebates.

Real estate

Real estate receivables consist of accounts collectible in equal monthly principal installments with various terms up to a maximum of 10 years. These are recognized at amortized cost using the EIR method. The corresponding titles to the residential units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. Installment contracts receivable are collateralized by the related property sold. In 2023, 2022 and 2021, annual interest rates on installment contracts receivable range from 10.00% to 15.00%. Interest on installment contracts receivable amounted to ₱484.92 million, ₱348.85 million and ₱320.43 million in 2023, 2022 and 2021, respectively (see Note 25).

The Group retains the assigned receivables in the "real estate receivables" account and records the proceeds from these sales as long-term debt (see Note 18). The carrying value of installment contracts receivable sold with recourse amounted to P2.52 million and P119.19 million as of December 31, 2023 and 2022, respectively. The installment contracts receivable on a with recourse basis are used as collaterals for the bank loans obtained.

Merchandising and others

Receivables from merchandise sales and others arise from the sale of wires, services rendered and others to various local companies. These receivables are noninterest-bearing and generally have a 30 to 60-day credit terms.

Other Receivables

Other receivables include the Group's receivables from condominium corporations, advances to brokers and receivable from sale of fly ashes. These receivables are noninterest-bearing and are generally collectible within one (1) year from the reporting date.

Allowance for expected credit losses

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

2023

| | Trade Receivables | | | |
|--|----------------------|----------------|-------------------|------------|
| | Electricity Sales | Coal Mining | Other Receivables | Total |
| At January 1 | ₽895,564 | ₽41,927 | ₽843,795 | ₽1,781,196 |
| Provision (Note 24) | 1,368 | _ | 29,840 | 31,298 |
| At December 31 | P896,932 | ₽41,927 | ₽873,635 | ₽1,812,494 |
| 2022 | Trade Receivables | | | |
| | Electricity Sales | Coal Mining | Other Receivables | Total |
| At January 1 Provision (Reversal) (Note | ₽867,032 | ₽41,927 | ₽862,696 | ₽1,771,655 |
| 24) | 28,532 | _ | (18,991) | 9,541 |
| At December 31 | ₽895,564 | ₽41,927 | ₽843,705 | ₽1,781,196 |

6. Contract assets

| | 2023 | 2022 |
|--|-------------|-------------|
| Contract assets | ₽26,769,160 | ₽26,556,650 |
| Costs and estimated earnings in excess of | | |
| billings on uncompleted contracts | 3,374,321 | 2,852,325 |
| | 30,143,481 | 29,408,975 |
| Less: Contract assets - noncurrent portion | 10,839,030 | 12,765,717 |
| Current portion | ₽19,304,451 | ₽16,643,258 |

Contract Assets

Real estate segment

For real estate segment, contract assets are initially recognized for revenue earned from property under development rendered but not yet to be billed to customers. Upon billing of invoice, the amounts recognized as contract assets are reclassified as installment contracts receivable.

Construction segment

For construction segment, contract assets represent total costs incurred and estimated earnings recognized in excess of amounts billed.

Costs and estimated earnings in excess of billings on uncompleted contracts of the construction segment are as follows:

| | 2023 | 2022 |
|--|--------------|--------------|
| Total costs incurred | ₽69,335,673 | ₽70,941,153 |
| Add estimated earnings recognized | 4,156,964 | 5,050,417 |
| | 73,492,637 | 75,991,570 |
| Less total billings (including unliquidated advances from contract owners of ₱8.19 billion in 2023 | | |
| and ₱5.84 billion in 2022) | 79,107,338 | 81,661,636 |
| | (₱5,614,701) | (₱5,670,066) |
| | | |





- 48 -

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

| 2023 | 2022 |
|--------------|---------------------------|
| | |
| | |
| ₽2,785,204 | ₽2,852,325 |
| | |
| | |
| (8,399,905) | (8,522,391) |
| (₽5,614,701) | (P5,670,066) |
| | ₽2,785,204 (8,399,905) |

7. Inventories

| ₽51,342,601 | ₽46,738,228 |
|-------------|--|
| ₽51,342,601 | ₽46,738,228 |
| 1. | |
| | |
| 5,281,775 | 2,995,845 |
| 1,884,435 | 2,557,123 |
| 69,593 | 21,692 |
| 58,578,404 | 52,312,888 |
| | |
| | |
| 9,323,801 | 9,211,646 |
| ₽67,902,205 | ₽61,524,534 |
| | 1,884,435 69,593 58,578,404 9,323,801 |

Real estate inventories recognized as cost of sales amounted to ₱11,172.42 million, ₱12,878.56 million and ₱17,713.79 million in 2023, 2022 and 2021, respectively (see Note 23). Costs of real estate sales includes acquisition cost of land, amount paid to contractors, development costs, capitalized borrowing costs, and other costs attributable to bringing the real estate inventories to their intended condition. Borrowing costs capitalized in 2023, 2022 and 2021 amounted to ₱1,858.63 million, ₱1,611.32 million and ₱1,407.90 million, respectively. The capitalization rates used to determine the amount of borrowing costs eligible for capitalization in 2023, 2022 and 2021 are 5.35%, 4.89% and 4.60%, respectively.

There is no real estate held for sale and development used as collateral or pledged as security to secure liabilities. Summary of the movement in real estate held for sale and development is set out below:

| | 2023 | 2022 |
|--|--------------|--------------|
| Balance at beginning of year | ₽46,738,228 | ₽41,361,333 |
| Construction/development cost incurred | 14,818,461 | 15,399,648 |
| Land acquired during the year | 452,321 | 1,550,894 |
| Borrowing costs capitalized | 1,858,629 | 1,611,318 |
| Cost of undeveloped land sold during the year | (1,197,494) | _ |
| Recognized as cost of sales (Note 23)* | (11,327,544) | (13,123,720) |
| Transfers to property, plant and equipment (Note 12) | | (61,245) |
| Balance at end of year | ₽51,342,601 | ₽46,738,228 |

^{*}Includes depreciation expense amounting to ₱155.12 million and ₱245.16 million in 2023 and 2022, respectively.

The Group sold undeveloped parcels of land in 2023 at a gain of ₱186.34 million (nil in 2022). The gain on sale of land is presented under "Other income" account in the consolidated statements of income (see Note 27).

Coal and power inventories transferred to property, plant and equipment are used as a component of self-constructed property, plant and equipment and are recognized as expense over the useful life of the asset (see Note 12).

Coal pile inventory is stated at cost, which is lower than NRV. The cost of coal inventories recognized as 'Cost of coal mining' in the consolidated statements of comprehensive income amounted to P 22,014.95 million and P20,039.12 million in 2023 and 2022, respectively (see Note 23).

Coal pile inventory at cost includes capitalized depreciation of ₱262.74 million and ₱324.22 million in 2023 and 2022, respectively (see Note 12).

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

| | 2023 | 2022 |
|--|----------|----------|
| Balance at beginning of year | ₽269,032 | ₽230,051 |
| Provision for inventory write-down (Note 24) | | 38,981 |
| Reversal (Note 24) | (79,864) | _ |
| Balance at end of year | ₽189,168 | ₽269,032 |

The Group recognized provision for inventory write down amounting to ₱38.98 million in 2022.

This amount includes provision of ₱36.78 million in 2022 which pertains to the spare parts of the 2x25 MW gas turbine plant classified as "Asset held-for-sale" under PFRS 5 (see Note 9). This is included in "Miscellaneous" under operating expenses in profit or loss (see Note 24).

In 2023, the Group made a reversal on the previously recognized allowance for inventory obsolescence amounting to P79.86 million.

8. Other Current Assets

| | 2023 | 2022 |
|---|---------------------|-------------|
| Advances to suppliers and contractors | ₽3,673,867 | ₽3,167,630 |
| Creditable withholding taxes | 3,105,585 | 2,538,592 |
| Refundable deposits (Notes 13 and 34) | 2,084,549 | 855,987 |
| Input VAT | 1,365,285 | 1,352,191 |
| Deposit in escrow fund (Note 34) | 593,348 | 504,277 |
| Cost to obtain a contract - current portion | | |
| (Notes 3 and 13) | 223,829 | 810,380 |
| Others | 1,042,122 | 960,585 |
| | ₱12,088,58 5 | ₽10,189,642 |

Advances to suppliers and contractors

Advances to suppliers and contractors under current assets are recouped upon rendering of services or delivery of asset within the Group's normal operating cycle. The balance, net of the related allowance, is estimated to be recoverable in future periods.

Creditable withholding taxes



Creditable withholding taxes pertain to the amount withheld by the Group's customers from their income payments. These will be claimed as tax credit and will be used against future income tax payable. In 2022, the Group recognized impairment loss of ₱40.71 million. With the collections received in 2023, the Group reassessed the impairment loss and reversed ₱2.43 million of the previously recognized allowance (see Note 24).

Refundable deposits

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

Input VAT

Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is applied against output VAT. The balance, net of the related allowance, is recoverable in future periods.

Deposit in escrow fund

Deposit in escrow fund pertains to fund deposits for securing license to sell (LTS) of the Group's real estate projects.

Costs to obtain a contract

Costs to obtain a contract with a customer pertain to commissions paid to brokers and marketing agents on the sale of pre-completed real estate units.

The balances below pertain to the costs to obtain contracts included in the other current and noncurrent assets:

| | 2023 | 2022 |
|------------------------------|------------|-------------|
| Balance at beginning of year | ₽2,287,363 | ₽2,491,867 |
| Additions | 1,106,769 | 1,056,865 |
| Amortization | (770,654) | (1,161,369) |
| Balance at end of year | 2,623,478 | 2,387,363 |
| Noncurrent portion (Note 13) | 2,399,649 | 1,576,983 |
| Current portion | ₽223,829 | ₽810,380 |

The amortization of capitalized commission and advance commissions which are expensed as incurred totaling P813.98 million, P1,237.70 million and P1,148.03 million in 2023, 2022 and 2021, respectively, are presented under 'Cost of sales and services - real estate sales' account in the consolidated statements of income (see Note 23).

Others

Others include prepayments on insurance, maintenance costs, advances to officers and employees, local and real property taxes and various types of advances and other charges which could be recovered within one (1) year.

9. Asset Held-for-Sale

In 2022, the Group assessed that the carrying amount of its 2x25 MW gas turbine plant will be recovered principally through a sale transaction rather than continuing use.

The gas turbine pertains to two (2) units of GE TM2500 G6 Generator ("the Asset") which was acquired in 2016 to provide ancillary services. However, since its withdrawal from the ancillary contract, the gas turbine continued to run and supply electricity directly to the spot market. The gas turbine is one of the power generating assets of SLPGC under the Power Segment.

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

The Group has launched an active search for interested buyers of the gas turbine and had ongoing negotiations in the advanced stages. Management expects that the sale transaction will be finalized within 12 months from end of reporting period.

In accordance with PFRS 5, the Group measured the Asset at the lower of carrying amount and fair value less costs to sell while depreciation ceased immediately upon reclassification. Consequently, a loss on write-down amounting to P171.77 million was recognized to bring the Asset's carrying amount to its net realizable value or fair value less costs to sell in 2022 (see Notes 12 and 24).

The Company recorded an allowance for inventory write down on related spare parts of the Assets amounting to ₱36.78 million as of December 31, 2023 and 2022 (see Note 6).

In October 2023, upon the completion of the one-year period, the sale of the asset was not finalized. Hence, the period to complete the sale was extended beyond one year due to circumstances beyond the control of the Group but the commitment to the plan to sell the asset remains.

The Group took the necessary actions to respond to these circumstances and was able to locate a buyer and agree with the terms and conditions of the sale. Prepayments were received from the buyer based on the progress made in the dismantling of the Asset as of December 31, 2023. These were recorded under 'Accounts and other payables' in the consolidated statements of financial position (see Note 16). Final payment will be made upon transfer of the Asset to the buyer.

Management believes that the sale transaction will be finalized within 12 months from reassessed classification date. As a result, the Group retains the classification of the Asset as held-for-sale as of December 31, 2023 in accordance with PFRS 5. Consequently, the Group recorded an additional loss on write-down amounting to ₱76.10 million in 2023 to revalue the Asset's carrying amount based on the current net realizable value or fair value less costs to sell (see Note 24).

As of December 31, 2023 and 2022, asset held-for-sale amounted to ₱713.22 million and ₱789.31 million, respectively.





10. Investments in Associates and Joint Ventures

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

| | 2023 | 2022 |
|--------------------------------------|-------------|-------------|
| Acquisition cost | | |
| Balance at beginning and end of year | ₽1,146,469 | ₽1,146,469 |
| Accumulated impairment loss | (6,798) | (6,798) |
| | 1,139,671 | 1,139,671 |
| Accumulated equity in net earnings | | |
| Balance at beginning of year | 17,008,752 | 16,480,394 |
| Equity in net earnings | 2,145,377 | 1,506,278 |
| Dividends and others | (1,202,262) | (977,920) |
| Balance at end of year | 17,951,867 | 17,008,752 |
| Share in other comprehensive income | 95 | 46,901 |
| | ₽19,091,633 | ₽18,195,324 |

The details of the Group's equity in the net assets of its associates and joint ventures, which are all incorporated in the Philippines, and the corresponding percentages of ownership follow:

| | Percentages of Ownership | | Equity in N | let Assets |
|--|--------------------------|-------|-------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Associates: | | | | |
| Maynilad Water Holding Company, Inc. (MWHCI) | 27.19 | 27.19 | ₱18,092,595 | ₽17,184,796 |
| Subic Water and Sewerage Company, Inc. (Subic Water) | 30.00 | 30.00 | 296,887 | 276,020 |
| Bachy Soletanche Philippines Corporation (Bachy) | 49.00 | 49.00 | 43,060 | 43,060 |
| Celebrity Sports Plaza | 4.62 | 4.62 | 17,710 | 18,100 |
| | | | 18,450,252 | 17,521,976 |
| Joint Ventures: | | | | |
| RLC DMCI Property Ventures, Inc. (RDPVI) | 50.00 | 50.00 | ₽518,767 | ₽538,346 |
| DMC Estate Development Ventures Inc. (DMC-EDVI) | 50.00 | 50.00 | 107,294 | 119,682 |
| DMCI-First Balfour Joint Venture (DMFB) | 51.00 | 51.00 | 15,320 | 15,320 |
| | | | 641,381 | 673,348 |
| | | | ₱19,091,633 | ₽18,195,324 |

There have been no outstanding capital commitments in 2023 and 2022.

The following table summarizes the Group's share in the significant financial information of the associates and joint ventures that are material to the Group:

| MWHCI | Subic Water |
|--------------|---|
| 1,7 | |
| ₽10,442,173 | ₽508,827 |
| 162,478,813 | 1,285,417 |
| (24,519,357) | (208,704) |
| (73,019,462) | (213,394) |
| (4,746,752) | _ |
| 70,635,415 | 1,372,146 |
| 27.19% | 30% |
| | (73,019,462) (4,746,752) 70,635,415 |

(Forward)



| MWHCI Subic Water | | 2023 | 2 |
|--|---|--------------|-------------|
| Equity in net assets of associates P19,205,769 (1,113,174) P411,644 (114,757) Carrying amount of the investment P18,092,595 P296,887 Statement of income Revenue and other income P27,323,265 P756,948 Costs and expenses 19,116,677 687,393 Net income 8,206,588 69,555 Net income attributable to NCI 629,198 — Net income attributable to parent company P7,577,390 P69,555 WHCI Subic Water Statement of financial position 2022 MWHCI Subic Water Statement of financial position P16,158,002 P462,366 Noncurrent assets 136,734,927 1,315,668 Current liabilities (27,466,639) (208,696 Noncurrent liabilities (27,466,639) (208,696 Noncurrent liabilities (54,472,389) (204,227 Noncontrolling interests (4,360,407) — — 1 Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27,19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized | | | |
| Less unrealized gains (1,113,174) (114,757 Carrying amount of the investment P18,092,595 P296,887 Statement of income Revenue and other income P27,323,265 P756,948 Costs and expenses 19,116,677 687,393 Net income 8,206,588 69,555 Net income attributable to NCI 629,198 — Net income attributable to parent company P7,577,390 P69,555 MWHCI Subic Water Statement of financial position Current assets P16,158,002 P462,366 Noncurrent assets 136,734,927 1,315,668 Current liabilities (27,466,639) (208,696 Noncontrolling interests (4,360,407) — Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27,19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment P17,184,796 | Equity in net assets of associates | | |
| Statement of income P18,092,595 P296,887 Revenue and other income P27,323,265 P756,948 Costs and expenses 19,116,677 687,393 Net income 8,206,588 69,555 Net income attributable to NCI 629,198 — Net income attributable to parent company P7,577,390 P69,555 MWHCI Subic Water Statement of financial position P16,158,002 P462,366 Noncurrent assets P16,158,002 P462,366 Noncurrent liabilities (27,466,639) (208,696 Noncontrolling interests (54,472,389) (204,227 Noncontrolling interests (4,360,407) — Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27.19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment P17,184,796 P293,230 Statement of income Revenue and other income | | | |
| Revenue and other income P27,323,265 P756,948 Costs and expenses 19,116,677 687,393 Net income 8,206,588 69,555 Net income attributable to NCI 629,198 — Net income attributable to parent company P7,577,390 P69,555 Statement of financial position Current assets P16,158,002 P462,366 Noncurrent assets 136,734,927 1,315,668 Current liabilities (27,466,639) (208,696 Noncurrent liabilities (54,472,389) (204,227 Noncontrolling interests (4,360,407) — Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27.19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment P17,184,796 P293,230 Statement of income P22,874,733 P539,074 Costs and expenses 17,250,418 446,443 < | | | ₽296,887 |
| Costs and expenses 19,116,677 687,393 Net income 8,206,588 69,555 Net income attributable to NCI 629,198 — Net income attributable to parent company P7,577,390 P69,555 Statement of financial position Current assets P16,158,002 P462,366 Noncurrent assets 136,734,927 1,315,668 Current liabilities (27,466,639) (208,696 Noncurrent liabilities (54,472,389) (204,227 Noncontrolling interests (4,360,407) — Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27.19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment P17,184,796 P293,230 Statement of income P22,874,733 P539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attr | Statement of income | | |
| Costs and expenses 19,116,677 687,393 Net income 8,206,588 69,555 Net income attributable to NCI 629,198 — Net income attributable to parent company P7,577,390 P69,555 Statement of financial position Current assets P16,158,002 P462,366 Noncurrent assets 136,734,927 1,315,668 Current liabilities (27,466,639) (208,696 Noncurrent liabilities (54,472,389) (204,227 Noncontrolling interests (4,360,407) — Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27.19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment P17,184,796 P293,230 Statement of income P22,874,733 P539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attr | Revenue and other income | ₽27.323.265 | ₽756,948 |
| Net income 8,206,588 69,555 Net income attributable to NCI 629,198 — Net income attributable to parent company P7,577,390 P69,555 MWHCI Subic Water Statement of financial position Current assets P16,158,002 P462,366 Noncurrent assets 136,734,927 1,315,668 Current liabilities (27,466,639) (208,696 Noncurrent liabilities (54,472,389) (204,227 Noncontrolling interests (4,360,407) — Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27.19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment P17,184,796 P293,230 Statement of income Revenue and other income P22,874,733 P539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 | Costs and expenses | | 687,393 |
| Net income attributable to NCI 629,198 — Net income attributable to parent company P7,577,390 P69,555 Statement of financial position Current assets P16,158,002 P462,366 Noncurrent assets 136,734,927 1,315,668 Current liabilities (27,466,639) (208,696 Noncurrent liabilities (54,472,389) (204,227 Noncontrolling interests (4,360,407) — Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27.19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment P17,184,796 P293,230 Statement of income Revenue and other income P22,874,733 P539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 — | | | 69,555 |
| Net income attributable to parent company P7,577,390 P69,555 2022 MWHCI Subic Water Statement of financial position Current assets P16,158,002 P462,366 Noncurrent assets 136,734,927 1,315,668 Current liabilities (27,466,639) (208,696 Noncurrent liabilities (54,472,389) (204,227 Noncontrolling interests (4,360,407) — Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27.19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment P17,184,796 P293,230 Statement of income Revenue and other income P22,874,733 P539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 — | Net income attributable to NCI | | _ |
| MWHCI Subic Water Statement of financial position Current assets ₱16,158,002 ₱462,366 Noncurrent assets 136,734,927 1,315,668 Current liabilities (27,466,639) (208,696 Noncurrent liabilities (54,472,389) (204,227 Noncontrolling interests (4,360,407) — Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27.19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment ₱17,184,796 ₱293,230 Statement of income Revenue and other income ₱22,874,733 ₱539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 — | Net income attributable to parent company | ₽7,577,390 | ₽69,555 |
| MWHCI Subic Water Statement of financial position Current assets ₱16,158,002 ₱462,366 Noncurrent assets 136,734,927 1,315,668 Current liabilities (27,466,639) (208,696 Noncurrent liabilities (54,472,389) (204,227 Noncontrolling interests (4,360,407) — Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27.19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment ₱17,184,796 ₱293,230 Statement of income Revenue and other income ₱22,874,733 ₱539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 — | | 2022 | |
| Current assets ₱16,158,002 ₱462,366 Noncurrent assets 136,734,927 1,315,668 Current liabilities (27,466,639) (208,696 Noncurrent liabilities (54,472,389) (204,227 Noncontrolling interests (4,360,407) — Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27.19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment ₱17,184,796 ₱293,230 Statement of income Revenue and other income ₱22,874,733 ₱539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 — | | | Subic Water |
| Current assets ₱16,158,002 ₱462,366 Noncurrent assets 136,734,927 1,315,668 Current liabilities (27,466,639) (208,696 Noncurrent liabilities (54,472,389) (204,227 Noncontrolling interests (4,360,407) — Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27.19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment ₱17,184,796 ₱293,230 Statement of income Revenue and other income ₱22,874,733 ₱539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 — | Statement of financial position | | |
| Current liabilities (27,466,639) (208,696 Noncurrent liabilities (54,472,389) (204,227 Noncontrolling interests (4,360,407) — Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27.19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment ₱17,184,796 ₱293,230 Statement of income Revenue and other income ₱22,874,733 ₱539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 — | | ₽16,158,002 | ₽462,366 |
| Noncurrent liabilities (54,472,389) (204,227 Noncontrolling interests (4,360,407) — Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27.19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment ₱17,184,796 ₱293,230 Statement of income Revenue and other income ₱22,874,733 ₱539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 — | Noncurrent assets | 136,734,927 | 1,315,668 |
| Noncontrolling interests (4,360,407) − Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27.19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment ₱17,184,796 ₱293,230 Statement of income P22,874,733 ₱539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 − | Current liabilities | (27,466,639) | (208,696) |
| Equity attributable to parent company 66,593,494 1,365,111 Proportion of the Group's ownership 27.19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment ₱17,184,796 ₱293,230 Statement of income Revenue and other income ₱22,874,733 ₱539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 − | Noncurrent liabilities | (54,472,389) | (204,227) |
| Proportion of the Group's ownership 27.19% 30% Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment ₱17,184,796 ₱293,230 Statement of income Revenue and other income ₱22,874,733 ₱539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 − | Noncontrolling interests | (4,360,407) | <u> </u> |
| Equity in net assets of associates 18,106,771 409,533 Less unrealized gains (921,975) (116,303 Carrying amount of the investment ₱17,184,796 ₱293,230 Statement of income Revenue and other income ₱22,874,733 ₱539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 − | Equity attributable to parent company | 66,593,494 | 1,365,111 |
| Less unrealized gains (921,975) (116,303) Carrying amount of the investment ₱17,184,796 ₱293,230 Statement of income Revenue and other income ₱22,874,733 ₱539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 − | Proportion of the Group's ownership | 27.19% | 30% |
| Carrying amount of the investment ₱17,184,796 ₱293,230 Statement of income Revenue and other income ₱22,874,733 ₱539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 — | Equity in net assets of associates | 18,106,771 | 409,533 |
| Statement of income Revenue and other income ₱22,874,733 ₱539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 − | Less unrealized gains | (921,975) | (116,303) |
| Revenue and other income ₱22,874,733 ₱539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 − | Carrying amount of the investment | ₽17,184,796 | ₽293,230 |
| Revenue and other income ₱22,874,733 ₱539,074 Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 − | | | |
| Costs and expenses 17,250,418 446,443 Net income 5,624,315 92,631 Net income attributable to NCI 402,282 — | | | |
| Net income 5,624,315 92,631 Net income attributable to NCI 402,282 - | | | ₽539,074 |
| Net income attributable to NCI 402,282 - | Costs and expenses | 17,250,418 | 446,443 |
| | Net income | 5,624,315 | 92,631 |
| Net income attributable to parent company ₽5,222,033 ₽92,631 | Net income attributable to NCI | 402,282 | |
| | Net income attributable to parent company | ₽5,222,033 | ₽92,631 |

The Group's dividend income from MWHCl amounted to ₱915.55 million, ₱759.83 million and ₱760.10 million in 2023, 2022 and 2021, while dividend income from Subic Water amounted to ₱45.00 million both in 2022 and 2021 (nil in 2023).

Equity in net earnings from MWHCl amounted to ₱2,060.29 million, ₱1,419.87 million and ₱1,566.18 million in 2023, 2022 and 2021, respectively, while equity in net earnings from Subic Water amounted to ₱20.87 million, ₱27.79 million and ₱28.28 million in 2023, 2022 and 2021, respectively.

The carrying amount of the investment in MWHCI is reduced by unrealized gains from transaction with a subsidiary of the Parent Company, relating to engineering and construction projects which are bid out to various contractors and are awarded on an arms-length basis. Equity in net earnings from MWHCI are adjusted for the realization of these unrealized gains and losses.

<u>MWHCI</u>

MWHCI is a company incorporated in the Philippines. The primary contributor in the consolidated net income of MWHCI is its 92.85% owned subsidiary, MWSI. MWSI is involved in the operations of privatized system of waterworks and sewerage services, including the provision of allied and ancillary services. The Group's equity in net earnings of MWHCI represents its share in the consolidated net income attributable to MWHCI.

Rollforward of the carrying value of the investment in MWHCI follows:

| | 2023 | 2022 |
|--|-------------|-------------|
| Acquisition cost | ₽390,428 | ₽390,428 |
| Accumulated equity in net earnings | | |
| Balance at beginning of year | 16,794,368 | 16,163,863 |
| Equity in net earnings | 2,060,292 | 1,419,871 |
| Dividends received and other adjustments | (1,152,493) | (789,366) |
| Balance at end of year | 17,702,167 | 16,794,368 |
| | ₽18,092,595 | ₽17,184,796 |

Subic Water

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

On April 1, 2016, PDI disposed its 10% share in Subic Water. The remaining percentage of ownership in Subic Water after the sale is 30%.

RLC DMCI Property Ventures Inc. (RDPVI)

In October 2018, PDI and Robinsons Land Corporation (RLC) entered into a joint venture agreement to develop a condominium project. Each party will hold a 50% ownership interest in the joint venture. In March 2019, RDPVI, the joint venture, was incorporated to purchase, acquire and develop into a residential condominium project a portion of the parcels of land situated in Las Piñas City and to operate, manage, sell and/or lease the resulting condominium units and parking spaces therein

DMC Estate Development Ventures, Inc. (DMC EDVI)

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

The aggregate carrying amount of the Group's individually immaterial investments in associates and joint ventures in 2023 and 2022 amounted to ₱702.15 million and ₱734.51 million, respectively.

The Group's share in the other comprehensive loss of the associates and joint venture (e.g., remeasurement of retirement liability) is presented under equity section in the consolidated statements of financial position.



