DMCI HOLDINGS INCORPORATED

BUILT TO LAST

ANNUAL REPORT 2024

ABOUT THE COVER

Titled "Built to Last", the 2024 DMCI Holdings Annual Report showcases a bold and contemporary design seamlessly integrates cutting-edge visual elements. AI-generated design introduces a dynamic and futuristic aesthetic, while pixelated textures add depth and a digital edge—symbolizing innovation and adaptability.

The brutalist aesthetic comes to life through the bold use of raw concrete blocks—stacked, layered, and geometrically structured—to represent the DMCI Holdings' solid foundation and enduring strength.

Sharp lines, bold forms, and textured layers convey resilience, aligning with the company's long-term vision.

These striking visual elements capture DMCI Holdings' legacy of strength and forward-thinking vision.

The design embodies the company's lasting foundation while embracing new frontiers in construction and engineering.

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.

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AT A GLANCE

On December 18, 1995, DMCI Holdings was listed on the Philippine Stock Exchange, a strategic move 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, water services and cement manufacturing.

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

DMC	29	13.28 bn	25.91%	P 143.66 bn
PSE TICKER	Years Listed	Outstanding Share	Free Float Level	Market Cap

VISION

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

D	M	C	I
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

Our values shape the way we work, interact with each other, and deal with our shareholders.

- Integrity
- Customer-Focus
- Teamwork
- Accountability
- Sustainability
- Fairness
- Innovation

THE DMCI CREED

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.

OUR VALUE CREATION MODEL

01 INVEST

We invest in industries that allow us to leverage our engineering and management expertise and core businesses, while promoting economic development.

Our investment philosophy is centered on the Philippines, as we see significant potential to drive progress and contribute meaningfully to national development.

02 ENGAGE

We engage and retain our employees by capitalizing in skill development and providing career opportunities.

Our comprehensive programs enhance both hard and soft skills, providing employees with the resources and opportunities they need to reach their full potential.

03 ADVANCE

We advance businesses with unrealized value that could be unlocked through innovative engineering, while fostering operational synergies within the group.

Our selection process is focused on leveraging our engineering expertise to identify opportunities that drive shared value creation and nation-building.

04 DEVELOP

We develop world-class businesses and systems through strategic partnerships and alliances.

Our adherence to our stakeholder policies is a fundamental pillar of our management strategy, ensuring compliance, operational integrity, and long-term sustainability.

05 MANAGE

We manage our businesses in accordance with relevant government standards on environment, safety, quality and corporate governance practices.

We are also firmly committed to fulfilling our obligations to our host communities by remitting government-mandated royalties in a timely manner.

HOW WE CREATE SHARED VALUE

EMPLOYMENT AND LIVELIHOOD

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

DIVIDENDS

We commit to a dividend payout ratio of at least 25 percent of the preceding year's consolidated core net income.

GOVERNMENT ROYALTY

The Department of Energy, Antique Province, Caluya and Brgy. Semirara are entitled to royalties from coal sales.

ENERGY REGULATIONS NO. 1-94

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

EXCISE TAX

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

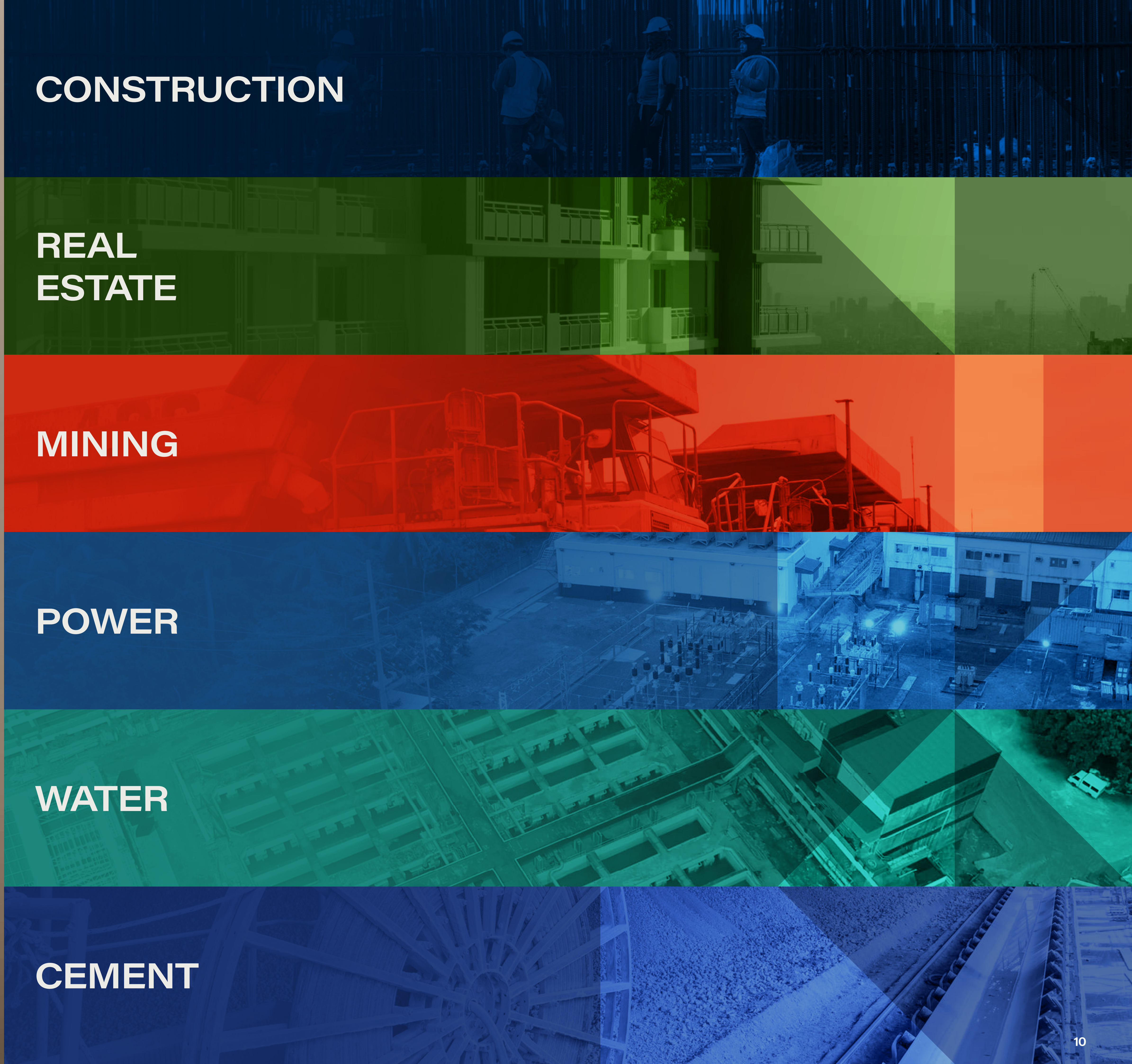
OUR PORTFOLIO

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

In 2024, we expanded into the cement manufacturing industry, further strengthening our position in the infrastructure value chain.

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)

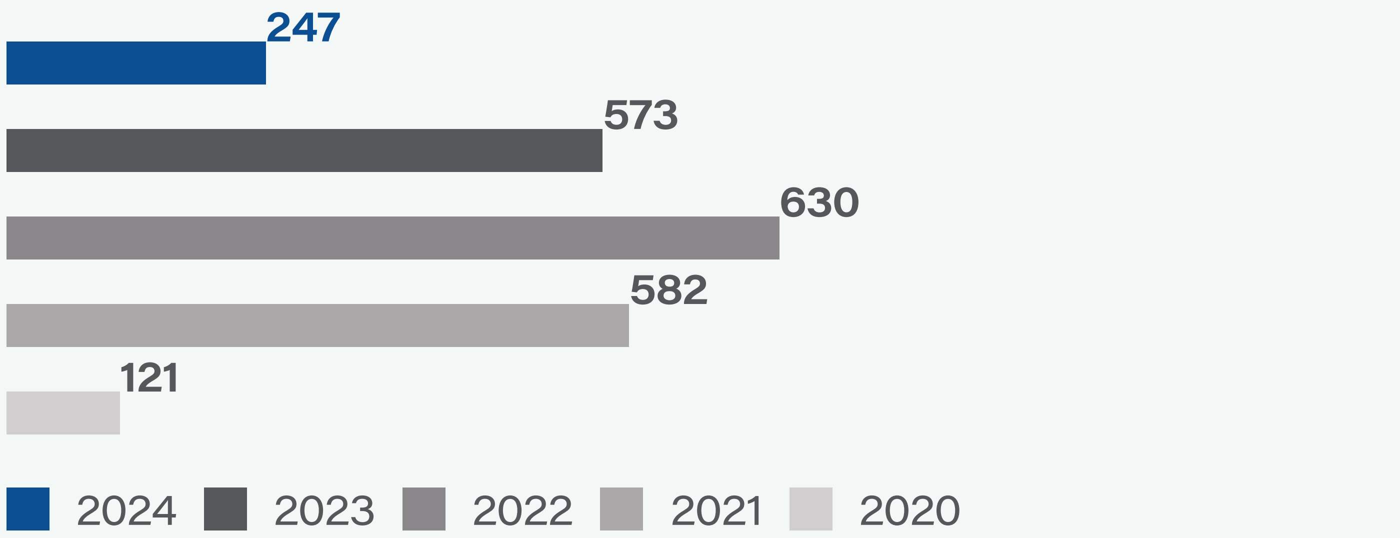
D.M. CONSUNJI, INC.

100 PERCENT

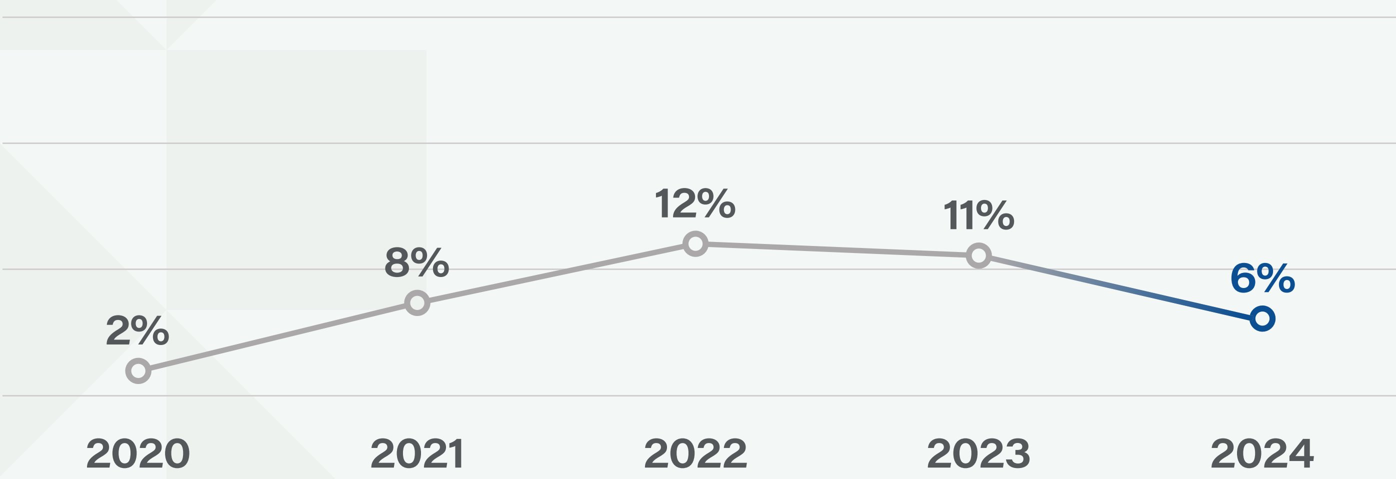
For the business review, see page 93

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.

Net Income Contribution



Return on Equity



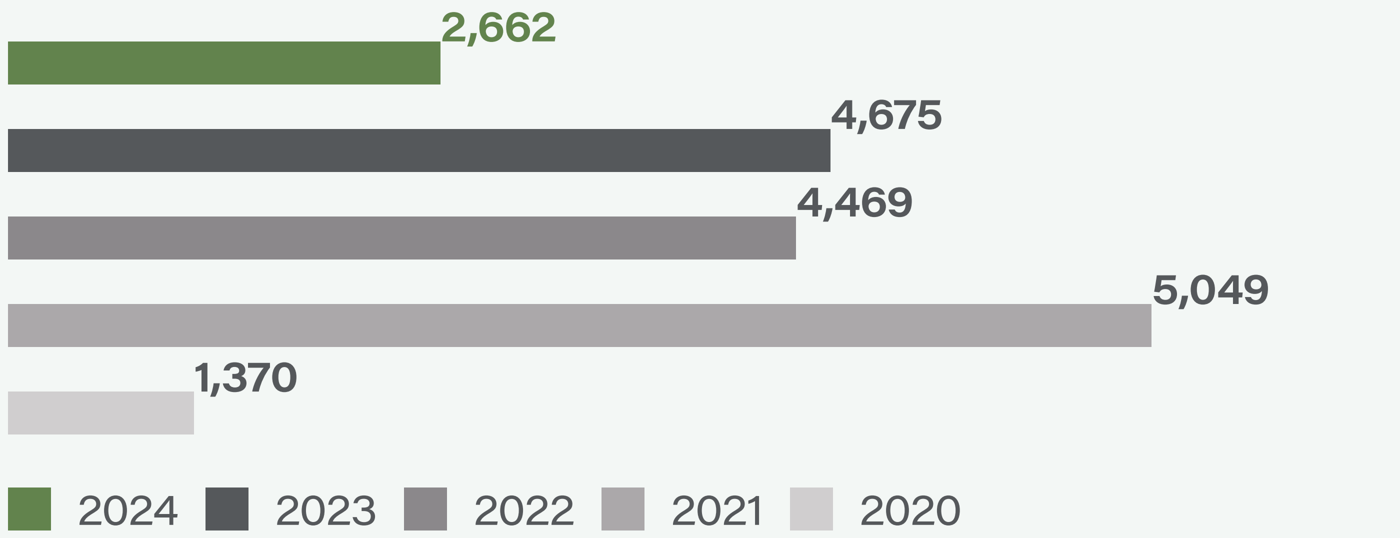
DMCI HOMES

100 PERCENT

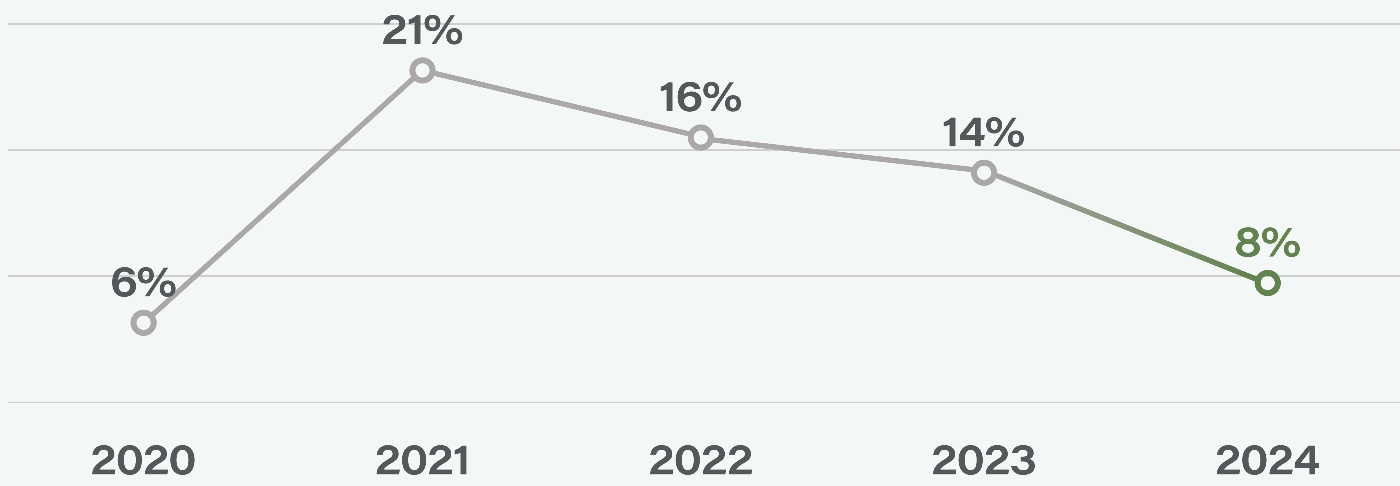
For the business review, see page 99

Initially a housing division under D.M. Consunji, Inc., DMCI Homes was spun-off in 1999 to meet the surge in demand for urban homes. Since then the company has grown into one of the Philippines' leading mid-segment developers, known for its "resort-inspired" communities. The company has also expanded its portfolio to include leisure and upscale developments.

Net Income Contribution



Return on Equity

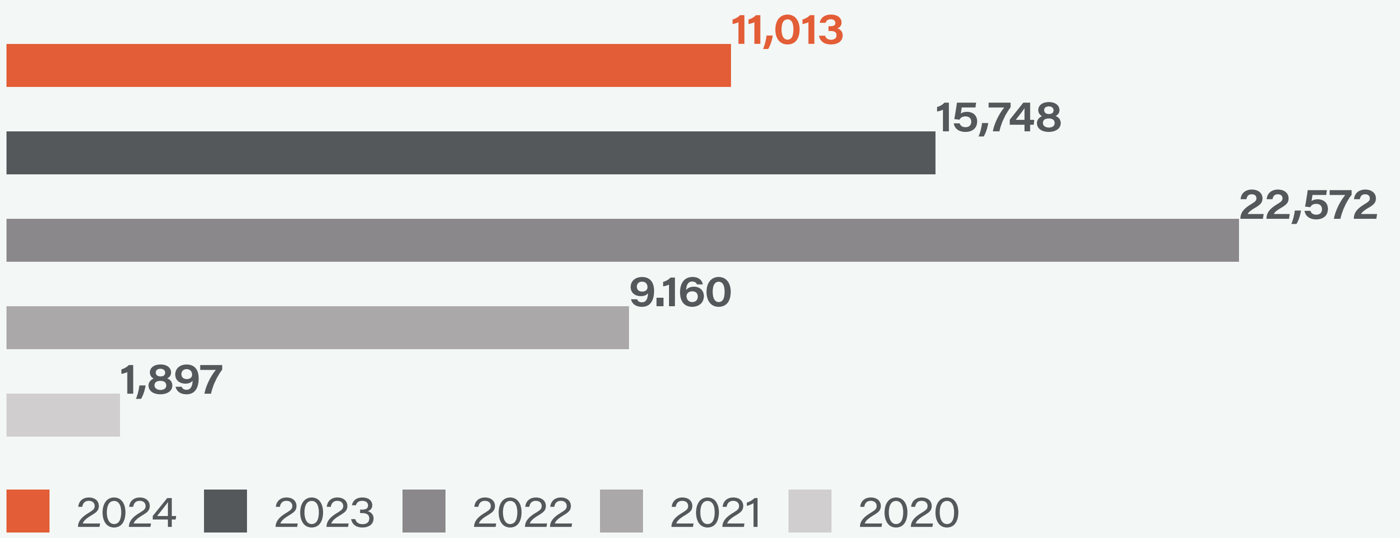


56.65 PERCENT

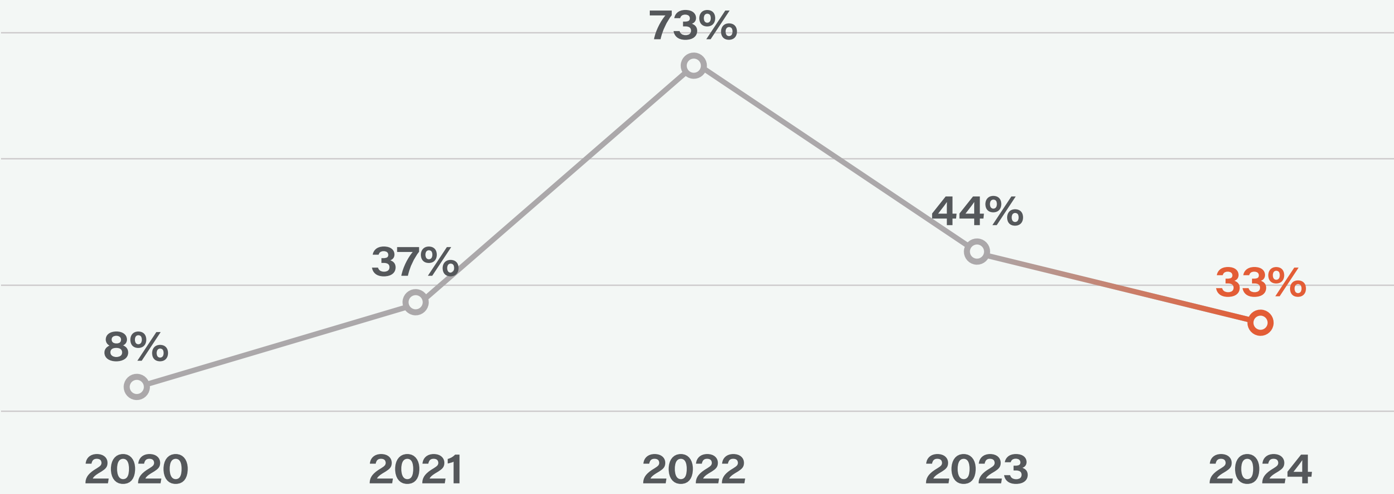
For the business review, see page 105

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

Net Income Contribution



Return on Equity

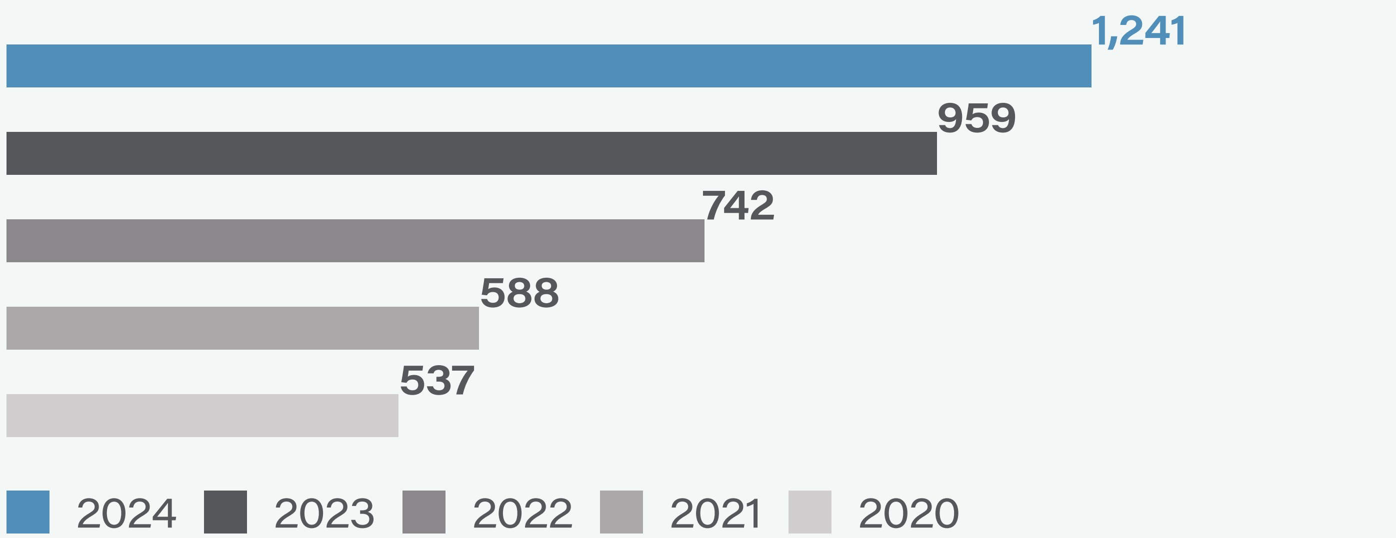


100 PERCENT

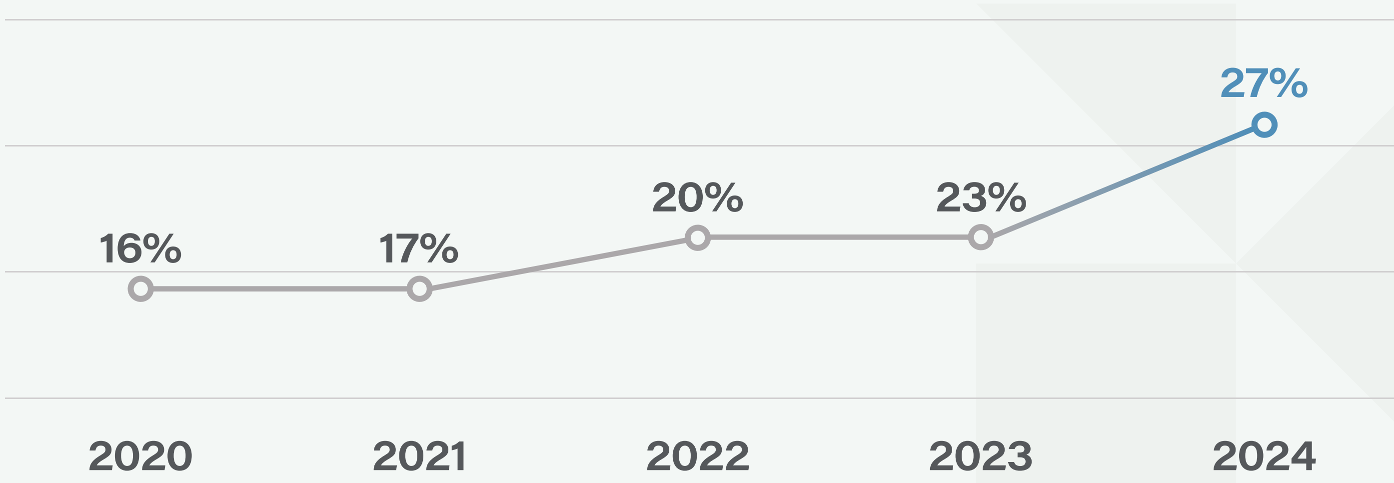
For the business review, see page 111

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.

Net Income Contribution



Return on Equity



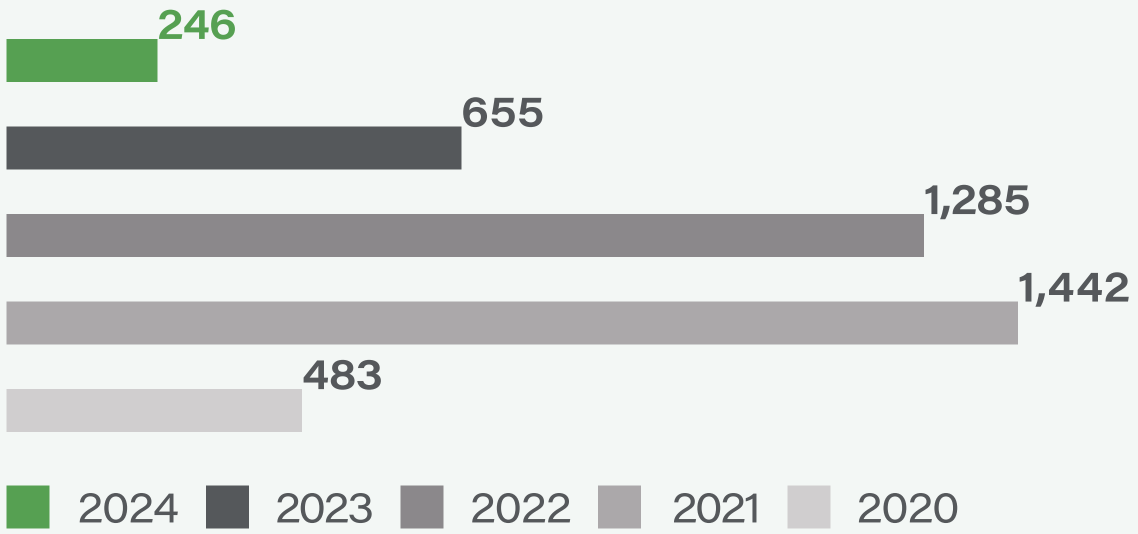
DMCI Mining Corporation

100 PERCENT

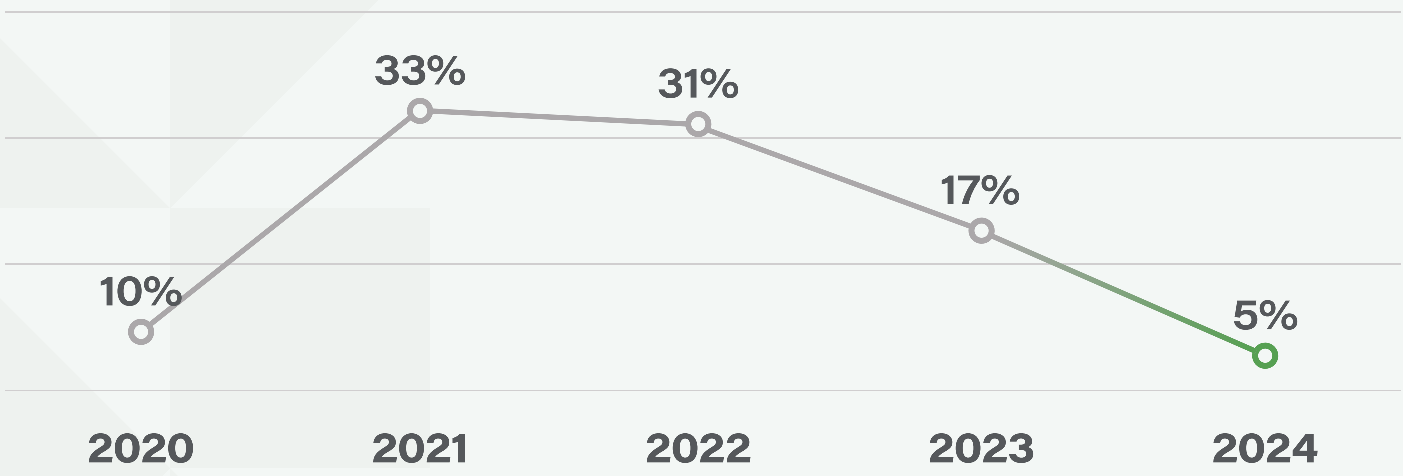
For the business review, see page 117

Formed in 2007, DMCI Mining Corporation engages in ore, metal and mineral exploration, development and shipping. It has two operating nickel mining assets: Zambales Diversified Metals Corporation (ZDMC) and Zambales Chromite Mining Company (ZCMC), which commenced operations in December 2024. Meanwhile, Berong Nickel Corporation (BNC), is working on opening new mines in Palawan.

Net Income Contribution



Return on Equity



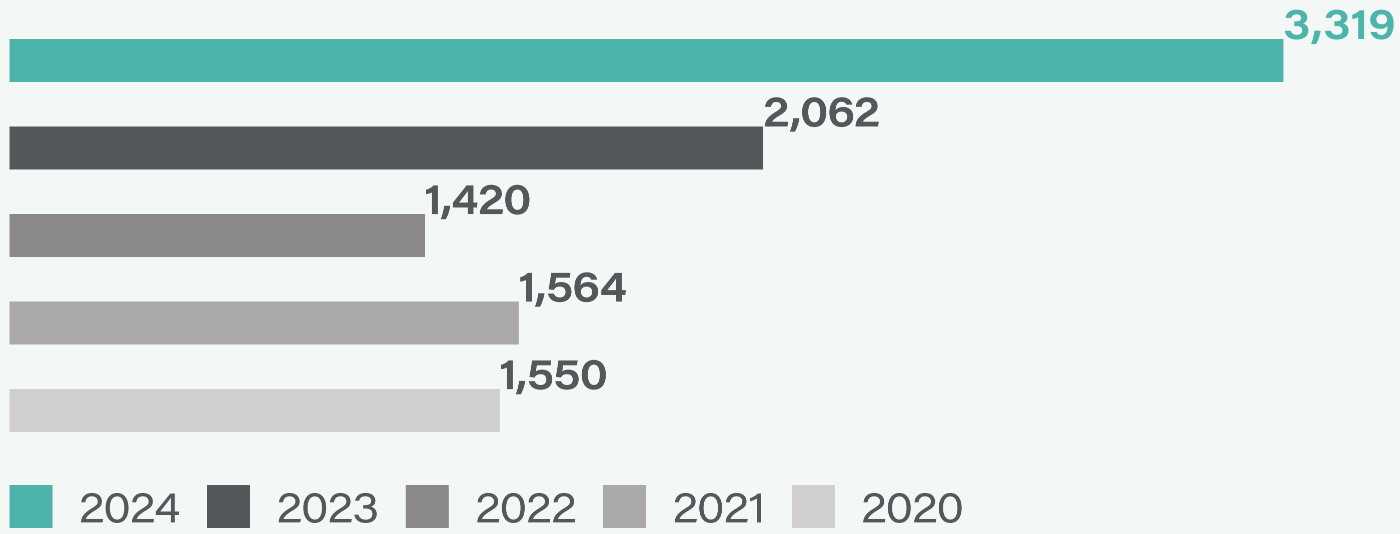
Maynilad

27.19 PERCENT

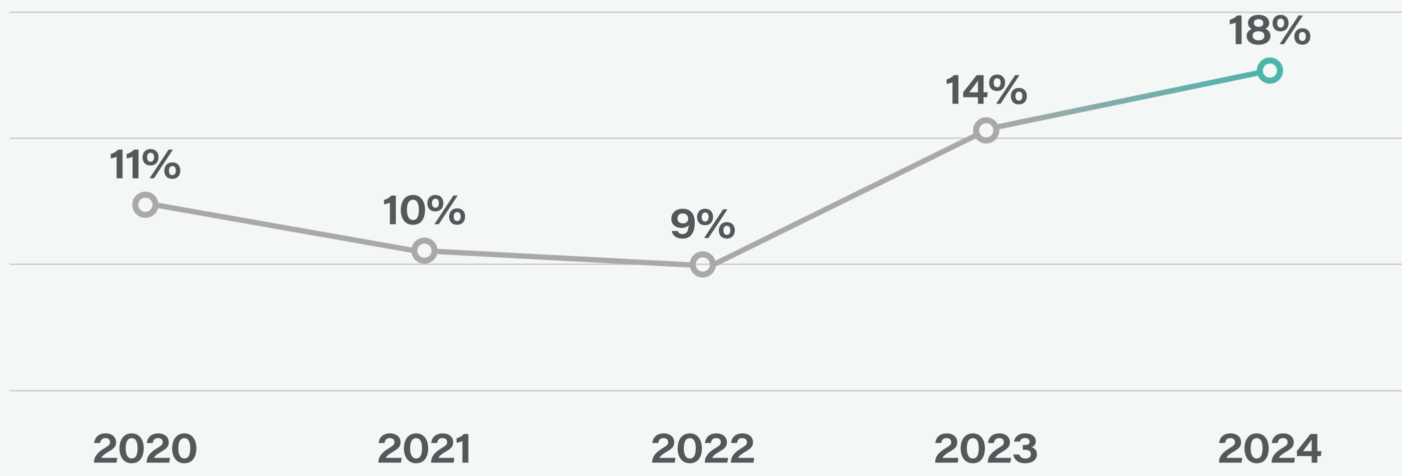
For the business review, see page 123

Maynilad Water Services, Inc. (Maynilad) is the largest private water concessionaire in the Philippines in terms of customer base. It has a 25-year legislative franchise to establish, operate and maintain the waterworks system in the West Zone of the Greater Metro Manila Area.

Net Income Contribution



Return on Equity



WE INVEST EXCLUSIVELY IN THE PHILIPPINES

Our commitment to sustainable nation-building is reflected in our investment approach. We allocate 100% of our capital to projects within the Philippines, with a strong focus on regions outside Metro Manila.

Our projects are located in various parts of the country, including Metro Manila, Antique, Antipolo, Baguio City, Batangas, Boracay, Cavite, Cebu, Davao City, Masbate, Oriental Mindoro, Palawan, and Zambales, among others.

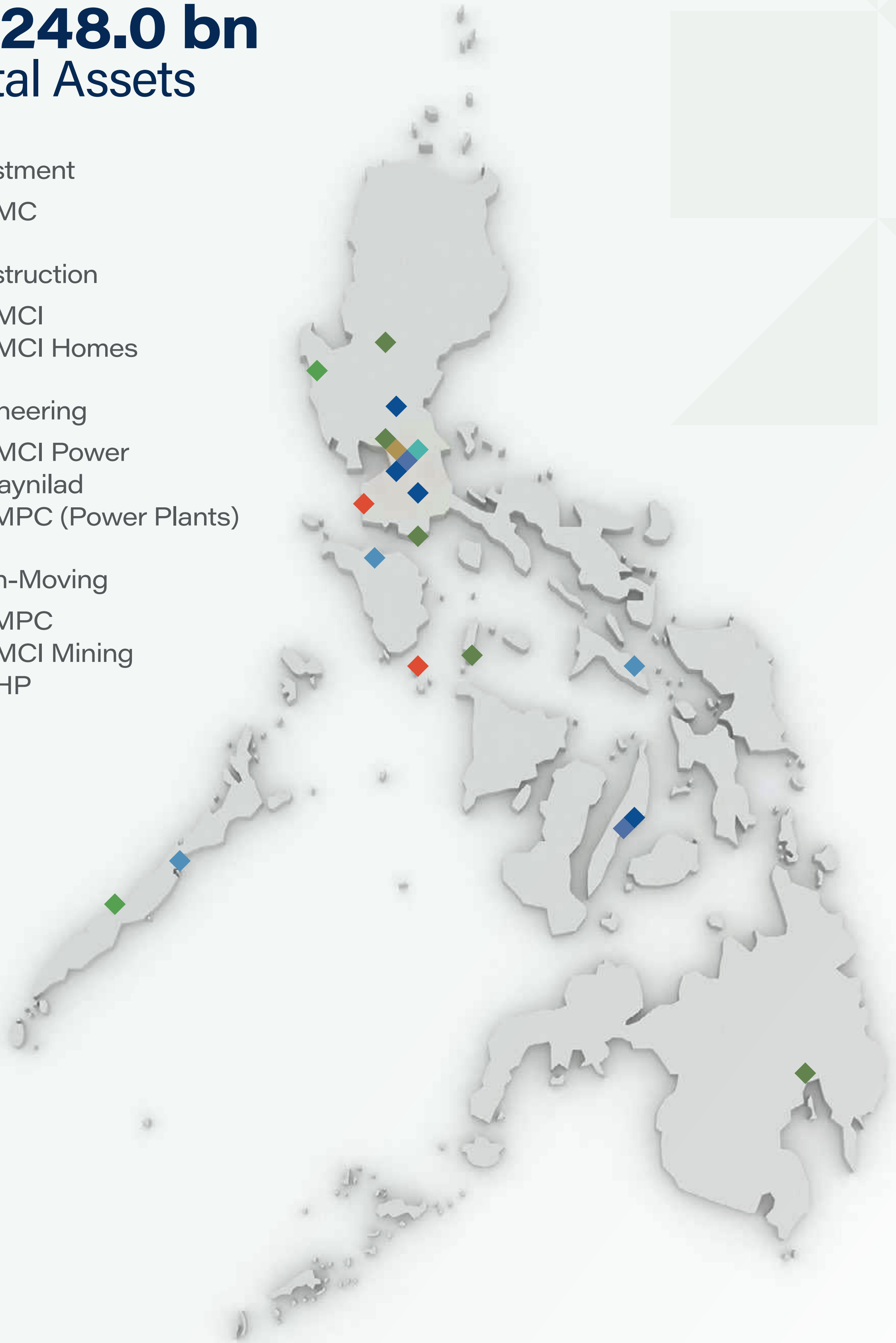
P 248.0 bn
Total Assets

Investment
- DMC

Construction
- DMCI
- DMCI Homes

Engineering
- DMCI Power
- Maynilad
- SMPC (Power Plants)

Earth-Moving
- SMPC
- DMCI Mining
- CHP



SHAREHOLDERS

		2023
Market Capitalization	P 143.66 bn	2023 | P 129.72 bn
Price Performance	+10.75 %	2023 | -18.58
Closing Share Price	P 10.82	2023 | P 9.77
Earnings Per Share	P 1.43	2023 | P 1.86
Dividends Paid	P 15.93 bn	2023 | P 19.12 bn

EMPLOYEES AND WORKERS

		2023
Total Workforce	36,581	2023 | P 35,495
Female Direct Employees	3,167	2023 | 2,584
Wages and Benefits	P 11.17 bn	2023 | 10.35 bn
Non-Metro Manila Employees	6,164	2023 | 10,330
Consolidated Training Hours	698,004	2023 | 547,412

GOVERNMENT AND HOST COMMUNITY

		2023
Royalties Paid	P 7.62 bn	2023 | P 9.65 bn
Taxes Paid	P 9.50 bn	2023 | P 13.81 bn
Social Investment	P 128 mn	2023 | P 292 mn
Hired Filipino Employees	4,440	2023 | 5,047
Scholars	1,004	2023 | 397

ENVIRONMENT

		2023
Rehabilitation Spending	P 3.64 bn	2023 | P 1.71 bn
Reforested Area	1,865 ha	2023 | 1,649 ha
Mangroves Planted	629,217	2023 | 680,557
Habitats Adopted	2,516 ha	2023 | 1,875 ha
Giant Clams Propagated	195,168	2023 | 186,305

ECONOMIC CONTRIBUTIONS FROM SUBSIDIARIES

Our Company generated a total value of P110.0 bn in 2024, 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.

Generated Value	Economic Value Distributed	Retained Value
P 110.0 bn	P 103.9 bn	P 6.2 bn

Economic Value Distributed:

Operating Costs	Employee Wages and Benefits**	Dividends and Interest Payments	Government Taxes	Community Investments
P 53.5 bn	P 8.3 bn	P 29.7 bn	P 12.4 bn	P 95 mn

SUMMARY OF CONSOLIDATED FINANCIAL PERFORMANCE

Figures in billion pesos unless otherwise stated

REVENUES

2024 | 102.4
2023 | 122.8
2022 | 142.6

-17% Year on Year

COST OF SALES AND SERVICES

2024 | 60.7
2023 | 67.2
2022 | 68.5

-10% Year on Year

OPERATING EXPENSES

2024 | 18
2023 | 20.7
2022 | 25.1

-13% Year on Year

GROSS PROFIT

2024 | 41.7
2023 | 55.7
2022 | 74.1

-25% Year on Year

EBITDA

2024 | 39.8
2023 | 48.8
2022 | 61.3

-18% Year on Year

EBIT

2024 | 30.9
2023 | 40.1
2022 | 53.5

-23% Year on Year

EBITDA MARGIN

2024 | 39%
2023 | 40%
2022 | 43%

NET INCOME

2024 | 19.0
2023 | 24.7
2022 | 31.1

23% Year on Year

10-Year Cash-Flow History

CAPITAL EXPENDITURES

2024 | 22.6
2023 | 21.5
2022 | 22.7

5%
Year on Year

CASH AND EQUIVALENT

2024 | 34.3
2023 | 32.2
2022 | 28.4

7%
Year on Year

TOTAL EQUITY

2024 | 149.8
2023 | 137.4
2022 | 132.7

9%
Year on Year

TOTAL ASSET

2024 | 288.4
2023 | 248.0
2022 | 240.8

16%
Year on Year

TOTAL LIABILITIES

2024 | 138.7
2023 | 110.6
2022 | 108.1

25%
Year on Year

NET DEBT TO EQUITY

2024 | 23%
2023 | 13%
2022 | 18%

RETURN ON EQUITY

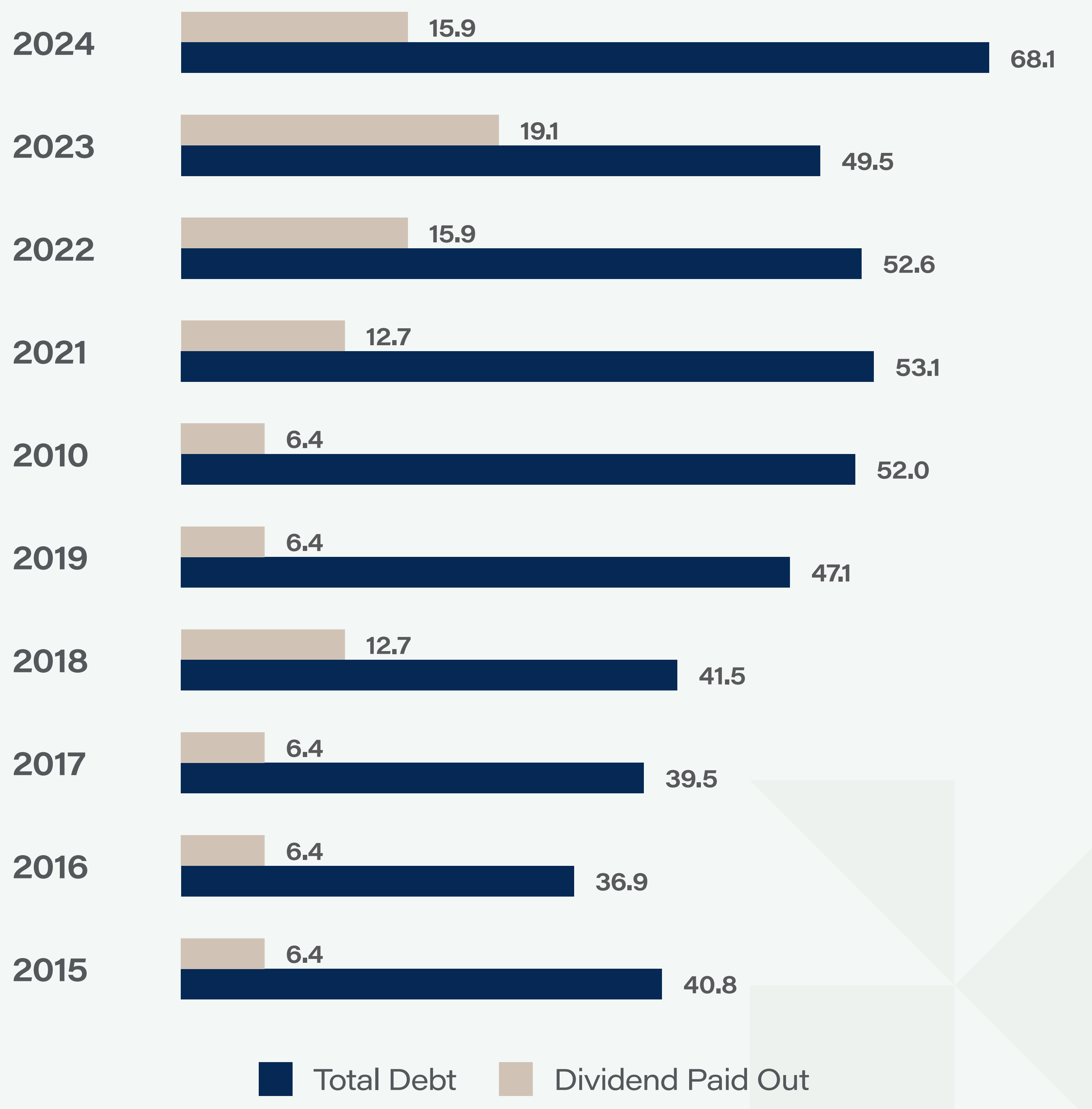
2024 | 17%
2023 | 23%
2022 | 33%

EQUITY ATTRIBUTABLE TO PARENT

2024 | 119.9
2023 | 109.0
2022 | 103.5

10%
Year on Year

10-Year Debt and Dividend History



EVENTS AND MILESTONES

JANUARY

DMCI Homes and Marubeni Corporation launch The Valeron Tower, their first joint venture project in Pasig City

DMCI secures contract for the 2×8MW Aborlan Bunker-Fired Power Plant project under **DMCI Power**

DMCI projects Poblacion Water Treatment Plant and Empress at Capital Commons reach 8 million and 3 million safe manhours, respectively

DMCI Homes turns over Kai Garden Residences – Icho Building (Mandaluyong City)

Maynilad implements the second tranche of MWSS-approved effective tariff adjustment

FEBRUARY

DMCI bags YCO Cloud Campus One Phase 1A project

DMCI Homes turns over Satori Residences – Rahu Building (Pasig City)

Maynilad commissions a new sewage treatment plant at the Valenzuela Water Reclamation Facility

MARCH

DMC and **SMPC** declare regular and special cash dividends of P0.72/share and P3.50/share, respectively

DMCI Power begins construction of the first unit of its 2×8MW Aborlan Bunker-Fired Power Plant in Palawan

ZDMC starts mining operations in new mine Lot 4

DMCI Homes turns over The Aston Place (Pasay City)

Maynilad inaugurates the Laguna Lake Modular Treatment Plant in Muntinlupa, using advanced ceramic ultrafiltration technology

DMCI's Connor at Greenhills project records 6 million safe manhours

APRIL

DMC, **SMPC**, and **Dacon** sign share purchase agreement to acquire Cemex Asian South East Corporation (CASEC)

DMCI secures new contracts including Segment 3B of the C5 Link Expressway, Longpoint Causeway, and PNR Track Recovery Work (South Commuter Railway Package S-02)

DMCI Power awarded a 17MW Wind Energy Service Contract by the DOE

Maynilad's Poblacion Water Treatment Plant, a DMCI-Acciona joint venture project, wins "Water Project of the Year" at the Global Water Awards

DMCI Homes begins turnover of Prisma Residences – Kiran Building (Pasig City)

SMPC repurposes 100 shipping containers into housing units for employees and communities in Semirara Island

Maynilad files SEC registration for up to P15 billion Maiden Bond Issuance

DMCI wins three honors from the 15th Safety Organization of the Philippines Awards

DMCI's CAMANA Water Reclamation Facility project achieves 8 million safe manhours

MAY

DMCI Homes launches Moncello Crest in Tuba, Benguet—its second Leisure Residences project