11. Investment Properties

| | | 2023 | |
|---|---|----------------------|----------|
| | Buildings and Building Improvements | Condominium Units | Total |
| Cost | | | |
| Balance at beginning and end of year | ₽214,998 | P37,639 | ₽252,637 |
| Accumulated Depreciation and Amortization | | | |
| Balances at beginning of year | 125,465 | 25,278 | 150,743 |
| Depreciation and amortization (Note 23) | 13,663 | 1,492 | 15,155 |
| Balances at end of year | 139,128 | 26,770 | 165,898 |
| Net Book Value | ₽75,870 | ₽10,869 | ₽86,739 |

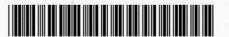
The aggregate fair values of the investment properties as of December 31, 2023 and 2022 amounted to ₱224.63 million and ₱266.55 million, respectively.

| | | 2022 | | | |
|---|-----|----------------------------------|----------------------|----------|--|
| | and | Buildings Building vements | Condominium Units | | |
| Cost | | | | | |
| Balances at beginning of year | ₽ | 214,998 | ₽37,811 | ₽252,809 | |
| Disposal | | 7 | (172) | (172) | |
| Balances at end of year | | 214,998 | 37,639 | 252,637 | |
| Accumulated Depreciation and Amortization | | | | | |
| Balances at beginning of year | | 125,465 | 29,557 | 155,022 | |
| Depreciation and amortization (Note 23) | | - | 15,098 | 15,098 | |
| Disposal | . 7 | _ | (19,377) | (19,377) | |
| Balances at end of year | | 125,465 | 25,278 | 150,743 | |
| Net Book Value | | ₽89,533 | ₽12,361 | ₽101,894 | |

The fair values of investment properties were determined using either the income approach using discounted cash flow (DCF) method or by the market data approach. These are both categorized within Level 3 of the fair value hierarchy. The fair value of investment properties, which has been determined using DCF method with discount rates ranging from 5.87% to 5.94%, exceeds its carrying cost. The fair values of the investment properties which were arrived at using the market data approach require the establishment of comparable properties by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparables. The properties used as basis of comparison are situated within the immediate vicinity of the subject property.

Rental income from investment properties (included under 'Other income - net') amounted to \$\textstyle{2}38.33\$ million, \$\textstyle{2}51.12\$ million and \$\textstyle{2}45.83\$ million in 2023, 2022 and 2021, respectively (see Note 27). Direct operating expenses (included under 'Operating expenses' in the consolidated statements of income) arising from investment properties amounted to \$\textstyle{2}15.16\$ million, \$\textstyle{2}6.46\$ million and \$\textstyle{2}14.87\$ million in 2023, 2022 and 2021, respectively (see Note 24).

There are no investment properties as of December 31, 2023 and 2022 that are pledged as security against liabilities. The Group has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhancements.



12. Property, Plant and Equipment

Movements in this account follow:

| | | | | | | 2023 | | | | |
|--|---------------|--------------|---------------|----------------|--------------|--------------|----------------|--------------|--------------|--------------|
| | | Power Plant, | | | Construction | Office | | | | |
| | | Buildings | Coal Mining | Nickel Mining | Equipment, | Furniture, | | | | |
| | Land and Land | and Building | Properties | Properties and | Machinery | Fixtures and | Transportation | Leasehold | Construction | 4 |
| | Improvements | Improvements | and Equipment | Equipment | and Tools | Equipment | Equipment | Improvements | in Progress | Total |
| Cost | | | | | | | | | | |
| Balances at beginning of year | ₽3,286,101 | ₽67,699,924 | P42,086,339 | ₽5,727,626 | ₱14,198,246 | ₽979,580 | ₽1,145,796 | ₽367,484 | ₱1,843,824 | ₱137,334,920 |
| Additions | 179,723 | 778,750 | 3,878,429 | - | 548,485 | 192,647 | 154,053 | 130,902 | 31,778 | 5,894,767 |
| Transfers (Note 7) | _ | 239,372 | _ | _ | _ | <u>-</u> | - | _ | _ | 239,372 |
| Disposals | | (144,315) | (18,131) | _ | (66,880) | _ | (18,738) | _ | _ | (248,064) |
| Others | - | _ | (391,142) | - 0 | _ | _ | - | _ | _ | (391,142) |
| Adjustments (Note 19) | _ | _ | 35,499 | (4,701) | - | _ | - | / | _ | 30,798 |
| Balances at end of year | 3,465,824 | 68,573,731 | 45,590,994 | 5,722,925 | 14,679,851 | 1,172,227 | 1,281,111 | 498,386 | 1,875,602 | 142,860,651 |
| Accumulated Depreciation, Depletion and Amortization | | | | | | | | | | |
| Balances at end of year | 1,255,978 | 27,214,664 | 35,456,300 | 1,706,249 | 12,196,063 | 858,143 | 745,969 | 263,237 | _ | 79,696,603 |
| Depreciation, depletion and amortization | | | | | | | | | | |
| (Notes 22 and 23) | 32,864 | 3,379,257 | 4,282,135 | 271,467 | 1,496,031 | 207,013 | 24,833 | 13,848 | _ | 9,707,448 |
| Disposals | | (144,315) | (1,600) | _ | (52,548) | _ | (18,738) | - | _ | (217,201) |
| Balances at end of year | 1,288,842 | 30,449,606 | 39,736,835 | 1,977,716 | 13,639,546 | 1,065,156 | 752,064 | 277,085 | _ | 89,186,850 |
| Net Book Value | ₽2,176,982 | P38,124,125 | ₽5,854,159 | ₽3,745,209 | ₽1,040,305 | ₽107,071 | P529,047 | ₱221,301 | ₽1,875,602 | ₽53,673,801 |



| | | | | | | 2022 | | | | |
|--|---------------|--------------|---------------|----------------|--------------|--------------|----------------|--------------|--------------|--------------|
| | | Power Plant, | | | Construction | Office | | | | |
| | | Buildings | Coal Mining | Nickel Mining | Equipment, | Furniture, | | | | |
| | Land and Land | and Building | Properties | Properties and | Machinery | Fixtures and | Transportation | Leasehold | Construction | |
| | Improvements | Improvements | and Equipment | Equipment | and Tools | Equipment | Equipment | Improvements | in Progress | Total |
| Cost | | | | | | | | | | |
| Balances at beginning of year | ₽3,198,004 | ₽67,376,365 | ₽38,370,710 | ₽5,731,464 | ₽13,911,848 | ₽899,184 | ₽957,354 | ₽363,154 | ₽1,034,564 | ₽131,842,647 |
| Additions | 26,852 | 33,663 | 3,830,141 | - | 479,050 | 80,396 | 188,442 | 4,330 | 1,839,716 | 6,482,590 |
| Transfers (Note 7) | 61,245 | 695,206 | _ | - | - | - | - | - | _ | 756,451 |
| Disposals | - | (20,163) | (96,063) | - | (192,652) | _ | - | - | - | (308,878) |
| Asset held-for-sale (Note 9) | _ | (1,415,603) | _ | _ | _ | _ | | _ | _ | (1,415,603) |
| Adjustments (Note 19) | _ | 1,030,456 | (18,449) | (3,838) | _ | _ | - | - | (1,030,456) | (22,287) |
| Balances at end of year | 3,286,101 | 67,699,924 | 42,086,339 | 5,727,626 | 14,198,246 | 979,580 | 1,145,796 | 367,484 | 1,843,824 | 137,334,920 |
| Accumulated Depreciation, Depletion and | | 4. | | | | | | | | |
| Amortization | | | | | | | | | | |
| Balances at beginning of year | 1,166,816 | 24,234,483 | 32,392,372 | 1,629,025 | 11,393,546 | 797,072 | 612,093 | 261,262 | - | 72,486,669 |
| Depreciation, depletion and amortization | | | | .0 | | | | | | |
| (Notes 23 and 24) | 89,162 | 3,436,134 | 3,145,907 | 77,224 | 1,100,129 | 61,996 | 134,419 | 1,975 | | 8,046,946 |
| Write-down | _ | 171,771 | _ | _ | - | _ | _ | | - | 171,771 |
| Disposals | | (1,433) | (81,979) | _ | (297,612) | (925) | (543) | - | _ | (382,492) |
| Asset held for sale | _ | (626,291) | _ | _ | _ | _ | _ | _ | _ | (626,291) |
| Balances at end of year | 1,255,978 | 27,214,664 | 35,456,300 | 1,706,249 | 12,196,063 | 858,143 | 745,969 | 263,237 | - | 79,696,603 |
| Net Book Value | ₽2,030,123 | ₽40,485,260 | ₽6,630,039 | ₽4,021,377 | ₽2,002,183 | ₽121,437 | ₽399,827 | ₽104,247 | ₽1,843,824 | ₽57,638,317 |
| | | | | | | | | | | |



Land

- On June 30, 2021 the Group availed of the option to purchase parcels of land or "Optioned Assets" under Option Existence Notice (OEN) dated February 3, 2020 and in accordance with the provisions of the Land Lease Agreement (LLA) with PSALM. Total acquisition cost of the optioned assets amounted to ₱43.11 million (see Notes 32 and 35).
- The Group also sold land and various equipment items at a net gain of ₱55.91 million,
 ₱69.35 million and ₱189.37 million and in 2023, 2022 and 2021, respectively (see Note 27).

Power plant, buildings and building improvements

The Group reclassified its 2x25 MW gas turbine plant to "Asset held-for-sale" in October 2022.
 Depreciation of the asset ceased immediately upon reclassification.

Immediately before the classification of the 2x25 MW ancillary gas turbine plant as asset held-forsale, loss on write-down of asset amounting to ₱171.77 million was recognized to bring the asset's carrying amount to its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use, amounting to ₱789.31 million. Subsequently, the carrying value of the 2x25 MW ancillary gas turbine plant amounting to ₱789.31 million was reclassified as "Asset held-for-sale" (see Note 9).

Transfer to property plant and equipment in 2023 and 2022 pertains to power plant spare parts
which are used in the general repairs and maintenance of the Group's power plants.

Construction-in-progress

Construction-in-progress includes capitalized pre-construction costs for the thermal power plant
of SRPGC amounting to ₱111.67 million as of December 31, 2023 and 2022 (see Notes 3 and
35). As of December 31, 2023, construction of the plant itself has yet to commence pending
completion of the connectivity to the grid care of NGCP. Based on management's estimation of
the recoverable amount, there is no resulting impairment loss for both 2023 and 2022.

Reclassifications from "Construction in progress" amounting to ₱128.91 million and ₱1,030.46 million as of December 31, 2023 and 2022, respectively, pertain to completion of construction and regular rehabilitation works on existing facilities.

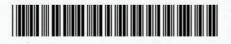
Interest expense incurred on long-term debts capitalized as part of 'Construction in Progress' amounted to ₱269.99 million and ₱169.32 million in 2023 and 2022, respectively. The capitalization rate used to determine the borrowing eligible for capitalization ranges from 4.30% to 7.04% and from 4.29% to 6.57% in 2023 and 2022, respectively.

Coal mining properties

 Coal mining properties include the expected cost of decommissioning and site rehabilitation of mine sites and future clean-up of its power plants. The impact of annual re-estimation is shown in the rollforward as an adjustment (see Note 19).

Coal mining properties also include the stripping activity assets and exploration and evaluation assets for costs of materials and fuel used, cost of operating dump trucks, excavators and other equipment costs amount others.

The Group received a purchase discount in 2023 amounting to ₱407.67 million in relation to its purchase of an item of property, plant and equipment. This is shown in the rollforward as others. As of December 31, 2023 and 2022, coal mining properties included in "Coal Mining Properties and Equipment" amounted to ₱3,751.88 million and ₱4,196.98 million, respectively (see Note 3).



Nickel mining properties

 Nickel mining properties pertains to the Acoje project located in the Municipalities of Sta. Cruz and Candelaria, Province of Zambales (where the Group has an ongoing application on one of its mining properties, see Note 3) and the Berong project situated in Barangay Berong, Municipality of Quezon, Province of Palawan.

As of December 31, 2023 and 2022, nickel mining properties included in "Nickel Mining Properties and Equipment" amounted to ₱3,517.76 million and ₱3,733.04 million, respectively (see Note 3).

13. Exploration and Evaluation Assets and Other Noncurrent Assets

Exploration and evaluation assets

Exploration and evaluation assets are capitalized expenditures that are directly related to the exploration and evaluation of the area covered by the Group's mining tenements. Exploration and evaluation assets amounted to ₱505.51 million and ₱390.38 million as of December 31, 2023 and 2022, respectively. These costs pertain to exploration activities on various nickel projects mainly in Zambales and Palawan mining areas that were covered by related exploration permits granted to the nickel mining entities.

Other noncurrent assets

Other noncurrent assets consist of the following:

| | 2023 | 2022 |
|--|-------------------|------------|
| Cost to obtain a contract - net of current portion | | |
| (Notes 3 and 8) | P2,399,649 | ₽1,576,983 |
| Retention receivable (Note 5) | 298,712 | 1,520,552 |
| Deferred input VAT | 298,126 | 554,264 |
| Refundable deposits (Notes 8 and 34) | 475,754 | 435,324 |
| Equity investments designated at FVOCI | 229,671 | 186,586 |
| Advances to suppliers and contractors | 369,585 | 179,890 |
| Deposits and funds for future investment | 766,923 | 136,666 |
| Software cost | 56,661 | 49,032 |
| Others | 1,416,235 | 1,050,718 |
| | ₽6,311,316 | ₽5,690,015 |

Deferred input VAT

This pertains to the unamortized input VAT incurred from acquisition of capital assets mostly coming from the completed coal-fired thermal power plant and gas turbine, acquisition of capital goods and services for power plant maintenance program and acquisition of construction equipment.



Refundable deposits

Refundable deposits pertain to utilities and security deposits which are measured at cost and will be recouped against future billings. This also includes rental deposits which are noninterest-bearing and are refundable 60 days after the expiration of the lease period.

Others

Others include environmental guarantee fund and advances for the cost of the right-of-way grants on lots affected by the transmission lines to be developed by the Group.

Equity investments designated at FVOCI

| 2023 | 2022 |
|----------|--|
| | |
| ₽52,796 | ₽52,796 |
| 174,698 | 131,613 |
| 227,494 | 184,409 |
| | |
| 110,388 | 110,388 |
| 108,211 | 108,211 |
| 2,177 | 2,177 |
| ₽229,671 | ₽186,586 |
| | P52,796 174,698 227,494 110,388 108,211 2,177 |

Quoted securities

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

| 2023 | 2022 |
|----------|----------|
| ₽131,613 | ₽101,607 |
| | |
| 43,085 | 30,006 |
| ₽174,698 | ₽131,613 |
| | P131,613 |

Unquoted securities

This account consists mainly of investments in various shares of stock in management services and leisure and recreation entities.

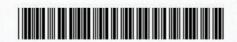
The aggregate cost of investments amounting to ₱108.21 million were provided with allowance for impairment as management assessed that investments on these shares of stock are not recoverable as of December 31, 2023 and 2022.

Advances to suppliers and contractors

Advances to suppliers and contractors under noncurrent assets represent prepayment for the acquisition and construction of property, plant and equipment.

Deposits and funds for future investment

In 2012 and 2014, the Group entered into an agreement with a third party to purchase three holding companies (HoldCos) and three development companies (DevCos) with which the HoldCos have investments. The agreement sets out the intention of final ownership of the HoldCos and DevCos, where the Group will eventually own 73% of the HoldCos and 84% of the DevCos. The Group opened a bank account as required by the agreement and made available US\$2.80 million cash (bank account) from which payments of the shares will be drawn. Initial payments made for the assignment of 33% share in HoldCos and 40% share in DevCos amounted to US\$0.25 million and US\$0.75 million, respectively, which were drawn from the bank account.



The acquisition of shares, which are final and effective on date of assignment, imposes a condition that all pending cases faced by the third party, the three HoldCos and three DevCos are resolved in their favor. As of December 31, 2023 and 2022, the conditions set forth under the agreement have not yet been satisfied.

Software cost

Movements in software cost account follow:

| | 2023 | 2022 |
|--|----------|----------|
| Cost | | |
| Balance at beginning of year | ₽604,459 | ₽559,859 |
| Additions | 41,459 | 44,600 |
| Balance at end of year | 645,918 | 604,459 |
| Accumulated Amortization | | *1 |
| Balance at beginning of year | 555,427 | 530,321 |
| Amortization (Notes 23 and 24) | 33,830 | 25,106 |
| Balance at end of year | 589,257 | 555,427 |
| Net Book Value | ₽56,661 | ₽49,032 |
| A CONTRACTOR OF THE PROPERTY O | | |

14. Short-term Debt

| | 2023 | 2022 |
|--|------------|------------|
| Bank loans | ₽1,498,837 | ₽1,048,918 |
| Acceptances and trust receipts payable | 48,549 | 80,500 |
| | ₽1,547,386 | ₽1,129,418 |

Bank loans

The Group's bank loans consist of unsecured Peso-denominated short-term borrowings from local banks which bear annual interest ranging from 2.09% to 8.08% and 4.75% to 6.57% in 2023 and 2022, respectively, and are payable on monthly, quarterly and lump-sum bases on various maturity dates within the next 12 months after the reporting date.

In 2023 and 2022, the Group obtained various short-term loans from local banks primarily for working capital requirements.

Acceptances and trust receipts payable

Acceptances and trust receipts payable are used by the Group to facilitate payment for importations of materials, fixed assets and other assets. These are interest-bearing and with maturity of less than one (1) year.

Finance costs incurred on short-term borrowings and acceptances and trust receipts payable, net of capitalized borrowing cost, amounted to ₱168.52 million, ₱142.14 million and ₱106.50 million in 2023, 2022 and 2021, respectively (see Note 26).

15. Liabilities for Purchased Land

Liabilities for purchase of land represent the balance of the Group's obligations to various real estate property sellers for the acquisition of various parcels of land and residential condominium units. The terms of the deed of absolute sale covering the land acquisitions provided that such obligations are payable only after the following conditions, among others, have been complied with: (a) presentation by the property sellers of the original transfer certificates of title covering the purchased parcels of land; (b) submission of certificates of non-delinquency on real estate taxes; and (c) physical turnover of the acquired parcels of land to the Group.

The outstanding balance of liabilities for purchased land as of December 31, 2023 and 2022 follow:

| | 2023 | 2022 |
|------------|------------|------------|
| Current | ₽753,046 | ₽960,623 |
| Noncurrent | 538,221 | 844,078 |
| | ₽1,291,267 | ₽1,804,701 |

Liabilities for purchased land were recorded at fair value at initial recognition. These are payable over a period of two (2) to four (4) years. The fair value is derived using discounted cash flow model using the discount rate ranging from 5.87% to 5.94% and 5.22% to 6.46% in 2023 and 2022, respectively, based on applicable rates for similar types of liabilities.

16. Accounts and Other Payables

| | 2023 | 2022 |
|--|-------------|-------------|
| Trade and other payables: | 467 | |
| Suppliers and subcontractors | ₱12,865,016 | ₽14,718,661 |
| Others (Note 32) | 526,735 | 574,458 |
| Accrued costs and expenses | | |
| Project cost | 2,257,132 | 2,359,676 |
| Payable to DOE (Note 30) | 3,336,570 | 2,169,247 |
| Withholding and other taxes | 284,556 | 264,960 |
| Salaries | 233,863 | 161,988 |
| Interest | 87,363 | 96,132 |
| Various operating expenses | 3,366,619 | 3,499,883 |
| Output VAT payable - net | 3,588,058 | 2,710,821 |
| Commission payable - current portion (Note 19) | 2,835,958 | 923,240 |
| Refundable deposits (Note 34) | 670,608 | 594,094 |
| Payable to related parties (Note 20) | 324,275 | 224,478 |
| Financial benefits payable | 118,935 | 79,094 |
| | ₽30,495,688 | ₽28,376,732 |

Trade and other payables

Suppliers

Payable to suppliers includes liabilities to various foreign and local suppliers for open account purchases of equipment and equipment parts and supplies. These are noninterest-bearing and are normally settled on a 30 to 60-day credit terms.

Subcontractors

Payable to subcontractors arises when the Group receives progress billing from its subcontractors for the construction cost of a certain project and is recouped against monthly billings. These subcontractors were selected by the contract owners to provide materials, labor and other services necessary for the completion of a project. Payables to subcontractors are noninterest-bearing and are normally settled on 15 to 60-day credit terms.

Other payables

Other payables include retention payable on contract payments, payable to marketing agents and nickel mine right owners and current portion of lease liabilities. Retention on contract payments is being withheld from the contractors as guaranty for any claims against them. These are settled and paid once the warranty period has expired. Payables to marketing agents and nickel mine right owners are noninterest-bearing and are normally settled within one (1) year.

Accrued costs and expenses

Accrued project cost

Accrued project cost pertains to direct materials, labor, overhead and subcontractor costs for work accomplished by the suppliers and subcontractors but were not yet billed to the Group.

Pavable to DOE

Liability to DOE represents the share of DOE in the gross revenue from SMPC's coal production (including accrued interest on the outstanding balance), computed in accordance with the Coal Operating Contract (see Note 30).

Accrual of various operating expenses

This include accruals for contracted services, utilities, supplies, advertising, and other administrative expenses.

Output VAT payable

Output VAT payable pertains to the VAT due on the sale of goods or services by the Group, net of input VAT.

Commission payable

Commission payable pertains to the amount payable to sales agents for each contract that they obtain for the sale of pre-completed real estate units. These are settled based on the collection from the contract with customers with various terms up to a maximum of 10 years. The noncurrent portion of commission payable is presented under "Other noncurrent liability" account in the consolidated statements of financial position (see Note 19).

Refundable deposits

Refundable deposits consist mainly of deposits which are refundable due to cancellation of real estate sales as well as deposits made by unit owners upon turnover of the unit which will be remitted to its utility provider.

Financial benefits payable

As mandated by R.A. 9136 or the Electric Power Industry Reform Act (EPIRA) of 2001 and the Energy Regulations No. 1-94, issued by DOE, the BOD authorized the Group on June 10, 2010 to enter and execute a Memorandum of Agreement with the DOE relative to or in connection with the establishment of Trust Accounts for the financial benefits to the host communities equal to P0.01 per kilowatt hour generated.



17. Contract Liabilities and Other Customers' Advances and Deposits

| | 2023 | 2022 |
|---|-------------|-------------|
| Contract liabilities - real estate | ₽5,343,790 | ₽3,732,000 |
| Billings in excess of costs and estimated earnings on | | |
| uncompleted contracts (Note 6) | 8,399,905 | 8,522,391 |
| Other customers' advances and deposits | 5,607,310 | 3,665,018 |
| | 19,351,005 | 15,919,409 |
| Less noncurrent portion of | | |
| Contract liabilities - real estate | 2,880,850 | 1,607,888 |
| Billings in excess of costs and estimated | | |
| earnings on uncompleted contracts | 318,579 | 1,988,822 |
| Current portion | ₽16,151,576 | ₽12,322,699 |

Contract liabilities - real estate

Contract liabilities represent the payments of buyers which do not qualify yet for revenue recognition as real estate sales and any excess of collections over the recognized revenue on sale of real estate inventories. The movement in contract liabilities is mainly due to reservation sales and advance payment of buyers less real estate sales recognized upon reaching the buyer's equity threshold and from increase in percentage of completion of projects.

The amount of revenue recognized from contract liabilities at the beginning of the year amounted to ₱2,604.86 million, ₱2,527.30 million and ₱3,293.05 million in 2023, 2022 and 2021, respectively.

Billings in excess of costs and estimated earnings on uncompleted contracts

This pertains to billings in excess of total costs incurred and estimated earnings recognized in the construction segment.

Other customers' advances and deposits

Other customers' advances and deposits represent collections from real estate customers for taxes and fees payable such as documentary stamp tax and transfer tax for the transfer of title to the buyer.

18. Long-term Debt

| | - | 2023 | 2022 |
|-------------------------|---|-------------|-------------|
| Bank loans | | ₽47,921,936 | ₽51,428,383 |
| Less noncurrent portion | | 41,261,215 | 44,669,935 |
| Current portion | | ₽6,660,721 | ₽6,758,448 |
| | | | |

Details of the bank loans follow:

| | | tstanding Balance | _ | : | |
|-------------------------------|-------------|-------------------|--------------------|-------------------------|----------------------|
| | 2023 | 2022 | Maturity | / Interest Rate | Payment Term |
| Loans from banks and other in | | | | | |
| Term loans and | P37,595,745 | ₽37,019,209 | | Interest rates based on | Term loans |
| corporate notes | | | from 2020 to 2027 | applicable benchmark | Payment shall be |
| | | | | plus credit spread | made on a quarterly |
| | | | | ranging from 60 to 75 | basi |
| | | | | basis points | |
| | | | | | Corporate notes |
| | | | | | Payments shall be |
| | | | | | based or |
| | | | | | aggregate |
| | | | | | percentage of |
| | | | | | issue amount of eacl |
| | | | | | series |
| | | | | | equally divided ove |
| | | | | | applicable quarters |
| | | | | | (4th/7th |
| | | | | | to 27th quarter |
| | | | | | and the balance |
| | | | | | is payable |
| | | | | | at maturity |
| | | | | | |
| Peso-denominated | 10,547,480 | 14,522,945 | Various maturities | Fixed interest rates | Amortized |
| loans | - | | from 2020 to 2027 | ranging from | bulle |
| | | | | 4.00% to 5.13% and | |
| | | | | floating interest rates | |
| | | | | based | |
| | | | | on applicable | |
| | | | | benchmark plus credit | |
| | | | | spread | |
| | | | | ranging from 25 to 60 | |
| | | | | basis points | |
| Liabilities on installment | 2,522 | 119,188 | Various maturities | Interest at prevailing | Payable in equa |
| contracts receivable | 2,022 | 110,100 | 2022 to 2029 | market rates | and continuous |
| | | | 2022 10 2020 | , market rates | monthly payment no |
| | | 1. " | | | exceeding |
| | | | | | 120 days |
| | | 0 | | | commencing |
| | | | | | 1 month from |
| | | | | | date of execution |
| | 48,145,747 | 51,661,342 | | | date of exceditor |
| Less: Unamortized debt | | | 11/11 | | |
| issuance cost | 223,811 | _ 232,959 | 3. | | |
| | P47,921,936 | ₽51,428,383 | | | |

The movements in unamortized debt issuance cost follow:

| | 2023 2022 |
|------------------------------|--------------------------|
| Balance at beginning of year | ₽232,959 ₽234,506 |
| Additions | 33,750 66,000 |
| Amortization (Note 26) | (42,898) (67,547 |
| Balance at end of year | ₽223,811 ₽232,959 |

Interest expense on long-term debt, net of capitalized interest, recognized under 'Finance cost' amounted to ₱719.32 million, ₱871.41 million and ₱775.73 million in 2023, 2022 and 2021, respectively (see Note 26).

The schedule of repayments of loans based on existing terms are provided in Note 34.

Other relevant information on the Group's long-term borrowings are provided below:





- The loan agreements on long-term debt of certain subsidiaries provide for certain restrictions and requirements such as, among others, maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the respective subsidiaries as of December 31, 2023 and 2022.
- As discussed in Note 5, the installment contracts receivable under the receivable purchase
 agreements are used as collaterals in the loans payable obtained. These amounted to
 P2.52 million and P119.19 million as of December 31, 2023 and 2022, respectively, and these
 represent net proceeds from sale of portion of PDI's installment contracts receivable to local
 banks pursuant to the receivable purchase agreements entered into by PDI on various dates. The
 agreements also provide the submission of condominium certificates of title and their related
 postdated checks issued by the buyers.
- All long-term debt of the Group are clean and unsecured. The Group is compliant with the respective loan covenants.

19. Other Noncurrent Liabilities

| | 2023 | 2022 |
|---|------------|------------|
| Commission payable - noncurrent portion (Note 16) | ₽1,811,745 | ₽1,576,807 |
| Provision for decommissioning and site rehabilitation | | |
| costs (Note 3) | 469,383 | 410,605 |
| Lease liabilities (Notes 3 and 32) | 75,428 | 56,742 |
| Retention payable | 326,124 | 782,923 |
| Other payables | 10,419 | 35,977 |
| | ₽2,693,099 | ₽2,863,054 |
| | | |

Provision for decommissioning and site rehabilitation costs

The Group makes full provision for the future cost of rehabilitating the coal mine sites on a discounted basis on the development of the coal mines. These provisions were recognized based on the Group's internal estimates. Assumptions based on the current regulatory requirements and economic environment have been made, which management believes are reasonable bases upon which to estimate the future liability. These estimates are reviewed annually to take into account any material changes to the assumptions.

However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in return, will depend upon future ore and coal prices, which are inherently uncertain.

Provision for decommissioning and site rehabilitation costs also include cost of rehabilitation of the Group's power plants and nickel ore mine sites. Discount rates used by the Group to compute for the present value of liability for decommissioning and mine site rehabilitation costs are from 5.96% to 8.70% in 2023, 3.61% to 8.70% in 2022 and 4.86% to 8.58% in 2021. Segment breakdown of provision for decommissioning and site rehabilitation costs follows:

| | 2023 | 2022 |
|---------------|----------|----------|
| Coal | ₽322,262 | ₽285,945 |
| Nickel | 115,511 | 95,555 |
| On-grid power | 31,610 | 29,105 |
| | ₽469,383 | ₽410,605 |

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

| | 2023 | 2022 |
|---------------------------------|----------|----------|
| Balance at beginning of year | ₽410,605 | ₽449,047 |
| Effect of change in estimates | 92,489 | (25,427) |
| Actual usage | (61,805) | (34,463) |
| Accretion of interest (Note 26) | 28,094 | 21,448 |
| Balance at end of year | ₽469,383 | ₽410,605 |

The Group revised its mine work program based on the current conditions of the mining operations. Management revisited certain procedures, practices and assumptions on its existing rehabilitation plan (e.g., timing of mining operations, reforestation requirements, movement of the overburden) which resulted to adjustment in the previously estimated provision for decommissioning and mine site rehabilitation costs

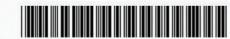
Resulting changes in estimate pertaining to the Group's minesites amounted to ₱92.49 million and ₱25.42 million (recognized as adjustment to 'Coal mining properties and equipment' and 'Coal mining properties and equipment' under Property, plant and equipment account) in 2023 and 2022, respectively (see Note 12).

Retention Payable

Retention payable represents amounts withheld by the Group on subcontractors' progress billings and payable upon expiration of defect liability period.

Other payables

Noncurrent trade and other payables include noninterest-bearing payable to suppliers and subcontractors and accrued expenses which are expected to be settled within two (2) to three (3) years from the reporting date.





20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individuals or corporate entities. Transactions entered into by the Group with affiliates are made at normal commercial prices and terms. These are settled in cash, unless otherwise specified.

The significant related party transactions entered into by the Group with its related parties and the amounts included in the accompanying consolidated financial statements with respect to these transactions follow:

| | 2023 | | |
|---|-----------|---------------------------------------|--------------------|
| | | Transaction | Due from |
| | Reference | Amount | (Due to) |
| Receivable from related parties (Note 5) | | | |
| Construction contracts | (a) | P 4,267,586 | ₽ 2,284,006 |
| Sale of marine vessels | (b) | _ | 13,390 |
| Equipment rentals | (c) | 111,247 | 40,635 |
| Sale of materials and reimbursement of shared | | 7. | |
| and operating expenses | (d) | 298,764 | 112,204 |
| | | | ₽2,450,235 |
| Payable to related parties (Note 16) | | | |
| Shiploading, coal delivery and coal handling | (e) | ₽1,163,977 | (₽135,137) |
| Mine exploration and hauling services | (f) | 592,274 | (93,568) |
| Other general and administrative expense | (g) | 62,978 | (15,849) |
| Aviation services | (h) | 113,757 | (77,567) |
| Office and parking rental | (i) | 20,488 | (1,574) |
| Freight charges | (j) | 21,004 | (580) |
| | 4 (01) | 11 11 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | (₹324,275) |

| | | 2022 | | |
|---|-----------|-------------|------------|--|
| | | Transaction | Due from | |
| | Reference | Amount | (Due to) | |
| Receivable from related parties (Note 5) | | | | |
| Construction contracts | (a) | ₽3,911,337 | ₽917,868 | |
| Sale of marine vessels | (b) | - | 13,390 | |
| Equipment rentals | (c) | 14,697 | _ | |
| Sale of materials and reimbursement of shared | | | | |
| and operating expenses | (d) | 313,585 | 117,770 | |
| | | | ₱1,049,028 | |
| | | | | |
| Payable to related parties (Note 16) | | | | |
| Shiploading, coal delivery and coal handling | (e) | ₽721,408 | (₱65,085) | |
| Mine exploration and hauling services | (f) | 176,613 | (62,394) | |
| Other general and administrative expense | (g) | 15,705 | (3,141) | |
| Aviation services | (h) | 33,969 | (14,481) | |
| Office and parking rental | (i) | 119,582 | (11,464) | |
| Freight charges | (i) | 276,379 | (67,913) | |
| | | | (₱224,478) | |

- (a) The Group provides services to its other affiliates in relation to its construction projects. Outstanding receivables lodged in "Receivables from related parties" amounted to ₱2,284.01 million and ₱917.87 million as of December 31, 2023 and 2022, respectively. In an addition, billings in excess of costs and estimated earning on uncompleted contracts from its affiliates amounted to ₱673.10 million and ₱357.72 million as of December 31, 2023 and 2022, respectively.
- (b) In 2020, the Group sold a marine vessel to its affiliate for ₱620.58 million, of which ₱13.39 million remain uncollected as of December 31, 2023.
- (c) The Group rents out its equipment to its affiliates for their construction projects.
- (d) The Group paid for the contracted services, material issuances, diesel, rental expenses and other supplies of its affiliates.
- (e) Certain affiliate had transactions with the Group for services rendered such as shiploading, coal delivery and coal handling. Freight costs charged by the affiliate are included as part of the cost of coal inventory.
- (f) An affiliate of the Group provides labor services relating to coal operations, including those services rendered by consultants. The related expenses are included in the "Cost of sales and services" in the consolidated statements of income.
- (g) A shareholder of the Group provides maintenance of the Group's accounting system, Navision, which is used by some of the Group's subsidiaries. Related expenses are presented as part of "Miscellaneous" under "Operating expenses" in consolidated statements of income. In addition, the Group has reimbursable expenses for security services, professional fees, among others.
- (h) An affiliate of the Group transports visitors and employees from point to point in relation to the Group's ordinary course of business and vice versa and bills the Group for the utilization costs of the aircrafts. The related expenses are included in "Cost of sales and services".
- (i) An affiliate had transactions with the Group for office and parking rental of units to which related expenses are presented as part of "Operating expenses" in the consolidated statements of income.
- (j) An affiliate provides the Group various barges and tugboats for use in the delivery of nickel ore to its various customers.

Terms and conditions of transactions with related parties

Outstanding balances as of December 31, 2023 and 2022, are unsecured and noninterest-bearing, and are all due within one year, normally within 30-60 day credit term.

The Group has approval process and established limits when entering into material related party transactions. The Related Party Transaction Review Committee shall approve all material related party transactions before their commencement. Material related party transactions shall be identified taking into account the related party registry. Transactions amounting to 10% or more of the total consolidated assets of the Group that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process requirement.

As of December 31, 2023 and 2022, the Group has not made any allowance for expected credit loss relating to amounts owed by related parties. The Group applies a general approach in calculating the

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the affiliates and the economic environment.

Compensation of Key Management Personnel

Key management personnel of the Group include all directors and senior management. The aggregate compensation and benefits of key management personnel of the Group follows:

| | 2023 | 2022 | 2021 |
|------------------------------|----------|----------|----------|
| Short-term employee benefits | ₽203,314 | ₽211,910 | ₽141,921 |
| Post-employment benefits | | | |
| (Note 22) | 60,900 | 9,014 | 7,638 |
| | ₽264,214 | ₽220,924 | ₽149,559 |

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plan.

21. Equity

Capital Stock

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

| | | horized Il Stock Outstanding |
|--------------------------------|----------|---------------------------------|
| Common shares, ₱1 par value | 19,900,0 | 00,000 13,277,470,000 |
| | 4 | |
| Preferred shares, ₱1 par value | 100,0 | 00,000 3,780 |
| Less: Treasury shares | | 2,820 |
| | | 960 |

The preferred stock is redeemable, non-voting, non-participating and cumulative with par value of P1.00 per share. The preferred shareholders' previous right of converting the preferred shares to common shares expired in March 2002.

Below is the summary of the Parent Company's track record of registration of securities with the SEC as of December 31, 2023:

| | Number of Shares Registered (in billions) | Number of holders of securities as of year end |
|-----------------------|--|---|
| December 31, 2021 | 13.28 | 727 |
| Add/(Deduct) Movement | <u> </u> | (28) |
| December 31, 2022 | 13.28 | 699 |
| Add/(Deduct) Movement | _ | 8 |
| December 31, 2023 | 13.28 | 707 |

Retained Earnings

In accordance with SEC Memorandum Circular No. 11 issued in December 2008, the Parent Company's retained earnings available for dividend declaration as of December 31, 2023 and 2022 amounted to ₱1,879.14 million and ₱785.26 million, respectively.

Dividend declaration



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

| | 2023 | 2022 | 2021 |
|--|-------------|-------------|-------------|
| March 29, 2023, ₱0.61 per share regular cash | | | -1 |
| 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 | Y | | |
| 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 | | | -1 |
| October 24, 2023, payable on or before | | | |
| November 9, 2023. | 9,559,779 | _ | _ |
| April 1, 2022, ₱0.34 per share regular cash | | | |
| dividend to shareholders on record as of | | | |
| April 19, 2022, payable on or before | | | |
| April 29, 2022. | _ | 4,514,340 | _ |
| April 1, 2022, ₱0.14 per share special cash | | | |
| dividend to shareholders on record as of | | | |
| April 19, 2022, payable on or before | | | |
| April 29, 2022. | _ | 1,858,846 | _ |
| October 18, 2022 ₱0.72 per share special cash | | | |
| dividend to shareholders on record as of | | | |
| November 2, 2022, payable on or before | | | |
| November 16, 2022. | | 9,559,773 | _ |
| March 29, 2021, ₱0.13 per share regular cash | | | |
| dividend to shareholders on record as of | 1 | | |
| April 15, 2021, payable on or before | | | |
| April 26, 2021. | <u> </u> | <u> </u> | 1,726,071 |
| March 29, 2021, ₱0.35 per share special cash | | | |
| dividend to shareholders on record as of | | | |
| April 15, 2021, payable on or before | 100 | | |
| April 26, 2021. | _ | | 4,647,115 |
| October 12, 2021, ₱0.48 per share special cash | | | |
| dividend to shareholders on record as of | | | |
| October 26, 2021, payable on or before | | | |
| November 10, 2021. | _ | | 6,373,185 |
| | ₽19,119,558 | ₽15,932,959 | ₽12,746,371 |
| | | | |

On various dates in 2023, 2022 and 2021, partially-owned subsidiaries of the Group declared dividends amounting to ₱14,876.92 million, ₱21,252.74 million and ₱12,753.55 million, respectively, of which dividends to noncontrolling-interest amounted to ₱8,427.29 million, ₱9,272.84 million, and ₱5,730.28 million, respectively. The unpaid dividends to noncontrolling-interests as of December 31, 2022 amounted to ₱3.33 million (nil in 2023, see Note 16).



Under the existing regulatory framework, Republic Act No. 7641, *The New Retirement Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following table summarizes the components of net pension expense (included in "Salaries, wages and employee benefits" account) and pension income (included in "Other income" account) for the years ended December 31, 2023, 2022, and 2021(see Notes 24 and 27):

Pension Expense

| | 2023 | 2022 | 2021 |
|--------------------------------|-----------|----------|----------|
| Current service cost | ₽204,238 | ₽253,954 | ₽258,754 |
| Net interest income on benefit | | | |
| obligation and plan assets | (122,574) | (37,642) | (11,118) |
| Effect of the asset limit | 57,109 | 13,134 | 5,866 |
| Total pension expense | ₽138,773 | ₽229,446 | ₽253,502 |

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

| | 2023 | 2022 |
|--------------------------------|------------|------------|
| Balance at beginning of year | ₽3,824,522 | ₽3,193,851 |
| Interest income | 274,067 | 159,695 |
| Remeasurement gain (loss) | (213,286) | 542,047 |
| Benefits paid from plan assets | (94,907) | (86,071) |
| Contributions | 25,246 | 15,000 |
| Balance at end of year | ₽3,815,642 | ₽3,824,522 |

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

| | 2023 | 2022 |
|---|------------|------------|
| Balances at beginning of year | ₽2,171,046 | ₽2,455,521 |
| Current service cost | 204,238 | 253,954 |
| Interest expense | 151,493 | 122,053 |
| Benefits paid - from plan assets | (94,907) | (86,071) |
| Benefits paid - direct payments | (7,162) | (30,828) |
| Remeasurement loss (gain) arising from: | | |
| Financial assumptions | 259,391 | (389,995) |
| Demographic assumptions | (93,658) | (174,789) |
| Experience adjustments | 6,486 | 21,201 |
| Transfer | (295,885) | 1 |
| Balances at end of year | ₽2,301,042 | ₽2,171,046 |

The unappropriated retained earnings include undistributed net earnings amounting to \$\textstyle{\textstyle{\textstyle{89}}}\$,467.65 million and \$\textstyle{\textstyle{84}}\$,409.23 million as of December 31, 2023 and 2022, respectively, representing accumulated equity in the net earnings of consolidated subsidiaries, associates and jointly controlled entities accounted for under the equity method. These are not available for dividend declaration until declared by the subsidiaries, associates and the joint ventures representing accumulated equity.

Premium on acquisition of non-controlling-interests

SMPC bought back its own shares totaling to 14,061,670 from 2016 to 2018. This resulted to an increase in effective ownership of the Parent Company on SMPC and its subsidiaries to 56.65% and the recognition of premium on acquisition of non-controlling interest amounting to ₱817.96 million.

Capital Management

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

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

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

22. Employee Benefits

Retirement Plans

The Group has a funded, noncontributory, defined benefit pension plan covering substantially all of its regular employees. Provisions for pension obligations are established for benefits payable in the form of retirement pensions. Benefits are dependent on years of service and the respective employee's final compensation. The Group updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary. The latest actuarial valuation report of the retirement plans was made as of December 31, 2023.

Certain entities within the Group are under the Multiemployer Retirement Plan (the Plan). The Group's retirement funds are administered by appointed trustee banks which are under the supervision of the respective Board of Trustees (BOT) of the plans. The responsibilities of the BOT, among others, include the following:

- To hold, invest and reinvest the fund for the exclusive benefits of the members and beneficiaries
 of the retirement plan and for this purpose the BOT is further authorized to designate and appoint
 a qualified Investment Manager with such powers as may be required to realize and obtain
 maximum yield on investment of the fund; and,
- To make payments and distributions in cash, securities and other assets to the members and beneficiaries of the Plan.





Below is the net pension asset for those entities within the Group with net pension asset position:

| 2023 | 2022 |
|------------|---|
| ₽2,832,449 | ₽2,774,999 |
| (982,867) | (972,673) |
| 1,849,582 | 1,802,326 |
| (857,554) | (789,659) |
| ₽992,028 | ₽1,012,667 |
| | \$\begin{align*} \text{P2,832,449} \\ \text{(982,867)} \\ \text{1,849,582} \\ \text{(857,554)} \end{align*} |

Movements in the net pension asset follow:

| | 2023 | 2022 |
|--|------------|------------|
| Net pension asset at beginning of year | ₽1,012,667 | ₽814,947 |
| Remeasurements gain (loss) recognized in other | | |
| comprehensive income | (6,202) | 127,838 |
| Net pension income (expense) | (14,437) | 69,882 |
| Net pension asset at end of year | ₽992,028 | ₽1,012,667 |

Movements in the effect of asset ceiling follow:

| | 2023 | 2022 |
|--|----------|----------|
| Effect of asset ceiling at beginning of year | ₽789,659 | ₽260,033 |
| Interest on the effect of asset ceiling | 57,109 | 13,134 |
| Changes in the effect of asset ceiling | 10,786 | 516,492 |
| Effect of asset ceiling at end of year | ₽857,554 | ₽789,659 |

Below is the net pension liability for those entities within the Group with net pension liability position:

| | 2023 | 2022 |
|---|--------------|--------------|
| Present value of funded defined benefit obligations | (₱1,318,175) | (₱1,198,373) |
| Fair value of plan assets | 983,193 | 1,049,523 |
| Net pension liability | (₱334,982) | (₱148,850) |

Movements in the net pension liability follow:

| | 2023 | 2022 |
|--|------------|------------|
| Net pension liability at beginning of year | (P148,850) | (P301,256) |
| Net pension income | 124,336 | 488,838 |
| Remeasurement gain recognized in other | | |
| comprehensive income | (231,206) | (290,604) |
| Benefits paid - direct payment | (7,162) | (30,828) |
| Contributions | (72,100) | (15,000) |
| Net pension liability at end of year | (₱334,982) | (₱148,850) |



| | 2023 | 2022 |
|--|------------|-----------|
| Remeasurement gain (loss) on plan assets | (₱213,286) | ₽542,047 |
| Remeasurement gain (loss) on defined benefit obligations | 172,219 | (542,628) |
| Changes in the effect of asset ceiling | (85,244) | 635,168 |
| Net remeasurement losses on pension plans | (126,311) | 634,587 |
| Income tax effect | 31,578 | (158,647) |
| Net remeasurement (loss) on pension plans | V. Comment | |
| - net of tax | (₱94,733) | ₽475,940 |

The major categories and corresponding fair values of plan assets and liabilities by class of the Group's Plan as at the end of each reporting period are as follows:

| | 2023 | 2022 |
|---|------------|------------|
| Cash and cash equivalents | | |
| Cash in banks | ₽784,713 | ₽38,728 |
| Time deposits | · | 548,635 |
| | 784,713 | 587,363 |
| Investments in stocks | | |
| Common shares of domestic corporations | , | |
| Quoted | | 1,721,333 |
| Unquoted | 84,417 | 280,429 |
| Preference shares | 8,286 | 163,208 |
| | 92,703 | 2,164,970 |
| Investment in government securities | | |
| Fixed rate treasury notes (FXTNs) | 1,290,729 | 567,555 |
| Retail treasury bonds (RTBs) | 1,570,236 | 269,731 |
| | 2,860,965 | 837,286 |
| Investment in other securities and debt instruments | | |
| AAA rated debt securities | 50,114 | 215,703 |
| Not rated debt securities | _ | _ |
| | 50,114 | 215,703 |
| Other receivables | 27,147 | 19,200 |
| Accrued trust fees and other payables | | <u> </u> |
| Benefits payable | | _ |
| Fair value of plan assets | ₽3,815,642 | ₽3,824,522 |

Trust fees paid in 2023, 2022 and 2021 amounted to million, respectively.

₽2.74 million, ₽2.33 million and ₽2.28

The composition of the fair value of the Fund includes:

- Cash and cash equivalents include savings and time deposit with various banks and special deposit account with Bangko Sentral ng Pilipinas (BSP SDA).
- Investment in stocks includes investment in common and preferred shares both traded and not traded in the PSE.
- Investment in government securities includes investment in Philippine RTBs and FXTNs.
- Investments in other securities and debt instruments include investment in long-term debt notes and retail bonds
- Other receivables includes interest and dividends receivable generated from investments included in the plan.





 Accrued trust fees and other payables - pertain mainly to charges of trust or in the management of the Plan.

The overall administration and management of the plan rest upon the Plan's BOT. The voting rights on the above securities rest to the BOT for funds directly held through the Group's officers and indirectly for those entered into through other trust agreements with the trustee bank authorized to administer the investment and reinvestments of the funds.

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

| | 2023 | 2022 | 2021 |
|----------------------|----------------|-----------------|-----------------|
| Discount rate | 7% to 6.16% | 4.79% to 7.38% | 4.79% to 5.21% |
| Salary increase rate | 3.00% to 7.00% | 3.00% to 10.00% | 3.00% to 10.00% |

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

| | 2023 | 2022 |
|-------------------------|------------|------------|
| Construction and others | 3.6 years | 8.5 years |
| Coal mining | 5.1 years | 4.6 years |
| Nickel mining | 10.2 years | 13.6 years |
| Real estate development | 13.7 years | 10 years |
| Power - On grid | 12.6 years | 11.3 years |
| Power - Off grid | 9.8 years | 15.7 years |

There are no unusual or significant risks to which the Plan exposes the Group. However, in the event a benefit claim arises under the Retirement Plan and the Retirement Fund is not sufficient to pay the benefit, the unfunded portion of the claim shall immediately be due and payable from the Group to the Retirement Fund.

There was no plan amendment, curtailment, or settlement recognized for the years ended December 31, 2023 and 2022.

Sensitivity analysis on the actuarial assumptions

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the Defined Benefit Obligation (DBO) at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the DBO.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

| | Increase (decrease) | | 2023 | 2022 |
|------------------|-------------------------------------|---|-----------------------|-----------------------|
| Discount rates | +100 basis points -100 basis points | | (₱192,940) 264,619 | (₱155,861) 181,172 |
| Salary increases | +1.00% -1.00% | 1 | 222,485 (190,997) | 180,238 (140,565) |

23. Costs of Sales and Services

| | 2023 | 2022 | 2021 |
|---|-------------|-------------|-------------|
| Cost of Sales | | | |
| Cost of real estate held for sale and | | | |
| development (Note 7) | ₽11,172,424 | ₱12,878,564 | ₽17,713,791 |
| Fuel and lubricants | 12,479,306 | 12,654,107 | 8,306,836 |
| Materials and supplies | 5,345,724 | 4,957,555 | 870,420 |
| Depreciation and amortization (Notes 12, 13 | , | | |
| and 32) | 4,120,529 | 3,511,045 | 3,392,622 |
| Direct labor | 2,601,573 | 2,136,506 | 1,983,360 |
| Production overhead | 1,566,306 | 2,730,719 | 703,504 |
| Hauling, shiploading and handling costs | | | |
| (Note 20) | 1,357,690 | 1,100,578 | 1,436,291 |
| Outside services | 937,362 | 694,432 | 536,426 |
| Commission expense (Note 8) | 813,984 | 1,237,695 | 1,148,030 |
| Others | 393,158 | 596,395 | 1,508,841 |
| | 40,788,056 | 42,497,596 | 37,600,121 |
| Cost of Services | | | |
| Materials and supplies | 6,388,265 | 6,602,942 | 9,845,238 |
| Depreciation and amortization (Notes 12, 13 | | | |
| and 32) | 4,256,717 | 3,844,624 | 4,810,755 |
| Fuel and lubricants | 3,364,844 | 2,417,372 | 1,790,454 |
| Outside services | 3,638,538 | 4,379,838 | 4,598,456 |
| Direct labor | 3,503,916 | 3,211,400 | 4,882,082 |
| Production overhead | 2,972,844 | 2,913,382 | 3,391,888 |
| Spot purchases of electricity | 880,726 | 1,885,581 | 2,187,503 |
| Hauling, shiploading and handling costs | | | |
| (Note 20) | 754,088 | 276,359 | 440,004 |
| Others | 622,031 | 478,850 | 119,530 |
| | 26,381,969 | 26,010,348 | 32,065,910 |
| | ₽67,170,025 | ₽68,507,944 | ₽69,666,031 |

Cost of real estate sales presented in the consolidated statements of income includes cost of running hotel and property management operations amounting to ₱155.14 million, ₱119.00 million and ₱108.68 million for 2023, 2022 and 2021, respectively.





Related revenue from hotel and property management operations amounted to ₱282.83 million, ₱253.13 million and ₱226.54 million in 2023, 2022 and 2021, respectively.

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

| | 2023 | 2022 | 2021 |
|--|------------|------------|------------|
| Included in: | | | |
| Cost of electricity sales | ₽3,050,825 | ₽2,829,982 | ₽3,056,850 |
| Cost of coal mining | 3,882,037 | 3,034,379 | 3,664,034 |
| Cost of construction contracts and others | 695,958 | 788,429 | 844,857 |
| Cost of real estate development | 592,886 | 245,156 | 322,652 |
| Cost of nickel mining | 155,540 | 457,723 | 314,984 |
| Operating expenses (Note 24) | 253,083 | 462,234 | 471,282 |
| | ₽8,630,329 | ₽7,817,903 | ₽8,674,659 |
| Depreciation, depletion and amortization of: | | | |
| Property, plant and equipment (Note 12) | ₽9,707,448 | ₽8,046,946 | ₽9,524,620 |
| Other noncurrent assets (Note 13) | 33,830 | 25,106 | 78,737 |
| Investment properties (Note 11) | 15,155 | 15,098 | 34,761 |
| Right-of-use assets (Note 32) | 25,357 | 28,786 | 50,713 |
| | ₽9,781,790 | ₽8,115,936 | ₽9,688,831 |

Depreciation, depletion and amortization capitalized in ending inventories and mine properties included in 'Property, Plant and Equipment' amounted to ₱1,151.46 million, ₱298.03 million and ₱1,014.17 million in 2023, 2022 and 2021, respectively.

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

| | 2023 | 2022 | 2021 |
|------------------------------|------------|------------|------------|
| Presented under: | | | |
| Costs of sales and services | ₽5,472,925 | ₽5,213,167 | ₽6,083,355 |
| Operating expenses (Note 24) | 2,349,526 | 2,496,604 | 2,270,021 |
| | ₽7,822,451 | ₽7,709,771 | ₽8,353,376 |

24. Operating Expenses

| | 2023 | 2022 | 2021 |
|--|-------------|-------------|------------|
| Government share (Note 30) | ₽10,682,608 | ₽15,963,371 | ₽6,354,771 |
| Salaries, wages and employee benefits | | | |
| (Note 23) | 2,349,526 | 2,496,604 | 2,270,021 |
| Taxes and licenses | 1,719,400 | 1,502,194 | 1,491,415 |
| Repairs and maintenance | 1,594,123 | 1,066,956 | 602,063 |
| Outside services | 1,495,586 | 1,019,521 | 1,117,058 |
| Insurance | 510,434 | 419,820 | 328,223 |
| Depreciation and amortization | | | |
| (Notes 11, 12, 13, 23 and 32) | 253,083 | 462,234 | 471,282 |
| Advertising and marketing | 429,970 | 241,735 | 121,816 |
| Supplies | 267,182 | 228,389 | 167,592 |
| (Forward) | | | |
| Association dues | ₽162,153 | ₽233,330 | ₽90,470 |
| Loss on write-down of inventories, asset held- | (3,765) | , | 168,540 |



| | 2023 | 2022 | 2021 |
|--|-------------|-------------|-------------|
| for- sale and property, plant and | | | |
| equipment - net of reversals (Notes 7, 9 | | | |
| and 12) | | | |
| Rent (Note 32) | 206,086 | 166,350 | 170,860 |
| Transportation and travel | 105,758 | 156,672 | 75,171 |
| Communication, light and water | 92,735 | 143,254 | 173,006 |
| Entertainment, amusement and recreation | 138,430 | 138,743 | 177,126 |
| Provision for ECL and probable losses - net of | | | |
| reversals (Notes 5 and 8) | 28,872 | 50,247 | 33,388 |
| Miscellaneous | 668,117 | 566,786 | 274,894 |
| | ₽20,700,298 | ₽25,066,956 | ₽14,087,696 |

25. Finance Income

Finance income is derived from the following sources:

| | 2023 | 2022 | 2021 |
|---|------------|----------|----------|
| Interest on: | | | |
| Installment contracts receivable (Note 5) | ₽484,920 | ₽348,849 | ₽320,434 |
| Short-term placements (Note 4) | 165,681 | 55,159 | 62,091 |
| Bank savings accounts (Note 4) | 1,338,601 | 454,487 | 8,344 |
| Others | _ | _ | 3,948 |
| | ₽1,989,202 | ₽858,495 | ₽394,817 |

26. Finance Costs

The finance costs are incurred from the following:

| | 2023 | 2022 | 2021 |
|--|----------|------------|------------|
| Long-term debt (Note 18) | ₽719,320 | ₽871,413 | ₽775,729 |
| Short-term debt (Note 14) | 168,522 | 142,141 | 106,500 |
| Amortization of debt issuance cost (Note 18) | 42,898 | 67,547 | 81,930 |
| Accretion on unamortized discount on | | | |
| provision for decommissioning and site | | | |
| rehabilitation costs (Note 19) | 28,094 | 21,448 | 170,057 |
| Lease liabilities (Note 32) | 5,333 | 6,015 | 5,039 |
| | ₽964,167 | ₽1,108,564 | ₽1,139,255 |

27. Other Income (Charges) - Net

| | 2023 | 2022 | 2021 |
|---|------------|------------|------------|
| Forfeitures and cancellation of real estate | | * | |
| contracts | ₽1,635,979 | ₽965,716 | ₽731,518 |
| Sales of fly ash | 472,005 | 220,674 | 167,590 |
| Rental income (Note 11) | 376,915 | 213,221 | 168,397 |
| Gain on sale of undeveloped parcel of land | 141,792 | _ | 12,432 |
| Gain on sale of property, plant and equipment | | | |
| - net (Note 12) | 55,914 | 69,346 | 189,372 |
| Foreign exchange gains (losses) | (120,057) | 1,131,258 | 370,415 |
| Others - net (Note 12) | 462,925 | 318,447 | 329,531 |
| | ₽3,025,473 | ₽2,918,662 | ₽1,969,255 |

Others – net

Others include penalty charges, holding fees, fees for change in ownership, transfer fees, restructuring fees, lease facilitation fees, gain on pre-termination of option contract and lease contract modification, and others.