DMCI bags the De La Salle Medical and Health Sciences Institute Academic Complex; tops off DLSU Laguna's University Hall and Razon Hall

DMCI Power secures Environmental Compliance Certificate for the 8MW Mobo Bunker-Fired Diesel Power Plant in Masbate

DMCI Power receives Department of Energy's Certificate of Exemption for Phase 2 of its 15MW CFB Biomass-Coal Plant in Narra, Palawan

DMCI Power signs EPC contract for 12.5MW Semirara Wind Plant with 6.7MW/6.7MWh Battery Energy Storage System (BESS)

DMCI Power begins construction of 1x8.826MW Mobo Bunker-Fired Power Plant

Maynilad receives SEC Confirmation of Qualification for up to P15 billion Blue Bond issuance

SMPC launches its revamped corporate website

JUNE

DMC receives four honors at the Corporate Governance Asia 14th Asian Excellence Awards

DMCI completes the PGH Felicidad Sy Multi-Specialty Building (Phase 2) and VMMC Magiting Wing; awarded YCO Cloud Campus One project

DMCI Homes turns over Alder Residences – Andea Building (Taguig) and Kai Garden Residences – Hinoki Building (Mandaluyong)

Maynilad receives permit to sell for its Blue Bond offering from the SEC

SMPC installs 30 artificial reef balls to mark World Reef Awareness Day

SMPC conducts a medical mission benefiting 260 residents

DMCI Homes' RideShare and Communities App win Gold and Silver at the 2024 Asia-Pacific Stevie Awards

JULY

DMCI completes Dinapigue Causeway and decommissions Putatan 1 Brineline

DMCI Homes, in partnership with Robinsons Land, turns over the Cadence Building of Sonora Garden Residences in Las Piñas City

DMCI Power begins construction of the 12.5MW Semirara Wind Power Plant

Maynilad lists its Blue Bonds on the Philippine Dealing & Exchange Corp. in support of its capital expenditure on sustainable water and wastewater management

DMCI, **DMCI Homes**, **SMPC**, and **Maynilad** host UP College of Engineering and UPERDFI in support of 21 professorial chairs and 8 teaching/research awards

SMPC receives Philippines Best Employer Brand Award at the 19th Employer Branding Awards

SMPC wins four honors at the 14th Institutional Investor Corporate Awards 2024

AUGUST

DMC receives PCC clearance for the CASEC acquisition

DMC Chairman Isidro A. Consunji named 2024 Most Distinguished UP Alumnus; Executive Director and Assistant Treasurer Maria Cristina C. Gotianun honored as Distinguished Alumna for Corporate Management Excellence

DMCI Homes launches One Delta Terraces (Quezon City); turns over Satori Residences – Amani and Yasu Buildings

DMCI Homes partners with the Institute for Solidarity in Asia (ISA) for the Foundation Builders Program

DMCI Power receives Department of Energy's Certificate of Energy Project of National Significance for its Phase 2 of its 15MW CFB Biomass-Coal Plant in Narra, Palawan

DMCI Power wins bid for 15MW PSA (PALECO)

SEPTEMBER

DMC and **SMPC** once again earn the ASEAN Corporate Governance Scorecard's 3 Golden Arrow Award

DMCI bags contracts for Laya by Shang Properties and the Las Piñas Pipelaying Project

DMCI Homes turns over Alder Residences – Manzuria Building (Taguig City)

SCPC recognized by EMB for active participation in the "Adopt-an-Estero" program

OCTOBER

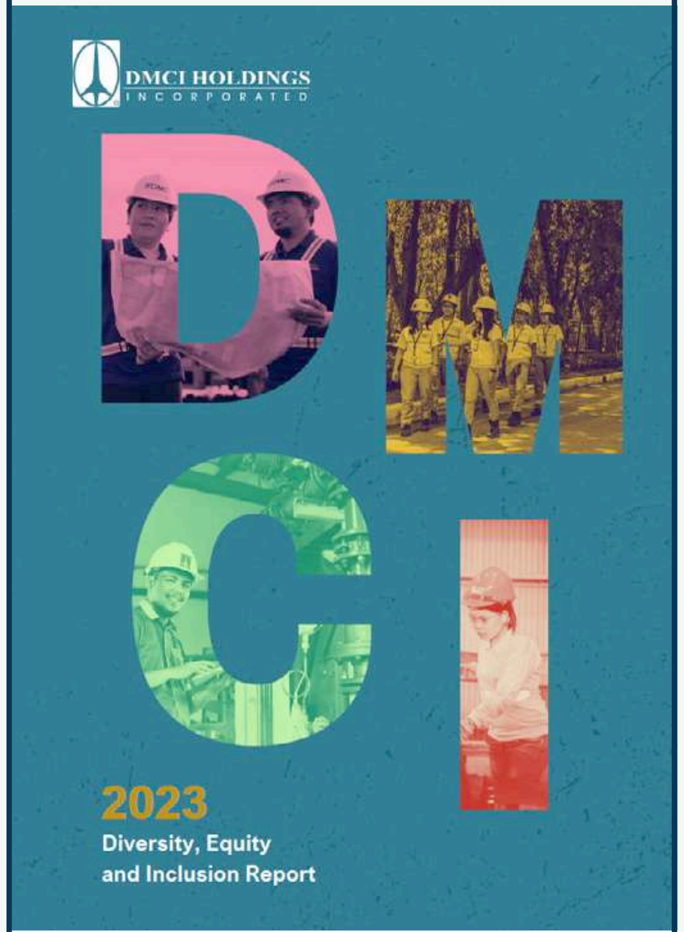
DMC shareholders approve P10 billion preferred shares issuance to Dacon Corp for CASEC acquisition

DMC and **SMPC** declare P0.48/share and P2.50/share in special dividends, respectively

DMCI bags the Pioneer Cold Storage Warehouse project; completes The Imperium at Capital Commons

DMCI Homes holds 25th Anniversary Thanksgiving Mass at UP Chapel

DMCI Power wins bid for 2MW PSA (ANTECO), 10MW PSA (ORMECO), and receives NEA-SBAC's Notice of Award for 15MW PSA for the Palawan Main Grid



DMC publishes 2023 Diversity, Equity, and Inclusion Report

DMCI's CAMANA Water Reclamation Facility achieves 10 million safe manhours

NOVEMBER

DMCI Homes launches Kalea Heights, its first project in Cebu City; begins turnover of Cameron Residences (Quezon City)

TESDA Calabarzon recognizes **SMPC's** power segment for continued partnership

DMCI Power's Head Office and Calapan secure recertification for ISO 9001, 14001, and 45001 standards

DMCI completes fencing and security works for PNR Track Recovery (SCRP CPS02)

ZDMC wins 2024 Platinum Achievement Award for Surface Mining from the Presidential Mineral Industry Environmental Award

DECEMBER

DMC, **SMPC**, and **Dacon** complete the Cemex acquisition

Chairman Isidro A. Consunji awarded Honorary Doctorate in Management by AIM

DMCI Homes begins turnover of The Crestmont at Quezon City

DMCI secures contracts for the mechanical works of St. Luke's Medical Center – New Hospital Building in Quezon City and the construction of the PGH Felicidad Sy Multi-Specialty Building

DMCI Mining opens **Zambales Chromite Mining Company** for commercial operations

AWARDS AND RECOGNITION

DMCI HOLDINGS, INC.

Corporate Governance Asia
14th Asian Excellence Awards

- Asia's Best CEO – Mr. Isidro A. Consunji
- Asia's Best CFO – Mr. Herbert M. Consunji
- Best Investor Relations Professional – Ms. Cherubim O. Mojica
- Best Investor Relations Company

DMC Rank 159th in Fortune 500 Southeast Asia

2023 ASEAN Corporate Governance Scorecard (ACGS)

Golden Arrow Awards by the Institute of Corporate Directors

- 3 Golden Arrow Awards

D.M. CONSUNJI, INC.

13th Gawad Kaligtasan at Kalusugan (GKK) Award by the Department of Labor and Employment Occupational Safety and Health Center:

- National Silver Awardee (Construction Industry)
- Regional Award (National Capital Region)
- Special Award (Individual) - Mr. Arnold E. Zoleta

Safety Organization of the Philippines (SOPI)

- Perfect Safe Record
- Award of Honor
- Outstanding Safety Practitioner - Ms. Maria Victoria Basbas

DMCI HOMES

BCI Asia Awards 2024

- Top 10 Developers Award

DMCI Communities Mobile App: Silver Award for the Innovative Use of Technology in Customer Service

Water Project of the Year, 2024 Global Water Awards for Maynilad Poblacion Water Treatment Plant

2024 Manila Water Enterprise Vendor Recognition for Levi Mariano Pump Station and Reservoir Project:

- Compliance Excellence Award (Contractor Category)
- Quality Performance Award (Contractor Category)

2024 Asia-Pacific Stevie Awards

- DMCI Communities Mobile App's RideShare feature: Gold Award for Innovation in Transportation & Logistics

2023 Top 4 Corporate Taxpayer in Parañaque City

2023 Top 6 Real Property Taxpayer in Pasig City

2023 Top 3 Business Taxpayer in Pasig City

2023 Top 6 Real Property Taxpayer in Davao City

DMCI POWER

Certificate of Commendation, Environmental Management Bureau - Region 5

2023 Top 5 Real Property Taxpayer in Puerto Prinsesa City

SEMIRARA MINING AND POWER CORPORATION

Alpha Southeast Asia 14th Institutional Investor Corporate Awards

- Most Organised Investor Relations (4th place)
- Best Senior Management Investor Relations Support (4th place)
- Most Consistent Dividend Policy (3rd place)
- Most Improved Investor Relations (sole winner)

19th Employer Branding Awards

- Philippines Best Employer Brand Award

2023 ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Awards by the Institute of Corporate Directors

- 3 Golden Arrow Award

20th Philippine Quill Awards by the International Association of Business Communicators (IABC)

- Excellence Award for Community Relations Category under the Community Management Division*
- Award of Merit for Social Media Programs Category under the Communication Skills Division*

* For social development video campaign "Anong Kwentong Semirara Mo?"

ZAMBALES DIVERSIFIED METALS

2024 Platinum Achievement Award (Surface Mining Operation Category), Presidential Mineral Industry Environmental Award

Institutional Award, Department of Science and Technology – National Research Council of the Philippines

MAYNILAD

Triple P Sustainability Awards by the International Association of Business Communicators

- Excellence in Environmental and Social Sustainability for the Plant for Life Program

2024 Global Water Awards

- Water Project of the Year – Poblacion Water Treatment Plant

Bentley System 2024 Founders' Honor Award

- Use of digital technology in optimizing NEW WATER distribution

2024 International Water Association - Climate Smart Utilities Recognition

- Named a "Climate Smart Utility" under the "Achiever" category

2024 World Sustainability Awards

- Biodiversity Award for the Plant for Life Program

9th Asia Sustainability Reporting Awards

- Bronze Award for Asia's Best Sustainability Report under the Private Company category

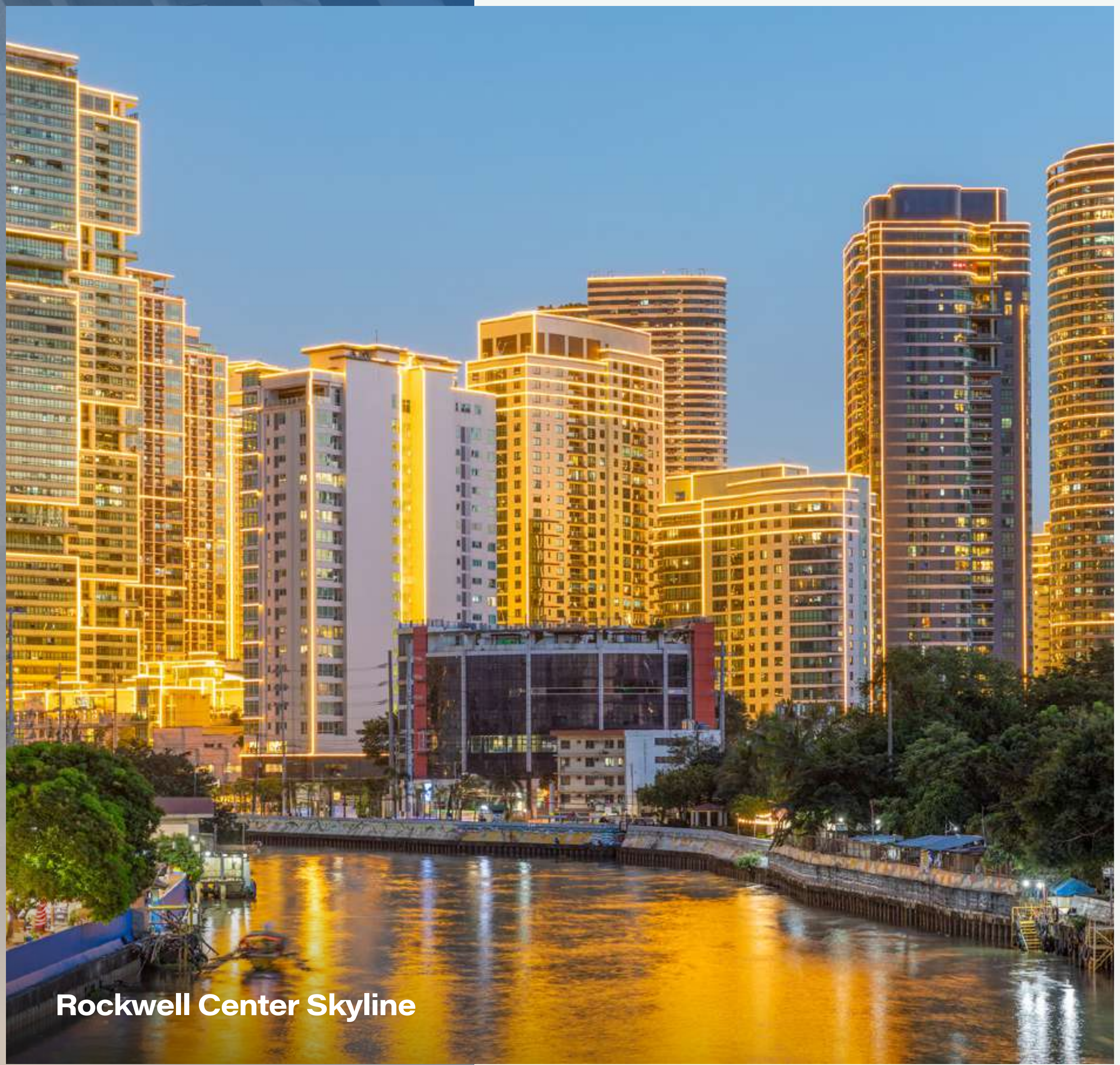
18th Annual Best Deal and Solution Awards by Alpha Southeast Asia

- Best Blue Bond in Southeast Asia Most Innovative Deal of the Year 2024

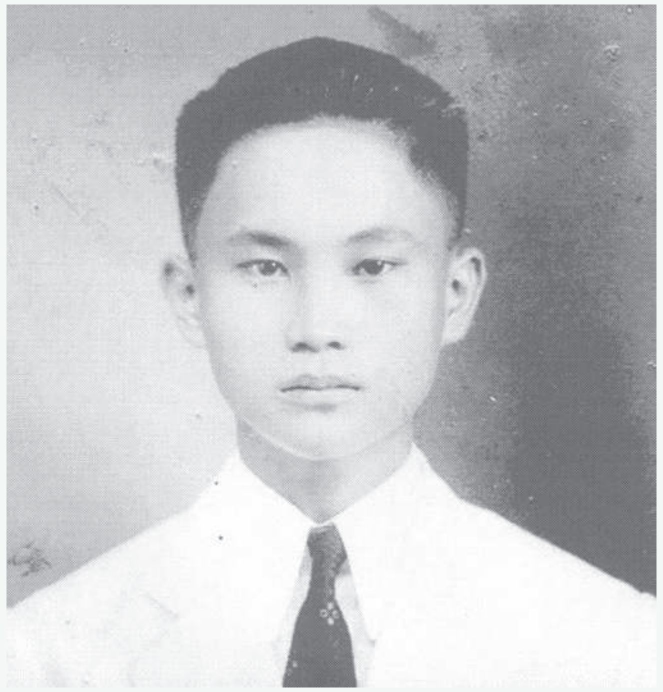
FEATURED ARTICLES

70 YEARS STRONG: THE D.M. CONSUNJI, INC. STORY

Excerpt from the introduction of D.M. Consunji, Inc.'s 70th anniversary coffee table book, written by ***Iris Gonzales****.*



Rockwell Center Skyline



EARLY DAYS

It all started with a second-hand cement mixer, a pickup truck, a few capatazes or foremen and a fervent hope to help rebuild what the war had broken.

It was the late 1940s and the damage left by World War II was still very visible. Manila was in ruins as bombs destroyed buildings, homes and roads. It was both the end and the beginning; a complex battle between despair and hope; tears and joy; pain and love.

David M. "DM" Consunji, a young engineering student from the University of the Philippines (UP), was among those who would survive the hardships of wartime despite the odds and the paralyzing pain of losing loved ones.

Life in Manila was difficult throughout most of 1945 as DM himself experienced.

"The Japanese had blown up the power plants. Even water service took a while to be restored. The southside of Manila has been almost completely destroyed and over 100,000 Filipinos had been killed in the battle," DM said in his memoirs, *A Passion to Build*.

All over the country, he recalled, the people were simply trying to go back to the lives they had before the war, before all the destruction. It was a time of liberation but also a period of deprivation and disorder.

A NATION IN SHAMBLES

The Philippines emerged from World War II as a nation in shambles.

Estimates suggest that the Philippines suffered approximately $8 billion in damage, equivalent to a staggering 38 percent of its pre-war national income, according to the economist Gerardo Sicat's Postwar Philippine Economic Development.

Hyperinflation and shortages of essential goods ripped through the country, causing widespread poverty.

Despite the difficult life, DM resumed his studies when UP reopened in August 1945. As engineering students, DM and his classmates studied collapsed buildings and structures destroyed by the war.

After graduating in 1946 and responding to the spirit of the times, DM decided to help in the rebuilding of his war-torn country.

Initially, he repaired homes of loved ones and did construction work for relatives, and later, took on bigger jobs for companies—from new buildings to hospitals.

A LONE WOLF

There was a lot of rebuilding going on—not just of damaged structures but of lives disrupted by the war.

The young civil engineering graduate set out on his own as a contractor while his classmates chose to find work in American companies.

His timing was impeccable because in the years after the war ended, business activity boomed and there was pent-up demand for new structures, beyond just repairing the buildings that were destroyed.

This was partly because of the Philippine Rehabilitation Act of 1946, which helped the Philippines recover from the devastation.

A critical piece of legislation enacted by the United States to aid the Philippines in its post-war recovery, the measure committed the United States to providing $620 million in rehabilitation aid to the Philippines.

A significant amount of funds went to the reconstruction of roads, bridges and government buildings, which were vital for restoring basic services and facilitating economic activity.

This environment turned out to be advantageous for DM as a builder. At the same time, he was also building his life—growing a family of his own, together with his wife Fredesvinda "Freddy" Almeda, a pharmacist whom he met in UP during their student days.

One of his biggest projects was for the Philippine Remnants Company that was going to put up a six-storey building on Juan Luna Street in Manila. He was tapped as the concrete inspector for the building.

BUILDER FOR LIFE

By the time he finished the project, he had fallen in love with construction, and as he built his own family, he knew then that he wanted to be a builder for life.

He had a nameplate made in brass with his name and underneath it, the title "Civil Engineer Contractor."

As the Philippines entered a new decade in 1950, DM's small construction company David M. Consunji Civil Engineer Contractor, a sole proprietorship, was born.

Thus, with a second-hand but reliable vintage cast iron Jaeger cement mixer he bought from a friend, a brand new pickup truck, a one-room, 4 x 6-meter office in Pandacan, Manila and his small crew of capatazes, DM had unwittingly planted the seeds of what would later become—perhaps beyond his wildest imagination—the sprawling mammoth engineering company that we know today, D.M. Consunji Inc. or DMCI.

AT THE HEART OF THE COMPANY

DM's aunt Dr. Maria Paz Mendoza-Guazon or Tiya Nena, an accomplished Filipina and his mother Consuelo's older sister, took care of the Consunji siblings after their mother died.

When she learned that DM wanted to be a builder, Tiya Nena wasn't excited at all. From her experience with contractors whom she hired to build her apartments, contractors cut corners to make profits.

But DM assured her that would not be the case with his business.

"She was always a stickler for honesty and she knew that I, too, was brought up to be honorable," DM said.

DM was certain that he could be an honest builder and still make profit.

Tracing his roots to an immigrant Chinese family named Kong Sung Shi who moved from Binondo to Bataan in the early 19th century and eventually became Consunji and thoroughly Filipino, DM grew up in a family of farmers who valued hard work, perseverance and honesty.

It was these inherited values which helped shape DM as an individual, his own family and the company he built.

Thus, for DM, it was about being a builder and keeping his principles intact. He set out to change the game.

His formula was simple—price plus quality.

DM lived by this and in no time, earned himself the credibility and integrity that he and the company he founded would be known for in the decades to come.

He immortalized these principles and values in the DMCI Creed which to this day, remains the company's guiding light.

THE DMCI LOGO

DM then came up with the idea of creating a company logo after a visit to Japan where he met elders of two of Japan's most prominent contractors, Obayashi and Nishimatsu.

"I noticed that they had their company logo on their calling cards and they told me that in Japan, a logo is very significant—it is the visual symbol of what a company stands for and strives for," DM recalled.

When he came back from the trip, he spent the next six months creating DMCI's company logo.

The result is an iconic symbol of everything the company stands for and which DMCI continues to use to this day.

In DM's words:

"Our company logo is predominantly blue because blue is the color of service and construction is about service.

"The rectangle represents responsibility in absolute terms. It is closed. Complete. To me, being responsible is the first and most important attribute of a builder. He is responsible when he has all the resources of a builder—knowledge, experience, materials and equipment—and when he harnesses these resources to do the job competently and completely.

"The ellipse, to my mind, is a representation of skill. Skill translates to grace. Elegance. Beauty. Work done with skill is beautiful. And a good builder should always strive for a beautiful structure.

"The third important attribute of a builder is speed, which is possible only if he has skilled workers and all the right tools. To represent speed, I used the rocket, which is the fastest vehicle man has invented.

"With a little imagination, the letters DMCI may be discerned from the logo."

70 YEARS OF NATION-BUILDING

Today, as DMCI celebrates its 70th year, that logo DM created can be found in nearly every city, province and region across the Philippines in a wide array of developments—from residential villages, to condominiums, to skyscrapers and toll roads and bridges.

It is a testament to a company that has stood the test of time—the uncertainty of post-World War II; the changing landscape of a young republic and all the crises and upheavals.

Among DMCI's biggest projects over the past 70 years are notable Philippine landmarks and icons: the UP Parish of the Holy Sacrifice in Diliman, Quezon City; the old Rizal Theater in Makati, which is now the site of Makati Shangri-La; the Folk Arts Theater, now known as Tanghalang Francisco Balagtas, in Malate, Manila; the Philippine International Convention Center; the Cultural Center of the Philippines and The Manila Hotel also in Manila as well as expressways and bridges.

Indeed, that small blue and white logo has become an enduring symbol of a company that not only builds homes and skyscrapers, but one that has been helping build this nation of 120 million— its past, present and future.

Photography by John James Wright

Cebu-Cordova Link Expressway (CCLEX)

Dambana ng Kagitingan Memorial Cross, Pilar, Bataan

Philippine International Convention Center

Ayala Underpasses

World's biggest IKEA store, Pasay

Skyway Stage 3

BUILDING FORWARD: CEMENTING DMCI GROUP'S ECOSYSTEM

Strategic foray into cement manufacturing expected to unlock synergies across construction, real estate, energy, and mining businesses

Consunji Group with Mr. Jose Luis Gonzalez-Haba Ruiz, Director, Corporate Business Development at CEMEX, Mexico on April 25, 2024

Solid Cement Plant in Antipolo, Rizal

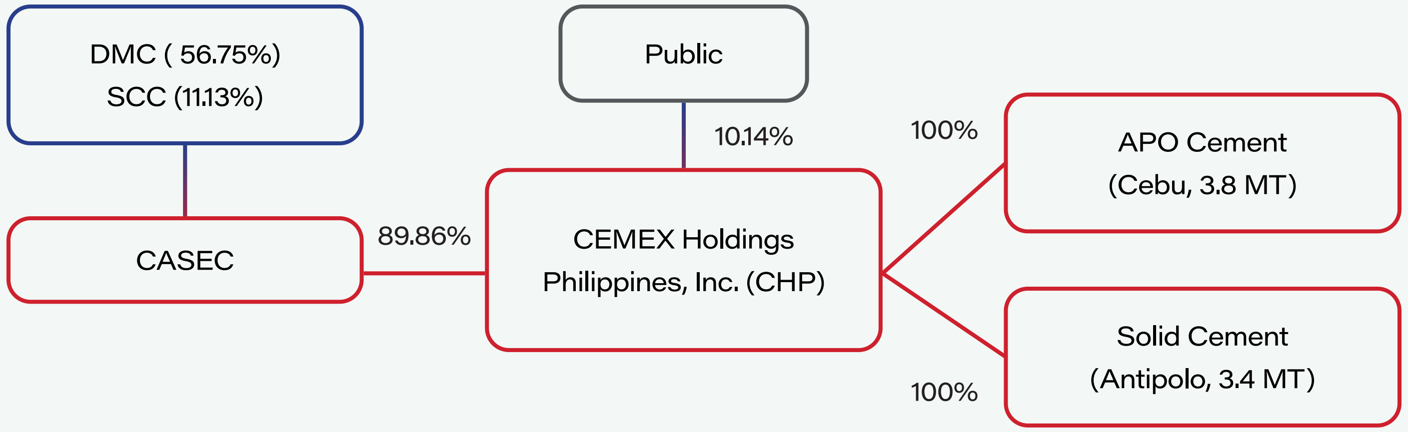
STRATEGIC ENTRY INTO CEMENT MANUFACTURING

In a landmark move for 2024, DMCI Holdings, Inc. (DMC) expanded its footprint in the construction value chain through the acquisition of Cemex Asian South East Corporation (CASEC)—a milestone that signals the Group's official entry into the cement industry.