28. Income Tax

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

| | 2023 | 2022 | 2021 |
|----------|------------|------------|------------|
| Current | ₽4,042,180 | ₽3,649,902 | ₽1,469,188 |
| Deferred | 5,135 | 985,487 | 277,435 |
| Final | 270,447 | 88,300 | 12,540 |
| | ₽4,317,762 | ₽4,723,689 | ₽1,759,163 |

The components of net deferred tax assets as of December 31, 2023 and 2022 follow:

| | 2023 | 2022 |
|---|----------|---------------|
| Deferred tax assets on: | | To the second |
| Allowance for: | | |
| Expected credit losses | ₽502,607 | ₽436,256 |
| Inventory obsolescence | 38,472 | _ |
| Unrealized gross loss on construction contracts | 2,436 | 1,309 |
| Pension liabilities - net | 153,782 | 30,762 |
| Impairment | 71,712 | 52,688 |
| Unrealized foreign exchange loss | 86,156 | _ |
| Provision for decommissioning and site | | |
| rehabilitation | 48,369 | 10,702 |
| Accruals of expenses | 1,869 | 9,675 |
| Others | 24,474 | 19,806 |
| | 929,877 | 561,198 |
| Deferred tax liabilities on: | | |
| Unrealized foreign exchange gain | (6,986) | (6,601) |
| | ₽922,891 | ₽554,597 |



The components of net deferred tax liabilities as of December 31, 2023 and 2022 follow:

| | 2023 | 2022 |
|---|--------------|--------------|
| Deferred tax assets on: | | |
| Pension liabilities - net | ₽677,751 | ₽671,040 |
| Deferred commission expense | 53,120 | _ |
| Allowance for expected credit losses | 17,851 | 94,072 |
| Others | 1,985 | 12,706 |
| | 750,707 | 777,818 |
| Deferred tax liabilities on: | | |
| Excess of book over tax income pertaining to | | |
| real estate sales | (4,632,004) | (4,272,553) |
| Unamortized fair value on nickel mining rights | | |
| acquired | (1,136,978) | (1,175,766) |
| Capitalized interest on real estate for sale and | | |
| development deducted in advance | (640,765) | (456,599) |
| Deferred commission expense | | (28,171 |
| Unrealized foreign exchange gain - net | (607,342) | (892,227) |
| Pension assets - net | (16,208) | (13,261) |
| Unrealized gross profit on construction contracts | (7,269) | (7,411) |
| Unamortized transaction cost on loans payable | (46,642) | (44,039) |
| Mine rehabilitation | (2,003) | (2,003) |
| Others | (95,741) | (131,364) |
| | (7,184,952) | (7,023,394) |
| | (₱6,434,245) | (₽6,245,576) |

The Group has the following deductible temporary differences, NOLCO and MCIT that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized:

| | 2023 | 2022 |
|---------------------------------|----------|----------|
| Allowance for impairment losses | ₽159,691 | ₽364,047 |
| NOLCO | 68,626 | 376,336 |
| Allowance for probable losses | <u>-</u> | 30,196 |
| MCIT | <u>-</u> | 11,235 |
| Others | 70,166 | _ |

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used.

The Group did not recognize deferred tax assets on NOLCO and MCIT from the following periods:

| Year Incurred | NOLCO | MCIT | Expiry Year |
|---------------|---------|---------|-------------|
| 2023 | ₽578 | _ | 2026 |
| 2022 | 13,252 | | 2025 |
| 2021 | 40,320 | - 1 - 1 | 2026 |
| 2020 | 14,476 | 11,235 | 2025/2023 |
| | ₽68,626 | ₽11,235 | |

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

| | NOLCO | | MCIT | |
|-------------------------------|-----------|-----------|----------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| Balances at beginning of year | ₽376,336 | ₽541,042 | ₽11,235 | ₽11,456 |
| Additions | 578 | 13,252 | _ | _ |
| Expirations and usage | (308,288) | (177,958) | (11,235) | (221) |
| Balances at end of year | ₽68,626 | ₽376,336 | ₽- | ₽11,235 |

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 of Bayanihan to Recover as One Act (Bayanihan 2) which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive years immediately following the year of such loss.

The reconciliation of the statutory income tax rate to the effective income tax rate follows:

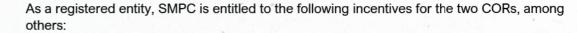
| | 2023 | 2022 |
|---|---------|---------|
| Statutory income tax rate | 25.00% | 25.00% |
| Adjustments for: | | |
| Income under income tax holiday | (13.16) | (15.98) |
| Nondeductible expenses | 0.47 | 0.76 |
| Nontaxable equity in net earnings of associates | Y | |
| and joint ventures | (1.30) | (0.71) |
| Changes in unrecognized deferred tax assets | (0.01) | (0.23) |
| Excess costs of construction contracts | (0.10) | (0.09) |
| Effect of OSD availment | (0.07) | (0.08) |
| Interest income subjected to final tax at a lower | | |
| rate – net | (0.26) | (0.04) |
| Others | (0.08) | 0.25 |
| Effective income tax rate | 10.49% | 8.88% |

Registrations with Department of Energy and BOI

a. Certain power generation companies - Registration with the BOI Certain power generation companies in the Group have been registered with the BOI. Accordingly, they are entitled, among others, to ITH incentives covering 4 to 10 years. To be able to avail of the incentives, these companies are required to maintain a minimum equity level. As of December 31, 2023 and 2022, the Group have complied with the requirements.

In 2023 and 2022, the Group availed of tax incentive in the form of ITH on its income under registered activities amounting to ₱79.16 million (nil in 2023).

b. SMPC - Expanding Producer of Coal (Narra and Molave Minesite)
On August 31, 2012 and February 24, 2016, BOI has granted SMPC Certificate of Registration (COR) as New Producer of Coal in accordance with the provisions of the Omnibus Investments Code of 1987 in relation to the operation in Narra Minesite (formerly Bobog) (COR No. 2012-183) and Molave Minesite (COR No. 2017-042), respectively.



- (a) ITH incentive for four (4) years from January 2015 and January 2017 for Narra Minesite and Molave Minesite, respectively, or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.
- (b) Income qualified for ITH availment shall not exceed by more than 10% of the projected income represented by SMPC in its application provided the project's actual investments and employment match SMPC's representation in the application.

On July 12, 2021, SMPC applied for another extension of one (1) year of ITH incentive for Molave Mine. On December 16, 2021, the BOI approved the Parent Company's application for extension for one (1) year of ITH incentive for Molave Mine.

The approved bonus year under Certificate of Registration No. 2016-042 is for the period October 15, 2021 to October 14, 2022 using the net foreign exchange earnings criterion pursuant to Executive Order No. 226.

In 2022, the BOI provided the SMPC the option to amend the ITH incentive (bonus) expiration year for Molave mine to October 2023 subject to SMPC paying the Taxable Year 2020 income tax due amounting to ₱897.30 million and the related interest.

In 2022, SMPC recognized ₱897.30 million of income tax due on its income in 2020, as part of its provision for current income tax.

In January 2023, SMPC settled the income tax due for the Taxable Year 2020 at ₱1,088.46 million inclusive of interest amounting to ₱191.16 million. Hence, the ITH incentive (bonus) will expire beginning October 2023 and the income from the registered activities of the BOI project (Molave mine pit) from October 2023 will be subjected to regular corporate tax of 25%.

The BOI corrected the ITH availment period of the BOI project pursuant to Art. 39(a)(1)(iii) of E.O. 226 under Certificate of Registration No. 2016-042 from October 15, 2021 to October 14, 2022 to October 15, 2022 to October 14, 2023. SMPC availed of tax incentive in the form of ITH on its income under registered activities amounting to ₱21,559.39 million, ₱36,375.37 million and ₱14,316.71 million in 2023, 2022 and 2021, respectively.

Corporate Recovery and Tax Incentive for Enterprise (CREATE) Act

On March 26, 2021, the President of the Philippines signed into law Republic Act No. 11534, Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which took effect on April 11, 2021. The CREATE Act introduces reforms to the corporate income tax and incentive systems by implementing changes to the current tax regulations. Some of these changes, which became effective beginning July 1, 2020, are as follows:

- Reduction in the RCIT rate from 30% to 20% for entities with net taxable income not exceeding P 5.0 million and with total assets not exceeding P100.0 million (excluding the value of land on which the business entity's office, plant and equipment are situated);
- Reduction in the RCIT from 30% to 25% for all other corporations;
- Reduction in the MCIT rate from 2% to 1% of gross income for 3 years or until June 30, 2023; and
- Repeal of the imposition of 10% improperly accumulated earnings tax (IAET).





29. Earnings Per Share

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

| | 2023 | 2022 | 2021 |
|--|-------------|-------------|-------------|
| Net income attributable to equity holders of Parent Company Divided by weighted average number | ₽24,722,372 | ₽31,087,484 | ₽18,394,231 |
| of common shares | 13,277,470 | 13,277,470 | 13,277,470 |
| Basic/diluted earnings per share | ₽1.86 | ₽2.34 | ₽1.39 |

There were no potentially dilutive ordinary shares. Accordingly, no diluted earnings per share is presented in 2023, 2022 and 2021.

30. Coal Operating Contract with DOE

The DOE issued Coal Operating Contract (COC) to SMPC which gives it the exclusive right to conduct exploration, development and coal mining operations in Semirara Island. In return for the mining rights granted to SMPC, the Government is entitled to receive annual royalty payments consisting of the balance of the gross income after deducting operating expenses, operator's fee and special allowance. The DOE, through the Energy Resources Development Bureau, approved the exclusion of coal produced and used solely by SMPC to feed its power plant used for mining operations in determining the amount due to DOE.

On May 13, 2008, the DOE granted SMPC's request for an extension of its COC for another 15-year or until July 14, 2027.

Royalty dues for DOE's share under this contract, amounted to ₱10,682.61 million, ₱15,963.37 million and ₱6,354.77 million in 2023, 2022 and 2021, respectively, included under 'Operating expenses' in the consolidated statements of income (see Note 24). Payable to DOE, amounting to ₱3,336.57 million and ₱2,169.25 million as of December 31, 2023 and 2022, respectively, are included under the 'Trade and other payables' account in the consolidated statements of financial position (see Note 16).

31. Material Partly-Owned Subsidiary

The financial information of the Group's subsidiaries with material noncontrolling-interest are provided below. These information are based on amounts in the consolidated financial statements of the subsidiary.



Semirara Mining and Power Corporation (SMPC) and Subsidiaries

| | 2023 | 2022 |
|--|---------------------|--------------|
| Consolidated statements of financial position | | |
| Current assets | ₽ 46,135,496 | ₽44,900,091 |
| Noncurrent assets | 38,992,947 | 42,202,692 |
| Total assets | 85,128,443 | 87,102,783 |
| Current liabilities | 19,396,338 | 15,448,278 |
| Noncurrent liabilities | 3,354,126 | 7,402,107 |
| Total liabilities | 22,750,464 | 22,850,385 |
| Equity | ₽62,377,979 | ₽64,252,398 |
| Consolidated statements of comprehensive | | |
| income | | |
| Revenue | ₽76,960,415 | ₽91,128,693 |
| Cost of sales | 32,909,510 | 29,755,152 |
| Gross profit | 44,050,905 | 61,373,541 |
| Operating expenses | (15,117,258) | (19,952,229) |
| Other income (charges) - net | 1,148,070 | 801,623 |
| Income before income tax | 30,081,717 | 42,222,935 |
| Provision for income tax | 2,148,421 | 2,351,778 |
| Net income | 27,933,296 | 39,871,157 |
| Other comprehensive income (loss) | (53,882) | 24,088 |
| Total comprehensive income | ₽27,879,414 | ₽39,895,245 |
| Cash flow information | | |
| Operating | ₱36,199,879 | ₽40,774,888 |
| Investing | (3,960,334) | (4,036,681) |
| Financing | (33,261,456) | (26,178,115) |
| Effect of exchange rate changes on cash and cash | | |
| equivalents | (47,717) | 1,283,418 |
| Net increase (decrease) in cash and cash | | |
| equivalents | (₱1,069,628) | ₽11,843,510 |

The accumulated balances of material noncontrolling-interest of SMPC and subsidiaries at December 31, 2023 and 2022 amounted to ₱23,015.53 million and ₱28,129.25 million, respectively. Dividends paid to noncontrolling interests amounted to ₱12,129.43 million and ₱9,212.43 in 2023 and 2022, respectively.

Noncontrolling-interests pertain to 2016 to 2018 shares of SMPC bought back own shares totaling to 14,061,670 from 2016 to 2018. This resulted to an increase in effective ownership of the parent Company on SMPC and its subsidiaries to 56.65% and the recognition of premium on acquisition of non-controlling interest amounting to ₱817.96 million.

32. Leases

The Group as a Lessee

The Group has lease contracts for various items of land, office spaces and foreshore leases used in its operations. Leases of land and foreshore lease generally have lease terms between five (5) and 25 years, while office spaces generally have lease terms of two (2) to seven (7) years. The Group also has certain leases of office spaces, warehouse and storage spaces which have lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

Movements in the Group's right-of-use assets and lease liabilities follow:

Right of use assets

| | Year ended December 31, 2023 | | |
|-------------------------------|------------------------------|------------------|----------|
| | Land Office space | | Total |
| Cost | | | |
| Balances at beginning of year | ₽103,168 | ₽ 190,936 | ₽294,104 |
| Additions | _ | 49,041 | 49,041 |
| Balances at end of year | 103,168 | 239,977 | 343,145 |
| Accumulated amortization | | 1. | |
| Balances at beginning of year | 24,106 | 153,053 | 177,159 |
| Amortization (Note 23) | _ | 25,357 | 25,357 |
| Balances at end of year | 24,106 | 178,410 | 202,516 |
| | ₽79,062 | ₽61,567 | ₽140,629 |

| | Year ended December 31, 2022 | | | | | |
|-------------------------------|------------------------------|--------------|----------|--|--|--|
| | Land | Office space | Total | | | |
| Cost | | | | | | |
| Balances at beginning of year | ₽103,168 | ₽190,936 | ₽294,104 | | | |
| Additions | <u>-</u> | | _ | | | |
| Balances at end of year | 103,168 | 190,936 | 294,104 | | | |
| Accumulated amortization | | | | | | |
| Balances at beginning of year | 24,106 | 124,267 | 148,373 | | | |
| Amortization (Note 23) | _ | 28,786 | 28,786 | | | |
| Balances at end of year | 24,106 | 153,053 | 177,159 | | | |
| | ₽79,062 | ₽37,883 | ₱116,945 | | | |

On June 30, 2021, the Group purchased the parcels of land under PSALM OEN which amounted to P43.11 million (see Notes 12 and 36). Unused rentals as of option exercise date amounted to P1.13 million which was applied against the total purchase price.

Lease liabilities

| | 2023 | 2022 |
|---------------------|----------|----------|
| Beginning balance | ₽70,701 | ₽97,626 |
| Additions | 49,041 | _ |
| Payment | (35,840) | (32,940) |
| Accretion (Note 26) | 5,333 | 6,015 |
| | ₽89,235 | ₽70,701 |



The following are the amounts recognized in consolidated statements of income in 2023 and 2022:

| | 2023 | 2022 | |
|---|----------|----------|--|
| Depreciation expense of right-of-use assets charged | | | |
| to: | | | |
| Cost of sales and services (Note 23) | ₽6,020 | ₽6,621 | |
| Operating expenses (Note 24) | 19,337 | 22,165 | |
| Expenses relating to short-term leases charged to | | | |
| operating expenses (Note 24) | 206,086 | 166,350 | |
| Interest expense on lease liabilities (Note 26) | 5,333 | 6,015 | |
| | ₽236,776 | ₽201,151 | |

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

Lease liabilities are included in the consolidated statements of financial position under "accounts and other payables" and "other noncurrent liabilities" (see Notes 16 and 19).

As of December 31, 2023 and 2022, future undiscounted minimum lease payments under operating lease are as follows:

| | 2023 | 2022 |
|---|----------|---------|
| Within one year | ₽19,399 | ₽20,827 |
| After one year but not more than five years | 61,514 | 46,073 |
| More than five years | 30,502 | 29,189 |
| | ₽111,415 | ₽96,089 |

Operating Lease - As Lessor

The Group entered into lease agreements with third parties covering its investment property portfolio (see Note 11). The lease agreements provide for a fixed monthly rental with an escalation ranging from 4.50% to 7.00% annually both in 2023 and 2022. These are renewable under the terms and condition agreed with the lessees.

As of December 31, 2023 and 2022, future minimum lease receivables under the aforementioned operating lease are as follows:

| | 2023 | 2022 |
|---|----------|----------|
| Within one year | ₽29,390 | ₽42,592 |
| After one year but not more than five years | 109,827 | 163,144 |
| More than five years | 42,645 | 65,774 |
| | ₽181,862 | ₽271,510 |
| | | |

33. Operating Segments

Business Segment Information

For management purposes, the Group is organized into seven (7) major business units that are largely organized and managed separately according to industry. Reporting operating segments are as follows:

- Construction and others engaged in various construction projects and construction-related businesses such as production and trading of concrete products, handling steel fabrication and electrical and foundation works.
- Coal mining engaged in the exploration, mining and development of coal resources on Semirara Island in Caluya, Antique.



- Nickel mining engaged primarily in mining and selling nickel ore from existing stockpile in Acoje mines in Zambales and Berong mines in Palawan.
- Real estate focused in mid-income residential development carried under the brand name DMCI Homes. It is also engaged in hotel services and property management.
- On-grid Power engaged in power generation through coal-fired power plants providing electricity to distribution utilities and indirect members of WESM.
- Off-grid Power engaged in power generation through satellite power plants providing electricity to areas that are not connected to the main transmission grid.
- Water includes share in net earnings from associates, MWHCl and Subic Water, which are engaged in water services for the west portion of Metro Manila and Olongapo City and Subic Bay Freeport, respectively.

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

The Chief Executive Officer (CEO) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue, earnings before interest, income taxes and depreciation and amortization (EBITDA) and operating profit or loss, and is measured consistently in the consolidated financial statements. The Group's management reporting and controlling systems use accounting policies that are the same as those described in Note 2 in the material accounting policy information under PFRSs.

EBITDA is the measure of segment profit (loss) used in segment reporting and comprises of revenues, cost of sales and services and selling and general administrative expenses before interest, taxes and depreciation and amortization.

The Group disaggregates its revenue information in the same manner as it reports its segment information. The Group, through its on-grid power segment, has electricity sales to a power distribution utility company that accounts for about 20%, 14%, and 16% of the Group's total revenue in 2023, 2022 and 2021, respectively.

Group financing (including finance costs and finance income) and income taxes are also managed per operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Business Segments

The following tables present revenue, net income and depreciation and amortization information regarding business segments for the years ended December 31, 2023, 2022 and 2021 and property, plant and equipment additions, total assets and total liabilities for the business segments as of December 31, 2023, 2022 and 2021.

- This page was intentionally left blank -



Year ended December 31, 2023

| | | | rear ended Dece | 711Del 31, 2023 | | 4 | | | |
|---|--------------|-------------|------------------|-----------------|-------------|-------------|-------------|----------------|----------------------|
| | Construction | | | Real Estate | Power | Power | | Parent | Walter Company |
| | and Others* | Coal Mining | Nickel Mining | Development | On-Grid | Off-Grid | Water | Company | Total |
| Revenue | ₱17,115,169 | ₱51,633,898 | ₽3,386,352 | ₽18,587,311 | P24,692,254 | ₽7,414,130 | P- | ₽_ | ₱122,829,11 4 |
| Equity in net earnings of associates and joint ventures | _ | _ | _ | 64,218 | _ | - | 2,081,159 | _ | 2,145,377 |
| Other income (expense) | 92,925 | 46,117 | 88,662 | 2,281,556 | 512,349 | 1,816 | _ | 2,048 | 3,025,473 |
| | 17,208,094 | 51,680,015 | 3,475,014 | 20,933,085 | 25,204,603 | 7,415,946 | 2,081,159 | 2,048 | 127,999,964 |
| Cost of sales and services (before depreciation and | | | | | | | | | |
| amortization) | 14,397,982 | 19,373,344 | 1,019,055 | 12,483,302 | 6,684,508 | 4,834,588 | _ | - | 58,792,779 |
| Government share (Note 24) | _ | 10,682,608 | _ | _ | _ | - | _ | - | 10,682,608 |
| Operating expense (before depreciation and amortization) | 616,603 | 810,109 | 979,160 | 2,996,697 | 3,176,211 | 1,097,496 | | 88,331 | 9,764,607 |
| | 15,014,585 | 30,866,061 | 1,998,215 | 15,479,999 | 9,860,719 | 5,932,084 | - | 88,331 | 79,239,994 |
| EBITDA | 2,193,509 | 20,813,954 | 1,476,799 | 5,453,086 | 15,343,884 | 1,483,862 | 2,081,159 | (86,283) | 48,759,970 |
| Other income (expenses) | | | | | | | | | |
| Finance income (cost) (Notes 25 and 26) | (20,401) | 674,801 | (9,599) | 467,813 | (78,965) | (153,467) | - | 144,853 | 1,025,035 |
| Depreciation and amortization (Notes 23 and 24) | (714,994) | (3,905,337) | (627,735) | (299,810) | (2,832,417) | (247,495) | _ | (2,541) | (8,630,329) |
| Pretax income | 1,458,114 | 17,583,418 | 839,465 | 5,621,089 | 12,432,502 | 1,082,900 | 2,081,159 | 56,029 | 41,154,676 |
| Provision for income tax (Note 28) | 202,688 | 107,342 | 212,616 | 1,604,847 | 2,036,633 | 124,170 | | 29,466 | 4,317,762 |
| Net income | P1,255,426 | ₱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 | | | - 1, day - 1, | 12,114,542 |
| Net income attributable to equity holders of the Parent Company | ₱1,236,437 | ₱9,675,377 | ₽655,252 | P4,016,242 | ₽6,072,612 | ₱958,730 | ₱2,081,159 | ₽26,563 | ₱24,722,372 |
| Segment Assets | | | | | | | 7 | | |
| Cash | P4,576,539 | ₱12,130,515 | ₽852,807 | P4,360,494 | P6,854,481 | ₱214,436 | P- | P3,168,806 | ₱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 | ₱247,995,22 3 |
| Segment Liabilities | | | | | | | | | |
| Contract liabilities | ₽8,689,677 | ₽520,983 | P_ | ₱10,140,345 | P- | P | · P_ | P_ | ₱19,351,00 5 |
| 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 | P13,469,998 | ₱2,174,992 | ₱62,271,460 | ₽8,675,932 | ₽7,437,877 | P- | ₽159,113 | P110,558,073 |
| Other disclosures | | | esta formania e | | | 100 | | | 1 |
| Property, plant and equipment additions (Note 12) | ₽210,976 | ₱4,043,703 | ₱206,93 6 | ₱321,143 | ₽398,264 | ₽712,456 | P- | ₽ 1,289 | ₽5,894,776 |
| Acquisition of land for future development (Note 7) | _ | - " | - | 452,321 | 1 C - 1 | -, | · - · | - | 452,321 |



^{*}Revenue from construction segment includes sales and service revenue from Wire Rope.

**Includes property, plant and equipment, investment properties and exploration and evaluation assets

Year ended December 31, 2022 Construction Power and Others* Coal Mining Nickel Mining On-Grid Off-Grid Water Total Development Company Revenue ₽19,560,286 ₽69,759,876 ₽3,788,595 ₽21,398,777 ₽20,622,572 ₽7,469,587 ₽-₽-P142,599,693 Equity in net earnings of associates and joint ventures 63,936 1,442,342 1,506,278 10,272 1,022,942 134,933 1,509,221 232,406 1,923 5,318 1,647 2,918,662 Other income (expense) 19,570,558 70,782,818 3,923,528 22,971,934 20,854,978 7,471,510 1,447,660 1,647 147,024,633 Cost of sales and services (before depreciation and 14,235,244 17,177,110 19,107,700 748,782 4,443,400 5,440,039 61,152,275 amortization 15,963,371 15,963,371 Government share (Note 24) Operating expense (before depreciation and amortization) 625,627 819,651 860,498 2,720,174 2,744,853 764,579 105,969 8,641,351 17,802,737 35,890,722 1,609,280 7,188,253 6,204,618 85,756,997 16,955,418 105,969 EBITDA 34,892,096 2,314,248 6,016,516 1,447,660 1,767,821 13,666,725 1,266,892 (104,322)61,267,636 Other income (expenses) Finance income (cost) (Notes 25 and 26)
Depreciation and amortization (Notes 23 and 24) (42,388) (808,206) 30,817 (17,628)257,293 (475,990) (51,056)48,883 (250,069)(334,837) (7,817,903) (3,060,173) (487,612) (368, 176) (2,756,623)(2,276)(57,715) Pretax income 917,227 31,862,740 1,809,008 5,905,633 10,434,112 880,999 1,447,660 53,199,664 1,211,729 1,529,730 1,145,452 9,044 4,723,689 Provision for income tax (Note 28) 240,380 445,977 141,377 ₽30,651,011 P4,375,903 P1,447,660 Net income P676,847 P1,363,031 P9,288,660 P739,622 (P66,759) ₽48,475,975 Net income attributable to noncontrolling-interests 20,940 14,046,499 78,390 3,242,662 17,388,491 P6,045,998 Net income attributable to equity holders of the Parent Company P655,907 P16,604,512 P1,284,641 P4,375,903 P739,622 ₽1,447,660 (£66,759) P31,087,484 Segment Assets P3,581,395 31,286,730 Cash P1,428,258 ₽15,534,336 ₽1,101,302 P4,515,973 P196,794 ₽-P2,050,416 ₽28.408.474 2,779,979 11,085,755 7,379,762 140,130 3,466,230 56,147,878 Receivables and contract assets 9,292 1,451,086 9,752,363 65,883 46,729,128 2,947,241 578,833 61,524,534 58,380 1,265,230 16,871,714 18,195,324 Investment in associates and joint venture 7,556,964 4,912,910 34,056,688 7,324,377 58,130,595 2,598,987 1,673,458 Fixed assets** 7,211 6,462,211 999,860 944,361 6,324,665 2,169,630 1,400,209 52,243 18,353,179 Others P23,084,677 P41,223,285 P7,164,586 ₽90,860,606 ₽18,990,876 P46,469,511 P12,966,443 ₽-P240,759,984 Segment Liabilities Contract liabilities P6,398,279 P366,754 P9,154,376 P-₽15,919,409 Short-term and long-term debt 681,969 948,056 350,000 35,768,032 9,248,131 5,561,613 52,557,801 7,460,691 9,631,757 2,370,872 14,384,813 2,128,284 3,554,071 82,652 39,613,140 Others P14,540,939 ₽10,946,567 P2,720,872 ₽59,307,221 ₽11,376,415 P9,115,684 ₽-₽82,652 P108,090,350 Other disclosures P372,898 ₽1,333,940 P-Property, plant and equipment additions (Note 12) P210,976 ₽2,518,089 P322,340 ₽1,785,592 ₽-₽6,543,835

1,550,894

Acquisition of land for future development (Note 7)



1,550,894

^{*}Revenue from construction segment includes sales and service revenue from Wire Rope.

^{**}Includes property, plant and equipment, investment properties and exploration and evaluation assets

| Year ended December 31, 2021 | | | | | | | | | |
|---|--------------|---|---------------|-------------|---|------------|------------|------------------------|--------------|
| | Construction | | | Real Estate | Power | Power | | Parent | |
| | and Others* | Coal Mining | Nickel Mining | Development | On-Grid | Off-Grid | Water | Company | Total |
| Revenue | ₽22,927,814 | ₽ 35,592,979 | P4,022,442 | ₽24,328,512 | ₽16,831,449 | P4,639,673 | ₽- | ₽- | P108,342,869 |
| Equity in net earnings of associates and joint ventures | - | _ | _ | 17,863 | - | - | 1,594,465 | - | 1,612,328 |
| Other income (expense) | 188,098 | 405,248 | 89,241 | 1,085,665 | 178,204 | 19,062 | | 3,737 | 1,969,255 |
| | 23,115,912 | 35,998,227 | 4,111,683 | 25,432,040 | 17,009,653 | 4,658,735 | 1,594,465 | 3,737 | 111,924,452 |
| Cost of sales and services (before depreciation and | | | | 147 | | | | | |
| amortization | 20,366,379 | 13,619,257 | 1,133,315 | 17,437,072 | 6,031,451 | 2,875,180 | _ | - | 61,462,654 |
| Government share (Note 24) | _ | 6,354,771 | _ | _ | _ | - | _ | _ | 6,354,771 |
| Operating expense (before depreciation and amortization) | 676,490 | 488,082 | 767,008 | 2,306,983 | 2,247,200 | 718,154 | | 57,726 | 7,261,643 |
| | 21,042,869 | 20,462,110 | 1,900,323 | 19,744,055 | 8,278,651 | 3,593,334 | - | 57,726 | 75,079,068 |
| EBITDA | 2,073,043 | 15,536,117 | 2,211,360 | 5,687,985 | 8,731,002 | 1,065,401 | 1,594,465 | (53,989) | 36,845,384 |
| Other income (expenses) | | | | | | | | | |
| Finance income (cost) (Notes 25 and 26) | (34,939) | (289,913) | (8,491) | 271,638 | (664,092) | (42,178) | _ | 23,537 | (744,438) |
| Depreciation and amortization (Notes 23 and 24) | (890,757) | (3,863,096) | (332,097) | (340,181) | (2,899,237) | (347,629) | _ | (1,662) | (8,674,659) |
| Pretax income | 1,147,347 | 11,383,108 | 1,870,772 | 5,619,442 | 5,167,673 | 675,594 | 1,594,465 | (32,114) | 27,426,287 |
| Provision for income tax (Note 28) | 192,856 | 89,751 | 213,181 | 891,400 | 280,371 | 87,003 | _ | 4,601 | 1,759,163 |
| Net income | P954,491 | ₽11,293,357 | P1,657,591 | P4,728,042 | P4,887,302 | ₽588,591 | P1,594,465 | (₽36,715) | ₽25,667,124 |
| Net income attributable to noncontrolling-interests | 25,720 | 4,950,344 | 216,309 | 7,465 | 2,073,055 | - | - | | 7,272,893 |
| Net income attributable to equity holders of the Parent Company | P928,771 | P6,343,013 | P1,441,282 | P4,720,577 | P2,814,247 | P588,591 | P1,594,465 | (P 36,715) | ₽18,394,231 |
| Segment Assets | | - 10 m - | | | | | 7 | | |
| Cash | ₽2,013,179 | P4,610,250 | P799,786 | P4,472,228 | ₽3,602,873 | ₽227,343 | ₽- | ₽2,616,359 | ₽18,342,018 |
| Receivables and contract assets | 12,779,930 | 4,433,532 | 336,803 | 28,367,197 | 2,636,970 | 1,498,936 | | 3,606 | 50,056,974 |
| Inventories | 1,681,636 | 7,335,508 | 240,757 | 41,352,233 | 3,205,828 | 392,911 | _ | _ | 54,208,873 |
| Investment in associates and joint venture | 58,380 | _ | _ | 910,204 | - 1 | - | _ | 16,554,292 | 17,522,876 |
| Fixed assets** | 3,224,602 | 7,194,858 | 4,810,768 | 1,846,968 | 36,625,392 | 5,979,481 | _ | 6,888 | 59,688,957 |
| Others | 5,407,199 | 1,049,960 | 737,009 | 5,413,720 | 1,632,192 | 1,030,514 | _ | 55,196 | 15,325,790 |
| | ₽25,164,926 | P24,624,108 | ₽6,925,123 | ₽82,362,550 | ₽47,703,255 | P9,129,185 | ₽- | P19,236,341 | P215,145,488 |
| Segment Liabilities | | | | | | | * | | |
| Contract liabilities | P7,136,885 | ₽38,664 | ₽58,968 | P9,166,423 | P- | ₽- | , P- | P- | ₽16,400,940 |
| Short-term and long-term debt | 1,158,224 | 3,363,603 | 350,000 | 32,634,592 | 11,703,032 | 3,839,150 | | | 53,048,601 |
| Others | 9,380,653 | 8,735,558 | 2,176,221 | 12,717,497 | 2,047,039 | 1,705,154 | - | 87,213 | 36,849,335 |
| - Carolina | ₽17,675,762 | ₽12,137,825 | P2,585,189 | ₽54,518,512 | ₽13,750,071 | P5,544,304 | P- | ₽87,213 | P106,298,876 |
| Other disclosures | | | | | | | | | |
| Property, plant and equipment additions (Note 12) | P770,279 | P3,246,371 | P413,929 | P572,760 | P2,480,842 | P1,100,745 | P- | P796 | ₽8,585,722 |
| Acquisition of land for future development (Note 7) | -110,213 | -0,240,071 | - 10,525 | 589,788 | -2,100,012 | F1,100,140 | | -130 | 589,788 |
| Transfer of undeveloped land (Notes 7 and 12) | | | | 140,134 | | | | | 140,134 |
| manarci or anacycloped land (notes i and 12) | | | | 140,104 | 400000000000000000000000000000000000000 | | _ | | 140,104 |



^{*}Revenue from construction segment includes sales and service revenue from Wire Rope.
**Includes property, plant and equipment, investment properties and exploration and evaluation assets

34. Financial Risk Management Objectives and Policies

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

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

a. Liquidity Risk

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

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

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

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

The following table summarizes the maturity profile of the Group's financial assets and financial liabilities as of December 31, 2023 and 2022, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Group's financial assets in order to provide a complete view of the Group's contractual commitments.

| | 2023 | | | | | | |
|------------------------------------|------------------|-----------------------------------|------------------------------------|-------------------|-------------|--|--|
| - W 11 | Within 1 year | Beyond 1 year up to 2 years | Beyond 2 years up to 3 years | Beyond 3 years | Total | | |
| Financial assets at amortized cost | | | * | | | | |
| Cash in banks and cash equivalents | ₽32,130,677 | P- | P- | P- | ₽32,130,677 | | |
| Receivables - net | | | | | | | |
| Trade: | | | | | | | |
| Coal mining | 5,945,199 | | | - | 5,945,199 | | |
| Electricity sales | 5,801,611 | | - | - | 5,801,611 | | |
| General construction | 4,011,467 | - | - | - | 4,011,467 | | |
| | | | | | | | |
| (Forward) | | | | | | | |
| Real estate | ₽3,319,660 | ₽- | ₽- | ₽- | ₽3,319,660 | | |
| Nickel mining | 81,895 | - | - | | 81,895 | | |
| Merchandising and others | 116,228 | - | - | - | 116,228 | | |
| | | | | | | | |



| | 2023 | | | | | | |
|--|--------------------|-----------------------------------|------------------------------------|-------------------|---------------|--|--|
| | Within 1 year | Beyond 1 year up to 2 years | Beyond 2 years up to 3 years | Beyond 3 years | Total | | |
| Receivables from related parties | 2,450,235 | - | - | - | 2,450,235 | | |
| Other receivables | 3,351,305 | - | - | | 3,351,305 | | |
| Other assets | | | | | | | |
| Refundable deposits | 2,163,914 | 382,741 | 13,648 | - | 2,560,303 | | |
| Deposit in escrow fund | 593,348 | - | | _ | 593,348 | | |
| | 59,965,539 | 382,741 | 13,648 | | 60,361,928 | | |
| Other Financial Liabilities | | | | | | | |
| Short-term debt** | 194,190 | _ | - | - | 194,190 | | |
| Accounts and other payables*** | 26,270,276 | - | - I | - | 26,270,276 | | |
| Liabilities for purchased land | 753,046 | 393,187 | 7,111 | 137,923 | 1,291,267 | | |
| Long-term debt** | 9,804,639 | 6,351,745 | 15,298,249 | 26,192,144 | 57,646,777 | | |
| Total undiscounted financial liabilities | 37,022,151 | 6,744,932 | 15,305,360 | 26,330,067 | 85,402,510 | | |
| Liquidity gap | ₽22,943,388 | (₽6,362,191) | (P 15,291,712) | (₽26,330,067) | (P25,040,582) | | |

^{*}Excluding cash on hand amounting to ₱27,401

^{***}Excluding nonfinancial liabilities

| | 2022 | | | | | |
|--|------------------|-----------------------------------|------------------------------------|-------------------|---------------|--|
| | Within 1 year | Beyond 1 year up to 2 years | Beyond 2 years up to 3 years | Beyond 3 years | Total | |
| Financial assets at amortized cost | | | | | | |
| Cash in banks and cash equivalents | ₱28,384,917 | ₽- | ₽- | ₽- | ₱28,384,917 | |
| Receivables - net | | | | | | |
| Trade: | | | | | | |
| Coal mining | 7,351,674 | - | - | - | 7,351,674 | |
| Electricity sales | 5,591,220 | - | - | - | 5,591,220 | |
| General construction | 4,753,634 | 209,512 | 1,217,351 | 93,689 | 6,274,186 | |
| Real estate | 3,458,309 | - | - | - | 3,458,309 | |
| Nickel mining | 118,850 | - | - | - | 118,850 | |
| Merchandising and others | 128,040 | | | - | 128,040 | |
| Receivables from related parties | 1,049,028 | · | - | - | 1,049,028 | |
| Other receivables | 4,548,792 | - | - | - | 4,548,792 | |
| Other assets | | | | | | |
| Refundable deposits | 855,987 | 411,241 | 24,058 | 25 | 1,291,311 | |
| Deposit in escrow fund | 504,277 | - | - | | 504,277 | |
| Medical property and the second | 56,744,728 | 620,753 | 1,241,409 | 93,714 | 58,700,604 | |
| Other Financial Liabilities | | | / / | * 12 1 1 1 1 1 1 | | |
| Short-term debt** | 1,185,889 | - | - | - | 1,185,889 | |
| Accounts and other payables*** | 27,703,544 | - | - | - | 27,703,544 | |
| Liabilities for purchased land | 960,623 | 697,044 | 9,111 | 137,923 | 1,804,702 | |
| Long-term debt** | 6,282,463 | 9,756,022 | 9,073,171 | 32,206,740 | 57,318,396 | |
| Total undiscounted financial liabilities | 36,132,519 | 10,453,066 | 9,082,282 | 32,344,663 | 88,012,531 | |
| Liquidity gap | ₱20,612,209 | (₱9,832,313) | (P7,840,873) | (₱32,250,949) | (₱29,311,926) | |

^{*}Excluding cash on hand amounting to ₱23,557

^{**}Including future interest payment.

^{**}Including future interest payment.

b. Market Risk

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

The sensitivity analyses have been prepared on the following bases:

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

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

c. Equity Price Risk

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

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

The analyses below are performed for reasonably possible movements in the Philippine Stock Exchange (PSE) index for quoted shares and other sources for golf and club shares with all other variables held constant, showing the impact on equity:

| | | | Effect on eq | uity |
|--------|-------------|---------|----------------------|---------|
| | Change in v | ariable | (Other comprehensive | income) |
| | 2023 | 2022 | 2023 | 2022 |
| PSE | -33.30% | -1.41% | (₽12,814) | (P464) |
| | +33.30% | +1.41% | 12,814 | 464 |
| Others | +19.93% | +23.72% | 7,669 | 7,800 |
| | -19.93% | -23.72% | (7,669) | (7,800) |

The sensitivity analyses shown above are based on the assumption that the movement in PSE composite index and other quoted equity securities will be most likely be limited to an upward or downward fluctuation of 33.30% and 19.93% in 2023 and 1.41% and 23.72% in 2022, respectively.

The Group, used as basis of these assumptions, the annual percentage change in PSE composite index and annual percentage change of quoted prices as obtained from published quotes of golf and club shares.

The impact of sensitivity of equity prices on the Group's equity excludes the impact on transactions affecting the consolidated statements of income.

d. Commodity Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency



risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Coal

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

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

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

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

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

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

| 2023 | 2022 |
|--------|------------------|
| 33.59% | 41.76% |
| 66.41% | 58.24% |
| 100% | 100% |
| | 33.59% 66.41% |



The following table shows the effect on income before income tax should the change in the prices of coal occur based on the inventory of the Group as of December 31, 2023 and 2022 with all other variables held constant. The change in coal prices used in the simulation assumes fluctuation from the lowest and highest price based on 1-year historical price movements in 2023 and 2022.

| | Effect on income before income tax | | |
|---|------------------------------------|-------------|--|
| Change in coal price | 2023 | 2022 | |
| Based on ending coal inventory | | | |
| Increase by 29% in 2023 and 19% in 2022 | ₽774,424 | ₽1,088,405 | |
| Decrease by 29 % in 2023 and 19% in 2022 | (774,424) | (1,088,405) | |
| Based on coal sales volume | | | |
| Increase by 33% in 2023 and 18% in 2022 | ₱13,164,053 | ₽9,880,538 | |
| Decrease by 33% in 2023 and 18% in 2022 | (13,164,053) | (9,880,538) | |

Interest Rate Risk

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

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

| | | 2023 | , |
|-------------------------------|------------------------|------------------------------------|-----------------------|
| | Change in basis points | Effect on income before income tax | Effect on equity |
| Peso floating rate borrowings | +100 bps -100 bps | (₱108,537) 108,537 | (₱81,403) 81,403 |
| | | 2022 | |
| | betanie in | Effect on income | |
| | Change in | before | |
| | basis points | income tax | Effect on equity |
| Peso floating rate borrowings | +100 bps -100 bps | (₱227,669) 227,669 | ₽170,751 (170,751) |

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

f. Foreign Currency Risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's currency risks arise mainly from cash and cash equivalents, receivables, accounts and other payable, short-term loans and longterm loans of the Group which are denominated in a currency other than the Group's functional currency. The effect on the Group's consolidated statements of income is computed based on the carrying value of the floating rate receivables as at December 31, 2023 and 2022.

The Group does not have any foreign currency hedging arrangements.

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

| | Increase (decre foreign current | | Effect on incon before income tax (i | |
|---------------------------|------------------------------------|--------|--------------------------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| US Dollar ¹ | +2.54% | +3.32% | ₽176,921 | ₽549,353 |
| | -2.54% | -3.32% | (176,921)) | (549,353) |
| Japanese Yen ² | +5.98% | +5.95% | 4,152 | 15,074 |
| | -5.98% | -5.95% | (4,152) | (15,074) |
| UK Pounds ³ | +0.29% | +5.74% | . 1 | 39 |
| | -0.29% | -5.74% | (1) | (39) |
| E.M.U. Euro ⁴ | +1.61% | +3.64% | 831 | 3,239 |
| | -1.61% | -3.64% | (831) | (3,239) |

1. The exchange rates used were P55.57 to \$1 and P56.12 to \$1 for the year ended December 31, 2023 and 2022, respectively 2. The exchange rates used were P0.39 to ¥1 and P0.42 to ¥1 for the year ended December 31, 2023 and 2022, respectively 3. The exchange rates used were P70.76 to £1 and P67.44 to £1 for the year ended December 31, 2023 and 2022, respectively.

rates used were P61.47 to €1 and P59.55 to €1 for the year ended December 31, 2023 and 2022, r

Information on the Group's foreign currency-denominated monetary assets and liabilities and their Philippine Peso equivalents as of December 31, 2023 and 2022 follows:

2023

| U.S. Dollar | Japanese Yen | UK Pounds | E.M.U Euro | Equivalent in PHP |
|-------------|---------------------------------------|-----------|--------------------------------------|---|
| | | | | |
| | | | | |
| \$154,455 | ¥152,131 | £4 | €486 | ₽8,668,206 |
| 71,092 | 24,445 | _ | 353 | 3,981,251 |
| 300 | _ | - | - | 16,611 |
| 225,847 | 176,576 | 4 | 839 | 12,666,068 |
| | | | | |
| | | | | |
| (100,264) | - | | - | (5,571,280) |
| \$125,583 | ¥176,576 | £4 | €839 | ₽7.094.788 |
| | 71,092 300 225,847 (100,264) | \$154,455 | U.S. Dollar Yen UK Pounds \$154,455 | U.S. Dollar Yen UK Pounds E.M.U Euro \$154,455 ¥152,131 £4 €486 71,092 24,445 - 353 300 - - - 225,847 176,576 4 839 |





2022

| | | Japanese | | | Equivalent |
|--|-------------|------------|-----------|------------|-------------|
| | U.S. Dollar | Yen | UK Pounds | E.M.U Euro | in PHP |
| Financial assets | | | | | |
| Cash and cash | | | | | |
| equivalents | \$186,707 | ¥1,436,887 | £51 | €3,532 | ₱13,505,652 |
| Receivables | 29,984 | 296,938 | - | 945 | 1,861,612 |
| Advances | 300 | - | - | - | 16,727 |
| 1/2-11-11-11-11-11-11-11-11-11-11-11-11-11 | 216,991 | 1,733,825 | 51 | 4,477 | 15,383,991 |
| Financial liabilities | | | | | |
| Accounts payable | | , | | | |
| and accrued | | | | | |
| expenses | (71,239) | - | (10) | _ | (3,997,655) |
| | \$145,752 | ¥1,733,825 | £41 | €4,477 | ₱11,386,336 |

The effect on the Group's income before tax is computed on the carrying value of the Group's foreign currency denominated financial assets and liabilities as at December 31, 2023 and 2022.

g. Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's maximum exposure to credit risk for the components of the consolidated statements of financial position at December 31, 2023 and 2022 is the carrying amounts except for real estate receivables. The Group's exposure to credit risk arises from default of the counterparties which include certain financial institutions, real estate buyers, subcontractors, suppliers and various electric companies. Credit risk management involves dealing only with recognized, creditworthy third parties. It is the Group's policy that all counterparties who wish to trade on credit terms are subject to credit verification procedures. The Treasury Department's policy sets a credit limit for each counterparty. In addition, receivable balances are monitored on an ongoing basis. The Group's financial assets are not subject to collateral and other credit enhancement except for real estate receivables. As of December 31, 2023 and 2022, the Group's exposure to bad debts is significant for the power on-grid segment and those with doubtful of collection had been provided with allowance as discussed in Note 5.

Real estate contracts

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

The Group uses vintage analysis approach to calculate ECLs for real estate receivables. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability of default model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 5. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another CTS to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default (i.e., recovery rate is more than 100%). The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Electricity sales

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

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

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

Coal mining and nickel mining

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

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

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





General construction

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

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

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

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

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

The tables below present the summary of the Group's exposure to credit risk as of December 31 and show the credit quality of the assets by indicating whether the assets are subjected to the 12-month ECL or lifetime ECL.

| | | 2023 | | |
|------------------------------------|--------------|--------------|-----------------|-------------|
| | | Lifetime ECL | 1775 | |
| | | Not credit | Lifetime ECL | |
| | 12-month ECL | impaired | Credit impaired | Total |
| Cash in bank and cash equivalents* | ₽32,130,677 | ₽_ | P- | ₽32,130,677 |
| Receivables | - | | | |
| Trade | | | | |
| Coal mining | _ | 5,903,272 | 41,927 | 5,945,199 |
| Electricity sales | _ | 4,892,360 | 909,251 | 5,801,611 |
| General construction | _ | 4,011,467 | _ | 4,011,467 |
| Real estate | - | 3,319,660 | - | 3,319,660 |
| Merchandising | _ | 116,228 | - | 116,228 |
| Nickel mining | _ | 81,895 | - 1 | 81,895 |
| Receivable from related parties | _ | 2,450,235 | - | 2,450,235 |
| Other receivables | _ | 2,489,989 | 861,316 | 3,351,305 |
| Refundable deposits | 2,560,303 | | | 2,560,303 |
| Deposit in escrow funds | 593,348 | _ | | 593,348 |
| Total | P35,284,328 | P23,265,106 | ₱1,812,494 | ₱60,361,928 |

*Excludes cash on hand amounting to ₱27,401



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

| | | 2022 | | |
|------------------------------------|---------------|---------------------|-----------------|-------------|
| | Total Control | Lifetime ECL | Lifetime ECL | |
| | 12-month ECL | Not credit impaired | Credit impaired | Total |
| Cash in bank and cash equivalents* | ₽28,384,917 | ₽- | ₽- | ₽28,384,917 |
| Receivables | | | | |
| Trade | | | | |
| Coal mining | _ | 7,309,747 | 41,927 | 7,351,674 |
| Electricity sales | _ | 4,714,647 | 876,573 | 5,591,220 |
| General construction | - | 6,274,186 | _ | 6,274,186 |
| Real estate | - | 3,458,309 | _ | 3,458,309 |
| Merchandising | _ | 128,040 | _ | 128,040 |
| Nickel mining | - | 118,850 | - | 118,850 |
| Receivable from related parties | _ | 1,049,028 | _ | 1,049,028 |
| Other receivables | _ | 3,686,096 | 862,696 | 4,548,792 |
| Refundable deposits | 1,291,311 | _ | _ | 1,291,311 |
| Deposit in escrow funds | 504,277 | - | _ | 504,277 |
| Total | ₽30,180,505 | ₽26,738,903 | ₽1,781,196 | ₽58,700,604 |

^{*}Excludes cash on hand amounting to ₱23,557

Fair Value of Financial Instruments

The table below presents a comparison by category of carrying amounts and estimated fair values of all the Group's financial instruments as of December 31, 2023 and 2022:

| | 20 |)23 | 2022 | | |
|---------------------------------------|----------------|-------------|----------------|-------------|--|
| | Carrying Value | Fair Value | Carrying Value | Fair Value | |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalents | | | | | |
| Cash in banks | ₽8,211,582 | ₽8,211,582 | ₽8,420,891 | ₽8,420,891 | |
| Cash equivalents | 23,919,095 | 23,919,095 | 19,964,026 | 19,964,026 | |
| Receivables - net | | | | | |
| Trade | | | | | |
| General construction | 4,011,467 | 4,011,467 | 6,274,186 | 6,274,186 | |
| Real estate | 3,319,660 | 3,319,660 | 3,458,309 | 3,458,309 | |
| Electricity sales | 4,904,679 | 4,904,679 | 4,714,647 | 4,714,647 | |
| Coal mining | 5,903,272 | 5,903,272 | 7,309,747 | 7,309,747 | |
| Nickel mining | 81,895 | 81,895 | 118,850 | 118,850 | |
| Merchandising and others | 116,228 | 116,228 | 128,040 | 128,040 | |
| Receivable from related parties | 2,450,235 | 2,450,235 | 1,049,028 | 1,049,028 | |
| Other receivables | 2,477,670 | 2,477,670 | 3,686,096 | 3,686,096 | |
| Refundable deposits | 2,560,303 | 2,560,303 | 1,291,311 | 1,291,311 | |
| Deposit in escrow fund | 593,348 | 593,348 | 504,277 | 504,277 | |
| Manager Land | 58,549,434 | 58,549,434 | 56,919,408 | 56,919,408 | |
| Equity investment designated at FVOCI | | | | | |
| Quoted securities | 227,494 | 227,494 | 184,409 | 184,409 | |
| Unquoted securities | 2,177 | 2,177 | 2,177 | 2,177 | |
| | 229,671 | 229,671 | 186,586 | 186,586 | |
| | ₽58,779,105 | ₽58,779,105 | ₽57,105,994 | ₽57,105,994 | |
| Other Financial Liabilities | | | | | |
| Accounts and other payables* | P23,286,504 | P23,286,504 | ₽23,231,704 | ₽23,231,704 | |
| Liabilities for purchased land | 1,291,267 | 1,019,634 | 1,804,701 | 1,514,848 | |
| Short-term and long-term debt | 49,469,322 | 52,165,226 | 52,557,801 | 55,699,285 | |
| | ₽74,047,093 | ₽76,471,364 | ₽77,594,206 | ₽80,445,837 | |

^{*}Excludes liabilities to the government

Financial assets

The fair values of cash and cash equivalents and receivables approximate their carrying amounts as of reporting dates due to the short-term nature of the transactions.

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

Financial liabilities

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

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

The discount rates used for long-term debt range from 4.59% to 7.11% and 3.19% to 6.59% in 2023 and 2022, respectively. The discount rates used for liabilities for purchased land range from 5.87% to 5.94% in 2023 and 5.22% to 6.46% in 2022.

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

Asset held-for-sale

The fair value less costs to sell is the estimated price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. This was based from offers received from buyers in the advanced stage of negotiations, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing the asset (e.g. dismantling and handling costs). The fair value of asset held-for-sale is based on level 3 inputs.

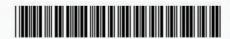
There has been no reclassification from Level 1 to Level 2 or 3 category as of December 31, 2023 and 2022.

35. Contingencies and Commitments

a. Effectivity of Revenue Regulations (RR) 1-2018

On January 5, 2018, RR 1-2018 took effect pursuant to the effectivity of the Tax Reform for Acceleration and Inclusion (TRAIN) law beginning January 1, 2018. Among others, the new tax law raised the excise tax rates on domestic and imported coal from ₱10.00 per metric ton (MT) to ₱50.00 per MT in the first year of implementation, ₱100.00/MT in the second year, and ₱150.0/MT in the third and succeeding years. Based also on the RR, coal produced under coal operating contracts entered into by the Government pursuant to PD No. 972, as well as those exempted from excise tax on mineral products under other laws, shall now be subject to the applicable rates beginning January 1, 2018.

On February 21, 2018, the Group requested for a clarification on this with the tax bureau and submitted a supplemental letter explaining why the excise tax provisions on coal under the TRAIN



law will not apply to the Group under the terms and conditions of its COC with the DOE. In response, on December 17, 2018, Revenue Memorandum Circular (RMC) No. 105-2018 was issued, clarifying the payment of excise tax on domestic coal sales and specifically identifying the Group as merely a collecting agent (the Group collected from customers and remitted to the tax bureau). The RMC did not provide for the excise tax treatment of export coal sales (per RMC, this will be tackled in a separate revenue memorandum issuance), but management believes that the Group is similarly not liable for this under the terms of its existing COC. Given this, management believes that both the timing and the amount of excise tax on exported coal that will be due from the Group, if any, are uncertain as of December 31, 2023 and 2022 and will only be confirmed when the said issuance will be issued by the tax bureau.

b. DOE Resolution on Violation of Accreditation of Coal Traders

On May 23, 2019, the trial shipment of 4,768.737 MT of the Group was shipped and delivered to Gold Anchorage Stevedoring and Arrastre Services, Inc. (GASAI). On June 6, 2019, the Group received an Order dated June 4, 2019 from the DOE directing the SMPC to: (a) File a verified Answer within 30 days from receipt; and (b) cease and desist from doing coal trading activities and operations. Order also states that the coal trader accreditation of SMPC is suspended until further notice.