Under a share purchase agreement signed on April 25, DMC, together with subsidiary Semirara Mining and Power Corporation (SMPC) and majority shareholder Dacon Corporation, acquired CASEC for an equity value of US$272 million, based on an enterprise value of US$660 million. The transaction closed on December 2.

CASEC holds a controlling stake in Cemex Holdings Philippines, one of the country's leading cement producers. Following the acquisition, CHP has been renamed Concreat Holdings Philippines, Inc. (CHP), reflecting its new strategic direction under the DMCI Group.

At financial close, DMC secured an effective 51% stake in CHP, while SMPC and Dacon Corporation accounted for approximately 10% and 29%, respectively. The Group believes the acquisition presents substantial upside, supported by CHP's experienced management, production assets, and recognized brands.



CHP manufactures well-established brands such as APO, Rizal, and Island. Its two main plants—APO Cement and Solid Cement—had a combined annual capacity of 5.7 million metric tons, which increased by 26% to 7.2 million metric tons in April 2025 with the commissioning of a new production line at the Solid Cement facility.

RIDING THE LONG-TERM INFRASTRUCTURE WAVE

This strategic move aligns with DMCI Holdings' long-term vision of vertical integration and group-wide synergy building. Cement naturally complements the Group's core businesses—construction, real estate, and infrastructure—and strengthens its ability to meet internal demand for housing and engineering projects.

The acquisition is also backed by a favorable industry outlook. At an estimated 304 kilograms of cement per capita in 2024, the Philippines still has significant upside potential relative to other ASEAN countries like Vietnam, where per capita consumption is nearly twice as high. This indicates strong potential for long-term demand growth as infrastructure spending accelerates and residential construction scales up.

Further fueling this demand is the national housing backlog, which is projected to widen to around 10 million homes by 2028.


APO Cement Plant in Naga, Cebu

With the start-up of the new 1.5 million metric ton line at Solid Cement in April 2025, CHP will have the capacity to support not only public infrastructure but also the cement needs of D.M. Consunji, Inc. and DMCI Homes.

In addition, CHP's aggregates may serve as a potential new revenue streams for the Group.

UNLOCKING SYNERGIES ACROSS THE GROUP

To ensure a smooth transition and drive the business toward profitability, DMC Board Advisor, Executive Vice President, and Chief Finance Officer Herbert M. Consunji has been appointed President and CEO of CHP.

Supporting him are Mr. Brian T. Lim, who now serves as Vice President, Chief Finance Officer, and Treasurer and Mr. Christopher R. Rodriguez, Vice President for Integrated Operations.


Mr. Herbert M. Consunji, President and CEO of Concreat Holdings Philippines

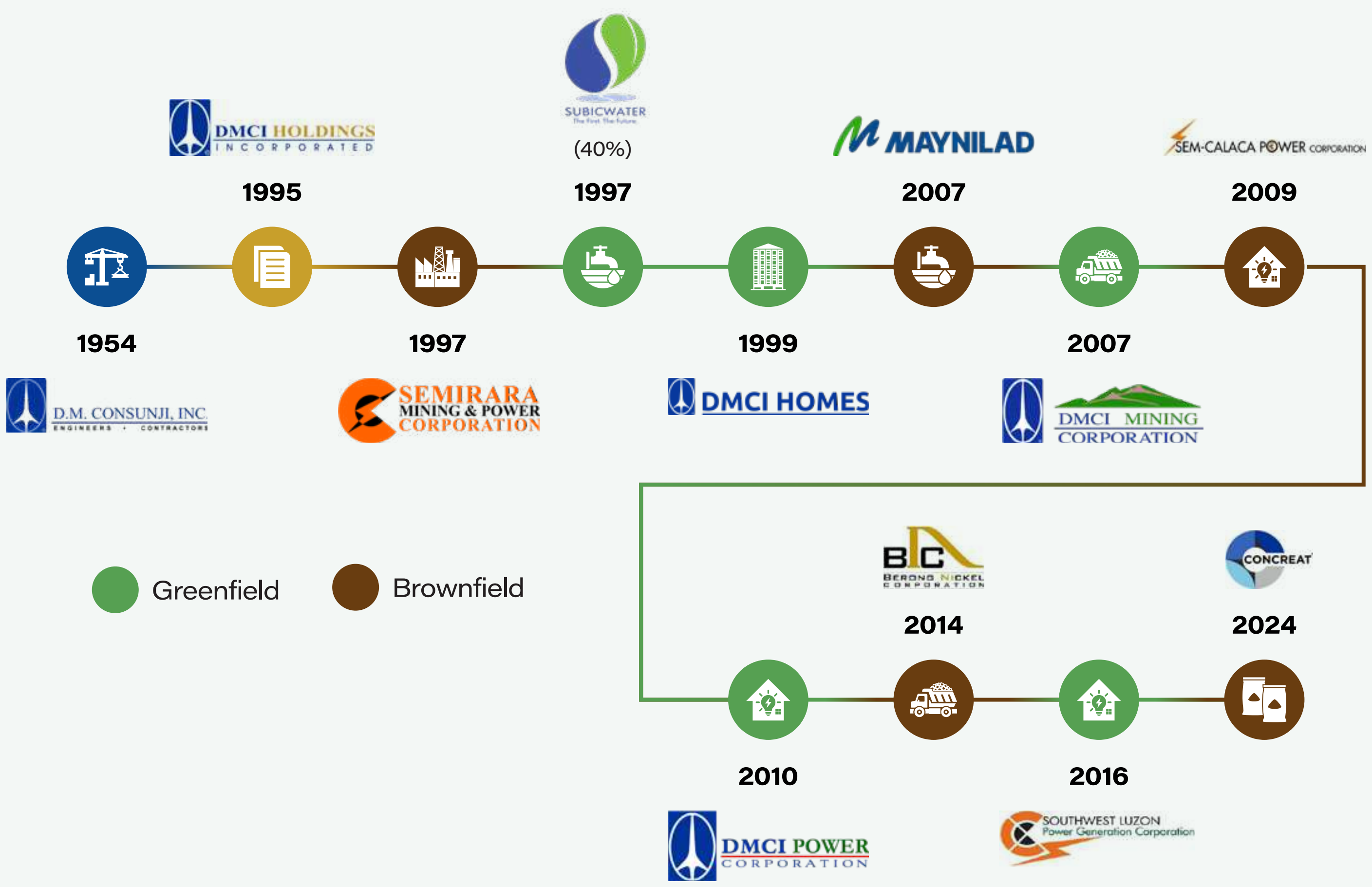
Together, along with CHP's management team, they are leading the company's turnaround by streamlining operations, strengthening logistics, and harnessing synergies within the DMCI Group.

Several integration initiatives are already underway to enhance efficiency and maximize value across the organization. These include:

- Increased use of Semirara coal, reducing fuel costs while boosting internal coal sales by approximately 500,000 tons annually.
- Incorporation of fly ash and bottom ash from Calaca and DMCI Power plants, improving cement yield and generating at least 350,000 tons of coal ash sales.
- Deployment of D.M. Consunji, Inc.'s logistics capabilities to improve delivery efficiency and support plant distribution operations.
- Utilization of plastic and tire waste as alternative fuels, advancing the Group's sustainability goals.

"We are focused on maximizing available resources, streamlining operations, managing expenses, and expanding our product lineup and distribution footprint to better serve our markets," said Consunji.

Diversification Timeline



FACING CHALLENGES WITH A TURNAROUND MINDSET

Despite the strong long-term outlook, CHP must address persistent challenges, particularly the growing volume of imported cement. DMC remains confident that disciplined execution, cost control, and an integrated ecosystem will be instrumental in restoring CHP's profitability and competitiveness.

The company is also enhancing our product lineup and value offerings to better serve the market, including the reintroduction of Ordinary Portland Cement (OPCa) for large-scale construction projects. CHP is also scaling its reach in the Visayas and Mindanao by strengthening and tapping the resources of affiliated companies.

LEARNING FROM THE PAST, BUILDING FOR THE FUTURE

DMCI Holdings' foray to the cement industry is shaped by decades of experience in business diversification and value creation. The Group has learned the value of focusing on core engineering strengths, maintaining financial prudence, and executing with operational excellence.

Its success in turning around businesses in coal, power, real estate, and water utilities has been rooted in patience, synergy, and strategic alignment. These same principles now underpin its investment in CHP.

To provide historical context, the CHP acquisition is highlighted in DMCI's Diversification Timeline—a visual chart showing the Group's transformation f rom a pure-play construction firm to a multi-industry conglomerate.

CLOSING STATEMENT

The acquisition of Cemex Holdings Philippines is more than just a new revenue stream—it is a strategic step in DMCI Holdings' ambition to become a fully integrated, turnkey solutions provider for the country's development needs. With cement now being integrated into the Group's ecosystem, DMCI is better positioned to build synergies, optimize costs, and deliver greater long-term value to its stakeholders.

BUILDING MORE THAN HOMES: 25 YEARS OF PURPOSE AND PEOPLE

If birthdays are about cakes and candles, DMCI Homes' 25th anniversary was something far more meaningful. It unfolded as a year-long celebration of unity, generosity, and shared purpose.

With the theme "Interdependence", the Philippines' first Quadruple A developer didn't just mark its silver milestone with balloons and banners. Instead, it threw open its doors, rolled up its sleeves, and reached into the heart of the communities it has touched over the last two and a half decades. The result? A vibrant tapestry of people-centered events, feel-good stories, and impact-driven programs that made 2024 a year to remember.

WELLNESS GETS A SPOTLIGHT

No anniversary celebration is complete without a little self-love, and DMCI Homes made sure its people felt it with *Wellness Day*—a full-on mind-body-soul recharge. Think Zumba, mindfulness talks, and booths packed with eco-friendly goodies.

One standout moment was the inspiring talk by MindNation's Shawie Sulit on emotional resilience and mental health that had more than a few nodding in agreement.

From massages to healthy snacks, every detail was designed to celebrate the company's most valuable asset: its people. Proceeds from the day went straight to charity, proving that wellness and kindness go hand in hand.

RUNNING WITH PURPOSE

If there's one event that captured the spirit of interdependence, it was the *Kaakbay Fun Run.*

Held at Acacia Estates in Taguig, the run drew nearly a thousand DMCI Homes employees and residents, all pounding the pavement for a purpose—to support children with special needs and critical health conditions.

The energy was electric. Led by DMCI Group Chairman Isidro Consunji and DMCI Homes President Alfredo Austria, the run kicked off with a Zumba warm-up before participants hit their 2K and 5K marks. Refreshment booths, fitness brands, and lively cheers turned the race event into a celebration of health, hope, and community.

A HAUNTED HALL OF FUN

Come Halloween, the company turned the spotlight on its younger crowd (and the young at heart) with *SPOOKFLIX: A DMCI Homes Halloween Fair*.

Employees and their kids descended upon the DMCI Homes gym in full costume, ready for a day of ghoulish glee. Booths ranged from creepy (*Inside: Horror House*) to cute (*Book City*'s inflatable slide and board games), while treats, raffles, and photo ops added layers of fun.

What made it extra special? The "fines" from the La Casa De Papel Jail Booth were all earmarked for charity.

WHERE ART MEETS ADVOCACY

In the quieter moments of celebration, DMCI Homes turned to art in a beautiful blend of creativity and cause. In partnership with the Orani Suhay Foundation and renowned architect and visual artist Joven Ignacio, the company released an art notebook that was anything but ordinary.

Featuring Ignacio's soulful paintings like *Alpas* (breakthrough), *Hiraya* (hope), and *Kagalakan* (happiness), the notebook's proceeds went to fund livelihood programs in Orani, Bataan and neighboring towns.

Each brushstroke told a story. From "breakthrough" to "rebirth," the artwork echoed the very spirit of transformation, something both the Foundation and DMCI Homes have been working toward for years.

UPLIFTING THROUGH OUTREACH

The heart of the anniversary wasn't just felt in Metro Manila. It also reached Subukin Elementary School in San Juan, Batangas, where DMCI Homes delivered much-needed school and office supplies, bringing support to more than 250 students and their hardworking teachers.

"We appreciate the support from DMCI Homes, as it helps us with our daily needs," shared Subukin Elementary School Principal Rose Luistro.

Meanwhile, in Barangay Rosario, Pasig City, DMCI Homes organized a two-day medical mission that provided essential health services to residents living near its batching plant.

Attendees received free consultations, medicines, blood pressure and cholesterol checks, foot screenings, and chest x-rays—care that's often out of reach for many in the area.

Led by employee volunteers and partner medical professionals, the initiative reinforced DMCI Homes' ongoing efforts to support the communities surrounding its operations through practical, needs-based assistance.

GIVING IS THE REAL GIFT

One of the year's most touching efforts unfolded quietly but with incredible impact.

DMCI Homes turned over proceeds from one of its most popular events, the *Carnival*, to Bahay Aruga, a free halfway house for children undergoing cancer treatment in Manila.

The donations were not limited to corporate support. Employees pitched in with their own contributions, visitors joined fundraising games, and many purchased paintings created by the children.

The atmosphere was filled with gratitude as families shared heartfelt stories of finding not just shelter, but hope and a lifeline in Bahay Aruga.

A LEGACY ROOTED IN FAITH AND PURPOSE

In a tribute to its founder, DMCI Homes celebrated its 25th anniversary thanksgiving mass at the Church of the Holy Sacrifice (commonly known as the UP Chapel) at UP Diliman, Quezon City. The iconic chapel, a legacy of DMCI Group founder Engr. David M. Consunji, underwent grounds rehabilitation with the help of DMCI Homes' award-winning Landscape Team.

The team also worked alongside the Parish's maintenance crew to promote and support the adoption of sustainable maintenance practices.

"We chose the UP Chapel as venue for our 25th anniversary celebration as it holds a special place in the hearts of the people from DMCI Homes and the entire DMCI Group. In a way, the chapel has become a symbol of what we can do as a team, what's important to us, and what we aspire to become," DMCI Homes President Alfredo Austria said.

DMCI AND DMCI HOMES: TOGETHER THROUGH TIME

Among the year's most memorable gatherings was a sunset affair that felt like a reunion, a milestone marker, and a heartfelt tribute all in one. Titled "SYNERGY AND SUCCESS: A Night of Thanksgiving," the event brought together the best of two generations: the 70th anniversary of D.M. Consunji, Inc. (DMCI) and the 25th anniversary of DMCI Homes.

Held at the picturesque Oak Harbor Residences in Parañaque City—one of DMCI Homes' flagship premium developments—the event was equal parts reflection and recognition.

Executives, long-time partners, and key contributors gathered for cocktails, a guided tour of the property, and an evening that honored the people behind the progress.

The program opened with warm welcomes and thoughtful messages from DMCI President Jorge Consunji and DMCI Homes President Alfredo Austria, setting the tone

for an intimate yet inspiring celebration. Highlights included a candid Q&A with the executives, a ceremonial group photo, and the screening of anniversary videos.

The night concluded with dinner and fellowship, underscoring the very theme of the celebration: that true success is never

STORIES THAT BUILT US: DMCI HOMES' SILVER FILM

To commemorate its 25th year, DMCI Homes unveiled a special anniversary video presentation—a short yet telling visual of the lives it has touched throughout its history. Poignant and personal, the film weaves together the voices of residents, employees, and partners, each one offering a glimpse into how the company's story has been shaped by shared experiences and collective aspirations.

From a single mother finding a safe haven for her child to long-time employees taking pride in their contributions, each story reinforces the company's commitment to building quality homes and vibrant communities. For those who have walked alongside the company through the years, twenty-five feels like a lifetime—and yet, it's only the beginning.

"Maraming salamat," the video ends with a message of gratitude from the DMCI Group Chairman Isidro Consunji. "Your trust has been the foundation of the success of DMCI Homes."

MILESTONES BEYOND THE CELEBRATIONS

While the parties and programs were heartwarming, DMCI Homes also had a banner year in business.

The company launched four major projects: The Valeron Tower in Pasig City, DMCI Homes' biggest joint venture with Marubeni Corporation; Moncello Crest, an eco-agri condotel in Tuba, Benguet under DMCI Homes Leisure Residences; the company's flagship project in Quezon City, One Delta Terraces, a joint venture with DMC-Urban Property Developers, Inc. under DMC-Estate Development Ventures, Inc.; and DMCI Homes' first project in Cebu City, Kalea Heights. Eleven buildings were delivered across various developments, a testament to the company's sterling track record.

To top it off, the *Best Workers Recognition Night 2024* honored the often unsung heroes—carpenters, masons, welders, electricians—whose craftsmanship is the backbone of every DMCI Homes property.

MORE THAN JUST A CELEBRATION

DMCI Homes' 25th year was more than a silver anniversary. It was a story of how a company can grow with its people, not just because of them.

Every run, fair, mission, and notebook wasn't just an event. It was a moment of connection. A reminder that at the heart of every brick and blueprint lies a community.

As DMCI Homes looks to the next 25 years, one thing is clear: it isn't just building homes, it's building hope, together.

OUR LEADERSHIP

BOARD OF DIRECTORS

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Chairman and President

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CESAR A. BUENAVENTURA
Vice Chairman Non-Executive Director

JORGE A. CONSUNJI
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HONORIO
O. REYES-LAO

ANTONIO JOSE
U. PERIQUET

LETTER TO SHAREHOLDERS

To My Fellow Shareholders,

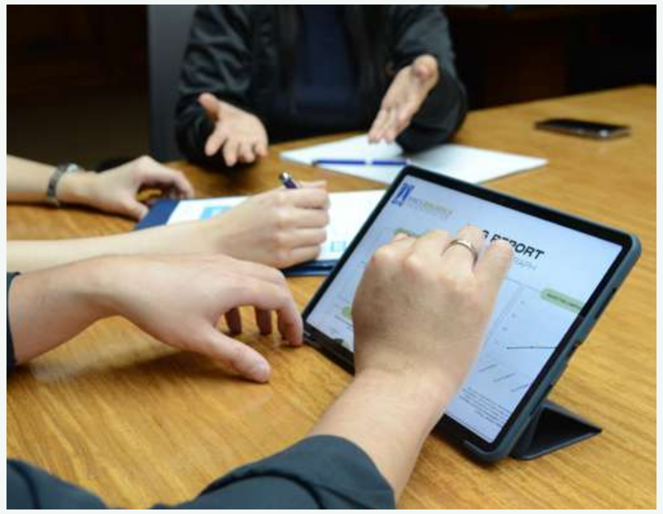
As anticipated, 2024 was a year of market normalization in the commodities and energy sectors, following the supply chain disruptions that began with the Russia-Ukraine conflict in 2022. These corrections led to stabilized selling prices across our coal, power and nickel segments.

Commodity markets saw sharp corrections. The Newcastle Index fell 22% from US$173.0 to US$134.8, while the Indonesian Coal Index 4 (ICI4) declined 15% from US$63.2 to US$53.9. The Philippine FOB price for 1.30% nickel dropped 19%, from US$27/WMT to US$22/WMT. In the domestic electricity market, spot prices in the Luzon-Visayas grid declined 14%.

Despite these headwinds, we posted a consolidated net income of P19.0 billion—21% lower year-on-year, yet still 80% higher than our 2019 pre-pandemic earnings and ahead of our 2021 results, when the energy markets began to rebound.

This performance speaks to the strength of our portfolio, the disciplined execution across our business units and our commitment to enhancing shareholder value.

We also delivered a healthy 17% return on equity and earnings per share of P1.43, among the best in the local conglomerate space.



BUSINESS PERFORMANCE

Our portfolio delivered a mixed performance:

- **Semirara Mining and Power Corporation** contributed P11.0 billion in net income—down 30% due to moderating coal and electricity prices.

  Nonetheless, strong operations, including record-high shipments and power generation, following the full restoration of SCPC Unit 2's capacity to 300 megawatts in May 27, helped soften the impact. Annual coal output also hit the ECC limit of 16.0 MMT for the third straight year.

- Associate **Maynilad** delivered record equity earnings of P3.3 billion, up 61%, driven by tariff adjustments, higher billed volumes, and improved cost control management.

  The company achieved an all-time high in billed volume and served a record 10.4 million people, supported by sustained investments in water and wastewater infrastructure across the West Zone.

- **DMCI Homes** contributed P2.7 billion, 32% lower year-on-year due to slower sales and project launches during the pandemic, which continued to affect revenue recognition.

  Meanwhile, total sales remained healthy at P33.4 billion, owing to increased selling efforts. Cash balances more than doubled to P9.7 billion, supported by strong collections from record unit turnovers, a healthier balance sheet and lower loan obligations.

- **DMCI Power** achieved a record contribution of P1.2 billion, up 33%, driven by higher energy sales, an improved generation mix, and lower fuel costs.

  Energy sales reached an all-time high of 491 gigawatt hours, up 9% year on year, with growing demand across all service areas and the full year operation of the 15-megawatt Palawan thermal plant. This marks the company's 14th consecutive year of record-breaking performance since it began operations in 2010.

- **D.M. Consunji, Inc.** contributed P247 million, 57% lower year-on-year—impacted by an industry-wide slowdown, project delays and a limited project pipeline, with several bids still awaiting results.
  The order book remained stable at P40.6 billion, with P10.8 billion in new contracts secured. The company remains debt-free and well-positioned to capture upcoming project opportunities.

- **DMCI Mining** saw earnings contribution drop by 62% to P246 million, on lower nickel prices and fewer shipments.

  Amid these challenges, the company focused on capacity expansion through new mine development and infrastructure upgrades. A major milestone was the start of commercial operations at Zambales Chromite Mining Company in December.

  Capital expenditures surged 149% to P706 million, driven by start-up expenses for the Palawan mines, which included the acquisition of new equipment, expanded exploration activities, and the construction of a new port in Long Point, Palawan.

STRENGTHENING OUR PORTFOLIO

On December 2, DMCI Holdings—together with Semirara Mining and Power Corporation and Dacon Corporation—acquired a majority stake in CEMEX Holdings Philippines, now rebranded as Concreat Holdings Philippines or CHP. CHP has a total annual cement production capacity of 7.2 million tons, following the increase of 1.5 million ton capacity in Solid Cement in April 2025.

This marks our strategic entry into the cement industry—a sector we believe has long-term growth potential, fueled by increasing urbanization and continued government investments in infrastructure. Through CHP, we are working to unlock group-wide synergies—from our construction and real estate pipelines to our energy supply and fly ash utilization.

While we expect these synergies to mature over the next two to three years, we have already begun implementing improvements to strengthen CHP's manufacturing and distribution capabilities.

With CHP's nationwide reach and DMCI Group's engineering DNA, we are well-positioned to scale its contributions to nation-building and reinforce our synergistic integrated business model.

RETURNS TO SHAREHOLDERS

We declared total dividends of P1.20 per share, or P15.93 billion—equivalent to 65% of 2023 core earnings and well-above our dividend policy to distribute at least 25% of the previous year's core net income. Based on our average share price of P11.19, this represents a 10.7% dividend yield.

Our stock also outperformed the PSE Index. Our share price rose 9% from P9.77 to P10.62, bringing total return (including dividends) to nearly 22%, versus the PSEi's marginal 1% year-on-year increase.

2024 SHAREHOLDER RETURNS

Dividend Payout Summary

P 15.9
billion

P 1.20
per share

Second-Highest
Dividend Payout

Total Return

22%

11% Dividend Yield* + **11%** Price Return

*at volume-weighted average price (P11,1881)
**from P9.77 to P10.82 share price

BACK TO OUR ROOTS, BUILDING FORWARD

In 2024, we commemorated two significant anniversaries: The 70th anniversary of D.M. Consunji, Inc., our founding company, and the 25th anniversary of DMCI Homes, the company that redefined resort-style and modern urban living in the Philippines.

Since 1954, D.M. Consunji, Inc. has completed over 1,100 projects and has been instrumental in building some of the country's most vital infrastructure. Its legacy of integrity, quality, and reliability continues to reflect our commitment to nation-building.