On July 5, 2019, the Group filed its Verified Answer arguing that: (a) sale and delivery of coal to GASAI was done in good faith; (b) the cease and desist order (CDO) and suspension is disproportionately severe under the circumstances as it should only be directed to trading done with GASAI; and c) imposition of fines is only applicable to those entities who are not accredited.

On July 10, 2019, the Group wrote the DOE requesting deferment of that implementation of the CDO and/or suspension pending resolution of the DOE.

On July 12, 2019, the DOE held in abeyance the imposition of the implementation of the CDO subject to the following conditions:

- Order of abeyance is effective only for 30 days or until resolution of the Answer, whichever comes earlier;
- the Group to continue with its existing coal contracts, but shall not enter as party to any new coal supply agreement; and,
- the Group should faithfully comply with its commitments and obligations as an accredited coal trader.

On November 19, 2019, the Group received the DOE Resolution dated October 15, 2019 imposing the following penalties:

- Suspension of coal trading activities for 1 month, except to the Group-owned and other powerplants with existing coal supply agreements; and,
- Monetary penalty of ₱1.74 million.



- 104 -

On November 20, 2019, a motion for reconsideration to the Resolution dated October 15, 2019 was filed with the following prayer:

- The Resolution is null and void as it was issued in violation of the DOE Rules of Procedure; and.
- The CDO and Resolution are onerous and overbroad in scope as it was applied to unrelated transactions (not GASAI's) and inconsistent with the objectives of the Accreditation Guidelines.

On November 25, 2019, an amended motion for reconsideration was filed by the Group. On January 3, 2020, the Group received letter from the DOE dated December 26, 2019 directing the former to file its position paper relative to the CDO in which the Group filed on January 10, 2020.

On March 16, 2021, DOE resolved to modifying its October 15, 2019 resolution as follows:

- Ordering payment of a fine of ₱610,000.00 instead
- · Removal of the penalty of one-month suspension of the Company coal trader accreditation.

The Group paid penalty on March 31, 2021.

c. Operating Lease Commitment - as a Lessee

Land Lease Agreement

The Group entered an LLA with PSALM for the lease of land where the Power Plant is situated, for the period of 25 years, renewable for another 25 years upon mutual agreement. In 2009, the Group paid US\$3.19 million or its Peso equivalent ₱150.57 million as advance rental for the 25-year land lease.

Provisions of the LLA include that the Company has the option to buy the Option Assets upon issuance of an Option Existence Notice (OEN) by the lessor. Option assets are parcels of land that form part of the leased premises which the lessor offers for sale to the lessee.

The Group was also required to deliver and submit to the lessor a performance security amounting to \$\textstyle{2}34.83\$ million in the form of Stand-by Letter of Credits. The Performance Security shall be maintained by the Company in full force and effect continuously without any interruption until the Performance Security expiration date. The Performance Security initially must be effective for the period of one year from the date of issue, to be replaced prior to expiration every year thereafter and shall at all times remain valid.

In the event that the lessor issues an OEN and the Group buy the option assets, the land purchase price should be equivalent to the highest of the following and/or amounts:
(i) assessment of the Provincial Assessors of Batangas Province; (ii) the assessment of the Municipal or City Assessor having jurisdiction over the particular portion of the leased premises; (iii) the zonal valuation of Bureau of Internal Revenue or, (iv) 21.00 per square meter (dollar). Valuation basis for (i) to (iii) shall be based on the receipt of PSALM of the option to exercise notice.

The exchange rate to be used should be the Philippine Dealing Exchange rate at the date of receipt of PSALM of the option to exercise notice.

On July 12, 2010, PSALM issued an OEN and granted the Company the "Option" to purchase parcels of land (Optioned Assets) that form part of the leased premises.

The Company availed of the "Option" and paid the Option Price amounting to US\$0.32 million (P 14.72 million) exercisable within one (1) year from the issuance of the Option Existence Notice.

On April 28, 2011, the Group sent a letter to PSALM requesting the assignment of the option to purchase a lot with an area of 82,740 square meters in favor of the Group. On May 5, 2011, PSALM approved the assignment. On June 1, 2011, the Group exercised the land lease option at a purchase price of \$\mathbb{P}\$292.62 million and is included as part of "Property, plant and equipment".

On October 12, 2011, the Group reiterated its proposal to purchase the remainder of the Leased Premises not identified as Optioned Assets. One of the salient features of the proposal included the execution of Contract to Sell (CTS) between the Group and PSALM. This included the proposal of the Group to assign its option to purchase and sub-lease in favor of SLPGC.

On February 13, 2012, PSALM held off the approval of the proposal to purchase the portion of Calaca Leased Premises not identified as Optioned Assets, subject to further studies. On the same date, PSALM Board approved the Company's request to sub-lease a portion of the Calaca Leased Premises to SLPGC for the purpose of constructing and operating a power plant.

On February 14, 2014, the Group reiterated its proposal to purchase the Calaca Leased Premises not identified as Optioned Assets.

On February 1, 2017, the Group again reiterated to PSALM its proposal to purchase the Calaca Leased Premises.

On August 15, 2017, the Group exercised its option to purchase for a lot with an area of 9,548 square meters at a price of ₱10.56 million.

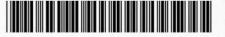
On September 24, 2019, PSALM informed the Group regarding lots ready for OEN issuance. On February 11, 2020, Group wrote PSALM seeking clarifications on the status of lots available for OEN.

On June 30, 2021, the Group exercised its option to purchase lots with a total area of 19,304 square meters for a consideration of \$\mathbb{P}43.11\$ million (see Notes 12 and 32).

On December 27, 2023, PSALM wrote informing the Company that certain lots with an area of 389,357 square meters may be considered for OEN issuance under the principle of "just cause of exclusive possession". The Company, in its letter dated January 24, 2024, to PSALM inquired if an adjustment in the final price of lots can be made since titles have yet to be issued to PSALM and since portions of the lots are submerged in seawater. PSALM replied on January 29, 2024, and reiterated the OEN when issued will be an "as-is-where-is' basis. To date, the Company has yet to consider whether to accede to the position of PSALM.

Foreshore lease

On April 2009, National Power Corporation (NAPOCOR or "NPC") and the Department of Environment and Natural Resources -CENRO (DENR-CENRO) entered to a 25-year foreshore lease agreement. On July 29, 2009, DMCI HI won the open and competitive bidding of the 600MW Batangas Coal-Fired Thermal Power Plant conducted by PSALM. Subsequently, the rights of DMCI HI on the 600MW Batangas Coal-Fired Thermal Power Plant was assigned to SCPC. PSALM and SCPC executed the Deed of Sale on the power plant. On December 29, 2011, NPC transferred its rights over the foreshore lease with DENR-CENRO thru an execution of Deed of Assignment in which the Company unconditionally agrees to assume all rights and obligations under the Foreshore Lease Contract. Lease payments is subject to reappraisal every



- 106 -

10 years of the contract. On the first 10 years of the lease, the rate is ₱2.65 million. The rate was reappraised in May 3, 2019. Starting April 2019, the rate will be ₱3.88 million until reappraised in 2029. Refer to Note 32 for the information and related disclosures.

d. DMCI Joint ventures and consortium agreements

DMCI entered into the following joint venture and consortium agreements:

2017

 Cebu Link Joint Venture (CLJV), unincorporated joint venture between Acciona Construccion S.A, First Balfour, Inc and DMCI and is engaged in Engineering, Procurement and Construction contract related to the concession for the Cebu-Cordova Link Expressway. Corresponding interest of DMCI in CLJV is at 15%.

2018

- Taisei DMCI Joint Venture (TDJV), unincorporated joint venture between Taisei Corporation
 and DMCI and is engaged to construct the elevated structures, stations and depot of the
 North-South Commuter Railways Project (Malolos-Tutuban; the Project). Corresponding
 interest of DMCI in TDJV is at 49%.
- VA Tech Wabag-DMCI Joint Venture, unincorporated joint venture between VA Tech Wabag Limited and DMCI and is engaged in the rehabilitation, retrofitting and process improvement of La Mesa Water Treatment Plant 2 Project. The scope of work and allocation of contract price is agreed by the partners in the consortium agreement.

2019

- Marubeni-DMCI Consortium, consortium between Marubeni Corporation and DMCI and is
 engaged for the Procurement of Trackwork, Electrical and Mechanical Systems and
 Integration with Existing System for LRT 2 East (Masinag) Extension Project. The scope of
 work and allocation of contract price is agreed by the partners in the consortium agreement.
 DMCI was allocated 29% of total contract price.
- PBD Joint Venture (PBDJV), 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%.

2020

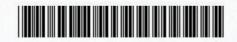
 AA-DMCI Consortium, consortium between Acciona Agua, S.A and DMCI and is engaged for the design and build of 150 MLD Laguna Lake Water Treatment Plant. The scope of work and allocation of contract price is agreed by the partners in the consortium agreement. DMCI allocated is 60% of total contract price.

2022

NCC-DMCI Joint Venture, unincorporated joint venture between DMCI and Nishimatsu
Construction Co., Ltd. The joint venture is registered with the BIR on December 15, 2022 to
construct two underground stations (Quezon Avenue and East Avenue) of the Metro Manila
Subway Station project of the Department of Transportation (DOTr). The respective interests
of the Parties in the Joint Venture are 67% to Nishimatsu and 33% to DMCI.

2023

 Acciona DMCI 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.

 As of March 5, 2024, the Company has not incurred significant costs in relation to the joint operation.

e. Others

The Group is a party to certain proceedings and legal cases with other parties in the normal course of business. The ultimate outcome of these proceedings and legal cases cannot be presently determined. Management, in consultation with its legal counsels, believes that it has substantial legal and factual bases for its positions and is currently of the opinion that the final resolution of these claims will not have a material effect on the financial statements.

The Group is also contingently liable with respect to certain taxation matters, lawsuits and other claims which are being contested by management, the outcome of which are not presently determinable. Management believes that the final resolution of these claims will not have a material effect on the Group financial statements. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of pending assessments, lawsuits and claims.

36. Other Matters

a. Electric Power Industry Reform Act (EPIRA)

WESM

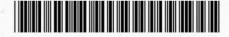
With the objective of providing competitive price of electricity, the EPIRA authorized DOE to constitute an independent entity to be represented equitably by electric power industry participants and to administer and operate WESM. WESM will provide a mechanism for identifying and setting the price of actual variations from the quantities transacted under contracts between sellers and purchasers of electricity.

In addition, the DOE was tasked to formulate the detailed rules for WESM which include the determination of electricity price in the market. The price determination methodology will consider accepted economic principles and should provide a level playing field to all electric power industry participants. The price determination methodology was subject to the approval of the ERC.

In this regard, the DOE created PEMC to act as the market operator governing the operation of WESM. On June 26, 2006, WESM became operational in the Luzon grid and adopts the model of a "gross pool, net settlement" electricity market.

In 2017, the Board of PEMC approved the transition plan for the creation of an independent market operator (IMO), paving the way for the state firm to finally relinquish control of the WESM.

On February 4, 2018, the DOE published Department Circular No. DC2018-01-0002, "Adopting Policies for the Effective and Efficient Transition to the Independent Market Operator for the Wholesale Electricity Spot Market". This Circular shall take effect immediately after its publication in two (2) Newspapers of general circulation and shall remain in effect until otherwise revoked. Pursuant to Section 37 and Section 30 of the EPIRA, jointly with the electric power participants, the DOE shall formulate the detailed rules for the wholesale electricity spot market. Said rules shall provide the mechanism for determining the price of electricity not covered by bilateral contracts between sellers and purchasers of electricity users. The price determination



methodology contained in the said rules shall be subject to the approval of ERC. Said rules shall also reflect accepted economic principles and provide a level playing field to all electric power industry participants.

b. Clean Air Act

On November 25, 2000, the Implementing Rules and Regulations (IRR) of the Philippine Clean Air Act (PCAA) took effect. The IRR contains provisions that have an impact on the industry as a whole and on the Company in particular, that need to be complied with within 44 months (or until July 2004) from the effectivity date, subject to the approval by Department of Environment and Natural Resources. The power plant of the Group uses thermal coal and uses a facility to test and monitor gas emissions to conform to Ambient and Source Emissions Standards and other provisions of the Clean Air Act and its IRR. Based on the Company's initial assessment of its power plant's existing facilities, it believes that it is in full compliance with the applicable provisions of the IRR of the PCAA as of December 31, 2023 and 2022.

c. Competitive Selection Process (CSP)

On June 11, 2015, DOE Circular No. DC2015-06-0008, "Mandating All Distribution Utilities to Undergo CSP In Securing PSAs", was signed, requiring all Distribution Utilities (DUs) to conduct a CSP in procuring PSAs. The CSP shall be conducted by a qualified third party duly recognized by the DOE and ERC and, in the case of Electric Cooperatives (ECs), shall be recognized by the National Electrification Administration (NEA). The CSP shall conform with aggregation of DU's uncontracted demand requirement, annual conduct of CSP, and a uniform PSA Template on the terms and conditions to be issued by the ERC and DOE. The circular does not apply to PSAs with tariff rates already approved and/or have been applied for approval by the ERC before the effectivity of the circular. The DOE shall enforce and monitor compliance and the penalty provision through ERC.

On October 20, 2015, the DOE and ERC released Joint Resolution No. 1 (2015), "A Resolution Enjoining All Distribution Utilities to Conduct Competitive Selection Process (CSP) in the Procurement of Supply for Their Captive Market". The DOE and ERC recognize that CSP in the procurement of PSAs by the DUs engenders transparency, enhances security of supply, and ensure stability of electricity prices to captive electricity end-users in the long-term.

On the same day, the ERC signed Resolution No. 13, Series of 2015, "A Resolution Enjoining All Distribution Utilities to Conduct Competitive Selection Process (CSP) in the Procurement of Supply for Their Captive Market". The resolution prescribes that all PSAs shall be awarded to the winning Generation Company following a successful transparent CSP, or by Direct Negotiation in the event of two (2) failed CSPs, and that DUs may adopt any accepted form of CSP. This resolution does not apply to PSAs already filed with the ERC as of its effectivity.

On March 15, 2016, the ERC released Resolution No. 1 Series of 2016, "A Resolution Clarifying the Effectivity of ERC Resolution No.13, series of 2015". The resolution postponed the effectivity of ERC Resolution No.13, Series of 2015 to April 30, 2016. All PSAs executed on or after the said date shall be required, without exception, to comply with the provisions of the CSP resolution. There should be at least two qualified bids for the CSP to be considered as successful and lastly, the DU shall adopt the Terms of Reference prescribed in Section 2 of ERC Resolution No. 13, Series of 2015. On PSA's with provisions on automatic renewal or extension of term, it shall apply that PSA's approved by ERC or filed before the effectivity of Resolution No. 1, may have one (1) automatic renewal or extension for a period not exceeding one (1) year from the end of their respective terms. There will be no automatic renewal or extension of PSAs upon effectivity of Resolution No. 1.



On February 9, 2018, the DOE published Department Circular No. DC2018-02-0003, "Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market". This Circular shall take effect immediately after its publication in two (2) Newspapers of general circulation and shall remain in effect until otherwise revoked. There are five (5) governing principles in the Policy (1) Transparency in the conduct of CSP through wide dissemination of bid opportunities and participation of all generation companies (GenCos); (2) Competitiveness by extending equal opportunity to eligible and qualified GenCos to participate in the CSP; (3) Least cost manner in ensuring that each distribution utility (DU) is able to meet the demand for its captive market at any given time; (4) Simple, streamlined and efficient procurement process applicable to the specific requirements of each Distribution Development Plan; and (5) Accountability involved in the procurement process and implementation of the Power Supply Agreement awarded under CSP.

d. Retail Competition and Open Access (RCOA)

Under Section 31 of the Electric Power Industry Reform Act (EPIRA) of 2001, RCOA shall be implemented. In Retail Competition, the Contestable Market are provided electricity by Retail Suppliers through Open Access, wherein qualified Persons are allowed to use the Transmission, and/or Distribution Systems and their associated facilities. The implementation of RCOA is subject to the following conditions: a. Approval of the unbundled transmission and distribution wheeling charges; b. initial implementation of the cross subsidy removal scheme; c. Establishment of the WESM; d. Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and e. Transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP Administrators.

Upon satisfying these conditions, the ERC declared 26 December 2012 as the Open Access Date where end-users who have an average monthly peak demand for the preceding 12 months, as indicated by a single utility meter, of at least 1MW (the threshold level) qualifies as Contestable Customers (CCs) making up the Contestable Market (Phase 1). After a six-month Transition Period, on 26 June 2013, Retail Supply Contracts (RSCs) entered into by and between the Ccs and their chosen Suppliers were implemented. Phase 2 implementation was set to begin two (2) years after Phase 1. During Phase 2, the threshold level shall be reduced to 750 kW and Aggregators shall be allowed to supply electricity to End-users whose aggregate monthly average peak demand within a Contiguous Area is at least 750 kW. Subsequently and every year thereafter, the ERC shall evaluate the performance of the market. On the basis of such evaluation, it shall gradually reduce the threshold level until it reaches the

On the basis of such evaluation, it shall gradually reduce the threshold level until it reaches the household demand level.

On May 12, 2016, ERC Resolution No. 10 (2016), "A Resolution Adopting the Revised Rules for Contestability", was signed. These revised rules aim to clarify and establish the conditions and eligibility requirements for End-users to be part of the Contestable Market; to set the threshold level for the Contestable Market; to ensure the efficient transition towards full contestability and to ensure consumer protection and enhance the competitive operation of the retail electricity market.

The Resolution states that the Threshold Reduction Date covering End-users with an average monthly peak demand of at least 750 kilowatts (750 kW) for the preceding 12 months, is set to June 26, 2016. Thus, on such date, all End-users with an average monthly peak demand of at least 1 MW (1MW Customers) and 750 kW (750kW Customers), which have been issued Certificates of Contestability by the ERC, shall be allowed to contract with any RES on a voluntary basis. Thereafter, an End-user with an average monthly peak demand of at least 1MW is hereby mandated to enter into RSC with a RES by its mandatory contestability date of December 26, 2016 (This was moved by the ERC to 26 February 2017 through ERC Resolution No. 28 (2016), "Revised Timeframe for Mandatory Contestability, Amending Resolution



- 110 -

No. 10, series of 2016, entitled Revised Rules for Contestability" signed on November 15, 2016. Subsequently, an End-user with an average monthly peak demand of at least 750kW is hereby mandated to enter into an RSC with a RES by its mandatory contestability date of June 26, 2017. The lowering of the threshold to cover an end-user with an average monthly peak demand of at least 500kW is set on June 26, 2018, subject to the review of the performance of the retail market by the ERC. Corollary, in its review of the performance of the retail market, the ERC shall establish a set of criteria as basis for the lowering of the contestability threshold. Retail Aggregation shall subsequently be allowed on June 26, 2018. During this phase, suppliers of electricity shall be allowed to contract with end-users whose aggregate demand within a Contiguous Area is at least 750 kW. Retail Competition and Open Access shall be effective only in grids where the WESM is operational.

On February 21, 2017, the Supreme Court issued a Temporary Restraining Order (TRO), G.R. No. 228588, on the implementation of several ERC Resolutions and a DOE Circular concerning the RCOA. ERC Res 10 & 28, Series of 2016 were among them. In a joint advisory on February 24, 2017, the DOE, ERC and PEMC said that they are in a process of drafting a general advisory for the guidance of RCOA Stakeholders. Issues to be considered are: 1) those who have already executed RSCs and were already registered and switched shall continue to honor their respective RSCs; 2) ongoing applications for registration filed before the Central Registration Body (CRB) may proceed voluntarily; 3) applicants who wish to withdraw or defer their registration before the CRB may do so consistent with the Retail Market Rules provided that the CRB shall not be liable for any legal repercussions that may arise out of the contestable customers' contractual obligations; and 4) remaining contestable customers who have not yet secured their RSCs may continue to negotiate and exercise their power to choose.

e. Renewable Portfolio Standards (RPS)

The implementation of the RPS is an important development for the Renewable Energy (RE) Market, and impacts the public as a whole. Republic Act No. 9513 or the Renewable Energy Law gives both fiscal and non-fiscal incentives to investors in order to encourage the promotion and development of renewable energy in the Philippines. Toward this end, the RPS serves as a market-based policy mechanism which makes use of the RE Market to facilitate and commercialize trading in RE Certificates, the latter which are used to satisfy the RPS requirements and increases RE generation in the country.

On December 30, 2017, DOE Circular No. DC2017-12-0015, or the RPS On-Grid Rules, took effect, requiring DUs, electricity suppliers, generating companies supplying directly connected customers, and other mandated energy sector participants to source or produce a certain share of electricity from their Energy Mix from eligible RE resources. These eligible RE facilities include the following technologies: biomass, waste to energy technology, wind, solar, hydro, ocean, geothermal, and other RE technologies later identified by the DOE.

The RPS On-Grid Rules mandates energy sector participants to comply with the minimum annual RPS requirement in order to meet the aspirational target of thirty-five (35%) in the generation mix by 2030.

This minimum RE requirement, however, will not be imposed immediately but in 2020. The 2018 and 2019 years are considered transition years to help the mandated participants comply with the DOE Circular. Additionally, the RPS On-Grid Rules implements a Minimum Annual Incremental RE Percentage to be sold by mandated participants. It is initially set at a minimum of one percent (1%) and applied to net electricity sales or annual energy demand for the next ten (10) years and used to determine the current year's requirement for RE Certificates (RECs) of the Mandated Participant.



f. Nickel Sales Agreement

BNC and ZDMC entered into various sales agreements with different customers to sell and deliver nickel laterite ores. The selling price of the nickel laterite ores depends on its ore grading. The sales agreements are subject to price adjustments depending on the final nickel and moisture content agreed by both parties. BNC exported a total of 0.4 million wet metric tons (WMT), and 1.1 million WMT in 2022 and 2021, respectively (nil in 2023). ZDMC, on the other hand, exported a total of 1.7 million WMT, 1.1 million WMT and 0.9 million WMT in 2023, 2022 and 2021, respectively, upon lifting of suspension order in 2019.

g. Concession Agreement

On May 18, 2021, Maynilad and MWSS signed the Revised Concession Agreement ("RCA"), the notable provisions of which are the following:

- 1. Confirmation of the July 31, 2037 Expiration Date;
- 2. Imposition of a tariff freeze until December 31, 2022;
- Removal of Corporate Income Tax ("CIT") from among Maynilad's recoverable expenditures as well as the Foreign Currency Differential Adjustment;
- 4. Capping of the annual inflation factor to 2/3 of the Consumer Price Index;
- 5. Imposition of rate caps for water and sewerage services to 1.3x and 1.5x, respectively, of the previous standard rate;
- 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;
- Replacement of the market-driven Appropriate Discount Rate with a 12% fixed nominal discount rate; and
- 8. Retention of the rate rebasing mechanism where, subject to the rate caps in item 5 above, the rates for the provision of water and wastewater services will be set at a level that will allow Maynilad to recover, over the term of the concession, expenditures efficiently and prudently incurred and to earn a reasonable rate of return.

The RCA is to take effect six months after it was signed on May 18, 2021, or on November 18, 2021, upon compliance with all the conditions precedent ("Effective Date" and "CPs", respectively). However, the Republic Undertaking, which is among the CPs, has not yet been issued as of November 18, 2021. Hence, upon the request of the Concessionaires, the MWSS Board, through a resolution passed on November 16, 2021, moved the RCA's Effective Date to December 18, 2021.

Maynilad, on December 14, 2021, again requested the MWSS Board to defer the RCA's Effective Date by another two months (until February 16, 2022) or until the Republic Letter of Undertaking is issued. Following the Regular Board Meeting held on February 10, 2022, MWSS issued Resolution No. 2022-015-CO to further extend the Effective Date of the RCA for thirty (30) days or until March 18, 2022. On March 9, 2022, the MWSS Board approved to defer further the RCA Effective Date from March 18, 2022 until the time that the Republic Undertaking is issued.

On June 9, 2022, Maynilad received a copy of Resolution No. 2022-073-CO dated June 2, 2022, which approved the further extension to the Effective Date of the RCA until June 30, 2022, subject to receipt of the signed Republic Undertaking as required under Article 16.3 (iii) (c) of the RCA.

On June 30, 2022, Maynilad received MWSS's letter of even date informing Maynilad that the DOF has issued the Republic Undertaking dated June 24, 2022 signed by the Executive Secretary and the DOF Secretary.



- 112 -

Maynilad wrote the MWSS on July 1, 2022 informing them that the signed Republic Undertaking does not conform to the agreed form in the RCA, and, thus, Section 16.3 (iii) (c) of the RCA has not been satisfied. Thus, Maynilad's obligation to effect the changes in the OCA has not commenced.

It is Maynilad's position that the OCA [as amended by the Technical Corrections Agreement dated July 31, 1997 and Amendment No. 1 dated October 5, 2001, and extended by the Memorandum of Agreement and Confirmation dated April 22, 2010 ("2010 MOA")], and the Letter of Undertaking dated March 17, 2010 issued by the Department of Finance, remain valid and effective.

Further, it is Maynilad's position that Republic Act No. 11600 which granted Maynilad a 25-year franchise, or until 2047, to "establish, operate and maintain a waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and Province of Cavite," recognizes the OCA and the 2010 MOA. The latter extended the term of the concession for 15 years, or until 2037.

Maynilad wrote the MWSS a letter dated August 9, 2022, formally applying for a 10-year extension of the OCA. Maynilad rationalized the term extension application for the purpose of pursuing affordable water to its customers and mitigating anticipated tariff increases. Maynilad further submitted its letter of September 6, 2022 to the MWSS, providing preliminary tariff impact simulations, and highlighting the fiscal benefits of a 10-year extension of the OCA.

In a subsequent letter dated September 14, 2022, Maynilad proposed to the MWSS certain amendments to the RCA, which includes: (a) reinstatement of the Foreign Currency Differential Adjustment mechanism; (b) reinstatement of the full Consumer Price Index Adjustment; and (c) review of the exclusions from the Material Adverse Government Action provision.

On May 10, 2023, MWSS and Maynilad signed the Amendments to the RCA. Among the Amendments to the RCA include the following:

- 1. Adjustment in the CPI factor or "C" from 2/3 to ¾ of the percentage change in the CPI for the Philippines;
- Reinstatement of the FCDA, but only with respect to the (a) MWSS loans that are being and will be serviced by Maynilad, and (b) principal payments for drawn and undrawn amounts of Maynilad's foreign currency denominated loans existing as of June 29, 2022;
- 3. Introduction of a modified FCDA for Maynilad loans contracted after June 29, 2022, but which mechanism may be availed of only when there is an "extraordinary inflation" or "extraordinary deflation" of the Philippine Peso (i.e., more than 20% change in the base exchange rate), and the amount that may be recovered is capped;
- 4. Exclusion of certain events from what may not be considered as Material Adverse Government Action such as the amendment of existing rules, regulations, and other issuances resulting from acts of the legislative and judicial branches of government and delay or inaction by the Regulatory Office ("RO") on applications relating to rate adjustments filed by the Concessionaire; and
- 5. Deletion of the composition and decisions of the RO from what may not be subject to arbitration.

The Amendments to the RCA took effect retroactively on June 29, 2022, the date of effectivity of the RCA. Along with the Amendments to the RCA, the RoP issued on May 10, 2023 the Republic



Undertaking in the form agreed on by the Parties. The Republic Undertaking's effectivity retroacts to July 1, 2022.

Pursuant to the requirement for a public hearing, Maynilad and the MWSS RO conducted a public hearing/consultation on December 4, 2023 at the World Trade Center in Pasay City. Maynilad understands that both the MWSS RO and the MWSS BOT have approved Maynilad's 10-year extension application. However, the RCA requires that any amendment to any of its provisions be acknowledged by the RoP acting through the Secretary of Finance. As at February 27, 2024, the acknowledgment is still pending.

h. RA 11600 - Maynilad's Legislative Franchise

RA 11600 grants Maynilad, a 25-year franchise to "establish, operate and maintain a waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and Province of Cavite." RA 11600 affirms Maynilad's authority to provide waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and the Province of Cavite. RA 11600 took effect on January 22, 2022, 15 days after its publication in the Official Gazette on January 7, 2022. (see Note 29). The 25-year term will end on January 21, 2047

Aside from the grant of a 25-year franchise to Maynilad, the other highlights of RA 11600 include the following:

- i. The grant of authority to the MWSS, when public interest for affordable water security so requires and upon application by Maynilad, to amend Maynilad's RCA to extend its term (i.e., 2037) to coincide with the term of the franchise. In addition, the RCA shall also act as the Certificate of Public Convenience and Necessity of Maynilad for the operation of its waterworks and sewerage system. It also provides that in the event the waterworks and sewerage system assets of MWSS pertaining to the Franchise Area are privatized by law, Maynilad shall have the right to match the highest compliant bid after a public bidding. The RCA between MWSS and Maynilad shall remain valid unless otherwise terminated pursuant to the terms of the RCA, or invalidated when national security, national emergency or public interest so requires;
- ii. The prohibition on the passing on of corporate income tax to customers.
- The requirement to publicly list at least 30% of Maynilad's outstanding capital stock within five years from the grant of the franchise;
- The completion of Maynilad's water and sewerage projects to attain 100% coverage by 2037, which shall include periodic five-year completion targets; and
- v. The grant to Maynilad of the right of eminent domain insofar as it is may be reasonably necessary for the efficient establishment, improvement, upgrading, rehabilitation, maintenance and operation of the services, subject to the limitations and procedures under the law.

RA 11600 also provides for an equality clause, which grants Maynilad, upon review and approval of Congress, any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may be granted subsequently to water distribution utilities.

On March 21, 2022, the MWSS Board of Trustees passed Resolution No. 2022-025-RO, Series of 2022 (the "Resolution") which deals with the tax implications following the effectivity of the legislative franchise granted to the Concessionaires.

The Resolution confirmed that beginning March 21, 2022, which was when the Concessionaires formally accepted the terms of their respective legislative franchises, the charges for water and



wastewater services will no longer be subject to the 12% VAT, but will be subject to Other Percentage Tax ("OPT").

The OPT, which shall be reflected as "Government Tax" in the customers' statement of account, consists of (i) the 2% national franchise tax, and (ii) the local franchise tax implemented by the respective local government units ("LGUs") where the Business Area offices of the Concessionaires are located.

37. Notes to Consolidated Statements of Cash Flows

Supplemental disclosure of noncash investing activities follows:

| | 2023 | 2022 | 2021 |
|---|------------|----------|------------|
| Depreciation capitalized in Inventories and | | | 100 |
| Mine properties (Note 23) | ₽1,151,461 | ₽298,033 | ₽1,014,172 |
| Transfer from Inventories to property, | | | |
| plant and equipment (Notes 7 and | | | |
| 12) | 239,372 | 695,206 | 671,721 |
| | | | |

Changes in liabilities arising from financing activities

| | 2023 | | | | |
|------------------------------------|-----------------|------------------------|-------------|----------------------|--|
| | January 1, 2023 | Cash flows | Others | December 31, 2023 | |
| Short-term debt | ₽1,129,418 | P417,968 | P- | ₽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 Other noncurrent | 70,701 | (35,840) | 54,374 | 89,235 | |
| liabilities | 4,068,074 | (216,583) | .0" = | 3,851,491 | |
| | ₽56,839,754 | (P 36,624,781) | ₽33,312,774 | ₽53,527,747 | |

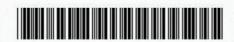
| | 2022 | | | | |
|-------------------|-----------------|------------------------|-------------|-----|--------------|
| | | | | | December 31, |
| | January 1, 2022 | Cash flows | Others | | 2022 |
| Short-term debt | ₱1,039,363 | ₽90,055 | ₽- | | ₽1,129,418 |
| Long-term debt* | 52,009,238 | (580,855) | _ | | 51,428,383 |
| Dividends | 32,771 | (25,189,090) | 25,203,365 | | 47,046 |
| Interest payable | 195,356 | (1,045,927) | 1,225,927 | | 375,356 |
| Lease liabilities | 97,407 | (32,940) | 6,234 | . 6 | 70,701 |
| Other noncurrent | | | | | |
| liabilities | 2,553,286 | 1,514,788 | | | 4,068,074 |
| | ₽55,927,421 | (P 25,243,969) | ₽26,435,526 | | ₽57,118,978 |

| | January 1, 2021 | Cash flows | Others | December 31, 2021 |
|-------------------|-----------------|---------------|-------------|----------------------|
| Short-term debt | ₽5,800,060 | (₱4,760,697) | ₽- | ₽1,039,363 |
| Long-term debt* | 46,088,910 | 5,920,727 | (399) | 52,009,238 |
| Dividends | 130,234 | (18,476,628) | 18,379,165 | 32,771 |
| Interest payable | 288,000 | (1,384,172) | 1,291,528 | 195,356 |
| Lease liabilities | 127,987 | (46,625) | 16,045 | 97,407 |
| Other noncurrent | | | | |
| liabilities | 2,389,015 | 164,271 | _ | 2,553,286 |
| | P54 824 206 | (Ð18 583 124) | P10 686 330 | B55 027 421 |

*Includes current portion

*Includes current portion

*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.

DMCI HOLDINGS, INC.

Subtotal

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDENDS DECLARATION FOR THE YEAR ENDED DECEMBER 31, 2023

| Add: | Category A: Items that are directly credited to Unappropriated Retained Earnings | | |
|---------|--|--|------------------|
| | Reversal of Retained Earnings Appropriation/s | | |
| | Effect of restatements or prior-period adjustments | | |
| | Others (describe nature) | | |
| | Subtotal | | |
| Less: | Category B: Items that are directly debited to Unappropriated | | |
| | Retained Earnings | | |
| | Dividend declaration during the reporting period | (₱19,119,558,000) | |
| | Retained Earnings appropriated during the reporting period | | |
| | Effect of restatements or prior-period adjustments | de sui Santa de la constante d | |
| | Others (describe nature) | <u> </u> | (40,440,550,000) |
| | Subtotal | | (19,119,558,000) |
| Unappr | opriated Retaining earnings, as adjusted | | (18,334,298,751) |
| Add (Le | ess): Net Income (loss) for the current | | 20,213,442,877 |
| Less: | Category C.I: 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 | 4310000 | |
| | certain transactions accounted Subtotal | - | |
| | 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 | - | |
| | Custom | | |
| 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 | | |

20,213,442,877 **Adjusted Net Income/Loss** Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax) Depreciation on revaluation increment (after tax) Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP Amortization of the effect of reporting relief Total amount of reporting relief granted during the year Others Subtotal Add/Less: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution Net movement of treasury shares (except for reacquisition of redeemable shares) Net movement of deferred tax asset not considered in the reconciling items under the previous categories Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable Adjustment due to deviation from PFRS/GAAP - gain (loss) Others Subtotal

1,879,145,326

TOTAL RETAINED EARNINGS, END OF THE REPORTING PERIOD

AVAILABLE FOR DIVIDEND

DMCI HOLDINGS, INC. AND SUBSIDIARIES INDEX TO THE SUPPLEMENTARY SCHEDULES

- Schedules required by Annex 68-J
 A. Financial Assets

 - B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
 - C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
 - D. Long-term Debt
 - E. Indebtedness to Related Parties
 - F. Guarantees of Securities of Other Issuers
 - G. Capital Stock
- II. Reconciliation of Retained Earnings Available for Dividend Declaration (Annex 68-D)
- III. Schedule of Financial Soundness Indicators (Annex 68-E)
- IV. Map of the relationship of the companies within the Group

- This page was intentionally left blank -

DMCI HOLDINGS, INC. AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SRC RULE 68 DECEMBER 31, 2023

Philippine Securities and Exchange Commission (SEC) issued the amended Revised Securities Regulation Code Rule 68, which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by Revised SRC Rule 68, that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic consolidated financial statements.

Schedule A. Financial Assets

| Name of issuing entity and association of each issue | Number of shares or principal amount of bonds and notes | Amount shown in the consolidated statements of financial position | Value based on market quotation at end of reporting period | Income received and accrued |
|--|---|---|--|-----------------------------|
| Golf and Club Shares* | 11 | ₽207,050,000 | ₽207,050,000 | ₽_ |
| Manila Electric Company | 38,533 | 15,374,669 | 15,374,669 | <u>-</u> |
| Mabuhay Vinyl Corp. | 34,889 | 204,450 | 204,450 | - 1 |
| Others | 1 | 7,041, 881 | 7,041, 881 | |
| | 73,434 | ₽229,671,000 | ₽229,671,000 | P- |

^{*}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, 2023:

| Entity with Receivable Balance | Name of Entity with Payable Balance | Due from related party | Due to related party |
|--|--|------------------------|----------------------|
| Semirara Mining and Power Corporation | DMCI Masbate Power Corporation | 1,067,424,939 | (1,067,424,939) |
| DMCI Holdings Inc. | D.M. Consunji, Inc | 700,000,000 | (700,000,000) |
| Semirara Mining and Power Corporation | Sem-Calaca Power Corporation | 662,432,033 | (662,432,033) |
| MCI Mining Corporation Zambales Diversified Metals Corporation | | 573,027,296 | (573,027,296) |
| DMCI Holdings Inc. | DMCI Mining Corporation | 550,000,000 | (550,000,000) |
| Semirara Mining and Power Corporation | Southwest Luzon Power Generation Corporation | 312,762,278 | (312,762,278) |
| Semirara Mining and Power Corporation | DMCI Power Corporation | 243,443,898 | (243,443,898) |
| Riviera Land Corporation | DMCI Project Developers, Inc. | 134,679,760 | (134,679,760) |
| Beta Electric Corporation | D.M. Consunji, Inc | 83,644,829 | (83,644,829) |
| D.M. Consunji, Inc | Beta Electric Corporation | 69,248,635 | (69,248,635) |
| Sem-Calaca Power Corporation | Sem-Calaca RES Corporation | 35,000,000 | (35,000,000) |
| DMCI Power Corporation | Sem-Calaca Power Corporation | 29,700,000 | (29,700,000) |
| DMCI Project Developers, Inc. | DMCI-PDI Hotels, Inc. | 24,916,457 | (24,916,457) |
| Berong Nickel Corporation | Ulugan Nickel Corporation | 23,346,386 | (23,346,386) |

| Entity with Receivable Balance | Name of Entity with Payable Balance | Due from Related Parties | Due to Related Parties |
|---|--|--------------------------|------------------------|
| Berong Nickel Corporation | Ulugan Nickel Corporation | 23,346,386 | (23,346,386) |
| DMCI Project Developers, Inc. | DMCI Homes Property Management Corporation | 22,373,617 | (22,373,617) |
| DMCI Mining Corporation | Ulugan Nickel Corporation | 19,068,056 | (19,068,056) |
| D.M. Consunji Inc | DMCI Power Corporation | | (17,767,949) |
| D.M. Consunji, Inc | Zambales Diversified Metals Corporation | | (14,952,649) |
| DMCI Masbate Power Corporation | asbate Power Corporation DMCI Power Corporation | | (11,139,366) |
| Semirara Mining and Power Corporation | rara Mining and Power Corporation St. Raphael Power Generation Corporation | | (10,502,143) |
| DMCI Mining Corporation | Zambales Chromite Mining Company Inc. | 10,413,246 | (10,413,246) |
| D.M. Consunji Inc | I. Consunji Inc Sem-Calaca Power Corporation | | (4,305,950) |
| MCI Mining Corporation TMM Management, Inc. | | 4,239,723 | (4,239,723) |
| DMCI Power Corporation | Power Corporation Semirara Mining and Power Corporation | | (4,023,793) |
| Berong Nickel Corporation | Nickel Corporation DMCI Power Corporation | | (3,052,087) |
| Berong Nickel Corporation | TMM Management, Inc. | 2,783,731 | (2,783,731) |
| D.M. Consunji Inc | DMCI Project Developers, Inc. | 2,653,227 | (2,653,227) |
| Berong Nickel Corporation | Zambales Diversified Metals Corporation | 2,526,934 | (2,526,934) |
| DMCI Project Developers, Inc. | Zenith | 1,307,169 | (1,307,169) |
| Sem-Calaca Power Corporation | St. Raphael Power Generation Corporation | 1,042,628 | (1,042,628) |
| Semirara Mining and Power Corporation | Semirara Energy Utilities, Inc | 741,319 | (741,319) |
| Berong Nickel Corporation | Ulugan Resouces Holdings, Inc. | 730,763 | (730,763) |
| Zambales Diversified Metals Corporation | D.M. Consunji, Inc | 672,000 | (672,000) |
| DMCI Power Corporation | ICI Power Corporation St. Raphael Power Generation Corporation | | (626,175) |
| DMCI Mining Corporation | 1CI Mining Corporation Ulugan Resouces Holdings, Inc. | | (358,492) |
| Semirara Mining and Power Corporation | Sem-Calaca Industrial Park Developers, Inc | 324,960 | (324,960) |
| Sem-Calaca Power Corporation | SEM-Cal Industrial Park Developers Inc | 122,349 | (122,349) |
| DMCI Masbate Power Corporation | DMCI Mining Corporation | 63,000 | (63,000) |

As of December 31, 2023, the balances above of due from and due to related parties are expected to be realized and settled within 12 months from the reporting date and are classified under current assets and liabilities. There were no amounts written off during the year.

Schedule D. Long-term Debt

Below is the schedule of long-term debt (net of unamortized debt issue cost) of the Group:

| Title of issue and type of obligation | | Amount authorized by indenture | Amount shown under caption "Current portion of long-term debt" in related balance sheet | term deht" in related halance sheet |
|---------------------------------------|-----|--------------------------------|---|-------------------------------------|
| Peso denominated loans | 1/2 | ₽10,547,480,372 | ₽4,313,383,750 | ₽6,234,096,622 |
| Term loan and corporate notes | | 37,371,933,783 | 2,346,440,142 | 35,025,493,641 |
| Liabilities on Installment Contract | | | | |
| Receivable | | 2,522,523 | 897,537 | 1,624,986 |
| Peso denominated loans | | ₽47,921,936,678 | ₽6,660,721,429 | ₽41,261,215,249 |

Schedule E. Indebtedness to Related Parties (Long-term Loans from Related Companies)

| Name of related party | Balance at beginning of period | Balance at end of period |
|-----------------------|--------------------------------|--------------------------|
| | | |

NOT APPLICABLE

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

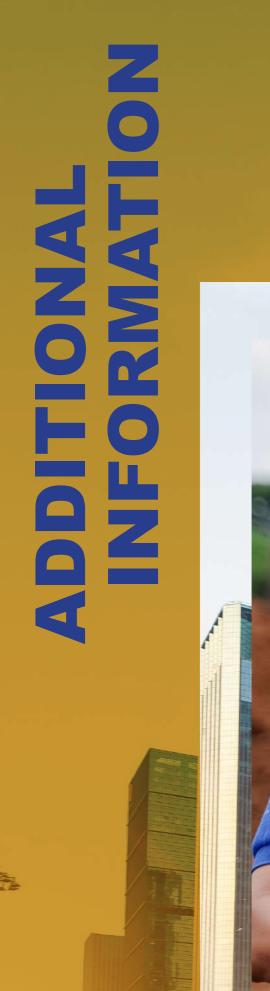
| | | Number of shares | Number of shares | Number of shares held by | | | | |
|---|--------------------------------|---|---|--------------------------|---|---------------|--|--|
| Title of issue | Number of shares authorized | issued and outstanding at shown under related balance sheet caption | reserved for options, warrants, conversion and other rights | Related parties | Directors, officers and employees | Others | | |
| Preferred stock - ₱1 par value cumulative and convertible | 100,000,000 | 960 | | | | 960 | | |
| Common stock - ₱1 par value | 19,900,000,000 | 13,277,470,000 | <u>-</u> | 9,184,917,600 | 621,991,364 | 3,470,568,036 | | |
| | 20,000,000,000 | 13,277,470,960 | <u> </u> | 9,184,917,600 | 621,991,364 | 3,470,568,996 | | |

DMCI HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022

| Ratio | Formula | Current Year | Prior Year |
|--------------------------|--|--------------|------------|
| Current ratio | Current assets/Current liabilities | 277% | 290% |
| Acid test ratio | Quick assets/Current liabilities | 99% | 111% |
| Solvency ratio | Net income plus Depreciation / Total liabilities | 41% | 52% |
| Debt-to-equity ratio | Total interest-bearing debt/Total stockholders' equity | 36% | 40% |
| Net debt-to-equity ratio | Total interest-bearing debt less Cash and cash equivalents /Total stockholders' equity | 13% | 18% |
| Asset-to-equity ratio | Total assets/Total stockholders' equity | 180% | 181% |
| Interest coverage ratio | EBIT/Interest paid during the year | 13x | 20x |
| Return on equity | Net income attributable to equity holders/Average total stockholders' equity | 23% | 33% |
| Return on assets | Net income /Average total assets | 15% | 21% |
| Net profit margin | Net income /Revenue | 30% | 34% |

- This page was intentionally left blank -



246



Board of Directors Profile 248

Key Officers 258

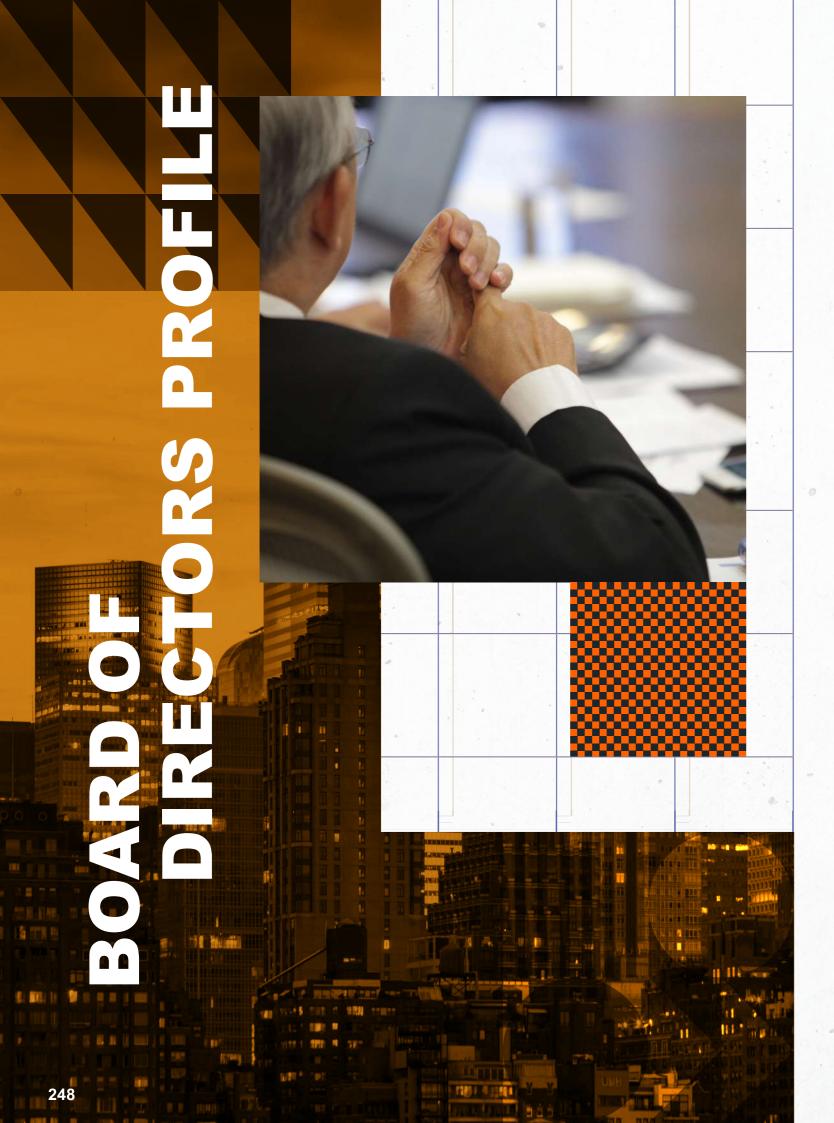
Map of Relationships of the **263** Companies within the Group

Shareholding Statistics 268

Effective Percentages 270 of Ownership

Corporate Information 272

Subsidiary and Affiliate Directory **272**



ISIDRO A. CONSUNJI, 74

Filipino, Chairman and President

Board Appointment

Date of appointment as Chairman:
November 2014
Date of first appointment as a Director:
March 1995
Date of last re-election as a Director:
17 May 2023
Length of service as a Director: 28 years

Present Directorships in Listed Companies

- Semirara Mining and Power Corporation (within Company Group)
- Atlas Consolidated Mining and Development Corporation

Other Directorships Within Company Group

- D.M. Consunji, Inc.
- DMCI Masbate Power Corp.
- DMCI Mining Corporation
- DMCI Power Corporation
- DMCI Project Developers, Inc.
- Maynilad Water Holdings Co., Inc.
- Maynilad Water Services, Inc.
- Sem-Cal Industrial Park Developers, Inc.
- Sem-Calaca Power Corporation
- Sem-Calaca Res Corporation (formerly DMCI Calaca Corporation)
- Semirara Materials and Resources Inc.
- Southwest Luzon Power Generation Corporation
- Wire Rope Corporation of the Philippines

Education

- Bachelor of Science in Civil Engineering, University of the Philippines-Diliman
- Master of Business Economics,
 Center for Research and Communication (now University of Asia and the Pacific)

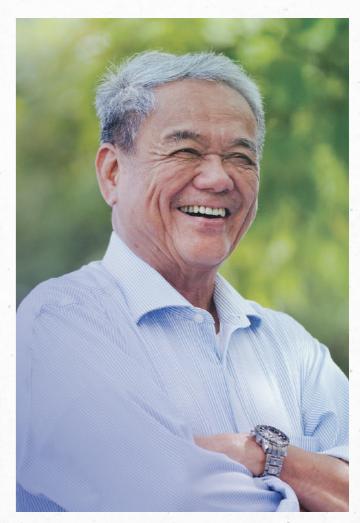
- Master of Business Management, Asian Institute of Management (AIM)
- Advanced Management, IESE School, Barcelona, Spain

Civic Affiliations

- Philippine Overseas Construction Board, Chairman
- Construction Industry Authority of the Philippines, Board Member
- AIM, Trustee
- Philippine Constructors Association, Past President
- Philippine Chamber of Coal Mines, Past President
- AIM Alumni Association, Member
- UP Alumni Engineers, Member
- UP Aces Alumni Association, Member

Special Recognition

- MAP Management Man of the Year 2022
- 2016 Most Distinguished Alumnus by the UP Alumni Engineers (UPAE)



CESAR A. BUENAVENTURA, 94

Filipino, Vice Chairman Non-Executive Director

Board Appointment

Date of first appointment as a Director:
December 1995
Date of last re-election as a Director:
17 May 2023
Length of service as a Director: 28 years

Present Directorships in Listed Companies

- Semirara Mining and Power Corporation (within Company Group)
- Concepcion Industrial Corporation
- International Container Terminal Services, Inc. (ICTSI)
- iPeople, Inc.
- Manila Water Company, Inc.
- Petroenergy Resources Corporation
- Pilipinas Shell Petroleum Corporation

Other Directorships Within Company Group

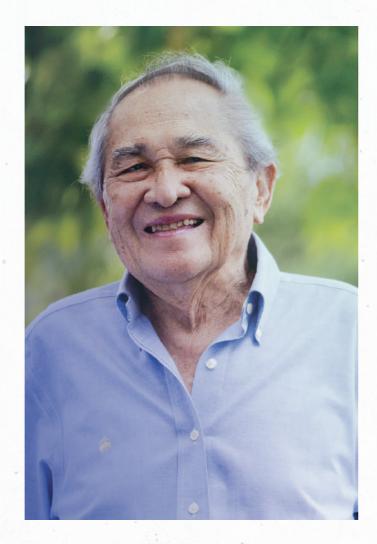
• D.M. Consunji, Inc.

Education

- Bachelor of Science in Civil Engineering, University of the Philippines-Diliman
- Master of Science in Civil Engineering Major in Structures, Lehigh University, Bethlehem, Pennsylvania, USA (Fulbright Scholar)

Civic Affiliations

- Makati Business Club, Founding Member and Former Trustee
- Pilipinas Shell Foundation, Founding Chairman
- Bloomberry Cultural Foundation, Trustee
- ICTSI Foundation Inc., Trustee
- University of the Philippines, Former Regent
- AIM Former Trustee



- Benigno Aquino Foundation,
 Past President Special Recognition
- Honorary Officer, Order of the British Empire (OBE) by Her Majesty Queen Elizabeth II
- MAP Management Man of the Year 1985
- One of the top 100 graduates of the UP College of Engineering in its 100-year history
- Outstanding Professional in Engineering, Professional Regulatory Commission
- Outstanding Fulbrighter (Business),
 Philippine Fulbright Association
 Prior Government Position
- Monetary Board of the Central Bank of the Philippines, Member



MA. EDWINA C. LAPERAL, 62

Filipino, Executive Director

Board Appointment

Date of first appointment as a Director:
March 1995 (until July 2006)
Date of re-appointment as a Director:
July 2008
Date of last re-election as a Director:
17 May 2023
Length of service as a Director: 26 years

Present Directorships in Listed Companies

 Semirara Mining and Power Corporation (within Company Group)

Other Directorships Within Company Group

- D.M. Consunji, Inc.
- DMCI Project Developers, Inc.
- Sem-Calaca Power Corporation
- Southwest Luzon Power Generation Corporation

Education

- Bachelor of Science in Architecture, University of the Philippines-Diliman
- Master of Business Administration, University of the Philippines-Diliman
- Certificate in Strategic Business
 Economics, Center for Research
 and Communication
 (now University of Asia and the Pacific)

Civic Affiliations

- Institute of Corporate Directors Inc., Fellow
- UP College of Architecture Alumni Foundation Inc., Member
- United Architects of the Philippines, Member
- Guild of Real Estate Entrepreneurs and Professionals (GREENPRO), Member

MARIA CRISTINA C. GOTIANUN, 69

Filipino, Executive Director

Board Appointment

Date of first appointment as a Director: 21 May 2019
Date of last re-election as a Director: 17 May 2023
Length of service as a Director: 4 years

Present Directorships in Listed Companies

 Semirara Mining and Power Corporation (within Company Group)

Other Directorships Within Company Group

- D.M. Consunji, Inc.
- DMCI Project Developers, Inc.
- DMCI Power Corporation
- DMCI Masbate Power Corporation
- Sem-Calaca Power Corporation
- Sem-Cal Industrial Park Developers, Inc.
- Semirara Materials and Resources Inc.
- Semirara Energy Utilities, Inc.
- Semirara Training Center, Inc.
- Southwest Luzon Power Generation Corporation
- Southeast Luzon Power Corporation
- St. Raphael Power Generation Corporation

Education

- Bachelor of Science in Business Economics, University of the Philippines-Diliman
- Spanish, Instituto de Cultura Hispanica, Spain
- Certificate in Strategic Business Economics, Center for Research and Communication (now University of Asia and the Pacific)

Civic Affiliations

• Institute of Corporate Directors, Fellow







JORGE A. CONSUNJI, 71
Filipino, Non-Executive Director

Board Appointment

Date of first appointment as a Director:
March 1995
Date of last re-election as a Director:
17 May 2023
Length of service as a Director: 28 years

Present Directorships in Listed Companies

 Semirara Mining and Power Corporation (within Company Group)

Other Directorships Within Company Group

- Beta Electric Mechanical Corporation
- D.M. Consunji, Inc.
- DMCI Masbate Power Corp.
- DMCI Mining Corporation
- DMCI Power Corporation

- DMCI Project Developers, Inc.
- Maynilad Water Holdings Co., Inc.
- Maynilad Water Services, Inc.
- Sem-Calaca Power Corporation
- Southwest Luzon Power Generation Corporation
- Wire Rope Corporation of the Philippines

Education

- Bachelor of Science in Industrial Management Engineering,
 De La Salle University-Manila
- Advanced Management Program Seminar, University of Asia and the Pacific
- Top Management Program, Asian Institute of Management

Civic Affiliations

- PLDT-Smart Foundation, Trustee
- PCA Foundation, Adviser
- Construction Industry Authority of the Philippines, Past Board Member
- ASEAN Constructors Federation, Former Chairman
- Philippine Constructors Association, Past President
- Philippine Contractors Accreditation Board, Former Chairman
- Association of Carriers & Equipment Lessors, Past President



LUZ CONSUELO A. CONSUNJI, 70

Filipino, Non-Executive Director

Board Appointment

Date of first appointment as a Director: July 2015 Date of last re-election as a Director: 17 May 2023 Length of service as a Director: 8 years

Other Directorships Within Company Group

- Sem-Calaca Power Corporation
- Southwest Luzon Power Generation Corp.