From its first project in Taguig in 1999, DMCI Homes has grown into a leader in the mid-market condominium space. With 90 completed and ongoing projects, it has delivered nearly 80,000 homes to Filipino families across the country.

We are truly grateful to all our clients—homeowners, partners, and project owners—for their continued trust and support. Whether through the homes we build or the infrastructure we deliver, your support inspires us to aim higher and keep on improving.

LOOKING AHEAD

We enter 2025 with cautious optimism. In the short to medium term, our priorities will remain focused on disciplined execution, cost control, and maximizing synergies within our ecosystem—especially with the recent addition of our cement business.

At the same time, we are mindful of external risks, such as elevated interest rates, policy changes, and the slower-than-expected recovery in the construction and property sectors.

Across the Group:

- **DMCI** is actively pursuing large-scale industrial project opportunities to sustain its order book. Throughout the year, we've seen an increase in bid invitations, and we are optimistic about the outcomes of our submissions.

- **DMCI Homes** is expanding its leisure portfolio with the launch of Moriyama Nature Park, a Japanese onsen-inspired destination in Laguna, set for 2025. Beyond leisure, upcoming projects will target emerging cities outside Metro Manila, tap into upscale and affordable markets, and maintain the brand's signature quality. To make homeownership more accessible, DMCI Homes is also expanding its rent-to-own program, flexible payment terms, and lower downpayment options.

- **SMPC** is maximizing plant and mine operations while strengthening its customer base for both coal and power segments. The company is also revisiting its plans for the 2x350MW St. Raphael Power Generation project to help meet the country's growing baseload energy needs in the medium term.

- **DMCI Power** is targeting a 26% increase in capacity this year, bringing its total to over 200MW. Its 15MW bunker-fired plant in Palawan began operations in March, with the 12MW Semirara Wind Project scheduled to go live in the second quarter. The rest of the capacity will come from Palawan, Masbate, and Antique to meet the growing energy needs in off-grid areas.

  DPC is likewise actively exploring opportunities through Competitive Selection Processes that align with government initiatives to broaden energy access in the off-grid communities.

- **DMCI Mining** is advancing the exploration and permitting of its pipeline assets, and exploring the feasibility of a value-added processing plant in partnership with Nickel Asia Corporation.

  The recovery of nickel ore prices globally also bodes well for the company. In 2025, we see improved production prospects in Zambales, with a capacity 2 million wet metric tons. We are also cautiously optimistic about Palawan, pending the issuance of the necessary permits and approvals for the Long Point mine.

- **Maynilad** is ramping up its capital investments to improve service reliability, expand coverage, and reduce non-revenue water.

- **Concreat Holdings Philippines** has taken major steps to strengthen its operations since our management takeover in December.

  Beyond strengthening manufacturing and distribution capabilities, we also reintroduced Ordinary Portland Cement (OPC) to broaden our product offerings and market reach.

  To improve efficiency, we are managing costs by shifting to Semirara coal and increasing our use of alternative fuels.

IN CLOSING

Our transformation into a more integrated and synergistic infrastructure group is well underway. The growing collaboration across our businesses enhances our capacity to deliver long-term, meaningful value to our stakeholders.

As we embark on the next chapter of growth and integration, we remain anchored on our core values: operational excellence, responsible stewardship, and prudent capital management. These have guided us through uncertainty and will continue to steer us as we build for the long-term.

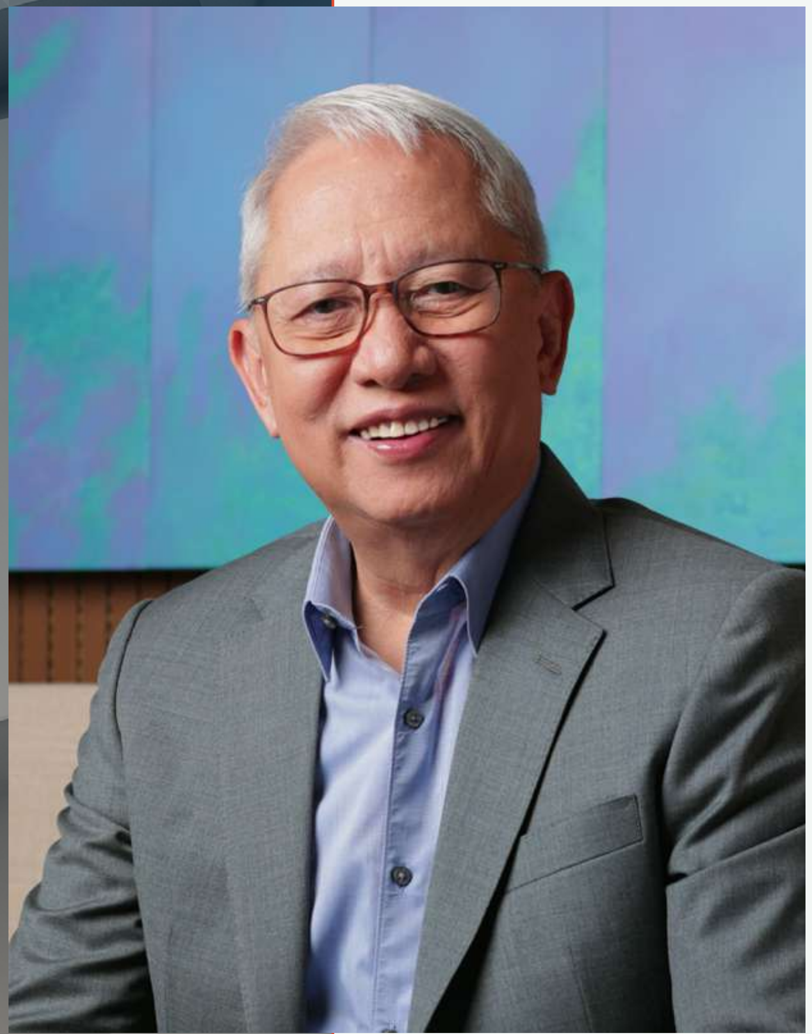
To our Board, shareholders, customers, regulators, partners, employees, and host communities—thank you. Your trust and support continue to be the foundation of everything we strive to achieve.

Together, we remain focused on building a stronger and more sustainable DMCI Group.

Sincerely,

Isidro A. Consunji
Chairman, President and CEO

CHIEF FINANCE OFFICER'S REPORT



To Our Shareholders,

In 2024, the global economic landscape was once again marked by significant turbulence. From prolonged conflicts in Ukraine and the Middle East to rising trade barriers and heightened geopolitical risk, the world faced a complex web of challenges.

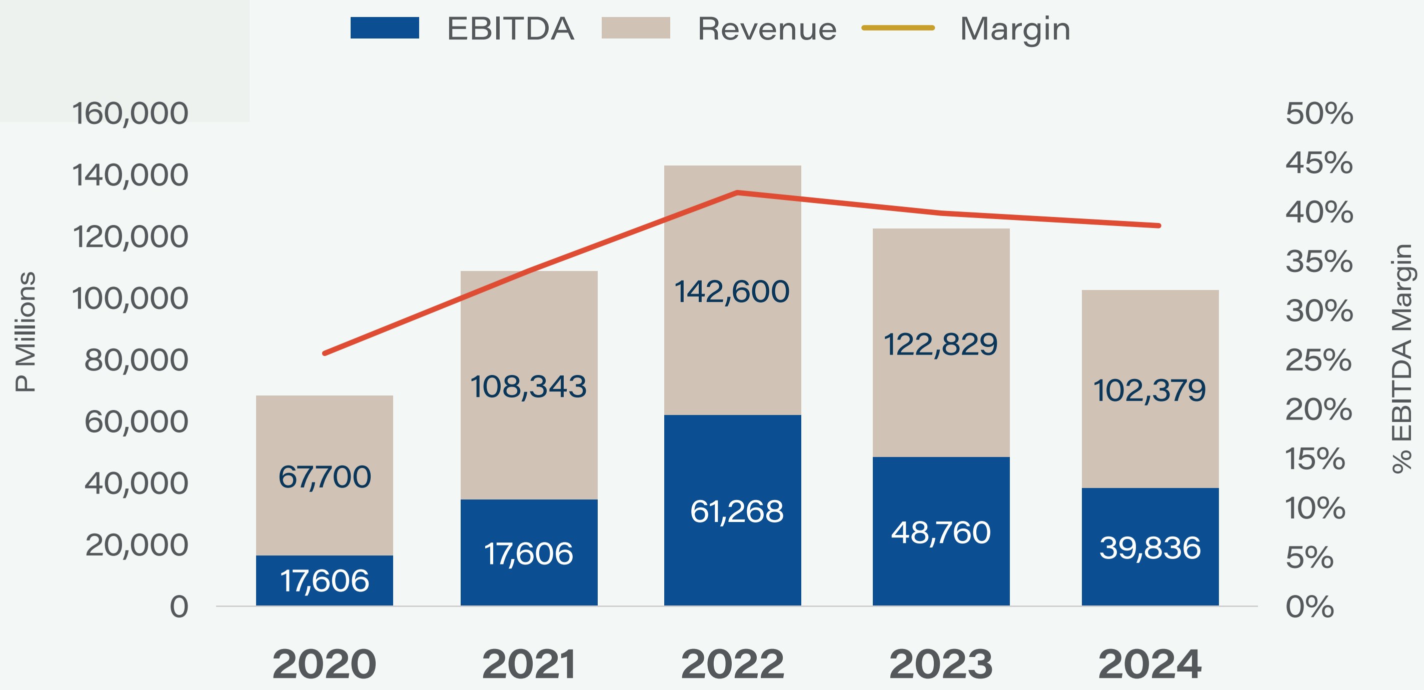
Amid these uncertainties, the DMCI Group (the "Group") remained resilient, fortifying its competitive advantages and staying focused on operational resilience and financial discipline.

Despite softer prices in coal, nickel and electricity markets, the Group generated a net income of P19.0 billion on consolidated revenue of P102.4 billion. Return on equity reached 17%, exceeding pre-pandemic levels. While the common dividend declined to P1.20 per share from P1.44 in 2023, it remained higher than payouts in 2021, demonstrating DMCI Holdings' (the "Company") commitment to long-term shareholder returns.

Earnings before interest, taxes, depreciation and amortization (EBITDA) stood at P39.8 billion, reflecting a robust 39% EBITDA margin. Although lower than during the peak of the commodity supercycle where energy and metal prices rose to unprecedented levels, this performance still surpasses pre-pandemic benchmarks.

The Group achieved a double-digit ROE that exceeded its cost of equity, signifying positive economic value for shareholders. Central to our financial strategy is the balance between delivering competitive shareholder returns and optimizing capital allocation, financial performance, capital structure to support long-term growth.

Revenue and EBITDA (incl. equity in earnings)



OPERATING HIGHLIGHTS

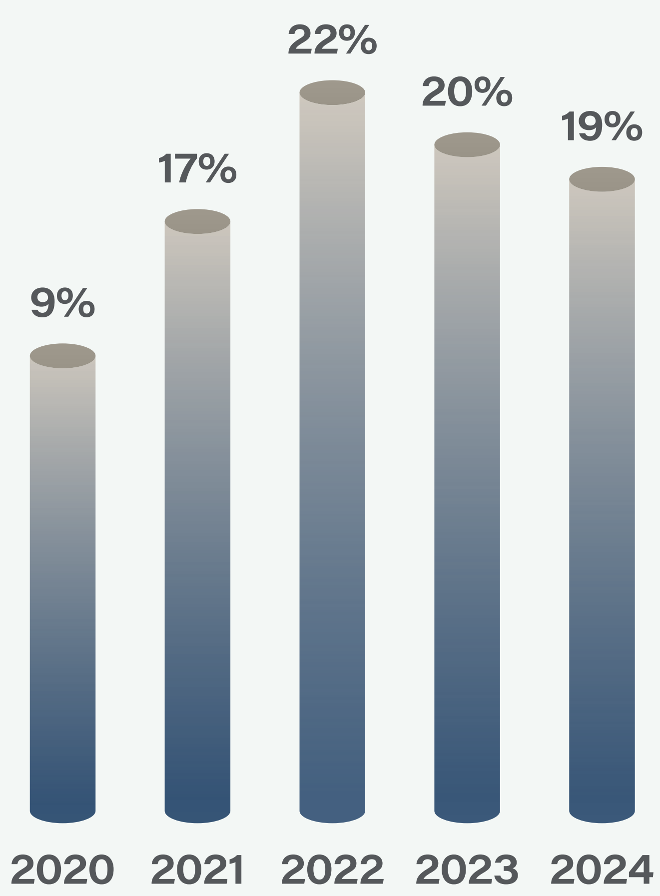
Volatility in global commodity markets and elevated interest rates influenced results across our industries. Consolidated revenue fell by 17% from P122.8 billion to P102.4 billion, due to lower commodity and energy prices and slower property sales during the COVID-19 pandemic. These headwinds were offset by improved contributions from our off-grid power operations. Despite the revenue decline, net profit margins remained steady at around 19%, supported by operational efficiencies and ancillary income from real estate projects.

Reported net income declined by 21% year-on-year, from P24 billion to P19 billion, primarily due to weakness in mining, construction, and property development. Nevertheless, stronger performance from water distribution and off-grid power generation helped cushion the softening profitability.

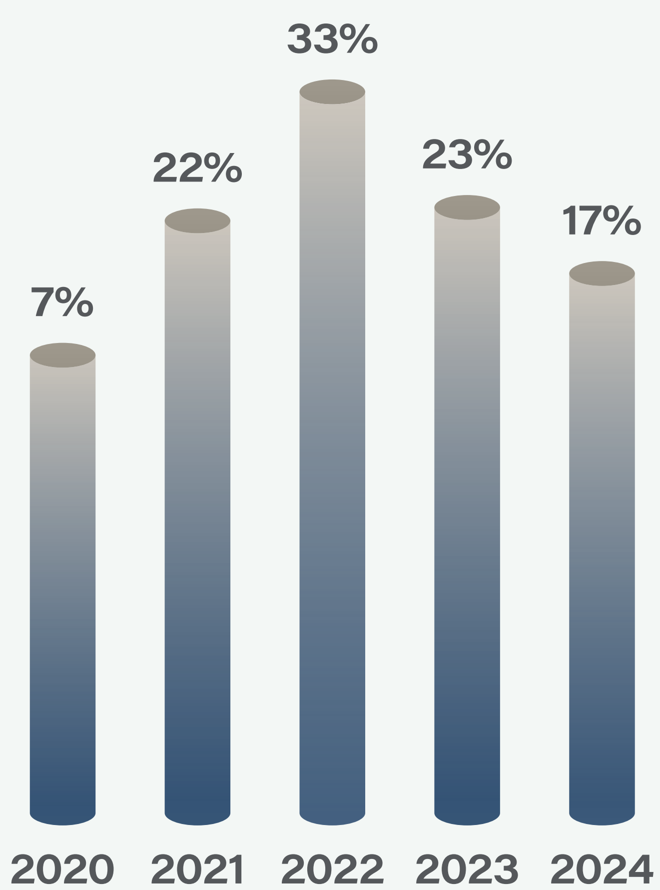
CAPITAL INVESTMENTS AND RESOURCES

Long-term value creation remains our guiding principle in evaluating new investments. The Company seeks ventures with strong competitive moats that align with its growth objectives and unlock operational synergies. In 2024, this disciplined approach enabled our significant move into the cement industry.

Net Profit Margin



Return on Equity



On December 2, 2024, DMCI Holdings, together with Dacon Corporation and Semirara Mining and Power Corporation (collectively, the "Purchasers"), acquired 100% of Cemex Asian South East Corporation ("CASEC") from Cemex Asia B.V. CASEC owns 89.86% of Cemex Holdings Philippines, Inc. ("CHP"), a leading cement manufacturer in the country with brands such as APO, Rizal, and Island. The acquisition was valued at P15.9 billion in equity, implying an enterprise value of $92 per ton capacity, representing 0.4x price-to-2023 book value.

This strategic acquisition further solidifies the Group's position in the infrastructure and construction value chain, allowing integration with existing operations and unlocking scale economies and cost efficiencies.

To finance the investment in CHP, the Company issued P10 billion in convertible preferred shares via private placement with Dacon Corporation. The convertible preferred shares are considered as equity capital, thereby maintaining zero bank debt and reinforcing stockholders' equity at the Company level.

Consolidated bank debt increased to P68.1 following the consolidation of CHP's liabilities, primarily tied to Solid Cement Corporation's 1.5 million MT expansion which has P23.6 billion in gross debt as of the end of 2024.

Debt at DMCI Homes and Semirara Mining and Power Corporation declined to P35.1 billion and P2.6 billion, respectively—marking year-on-year reductions of P2.3 billion and P4.1 billion using internally generated funds. We closed the year with P34.3 billion in cash, resulting in a net gearing ratio of 23% and net debt-to-EBITDA multiple of 1.0x, indicating sufficient financial flexibility. The current debt profile consists of 79% fixed rate borrowings at a blended interest rate of 6.4%.

Group capital expenditures (CAPEX) reached P48.3 billion. Maynilad accounted for 53% of this CAPEX, focusing on water supply improvements, non-revenue water reduction, and wastewater treatment. 30% comes from DMCI Homes, funding new developments in Benguet, Quezon City, Cebu City, and Pasig City. Investment ramp-ups were also notable in DMCI Power and DMCI Mining, which increased their spending by 81% and 149% year-on-year to P1.6 billion and P706 million, respectively for their expansion projects.

TOTAL RETURN TO SHAREHOLDERS

We believe that a focus on long-term, sustainable growth positions the Company to deliver greater economic value. By the end of 2024, our market capitalization reached P143.7 billion, reflecting a price-to-book ratio of 1.2x. The price-to-earnings multiple rose significantly to 7.6x, up from 5.4x in the previous year.

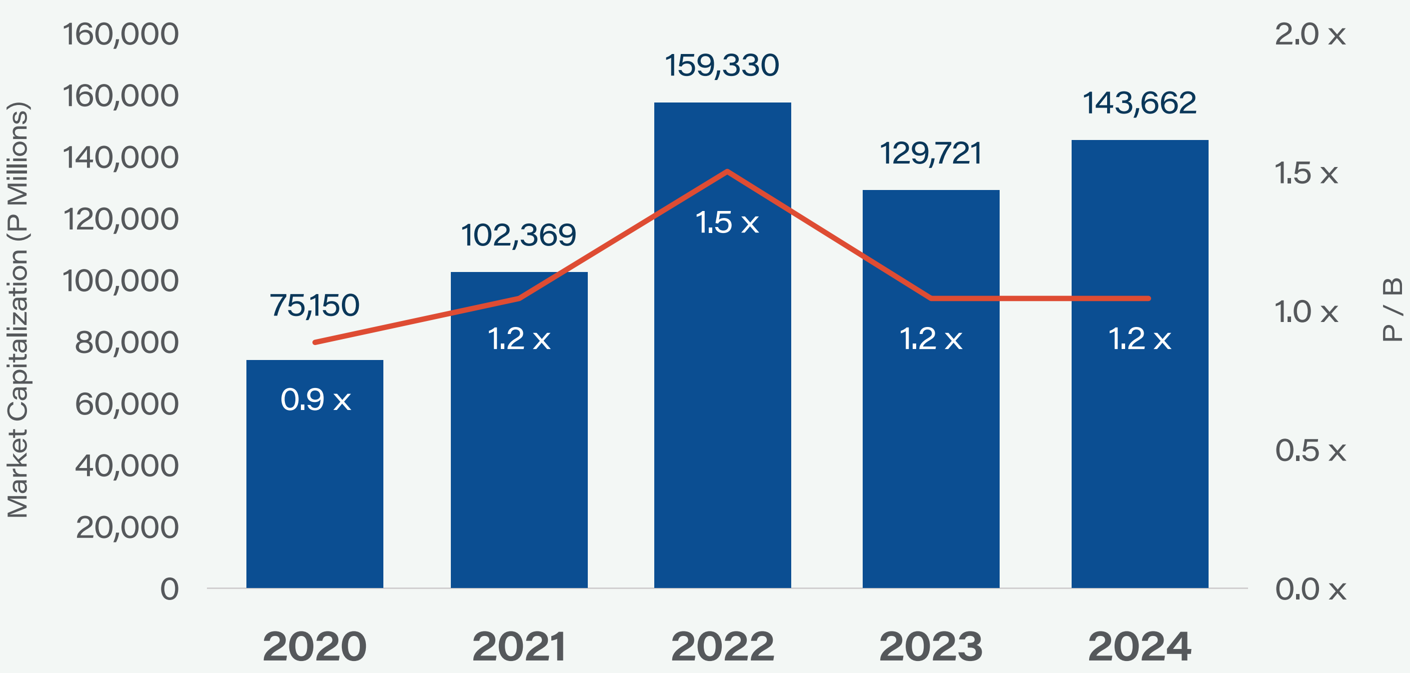
Cash dividends for 2024 totaled P15.9 billion or P1.20 per share. While lower than the previous year's P1.44 per share due to earnings normalization, the dividend yield of 11% (based on the 2024 volume-weighted share price) remains among the highest in the Philippine stock market. Including an 11% share price appreciation, total shareholder return stood at an admirable 22% in 2024.

STRONGER ESG INTEGRATION AND GOVERNANCE

In 2024, we took meaningful stepsto strengthen our commitment to sustainability by institutionalizing key policies. The Cybersecurity and Information Security Policy was adopted to safeguard vital business and stakeholder data, ensuring the resilience of our digital infrastructure. On the other hand, the Environmental Policy set a clear direction for responsible resource use and reinforced the Company's dedication to minimizing its ecological footprint.

In recognition of our sustained efforts in transparency and good governance, both DMCI Holdings and Semirara Mining and Power Corporation were once again honored with the 3-Golden Arrow Award from the Institute of Corporate Directors, scoring nearly 108 on the 2023 ASEAN Corporate Governance Scorecard—well above the industry average of 75 points.

Value Creation



In addition, DMCI Holdings received the Best Investor Relations Company award at the 14th Asian Excellence Awards by Corporate Governance Asia, a testament to the Company's strong engagement with the investment community and commitment to clear and consistent communication.

LOOKING AHEAD

We remain cautiously optimistic about the future despite persistent global headwinds. With a diversified portfolio, disciplined financial management, and strong leadership, the Company is prepared to pursue sustainable growth. DMCI Holdings is well-positioned to adapt to market shifts, capture growth opportunities, and deliver long-term value.

In closing, I would like to express my gratitude to our shareholders for their unwavering support and trust. I also extend my appreciation to our competent employees for their hard work and dedication, and to our Board of Directors for their steadfast strategic guidance.

Our collective strength continues to drive the DMCI Group toward a resilient and prosperous future.

Yours sincerely,

Herbert M. Consunji
EVP and Chief Finance Officer

BUSINESS REVIEW

MARKET REVIEW AND OUTLOOK

2024 YEAR IN REVIEW

The Philippine economy demonstrated measured resilience amid elevated interest rates, easing inflation, moderating global demand, and emerging climate-related risks. While growth slowed slightly compared to previous years, fundamentals remained sound, and the country stayed on track for recovery.

STABILIZING ENERGY AND COMMODITY MARKETS

Global commodity prices further normalized in 2024, helping ease input cost pressures for some industrial producers. Locally, intermittent fuel rollbacks and government efforts to boost domestic rice production contributed to temporary consumer relief, while energy supply remained generally stable amid ongoing investments in energy infrastructure.

ELEVATED INTEREST RATES

The Bangko Sentral ng Pilipinas (BSP) maintained a policy rate of 6.50% for much of 2024 to sustain price stability. The tight monetary stance tempered borrowing and investment, particularly in real estate, construction, and consumer durables.

EASING INFLATION

Inflation eased consistently over the year, averaging 3.2%—well within the BSP's 2–4% target. The slowdown was driven by stabilizing food and energy prices, as well as base effects from high 2023 inflation.

STEADY GDP GROWTH

The Philippine economy expanded by 5.6%, driven by strong public infrastructure spending, steady remittances, and recovering services. However, elevated borrowing costs and weaker global trade limited household consumption and export gains.

GEOPOLITICAL TENSIONS

Global uncertainties—particularly stemming from U.S.-China trade tensions and the ongoing conflict in Eastern Europe—continued to pose external headwinds. While the Philippines remained relatively resilient, these factors contributed to softer export performance and uneven foreign investment inflows during the year.

ONSET OF LA NIÑA

Toward the end of 2024, PAGASA observed developing La Niña conditions, characterized by cooler Pacific Ocean temperatures and signs of increased rainfall across the Philippines. By early January 2025, La Niña was officially declared, with heightened risks of flooding and weather-related disruptions expected during the first quarter of the year.

2025 OUTLOOK

The Philippine economy enters 2025 with a cautiously optimistic outlook. Easing inflation, prospects of interest rate cuts, and election-related spending are expected to boost domestic activity. However, global trade risks, climate volatility, and China's economic slowdown remain potential drags on momentum.

COOLING INTEREST RATES

With inflation ending 2024 at 2.9%—comfortably within the Bangko Sentral ng Pilipinas' (BSP) 2–4% target range—monetary authorities are now in a position to consider gradually cutting interest rates in 2025, subject to stable global oil prices and manageable inflationary pressures. A potential shift in policy could help stimulate household spending and private investment by easing borrowing costs.

DISINFLATION

Disinflation is expected to continue into 2025, supported by improving supply conditions and easing price pressures in key sectors such as food and transport. With inflation currently within the Bangko Sentral ng Pilipinas' 2–4% target range, the outlook remains broadly stable—bolstering consumer confidence. However, the imposition of U.S. tariffs and ongoing global uncertainties could pose upside risks to inflation through potential cost pressures on trade and imports.

LINGERING LA NIÑA EFFECTS

The La Niña episode, which began in late 2024, has persisted through early 2025, bringing increased rainfall and flood risks across Luzon and Visayas. While beneficial for hydroelectric generation and irrigation, it also raises risks of crop damage, transport disruptions, and localized inflation for perishable goods.

2025 NATIONAL & LOCAL ELECTIONS

This electoral cycle is expected to boost public spending, particularly in infrastructure, community programs, and political campaign activity. It will also shape legislative direction and policy reform efforts going into the second half of the Marcos Jr. administration.

CHINA SLOWDOWN & TRADE UNCERTAINTY

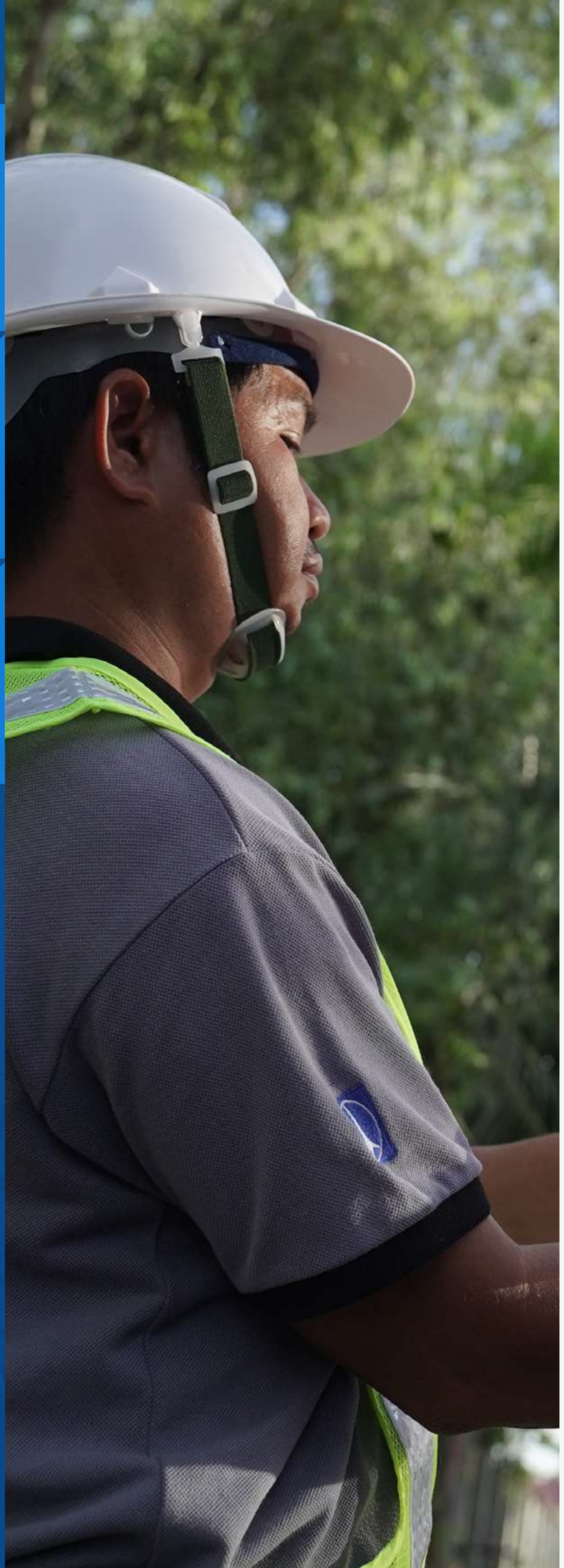
China's projected economic deceleration is likely to weigh on regional trade and investment flows. For the Philippines, this could translate into softer demand for exports, especially electronics, minerals, and tourism services.

Meanwhile, rising global protectionism, particularly the U.S. imposing new tariffs in early 2025, may add friction to global trade dynamics. The Philippines is may face second-order effects through regional value chains.

BUSINESS REVIEW

D.M. CONSUNJI, INC.

Builder of Landmarks



2024

Demand remained subdued, pressured by oversupply in key property segments, weaker business confidence, and elevated interest rates, which constrained project financing. Despite these headwinds, project opportunities showed encouraging signs of improvement.

2025

While rising construction demand offers promising growth prospects, potential delays in funding, permitting, and right-of-way acquisition may affect project timelines. Geopolitical tensions and volatile material prices are expected to remain key risks for the industry.

DMCI weathered a challenging year, marked by execution setbacks and a muted infrastructure market. While the company continued to pursue big-ticket and technically complex projects, prolonged delays and slowdown in key infrastructure projects weighed on construction accomplishments and overall performance.

Amid these headwinds, DMCI maintained a disciplined approach to project selection, emphasizing margin preservation and operational efficiency. Notably, its strong balance sheet and debt-free position provide a solid foundation to pursue new opportunities and scale up execution once market conditions improve. Looking ahead, the company's ability to deliver projects efficiently and secure strategic contracts will be vital to sustaining growth in an increasingly competitive construction environment.

OPERATING HIGHLIGHTS

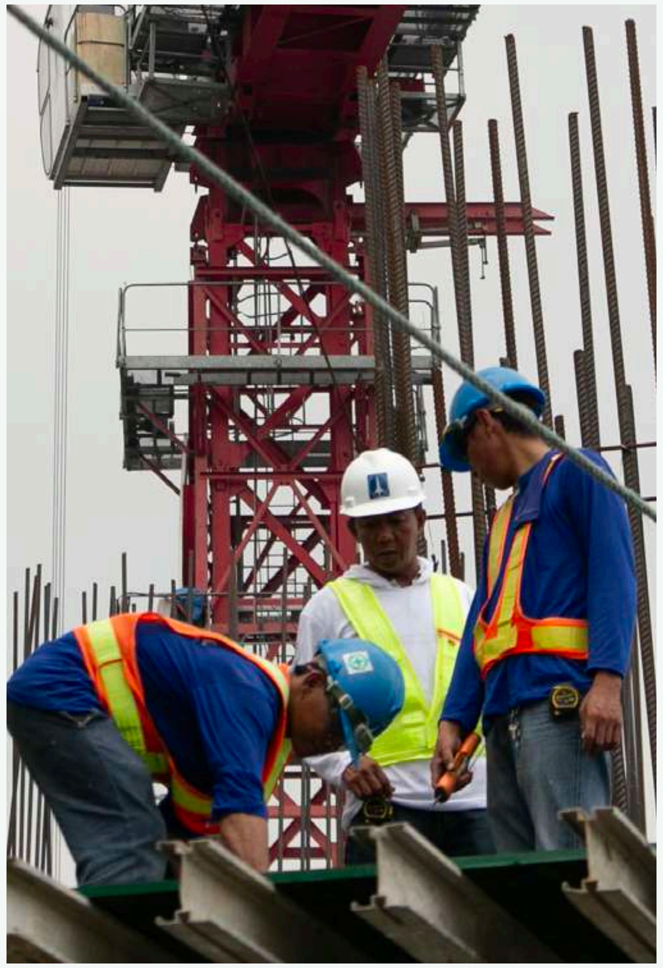
The total order book declined by 3%, reaching P40.6 billion compared to P41.9 billion previously. This decline resulted from booked project revenues slightly outpacing new contracts amid a slowdown in project awarding.

Of this total, approximately 27% (P10.8 billion) comprises new projects secured during the year, with an additional P1.3 billion from change orders for ongoing projects. Meanwhile, booked revenues from construction services totaled P13.3 billion.

Newly-awarded projects include Segment 3B of the C5 Link Expressway Project for CAVITEX Infrastructure Corporation, Laya by Shang Properties, De La Salle Medical and Health Sciences Institute Academic Complex, the Design and Build of Long Point Causeway for Berong Nickel Corporation, the Las Piñas Pipelaying Project, a 16MW bunker-fired power plant for DMCI Power, Pioneer Cold Storage Warehouse, and mechanical, enabling, plumbing and sanitary works for St. Luke's Quezon City New Hospital Building.

By segment, the Building unit (covering Power and Industrial Plants projects) contributed 47% of the order book, followed by Joint Ventures at 42%, with Infrastructure projects comprising the remaining 11%. DMCI completed P8.6 billion worth of projects during the year, including Solaire North (a joint venture with Prime BMD), Design and Build of the 150MLD Laguna Lake Water Treatment Plant, Dinapigue Causeway, PGH Felicidad Sy Multi-specialty Building (Phases 1 and 2), Xavier Junior High School Building, The Imperium at Capital Commons, and Putatan Brinline Project.

Projects nearing completion include Empress and The Maven at Capital Commons, DLSU Laguna University Hall and Razon Hall, NCCC Mall Ma-a, YCO Cloud Campus, and the Design and Construction of the 20MLD Tunasan Sewerage Treatment Plant.



FINANCIAL PERFORMANCE

Total revenues declined by 9%, from P16.51 billion to P15.02 billion, primarily due to lower contributions from the Infrastructure unit and Allied Services as a result of fewer projects.

The Building unit remained the top revenue contributor (64%), followed by Joint Ventures and other billables (21%), and Civil (8%).

Revenue from the Building unit increased by 5%, from P9.19 billion to P9.62 billion, driven by substantial progress in new projects and improved margins from finalized contracts. Conversely, Infrastructure revenue fell by 50%, from P2.43 billion to P1.23 billion, due to fewer ongoing projects and extended durations on key projects. Revenue from Joint Ventures and other billables remained nearly flat at P3.2 billion, reflecting progress in Metro Manila Subway Project Contract Package 102 (with Nishimatsu Construction) and the South Commuter Railway Project Contract Package S02 (with Acciona Construction Philippines), offsetting impacts from the completion of Solaire North in 2023 and delays in the North-South Commuter Railway Project Contract Package 01 (with Taisei Corporation).

Allied Services revenue decreased by 43%, from P1.71 billion to P971 million, reflecting reduced third-party projects. Total cash costs dropped by 6%, from P14.92 billion to P14.01 billion, due to a slowdown in construction activity, partially offset by increased operating expenses. The cash component of the cost of sales (COS) decreased by 7%, from P14.48 billion to P13.48 billion, less pronounced than the topline decline of 9%, primarily due to extended labor expenses and additional overhead from project delays.

Operating expenses rose by 18%, from P441 million to P521 million, due to increased personnel costs, permits, licenses, repairs, maintenance, and other miscellaneous expenses.

Noncash expenses fell by 23%, from P698 million to P538 million, reflecting reduced capital expenditures due to fewer project requirements.

Net finance income surged significantly by 1,050%, from P10 million to P115 million, driven by the absence of debt payables and higher interest income from joint ventures.

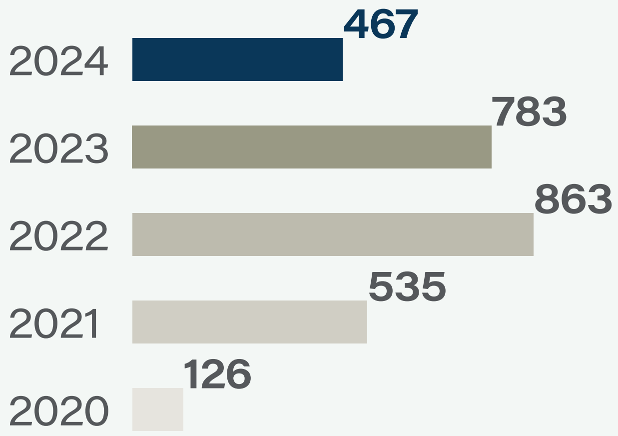
Provisions for income tax decreased by 31%, from P232 million to P161 million, aligned with lower taxable income. Higher operating costs impacted profitability, resulting in reduced EBITDA and core net income margins at 7% and 3%, respectively, down from 10% and 5% in the previous year.

Standalone net income decreased by 40%, from P783 million to P467 million, largely due to lower construction accomplishments stemming from delays and reduction of key infrastructure projects.

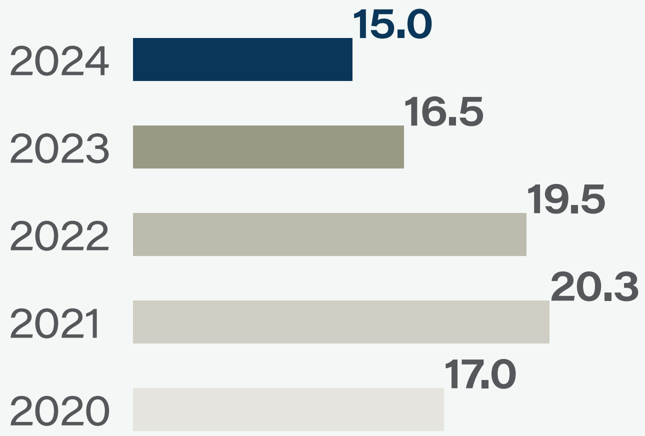
Excluding nonrecurring items, core net income declined by 38%, from P757 million to P467 million. No nonrecurring items were recorded in 2024, compared to a P26 million gain on equipment sale in 2023. The company maintained its debt-free status since December 2023. While total cash balance dipped by 6% from P4.55 billion to P4.27 billion, the net debt-to-equity ratio remained stable at -0.59, compared to -0.60.

FIVE-YEAR PERFORMANCE REVIEW

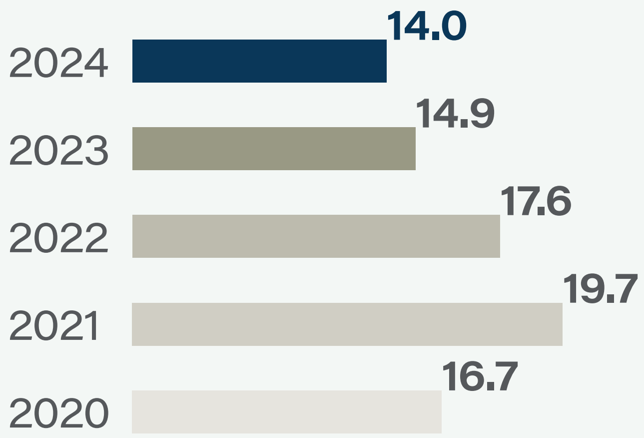
NET INCOME
in million pesos



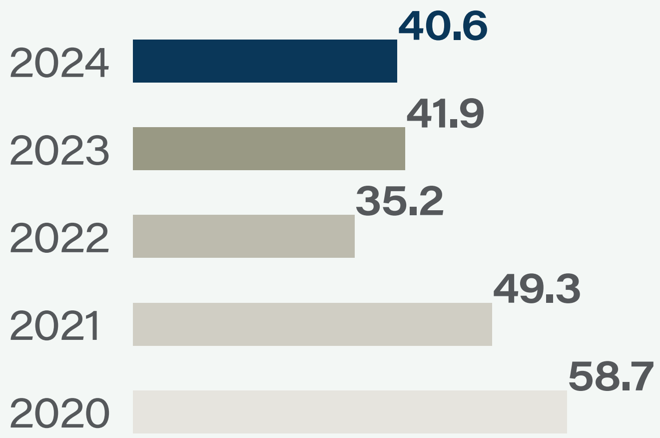
REVENUES
in billion pesos



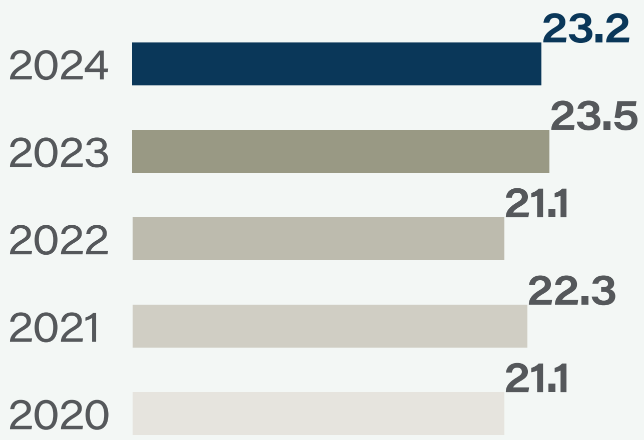
COS AND OPEX
in billion pesos



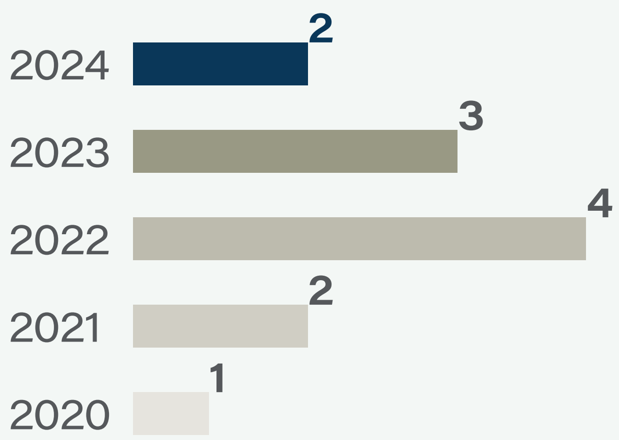
ORDER BOOK
in billion pesos



TOTAL ASSETS
in billion pesos



RETURN ON ASSETS
in %



BUSINESS REVIEW

DMCI HOMES

LEADING MID-SEGMENT DEVELOPER

2024

The condominium market faced notable headwinds, particularly in Metro Manila, where a sharp increase in unsold inventory highlighted growing oversupply concerns. Elevated mortgage rates, cautious buyer sentiment, and rising construction costs, led to weak buyer demands and fewer new launches.

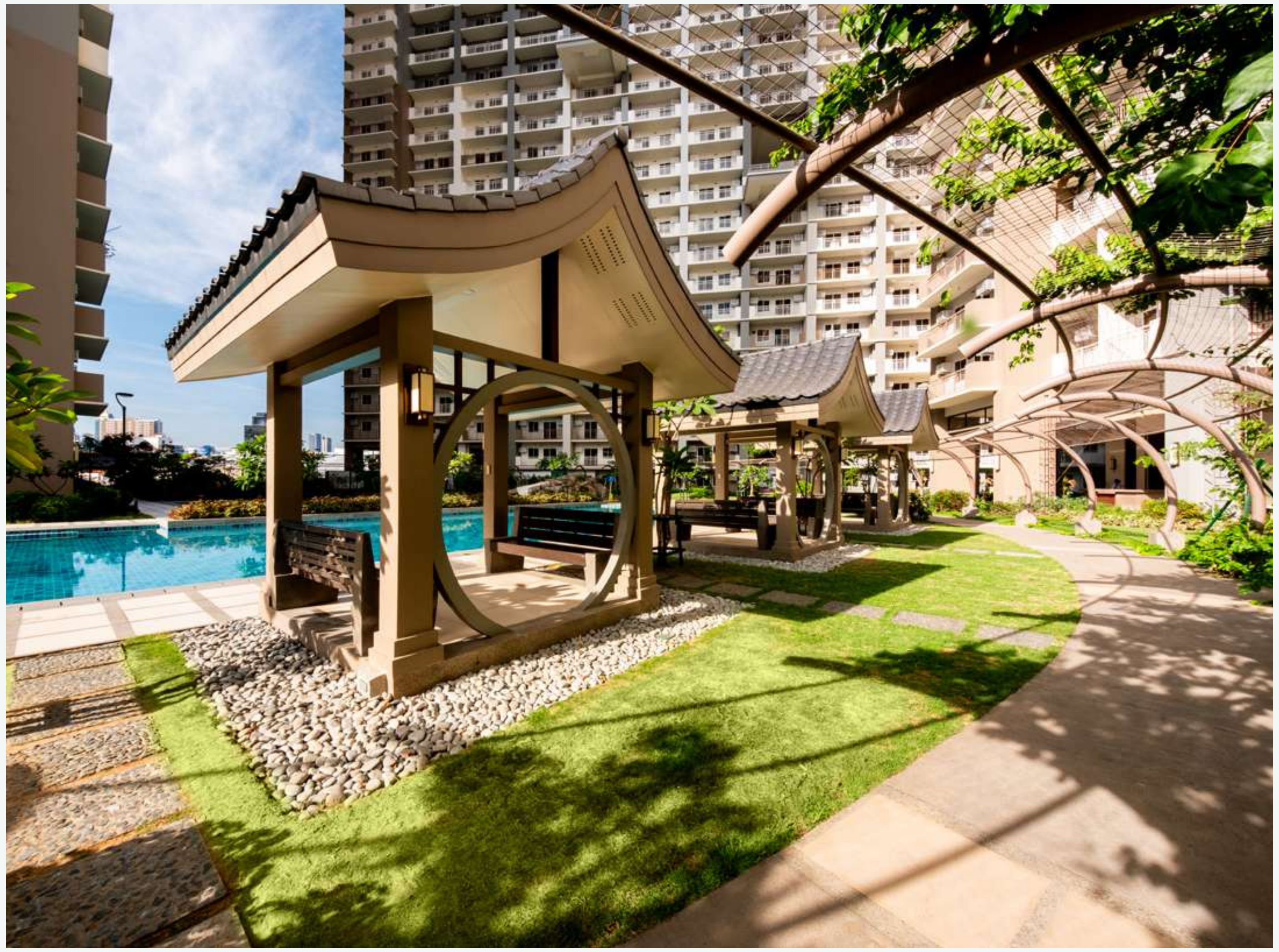
2025

While anticipated interest rate cuts may help stimulate buyer activity, challenges remain—including elevated inventory levels and the need to adapt to evolving preferences for sustainable, well-located homes. Demand is also expected to benefit from the continued development of transit-oriented projects, the expansion of housing in areas beyond Metro Manila and flexible payment terms.

Pandemic-related challenges, including slower sales and fewer project launches, continued to affect construction progress and revenue in 2024. In response, DMCI Homes focused on strengthening its finances, gearing up for future launches, and creating products for underserved markets.

The company introduced flexible payment terms, restructuring options, and a rent-to-own program to make homeownership more accessible.

For 2025, DMCI Homes is prepared for market recovery, with plans to launch value-driven projects and expand into the upscale, leisure, and lower-mid segments through stronger in-house and international sales channels.



OPERATING HIGHLIGHTS

In 2024, DMCI Homes recorded P33.4 billion in sales and reservations, representing 6,461 residential and parking units. While this marks a modest 5% dip from the previous year, it reflects the company's sustained buyer confidence and strong market presence amid an industry-wide slowdown.

Top-selling projects for the year included The Valeron Tower, The Oriana, Moncello Crest, Anissa Heights, and One Delta Terraces.

Average selling price (ASP) per unit rose by 18%, from P6.24 million to P7.37 million, reflecting a shift toward larger and higher-value units compared to the previous year, when sales were primarily concentrated in smaller units (18–20 sqm) at Anissa Heights.

ASP growth was also supported by increased construction costs and strong take-up from premium developments such as Kalea Heights (Cebu City), The Valeron Tower (Pasig City), One Delta Terraces (Quezon City), and the transit-oriented The Oriana (Quezon City).

Unbooked revenues rose by 7% to P74.6 billion, from P69.9 billion, supported by steady reservations and sales activity. This revenue pipeline is expected to sustain operations for the next three years.

Land bank contracted by 5% to 187.4 hectares, from 196.9 hectares, mainly due to new launches including Moncello Crest in Luzon and Kalea Heights in the Visayas. The company also sold a minor parcel in Metro Manila and made small acquisitions in the Visayas. Metro Manila accounts for the largest share of the land bank (59%), followed by Luzon (38%), Mindanao (2%), and Visayas (1%).

FINANCIAL PERFORMANCE

DMCI Homes posted a standalone net income of P2.77 billion in 2024. While this represents a 32% decline year on year, the company's profitability has improved to 22% from 21%, owing to reduced finance costs and higher other income.

Total revenues declined by 36% year-on-year, from P19.25 billion to P12.32 billion, largely due to lower real estate revenues as an effect of slower sales and fewer project launches during the pandemic, cushioned by construction revenues from joint venture projects, property management, and elevator maintenance.

While total cash costs fell by 28% to P10.57 billion, from P14.70 billion, cost of sales decreased by 37% to P7.37 billion, in line with topline. Operating expenses rose by 9% to P3.20 billion, driven by higher association dues, marketing and personnel costs.

Other income rose to P3.00 billion, from P2.26 billion, driven by stronger collections from forfeitures and rental income, including rent-to-own arrangements. Net finance costs declined by 23% to P1.07 billion, from P1.39 billion, due to increased interest income from in-house financing, reduced debt levels, and lower interest expense.

Provision for income tax dropped 31% to P952 million, reflecting lower taxable income and changes in expense treatment under PFRS 15.