Education

- Bachelor of Arts in Commerce, Major in Management, Assumption College
- Master in Business Economics, University of Asia and the Pacific

Civic Affiliations

 Missionaries of Mary Mother of the Poor, Treasurer



Filipino, Lead Independent Director

Board Appointment

Date of first appointment as a Director: 17 May 2022 Length of service as a Director: 2 years

Present Directorships in Listed Companies

• Shang Properties, Inc.

Other Directorships Within Company Group

None

Education

- Bachelor of Laws, Ateneo de Manila School of Law (Valedictorian)
- Bachelor of Arts Major in Political Science, University of Santo Tomas

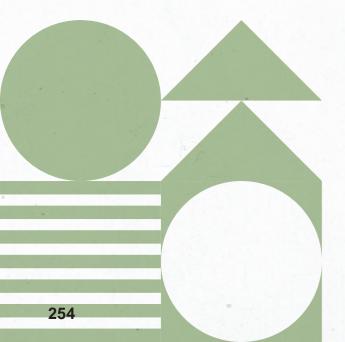
Professional and Civic Affiliations

- Romulo Mabanta Buenaventura Sayoc & de los Angeles, Senior Partner
- Supreme Court of the Philippines Legal Education Committee for Bar Reforms, Member
- Supreme Court of the Philippines, Amicus Curiae
- Ateneo de Manila University School of Law, Former Dean and Current Professor
- Philippine Bar Examinations, Examiner

Special Recognition

- Placed 11th in the 1977
 Philippine Bar Examination
- Youngest and only female dean of the Ateneo de Manila University School of Law
- Among the Top 100 Lawyers as rated by the Asian Business Law Journal
- Among the Recommended Lawyers in the Philippines as rated by the Legal 500 Southeast Asia Awards







ROBERTO L. PANLILIO, 69

Filipino, Independent Director

Board Appointment

Date of first appointment as a Director: 17 May 2022 Length of service as a Director: 2 years

Present Directorships in Listed Companies

- Semirara Mining and Power Corporation (within Company Group)
- Lopez Holdings Corporation

Education

256

- Master of Business Administration and International Finance, University of Southern California
- Bachelor of Science in Business
 Management, Ateneo de Manila University

Professional and Civic Affiliations

- JP Morgan, Former Country Chairman for the Philippines
- JP Morgan, Former Senior Country Officer
- PCIBank, Former Senior Executive
 Vice President and Chief Operating Officer

DR. BERNARDO M. VILLEGAS, 84

Filipino, Independent Director

Board Appointment

Date of first appointment as a Director: 17 May 2022 Length of service as a Director: 2 years

Present Directorships in Listed Companies

- Benguet Corporation
- Filipino Fund, Inc.
- First Metro Philippine Equity Exchange Traded Fund, Inc.



• None

Company Group

EducationDoctor of Philosophy in Economics, Harvard University

 Master of Arts in Economics, Harvard University

Other Directorships Within

 Bachelor of Arts and Bachelor of Science in Commerce, De La Salle University (Summa Cum Laude)

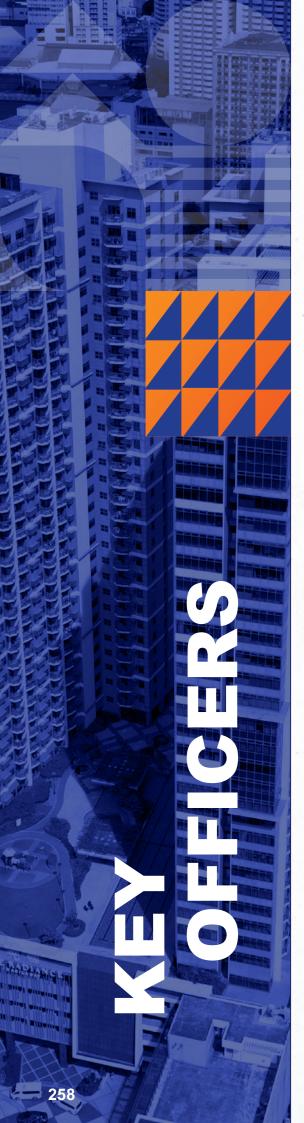
Professional and Civic Affiliations

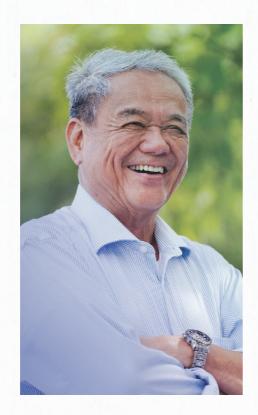
- Makati Business Club,
 Founding Member and Director
- Philippine Economic Society, Past President
- University of Asia & the Pacific School of Economics, University Professor/Board Member
- Center for Research and Communication College of Arts and Sciences, Director
- De La Salle University-Manila Economic Research Bureau, Former Director
- De La Salle University-Manila Department of Economics, Former Chairman
- De La Salle University-Manila Graduate School of Business, Former Director

Special Recognition

- Johnson Foundation Scholarship, 1959
- Ten Outstanding Young Men (TOYM)
 Awardee in Economics, 1972
- Becario de Instituto de Cultura Hispanica, 1963-1964
- Asia Foundation Scholarship, 1960-1963
- Fulbright Travel Grant, 1959-1963 Prior Government Positions
- Member, Preparatory Commission for Constitutional Reforms
- Member, Philippine Constitutional Commission; Chairman of the Committee on the National Economy and Patrimony







ISIDRO A. CONSUNJI Chairman and President

Appointed President of the Company in March 1995. He concurrently holds top management positions in various DMCI Holdings subsidiary companies.

A civil engineering graduate from the University of the Philippines in Diliman, he pursued further studies at the Center for Research and Communication (Master of Business Economics), Asian Institute of Management (Master of Business Management) and IESE Business School in Barcelona, Spain (Advanced Management Program).



HERBERT M. CONSUNJI
Executive Vice President &
Chief Finance Officer

Also serves as Chief
Compliance Officer and
Chief Risk Officer of the
Company. He concurrently
sits on the board of various
DMCI Holdings subsidiary
companies. A certified
public accountant, he
graduated from De La Salle
University in Manila with a
degree in Commerce Major
in Accounting.



JOSEPH ADELBERT V. LEGASTO Deputy Chief Finance Officer

Concurrently serves as the Chief Strategy and Sustainability Officer of the Company after joining last June 2022. Prior to his current role, he was an AVP under the Corporate Planning and Development Department of San Miguel Corporation and VP and Strategic Planning Head of ABS-CBN Global. He also worked in the banking industry as an Associate for Deutsche Bank and Analyst for UnionBank of the Philippines. He holds a bachelor's degree in finance from De La Salle University and a master's degree in finance (with Honors) from New York University's Stern.



MA. EDWINA C. LAPERAL Treasurer

Concurrently holds Treasury positions in several DMCI Holdings subsidiary companies. After completing a BS Architecture degree from the University of the Philippines in Diliman, she obtained a Master in Business Administration degree from the same university and an Executive Certificate for Strategic Business Economics from the University of Asia and the Pacific.



MARIA CRISTINA C.
GOTIANUN
Assistant Treasurer

Also holds executive positions in various DMCI Holdings subsidiary companies. A Business Economics graduate from the University of the Philippines in Diliman, she completed further studies in Spanish from Instituto de Cultura Hispanica in Madrid, Spain and Strategic Business Economics from the University of Asia and

the Pacific.



CHERUBIM O. MOJICA
Senior Vice President
Corporate Communications
and Investor Relations

Also appointed as Chief Diversity Officer in August 2022. A Communication Research (cum laude) and Industrial Relations graduate from the University of the Philippines - Diliman, she served as the Corporate Communications Head and spokesperson of Maynilad Water Services, Inc. prior to joining the Company in September 2014. She also worked at First Philippine Holdings Corporation, US Embassy Manila and the Philippine House of Representatives.



HANNAH CECILE L. CHAN Investor Relations Officer

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



260 / 261



MARY GRACE M. GARCIA Finance Officer

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

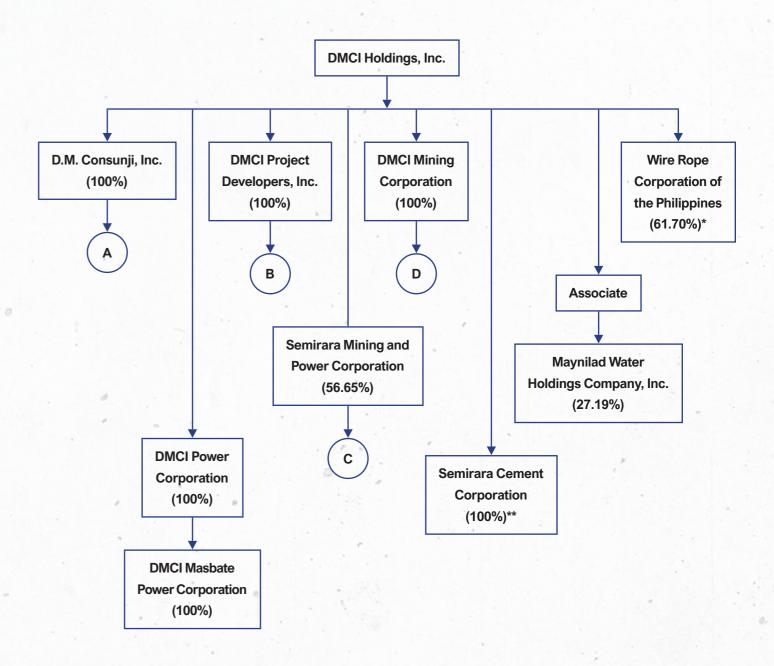


KENT SYDNEY H.
MERCADER
Environmental, Social and
Governance Officer

Joined the Company in
November 2022 after gaining
ESG analyst experience at
S&P Global and Institutional
Shareholder Services, Inc.
He holds a Bachelor of
Science in Agricultural
Biotechnology from the
University of the Philippines
Los Baños, where he was a
scholarship recipient from the
Department of Science and
Technology.

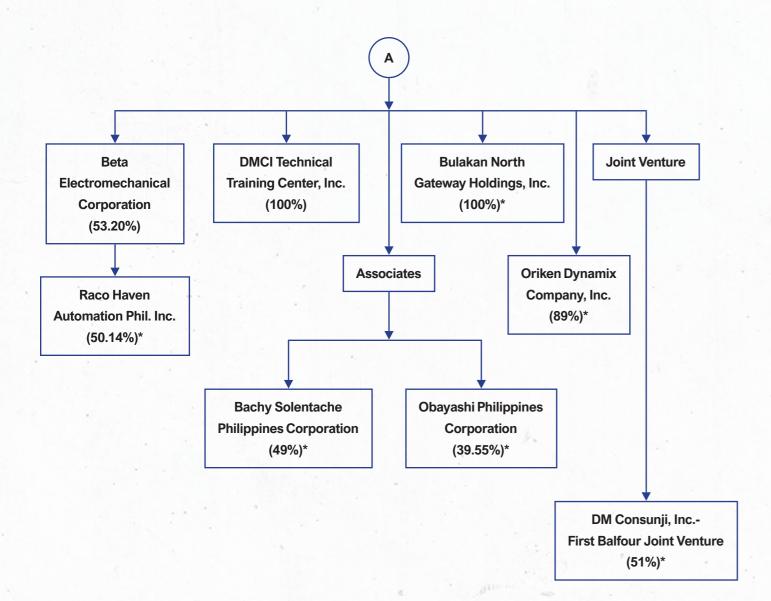
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

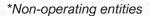
Below is a map showing the relationship between and among the Group as of December 31, 2023:

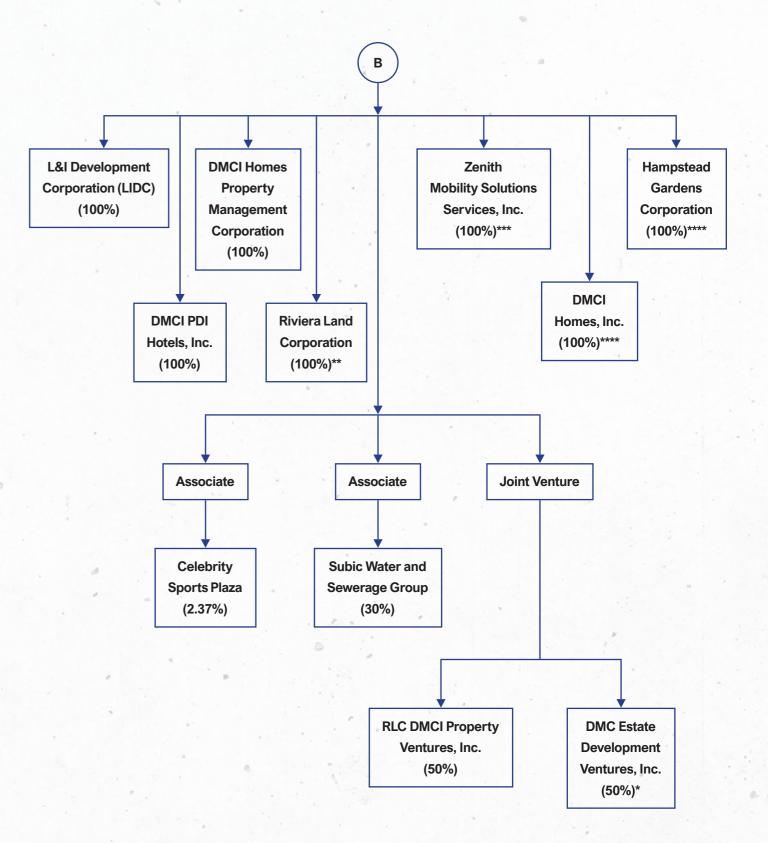


^{*}Includes 16.02% investment of D.M. Consunji, Inc. to Wire Rope.

^{**}Non-operating entity





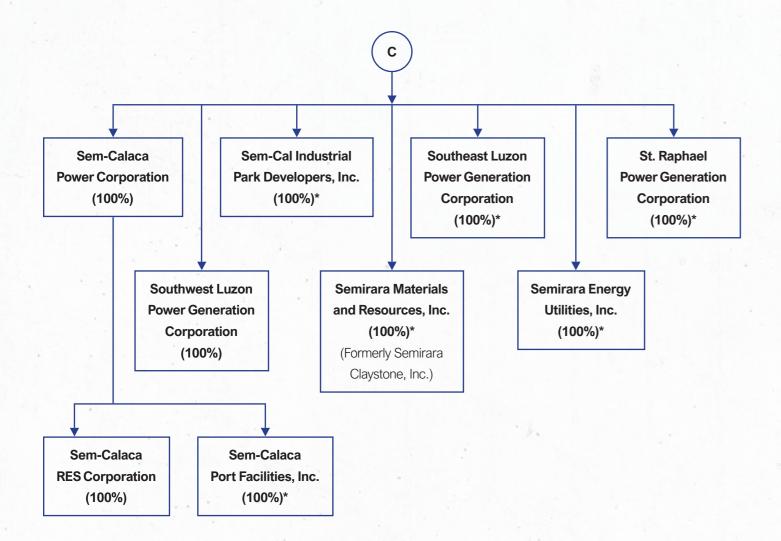


^{*}Established in 2021

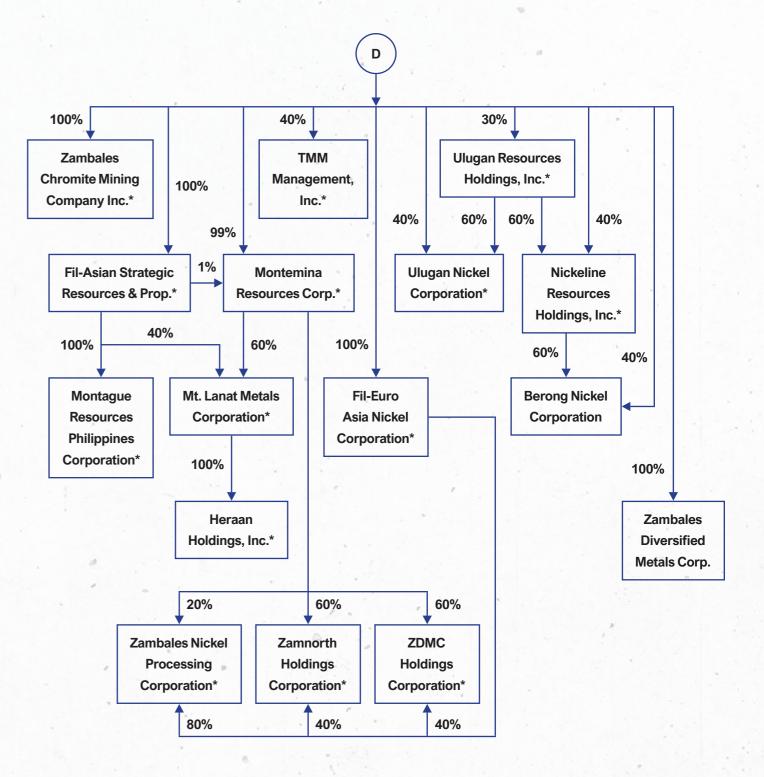
^{**}Includes the 34.12% interest of DMCI

^{***}Equity interest increased from 51% to 100% in 2020

^{****}Liquidated as of December 31, 2021



*Non-operating entities



*Non-operating entities

SHAREHOLDING STATISTICS

Top 20 Stockholders (Common Shares) as of December 31, 2023

| Rank | Stockholder's Name | Total Shares | % of Outstanding Shares | | Rank | Stockholder's Name | Total Shares | % o Outstan Shar | ding |
|------|---------------------------------------|-----------------|-------------------------------|---|------|-----------------------|-----------------|------------------------|-------|
| | | | | _ | | | | | |
| 1 | Dacon Corporation | 6,621,561,069 | 49.87 | | 19 | Benigno Dela Vega | 2,050,000 | | 00.02 |
| 2 | PCD Nominee Corporation (Filipino) | 3,049,591,163 | 22.97 | | 20 | Zheng, AO | 1,840,000 | | 00.01 |
| 3 | DFC Holdings, Inc. | 2,379,799,910 | 17.92 | | | Total | 12 225 422 105 | | 99.61 |
| 4 | PCD Nominee Corporation (Foreign) | 759,653,254 | 05.72 | | | Total January Charge | 13,225,432,185 | | |
| 5 | Berit Holdings Corporation | 117,573,568 | 00.89 | | | Total Issued Shares | 13,277,470,000 | | 100 |
| 6 | Augusta Holdings, Inc. | 108,297,072 | 00.82 | | | | | | |
| 7 | DMCI Retirement Plan | 99,900,000 | 00.75 | | | | | | |
| 8 | Meru Holdings Inc. | 18,689,266 | 00.14 | | | | | | |
| 9 | Great Times Holdings Corporation | 15,803,015 | 00.12 | | | | | | |
| 10 | DMCI Retirement Fund | 13,000,000 | 00.10 | | | | | .* | |
| 11 | Daveprime Holdings Inc. | 7,487,377 | 00.06 | | | | | | |
| 12 | Artregard Holdings Inc. | 6,580,776 | 00.05 | | | | | | |
| 13 | F. Yap Securities Inc. | 6,500,000 | 00.05 | | | | | | |
| 14 | Josefa Consunji Reyes | 5,650,000 | 00.04 | | | | | | |
| 15 | Jaime B. Garcia | 3,300,000 | 00.02 | | | | | | |
| 16 | Windermere Holdings, Inc. | 2,905,715 | 00.02 | | | | | | |
| 17 | Laperal, Ma. Edwina / Miguel David C. | 2,750,000 | 00.02 | | | | | | |
| 18 | Yntalco Realty Devt. Corporation | 2,500,000 | 00.02 | | | | | | |
| | (Forward) | | | | | | | | |

Effective Percentages of Ownership

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).

| | | 2023 | | | 2022 | | | |
|---|---------------------------------|--------|--------------|-----------------------|--------|----------|-----------------------|--|
| | Nature of Business | Direct | Indirect | Effective Interest | Direct | Indirect | Effective Interest | |
| | | | | | | | | |
| General Construction: | Canaral Canata ation | 100.00 | | 100.00 | 100.00 | | 100.00 | |
| D.M. Consunji, Inc. (DMCI) Beta Electromechanical Corporation | General Construction | 100.00 | - | 100.00 | 100.00 | - 0 | 100.00 | |
| (Beta Electric) ¹ | General Construction | 2 | 53.20 | 53.20 | 1 | 53.20 | 53.20 | |
| (Beta Licetio) | Ocheral Constituction | | 00.20 | 00.20 | | 00.20 | 00.20 | |
| 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: | D 1511 D 1 | 400.00 | | 400.00 | 400.00 | | 400.00 | |
| DMCI Project Developers, Inc. (PDI) | Real Estate Developer | 100.00 | 100.00 | 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 | Proporty Management | | 100.00 | 100.00 | _ | 100.00 | 100.00 | |
| Zenith Mobility Solutions Services, Inc. (ZMSSI) ² | Property Management Services | | 100.00 | 100.00 | _ | 100.00 | 100.00 | |
| Riviera Land Corporation (Riviera) ² | Real Estate Developer | | 100.00 | 100.00 | _ | 100.00 | 100.00 | |
| Hampstead Gardens Corporation (Hampstead) 2* | Real Estate Developer | | 100.00 | 100.00 | | 100.00 | 100.00 | |
| DMCI Homes, Inc. (DMCI Homes) ² | Marketing Arm | | 100.00 | 100.00 | - 7 | 100.00 | 100.00 | |
| L & I Development Corporation (LIDC) 2* | Real Estate Developer | - | 100.00 | 100.00 | _ | 100.00 | 100.00 | |
| | | - | 100.00 | 100.00 | - | 100.00 | 100.00 | |
| Coal Mining: | | | | | | | | |
| | | | - | | | | | |
| Semirara Mining and Power Corporation (SMPC) | Mining | 56.65 | High and The | 56.65 | 56.65 | - | 56.65 | |
| On Orid Proven | | | | | | | | |
| On-Grid Power: | Dower Concretion | | EC CE | EC CE | | EC CE | EC CE | |
| Sem-Calaca Power Corporation (SCPC) ³ Southwest Luzon Power Generation Corporation | Power Generation | | 56.65 | 56.65 | | 56.65 | 56.65 | |
| (SLPGC) ³ | Power Generation | | 56.65 | 56.65 | | 56.65 | 56.65 | |
| Sem-Calaca RES Corporation (SCRC) 3 | Retail | | 56.65 | 56.65 | | 56.65 | 56.65 | |
| SEM-Cal Industrial Park Developers, Inc. | riciali | | 00.00 | 00.00 | | 00.00 | 00.00 | |
| (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 | - 1 | 100.00 | |

Power Generation

100.00 100.00

| (Forward) | |
|-----------|--|
|-----------|--|

DMCI Masbate Power Corporation

(DMCI Masbate) 4

| | Nature of Business | Direct | Indirect | Effective Interest | Direct | Indirect | Effective Interest |
|--|--------------------|--------|----------|-----------------------|--------|----------|-----------------------|
| Nichal Ministra | | | | | | | |
| Nickel Mining: | Haldina Carana | 100.00 | | 100.00 | 100.00 | | 100.00 |
| DMCI Mining Corporation (DMC) | Holding Company | 100.00 | 74.00 | 100.00 | 100.00 | 74.00 | 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 | Non operational | | 100.00 | 100.00 | | 100.00 | 100.00 |
| (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 | ribiding Company | - | 100.00 | 100.00 | - | 100.00 | 100.00 |
| | Non approximal | | 100.00 | 100.00 | | 100.00 | 100.00 |
| (ZNPC) ⁵ | Non-operational | | 100.00 | 100.00 | - | 100.00 | 100.00 |
| Zamnorth Holdings Corporation (ZHC) ⁵ | Holding Company | - | 100.00 | 100.00 | - | 100.00 | 100.00 |
| ZDMC Holdings Corporation (ZDMCHC) ⁵ | Holding Company | - | 100.00 | 100.00 | - | 100.00 | 100.00 |
| | | | | | | | |
| Manufacturing | | | | | | | |
| Manufacturing: | Non operational | 100.00 | | 100.00 | 100.00 | | 100.00 |
| Semirara Cement Corporation (SemCem) | Non-operational | 100.00 | | 100.00 | 100.00 | | 100.00 |
| Wire Rope Corporation of the Philippines | Many front sizes | 45.00 | 10.00 | 04.70 | 45.00 | 10.00 | 04.70 |
| (Wire Rope) | Manufacturing | 45.68 | 16.02 | 61.70 | 45.68 | 16.02 | 61.70 |
| *Ongoing liquidation | | 11 1 | | | | | |

2023

2022

271

270

100.00 100.00

^{*}Ongoing liquidation.

DMCl's subsidiaries.
 PDl's subsidiaries.

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

⁴ DPC's subsidiaries.

⁵ DMC's subsidiaries.

 $^{^{\}rm 6}$ Wholly owned subsidiary of SCPC. Incorporated on December 20, 2022.

CORPORATE INFORMATION

DMCI Holdings, Inc.

3rd Floor, Dacon Building
2281 Chino Roces Avenue, Makati City
Metro Manila, Philippines
Tel (632) 8888 3000
Website http://www.dmciholdings.com

Investor Relations

3rd Floor, Dacon Building 2281 Chino Roces Avenue, Makati City Metro Manila, Philippines Tel (632) 8888 3000 local 1023 Email investors@dmcinet.com

Legal Counsel

Castillo Laman Tan Pantaleon & San Jose Law Offices 4th Floor, The Valero Tower 122 Valero Street, Salcedo Village Makati City, Metro Manila, Philippines Tel (632) 8817 6791 to 95

Stock Transfer Agent

Stock Transfer Service, Inc.
34th Floor, Unit D, Rufino Plaza
Ayala Avenue, Makati City
Metro Manila, Philippines
Tel (632) 7403 2410 and 7403 2412

SUBSIDIARY & AFFILIATION DIRECTORY

D.M. Consunji, Inc.

DMCI Plaza Bldg. 2281 Chino Roces Avenue, Makati City Metro Manila, Philippines

DMCI Homes, Inc.

DMCI Homes Corporate Center 1321 Capt. Apolinario St., Brgy. Bangkal Makati City, Metro Manila, Philippines

Semirara Mining and Power Corporation

2F DMCI Plaza
2281 Chino Roces Avenue, Makati City
Metro Manila, Philippines

DMCI Power Corporation

3F DMCI Plaza 2281 Chino Roces Avenue, Makati City Metro Manila, Philippines

DMCI Mining Corporation

3F DMCI Homes Corporate Center 321 Capt. Apolinario St., Brgy. Bangkal Makati City, Metro Manila, Philippines

Maynilad Water Services Inc.

Maynilad Building
MWSS Compound, Katipunan Avenue
Balara Quezon City, Philippines

This report provides a comprehensive overview of the annual financial and operating performance of the Company, its subsidiaries and affiliate. Prepared in compliance with Philippine Financial Reporting Standards (PFRSs), it aims to aid shareholders and stakeholders in understanding and interpreting the Group's Consolidated Financial Statements.

We encourage our stakeholders to review this report in conjunction with our 2022 Sustainability Report, which emphasizes the most material economic, environmental, social and governance aspects relevant to our Company and key stakeholders.

Both reports can be accessed and downloaded from our website at www.dmciholdings.com.