Full-year capital expenditures decreased by 8% to P14.7 billion, from P15.9 billion, reflecing the impact of record-high building completions and slower project launches during the pandemic.

Net debt improved significantly, down 23% to P25.4 billion from P33.0 billion, bringing the net debt-to-equity ratio down from 99% to 73%.

Loans payable declined by 6% to P35.1 billion, following regular amortization and the settlement of P1.3 billion in corporate notes.

Total cash balance more than doubled, rising 122% to P9.7 billion from P4.4 billion, driven by strong collections and project turnovers.

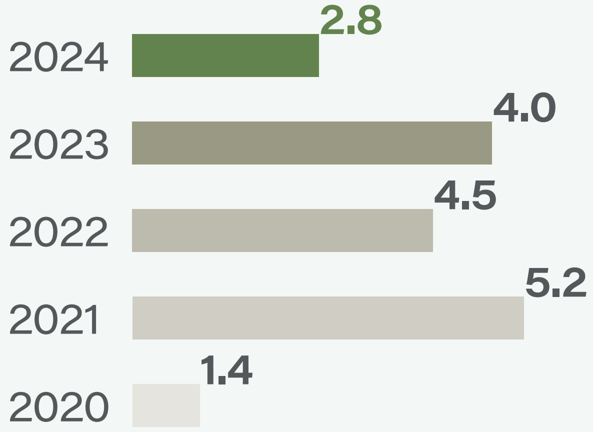
The interest coverage ratio (net of finance income) dipped from 4.8x to 4.3x and remains at a healthy level.

The company recognizes revenue based on construction progress and buyer payments. Since it typically takes 4 to 5 years before a sale is recorded as revenue, the slowdown in project launches during the pandemic continued to affect the company's financial performance in 2024.

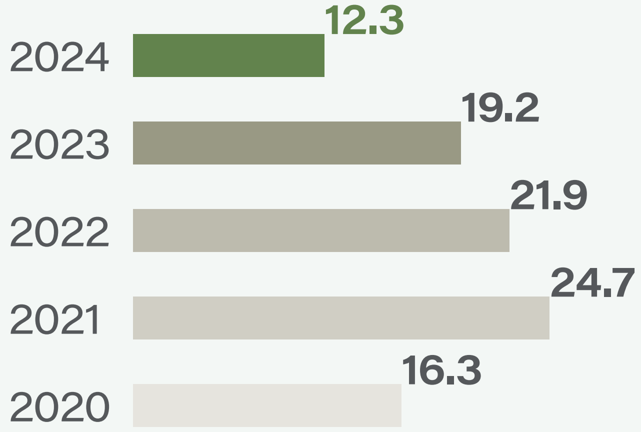
Beginning in 2024, DMCI Homes implemented changes in line with Philippine Financial Reporting Standards (PFRS) 15, specifically paragraphs 60 to 65, regarding the treatment of financing costs. Previously, financing costs related to accounts pending revenue recognition were capitalized; under the revised policy, these are now expensed directly in the income statement. Additionally, the company adopted the accounting for Significant Financing Component (SFC), recognizing its full-year impact in the fourth quarter. This adjustment accounts for timing differences between buyer collections and construction progress. Comparative figures for 2023 have been restated to ensure consistency and comparability.

FIVE-YEAR PERFORMANCE REVIEW

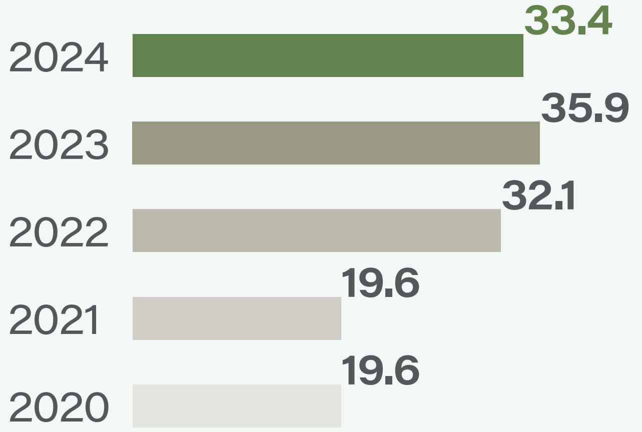
NET INCOME
in billion pesos



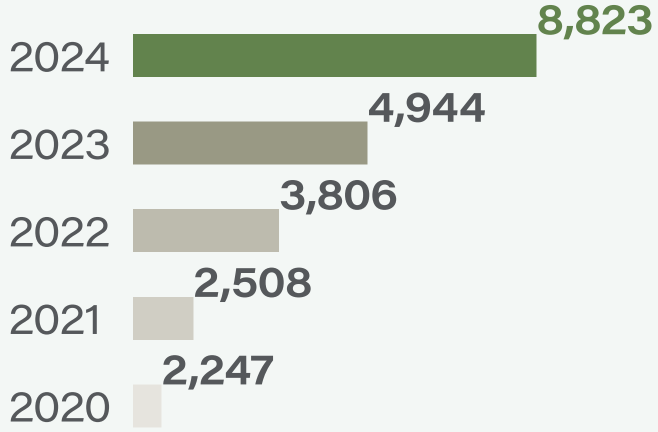
REVENUES
in billion pesos



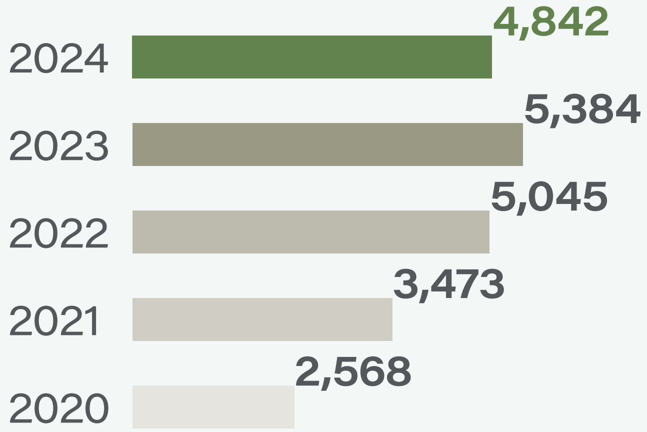
SALES AND RESERVATIONS
in billion pesos



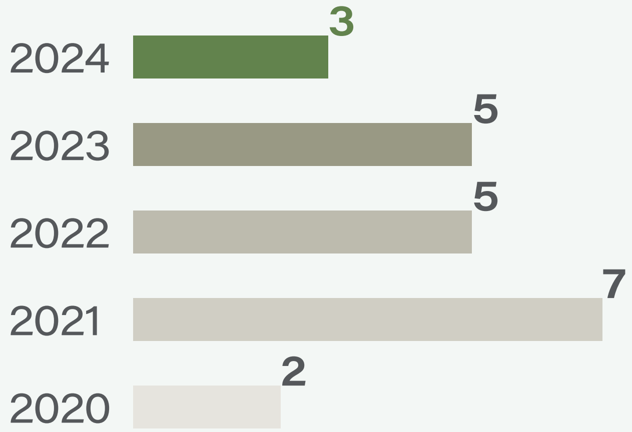
RESIDENTIAL LAUNCHES*
in actual units



RESIDENTIAL TURNOVERS
in actual units



RETURN ON ASSETS
in %

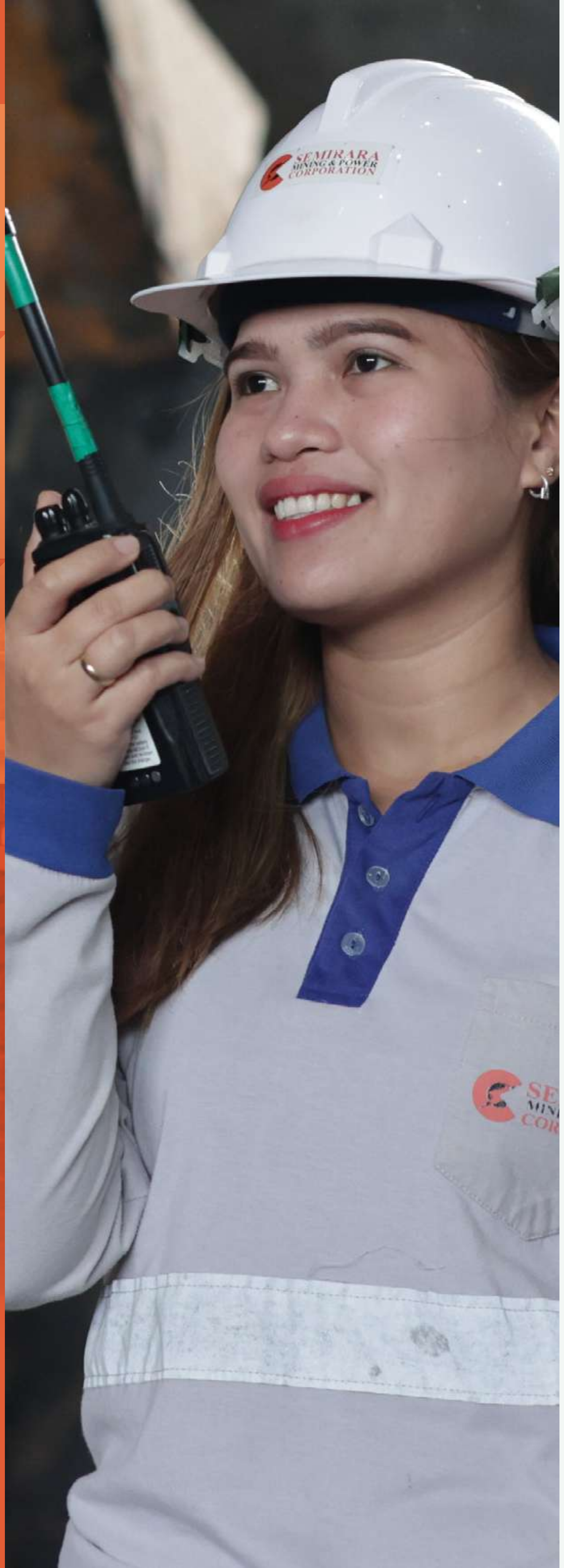


*Based project launched, includes unlaunched buildings and joint venture projects
**All figures at PDY consolidated level
*** Net of sales value reversal from project cancellation for a Davao project

BUSINESS REVIEW

SEMIRARA MINING AND POWER CORPORATION

LARGEST DOMESTIC COAL PRODUCER AND ONLY POWER GENERATOR THAT RUNS ON ITS OWN FUEL



2024

Coal - The market remained volatile due to strong supply from Indonesia and Australia and weaker demand from major markets amid trade tensions and the expected but unrealized La Niña. Higher coal production in China, up 4.6% year-on-year in October, also reduced import demand and added pressure on global prices.

Spot Electricity - Spot prices in the Luzon-Visayas grid continued to ease, supported by lower fuel costs and the entry of significant new power capacity. Supply grew faster than demand, especially in the fourth quarter. A strong El Niño affected the first half of the year, while conditions returned to normal in the second half.

2025

Coal - The coal market remains highly sensitive to shifts in Chinese demand, a key driver of global supply-demand dynamics. Ongoing trade tensions, economic challenges in China, and softer demand from India may continue to weigh on prices.

Spot Electricity - Spot prices are expected to decline further in 2025, driven by the full impact of new baseload plants and additional 2,100 MW in supply capacity coming online. The upcoming election season may boost electricity demand, offering some upside for the market.

As energy markets continued to stabilize, SMPC focused on key areas within its control—ramping up coal production, reaching record shipment levels, and growing power generation. Coal remained the primary income contributor, accounting for 57% of earnings, while the power segment also delivered strong results, supported by the restoration of SCPC Unit 2's 300MW capacity in May 27, which increased its contribution to 43% from 35% the previous year.

In 2025, SMPC will focus on growing its customer base and improving operations. Exploration at the Acacia mine is ongoing to support its coal business.

With the upcoming elections expected to increase power demand, the company plans to contract around half of its net selling capacity. It also aims to improve fuel efficiency and raise plant availability to 88%.

OPERATING HIGHLIGHTS

In the coal segment, total production hit its Environmental Compliance Certificate (ECC) limit of 16.0 million metric tons (MMT) for the third straight year. Despite flat production, total coal shipments reached an all-time high of 16.5 MMT, up 4% from 15.8 MMT in 2023, supported by increased demand from China, SMPC's own power plants, and cement plants, as well as a larger starting inventory.

Total exports rose by 5% to 8.5 MMT from 8.1 MMT, driven by a 46% surge in shipments to China—from 5.2 MMT to 7.6 MMT. In contrast, exports to South Korea declined sharply by 73% (from 2.2 MMT to 0.6 MMT) due to high sulfur content in select commercial-grade coal. As a result, China accounted for 91% of total exports, followed by South Korea at 7% and Brunei at 2%.

Domestic sales increased by 4% to 8.0 MMT from 7.7 MMT, led by stronger demand from SMPC's own power plants. Internal sales grew by 14% to 4.1 MMT from 3.6 MMT, while external sales declined by 5% to 3.9 MMT from 4.1 MMT due to softer demand from other power and industrial users. This drop was partially offset by a 117% surge in shipments to cement plants, rising from 0.6 MMT to 1.3 MMT. Notably, 20% of cement sales were delivered to plants owned by associate company Cemex Holdings Philippines.

In the power segment, overall plant availability stood at 80%, slightly down from 81% in 2023, as improved availability at SLPGC offset reduced uptime at SCPC. Average running capacity increased by 14% to 764 MW from 672 MW, following the full restoration of SCPC Unit 2's dependable 300 MW capacity on May 27.

Supported by stable availability and higher capacity, gross generation rose by 10% to a record 5,358 GWh from 4,890 GWh. This increase was driven by stronger output from both SCPC and SLPGC. Total power sales also climbed by 10% to 4,945 GWh from 4,515 GWh.

Sales to bilateral contracts (BCQ) surged by 46% to 2,097 GWh from 1,439 GWh, supported by expanded capacity and a higher contracted base early in the year. As a result, spot market sales declined by 7% to 2,848 GWh from 3,076 GWh, reducing the spot sales share from 68% to 58% as the company prioritized more stable, contracted volumes.

The overall average selling price (ASP) dropped by 12% to P4.75/kWh from P5.40/kWh, largely due to lower spot market prices.

FINANCIAL PERFORMANCE

SMPC posted a net income of P19.63 billion in 2024, a 30% decline from P27.93 billion in 2023, largely due to lower selling prices for coal and electricity.

The coal segment accounted for 57% of net income, while the power segment contributed 43%.

Total revenues contracted by 15% to P65.19 billion from P76.96 billion, as weaker average selling prices outweighed the impact of higher sales volumes. Total cash costs declined by a slower 9%, from P41.21 billion to P37.44 billion, due to stable cost of sales (COS), higher operating expenses, and a lower government share.

The cash component of COS remained flat at P26.26 billion, compared to P26.24 billion last year, as increased costs from higher coal shipments—such as materials, parts, and services—were offset by improved coal blending, lower fuel costs, and reduced replacement power purchases.

Operating expenses rose by 12%, from P4.30 billion to P4.81 billion, driven by higher taxes, insurance premiums, maintenance, and office renovation costs. The government share dropped significantly by 40% to P6.38 billion from P10.68 billion, in line with lower coal revenues and tighter margins.

Depreciation and amortization (D&A) expenses rose by 3% to P6.97 billion from P6.74 billion, reflecting higher shipments, additional mining equipment, and greater amortization of capitalized stripping costs for Narra mine.

Following its December 2 acquisition, SMPC recognized P11 million in net income from associate Cemex Holdings Philippines (CHP).

Other income declined by 8% to P506 million from P550 million, largely due to the absence of prior-year one-time gains, including a P206 million wharfage refund, a P31 million insurance claim, and lower fly ash sales. This was partially offset by P186 million (US$3.28 million) in insurance proceeds received for SLPGC Unit 1's rotor incident in Q3 2023.

Net foreign exchange loss narrowed to P114 million from P176 million, due to peso depreciation against the US dollar. Meanwhile, net finance income declined by 16% to P503 million from P597 million, on reduced debt levels, a lower cash balance, and softer interest rates.

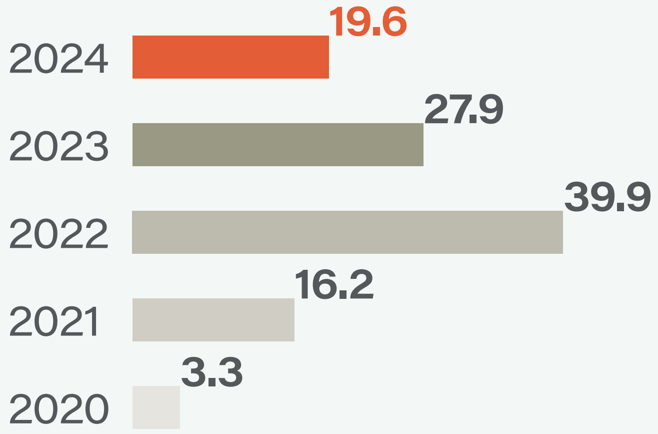
Provision for income tax remained stable at P2.18 billion, with lower taxable income from the power segment offset by higher taxable income from the coal segment. No nonrecurring items were recorded in 2024, versus the previous year's P57 million loss from the sale of SLPGC's 2×25 MW gas turbines.

The company's current ratio slightly declined to 2.35 from 2.38, reflecting a lower cash balance and reduced accounts and government share payables.

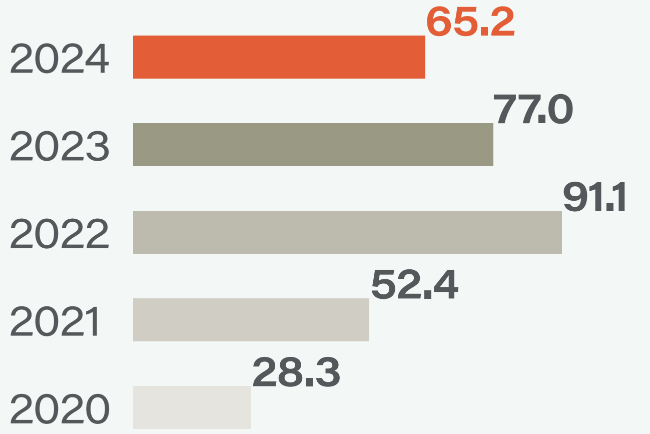
Net cash position fell by 56% to P6.83 billion, from P12.26 billion, following P36.70 billion in cash outflows: P25.50 billion in dividends, P5.33 billion in capital expenditures, P4.10 billion in debt service, and P1.77 billion for the acquisition of a minority stake in CHP.

FIVE-YEAR PERFORMANCE REVIEW

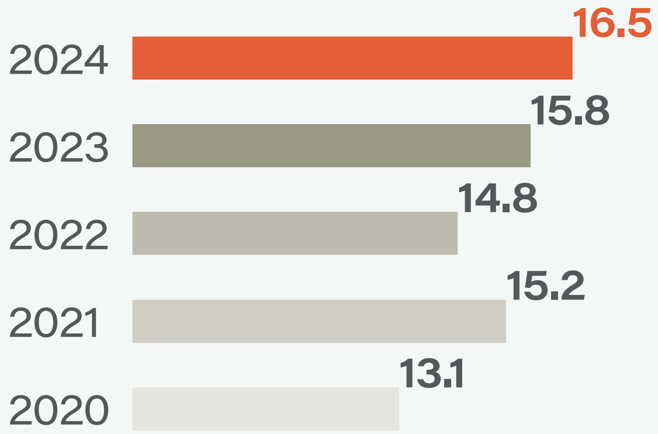
CONSOLIDATED NET INCOME
in billion pesos



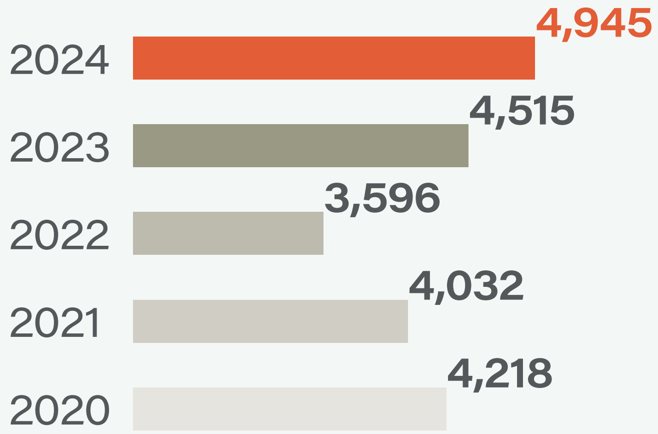
CONSOLIDATED REVENUES
in billion pesos



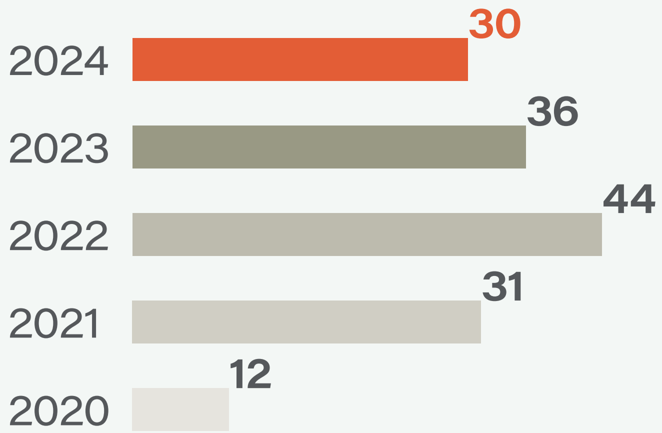
COAL SALES
in MMT



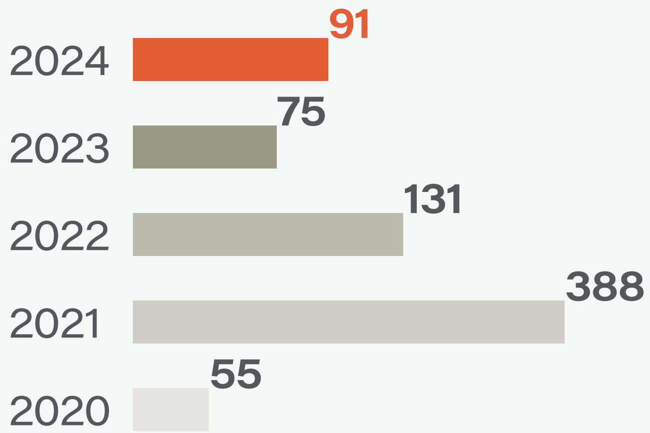
ENERGY SALES
in GWh



NET PROFIT MARGIN
in %



CASH DIVIDEND PAYOUT RATIO



BUSINESS REVIEW

DMCI POWER CORPORATION

LARGEST OFF-GRID ENERGY SUPPLIER IN THE PHILIPPINES

2024

Improved demand driven by tourism, continued rural development and the government's expansion efforts aimed at achieving 100% household electrification by 2028. Fuel prices have stabilized following as global energy markets continued to normalize.

For the 14th consecutive year, DMCI Power achieved record-high energy sales and generation. Net income also reached a new peak, driven by continued expansion and rising off-grid demand. Strategic investments in high-growth areas boosted capacity and output, further strengthening the company's leadership in the off-grid energy market.

2025

Electricity demand is expected to continue rising, fueled by growing tourism and government initiatives to broaden energy access. In line with this, all 121 electric cooperatives nationwide—serving both on-grid and off-grid areas—have been directed to support the target of adding around 1.36 million new consumer connections between 2024 and 2028.

In 2025, DMCI Power is addressing growing energy needs in off-grid areas with 43 megawatts of additional capacity set to begin commercial operations. This includes the 12MW Semirara Wind Project—its first renewable energy venture—and new plants in Palawan and Masbate, underscoring the company's commitment to delivering reliable and cost-efficient power solutions.

OPERATING HIGHLIGHTS

Total gross generation rose by 13%, from 482.6 GWh to 544.0 GWh, driven by higher demand and increased output across all key service areas—Masbate, Palawan, and Oriental Mindoro.

Palawan led the growth with a 19% increase in generation, rising from 208.7 GWh to 247.7 GWh. Masbate followed with an 8% increase, from 173.2 GWh to 187.5 GWh, while Oriental Mindoro also posted an 8% gain, from 100.6 GWh to 108.7 GWh. Total energy sales reached a record 491.2 GWh, up 9% from 452.6 GWh in 2023, supported by growing demand across all service areas and the full-year operations of the 15 MW Palawan thermal plant.

Palawan remained the company's largest market, accounting for 41% of total energy sales, followed by Masbate at 36% and Oriental Mindoro at 23%.

Energy dispatch from thermal plants surged by 71%, increasing from 124.5 GWh to 212.2 GWh, following the full-year operation of the 15 MW Palawan thermal plant. Bunker fuel dispatch declined by 4%, from 159.9 GWh to 153.4 GWh, while diesel dispatch contracted by 25%, from 168.2 GWh to 125.6 GWh.

As a result, the overall energy mix shifted significantly in favor of thermal generation, which accounted for 43% of total energy sold, followed by bunker at 31% and diesel at 26%.

This marked a notable change from the previous year's mix of 37% diesel, 35% bunker, and 28% thermal, reflecting a strategic move toward more cost-efficient and reliable thermal generation.

The shift in fuel mix and improved efficiency helped offset price pressures. Average selling prices (ASP) declined by 5%, from P16.4/kWh to P15.5/kWh, largely due to lower fuel costs. Coal fuel costs fell by 27% (P6.7/kg to P4.9/kg) and diesel by 7% (P56.2/liter to P52.4/liter). However, bunker fuel prices rose by 7% (P45.0 to P48.0/liter), driven by geopolitical tensions and supply disruptions in the Red Sea.

Total installed capacity remained steady at 159.8 MW as of year-end. The 15 MW thermal plant in Palawan synchronized with the grid on June 26, 2023, and began commercial operations on August 15, 2023, supplying reliable electricity to the province.

Palawan's market share slightly declined from 51.9% to 51.2%, reflecting the impact of the full-year operations of the 15 MW Palawan thermal plant and increased supply from other providers. In contrast, Oriental Mindoro's market share rose from 22.1% to 22.8%, driven by reduced availability of renewable and conventional generation sources in the area. DMCI Power continued to be the exclusive power provider in Masbate.

FINANCIAL PERFORMANCE

DMCI Power achieved a record-high standalone net income of P1.26 billion, up 33% from P946 million in 2023. The strong performance was driven by increased energy sales and a more efficient generation mix, despite a lower average selling price.

Total revenues rose by 3% to P7.62 billion from P7.41 billion, supported by higher energy volumes across all service areas. However, the growth was tempered by a 5% decline in average selling price, largely due to lower fuel costs.

Total cash costs declined by 4% to P5.61 billion from P5.82 billion, primarily due to reduced thermal fuel costs and a higher share of generation from thermal plants, which are more cost-efficient than diesel. Net finance costs (net of finance income) increased by 32%, from P154 million to P203 million, reflecting the full-year impact of borrowing costs related to the Palawan Thermal Plant.

Provision for income tax declined by 22% to P98 million from P125 million, mainly due to higher revenue contribution from the Palawan Thermal Plant, which is entitled to income tax holiday (ITH) incentives until July 2027.

This tax benefit was partially offset by the expiration of the ITH for the Masbate Thermal Plant in September 2024. Meanwhile, the 8MW Masbate hybrid diesel plant retains its ITH status until January 2029.

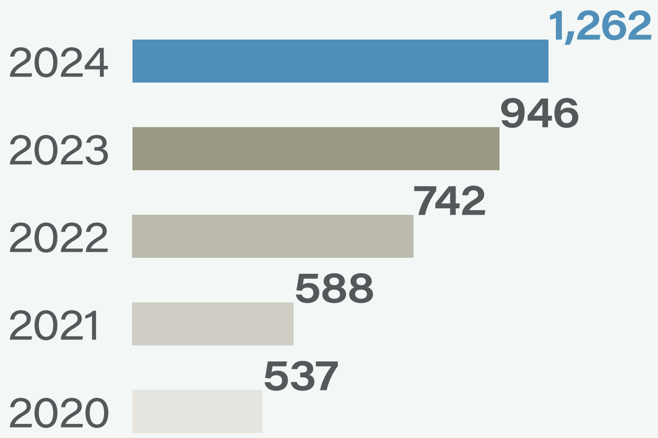
The company's financial position remained healthy, with its net debt-to-equity ratio improving to 177% at year-end, down from 198% in 2023. This improvement was supported by increased cash levels and higher equity book value, which helped cushion the impact of a larger debt base.

Loans payable rose by 19% to P5.55 billion from P4.67 billion, as the company secured funding for its expansion pipeline. Cash balance improved by 20%, from P214 million to P257 million, driven by strong operating cash flow, partially offset by a P500 million dividend payment to the parent company in the fourth quarter.

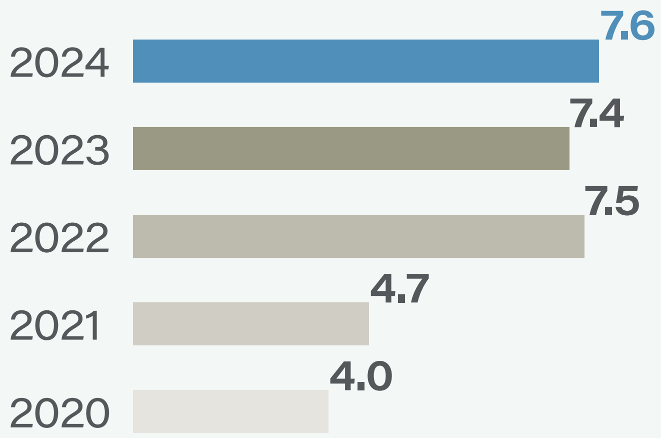
Capital expenditures surged by 81% to P1.56 billion, from P860 million, reflecting continued investments in growth projects. These include the 12MW Semirara Wind Project and the construction of two 8MW bunker plants in Palawan. Expansion projects accounted for 72% of total capex, with the remainder allocated to plant maintenance.

FIVE-YEAR PERFORMANCE REVIEW

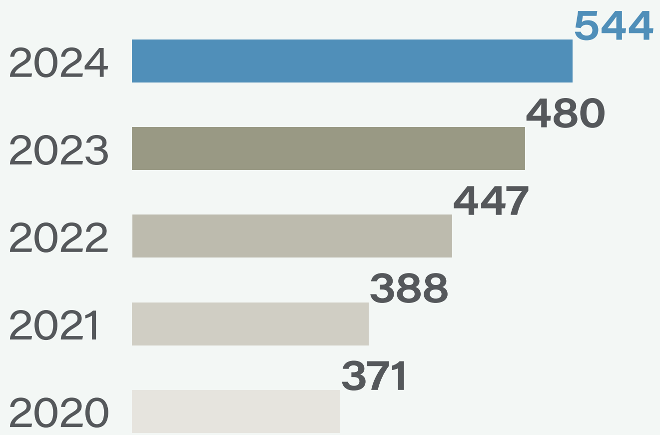
NET INCOME
in million pesos



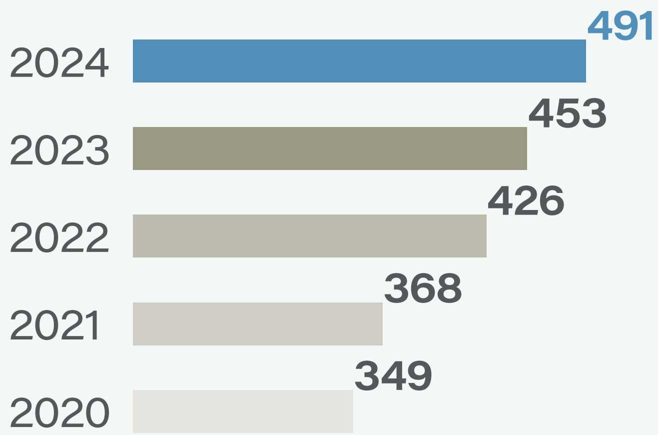
REVENUES
in billion pesos



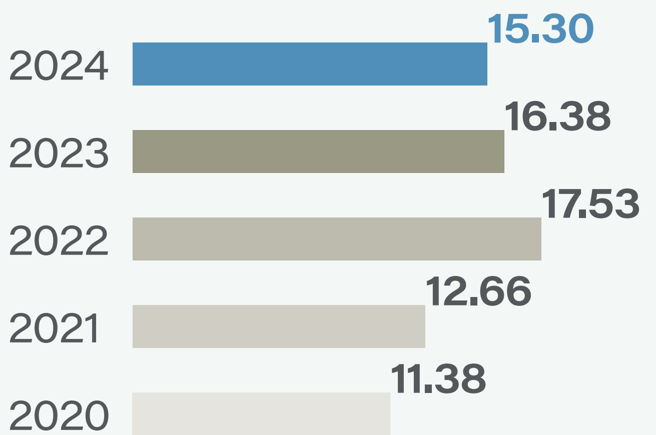
GENERATED POWER
in GWh



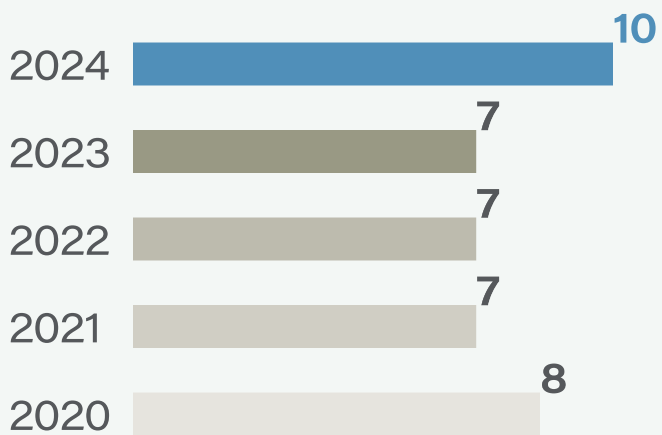
ENERGY SALES
in GWh



COMPOSITE AVERAGE SELLING PRICE
peso per KWh



RETURN ON ASSETS
in %



BUSINESS REVIEW

DMCI MINING CORPORATION

EMERGING PHILIPPINE NICKEL PRODUCTION

2024

Sluggish global trade, China's property sector woes, slower electric vehicle demand, and elevated output from Indonesia created a supply-demand imbalance. This has caused an oversupply and downward pressure on global nickel prices.

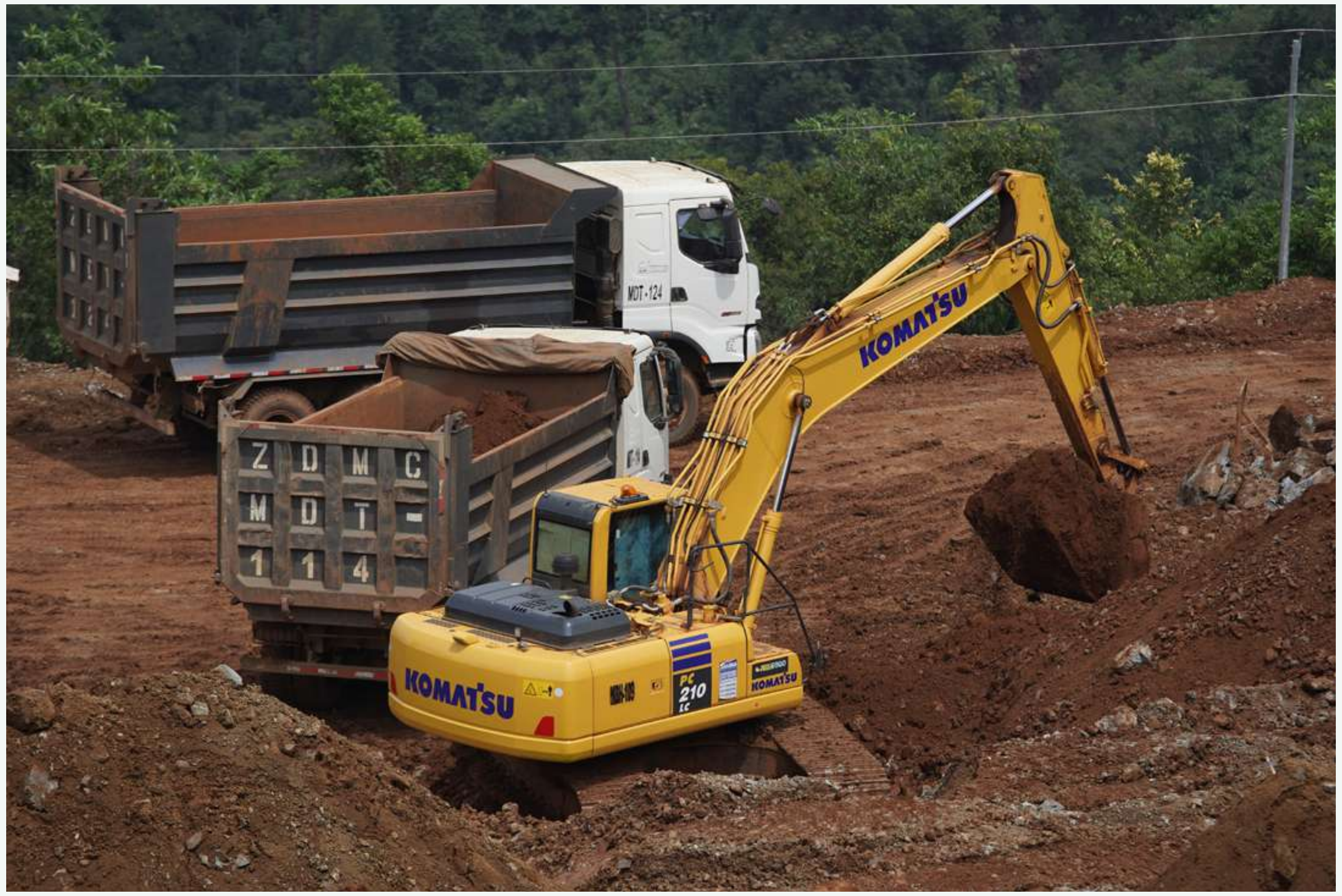
2025

With weak market sentiment last year, producers and governments moved to cut output and adjust regulations to stabilize prices. The industry is expected to stay cautious, focusing on supply management, cost efficiency, and value-added processing to support long-term demand, particularly from the electric vehicle and battery sectors.

The start of commercial operations at Zambales Chromite Mining Company (ZCMC) in December helped DMCI Mining recover in the fourth quarter, after earlier permitting delays at Zambales Diversified Mining Corporation and a weak market throughout the year.

In 2025, the company is expanding from one to three operating mines, with the Long Point mine in the final stages of securing its Mineral Production Sharing Agreement (MPSA).

In addition, a memorandum of understanding signed with Nickel Asia Corporation in March 2025 to explore value-added processing could unlock more value from low-grade ore and help reduce regulatory risks over the medium to long term.



OPERATING HIGHLIGHTS

Total production declined by 15% to 1,445,000 wet metric tons (WMT) from 1,705,000 WMT in the previous year, largely due to permitting delays and the near depletion of mineable ore at Zambales Diversified Metals Corporation (ZDMC). In addition, management opted to hold its inventory amid weak global markets in the first half of 2024.

ZDMC's output fell by 19%, from 1,705,000 WMT to 1,382,000 WMT. The decline in production was partially offset by the commencement of commercial operations at Zambales Chromite Mining Company (ZCMC) in December, which contributed 63,000 WMT.

Total shipments decreased by 12% to 1,477,000 WMT, down from 1,680,000 WMT, in line with lower production volumes. The average selling price (ASP) dropped by 21% to US$29/WMT from US$36/WMT, reflecting softer Philippine FOB nickel prices. Meanwhile, the average nickel grade sold improved slightly to 1.38%, from 1.35%.

While the 2024 average London Metal Exchange (LME) nickel price declined by 22% (from US$21,505/ton to US$16,817/ton), the Philippine FOB price for 1.30% grade nickel fell by a lesser 19%, from US$27/WMT to US$22/WMT, supported by improving Asian demand in the fourth quarter. Notably, Q4 average FOB prices rose by 8%, from US$25/WMT to US$27/WMT.

Ending inventory contracted by 26%, from 130,000 WMT to 96,000 WMT, as the company accelerated shipments in December.

FINANCIAL PERFORMANCE

DMCI Mining posted a 66% decline in standalone net income to P214 million, from P624 million the previous year. The drop was primarily driven by lower shipment volumes and weaker average selling prices, which also impacted overall margins.

Total revenues decreased by 27%, from P3.39 billion to P2.48 billion, reflecting reduced nickel shipments and a 21% decline in average selling prices. Total cash costs fell by 21% to P1.77 billion from P2.00 billion, although this decline was slower than the topline drop. The reduction was mainly due to lower shipment volumes, partially offset by higher shiploading expenses following a shift in billing methodology—from time-based to weight-based charging.

Operating expenses declined by 13%, from P985 million to P861 million, due to lower excise taxes from weaker shipments, reduced spending on environmental and social programs, and lower mine development costs for Berong Nickel Corporation (BNC) in Palawan. Elevated 2023 expenses included P38 million in wharfage fees from BNC, which were not incurred in 2024.

Depreciation and amortization (D&A) expenses dropped by 26%, from P628 million to P466 million, in line with the reduction in shipments. This was partially offset by additional depreciation from new mining equipment acquired during the year.

Core EBITDA margin contracted to 29%, from 41%, as lower revenues and rising per-unit costs weighed on profitability. As a result of reduced EBIT, higher finance costs, and lower tax expenses, net margin narrowed to 9% from 18%.

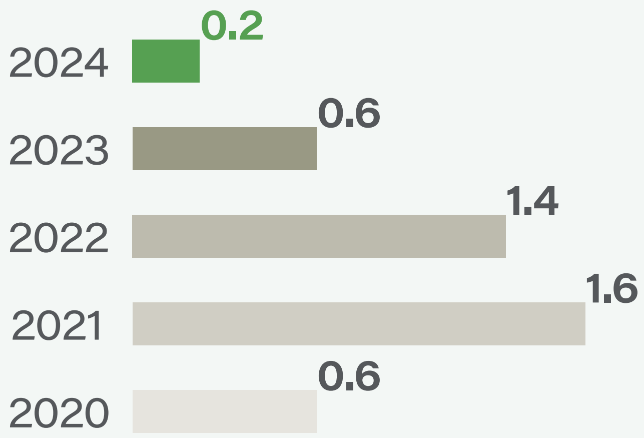
As of December 31, 2024, the net debt-to-equity ratio stood at 1.2%, compared to a net cash position of -12.3% a year earlier, due to an increase in loans payable. Cash balance remained relatively stable, slightly decreasing by 1% to P848 million from P853 million, after funding P550 million in dividends to the parent company and P641 million in capital expenditures, partially offset by new borrowings.

To support new mine development, loans payable more than doubled, rising by 157% to P900 million from P350 million. Despite the increase in debt, the interest coverage ratio (net of finance income) remained healthy at 6.4x.

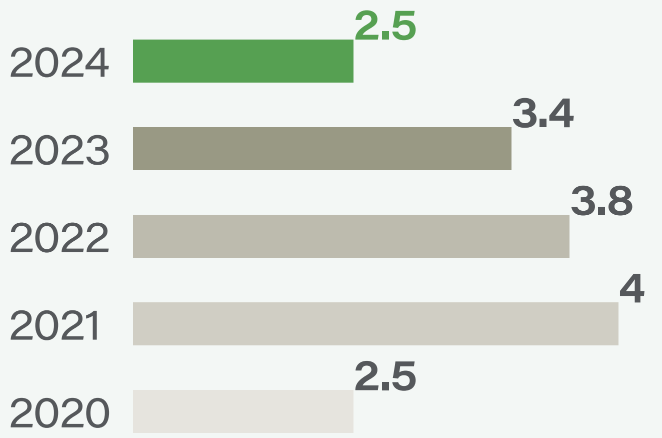
Capital expenditures for the year surged by 149% to P706 million from P283 million, primarily allocated to the expansion of mining fleets at BNC Long Point and ZCMC, the construction of a new port in Palawan, and continued exploration efforts in the area.

FIVE-YEAR PERFORMANCE REVIEW

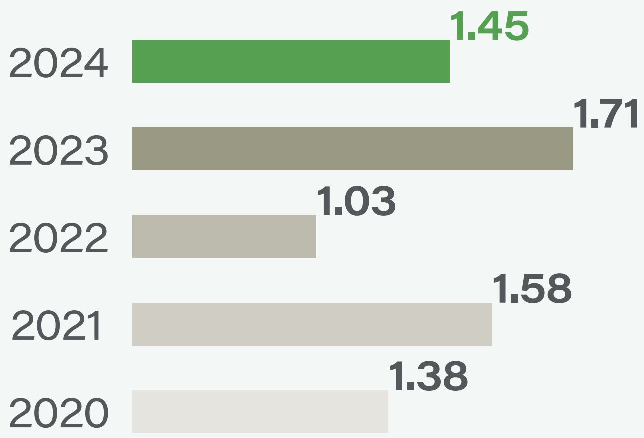
NET INCOME
in billion pesos



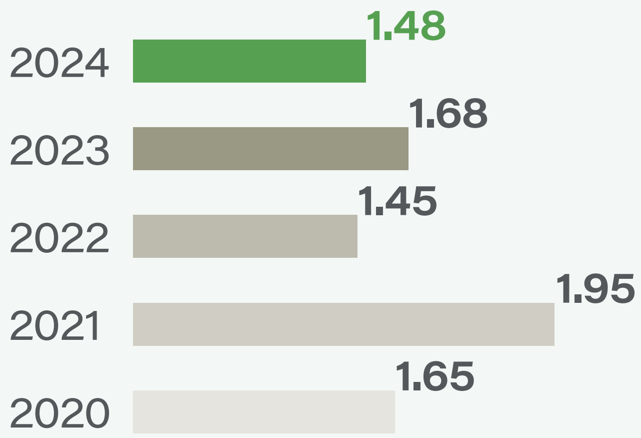
REVENUES
in billion pesos



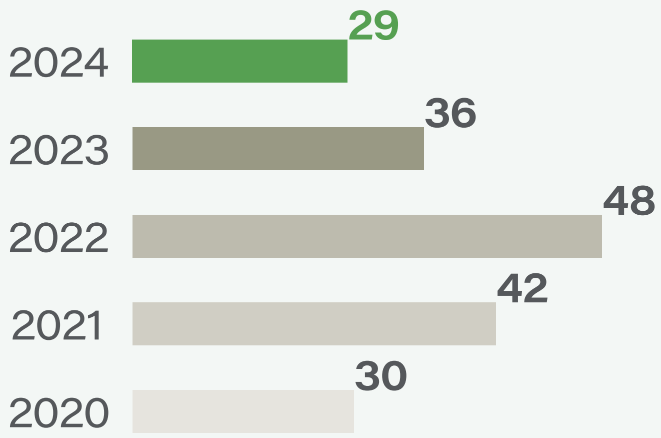
NICKEL PRODUCTION
in million WMT



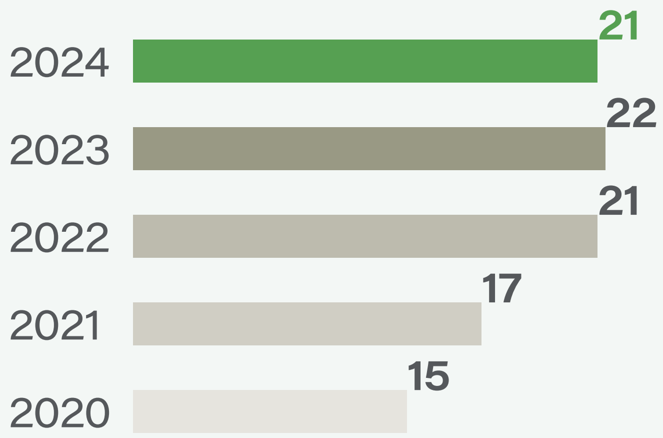
NICKEL SHIPMENT
in million WMT



AVERAGE SELLING PRICE/ WMT



TOTAL CASH COSTS/WMT
in US dollars



BUSINESS REVIEW

MAYNILAD

LARGEST PRIVATE WATER CONCESSIONAIRE IN THE PHILIPPINES

2024

Increased consumption levels across residential and commercial segments were driven by population growth, easing inflation, the recovery of tourist arrivals, and overall improved consumer and business sentiment.

2025

Strategic infrastructure investments and initiatives are seen to meet heightened demand from Metro Manila, owing to continued population growth, urban expansion, and the rebound of commercial and economic activities.

For the second consecutive year, Maynilad achieved record highs in earnings, billed volume, water and sewer coverage, and posted its lowest non-revenue water level in corporate history—driven by aggressive infrastructure investments and rising demand.

In 2025, the company is set to implement its largest annual capital expenditure since the 1997 privatization of West Zone water services, with a planned investment of P41 billion. Maynilad remains focused on enhancing service reliability through water and wastewater infrastructure upgrades, as well as improvements in customer service systems. The company's planned initial public offering will support the funding of its capital expenditure program.

OPERATING HIGHLIGHTS

Total water production at the District Metered Area (DMA) level declined by 2%, from 774.8 million cubic meters (MCM) to 758.2 MCM, primarily due to supply optimization and non-revenue water (NRW) reduction efforts. These initiatives led to reduced output from the La Mesa and Putatan treatment plants, along with lower cross-border water purchases.

Despite lower production, billed volume increased by 3% to a record-high 553.5 MCM, up from 538.4 MCM, driven by rising demand and the addition of 31,970 new water service connections over the past year. Average consumption per connection also rose slightly by 2%, from 0.97 to 0.98 cubic meter per day, consistent with the increase in billed volume.

The customer mix showed a slight shift toward non-domestic users, with their share of billed volume rising from 18.4% to 18.5%, while the share from domestic customers decreased from 81.6% to 81.5%.

The average effective tariff rose by 20%, from P49.49 to P59.22, reflecting the second tranche of the MWSS-approved basic rate adjustment implemented on January 1, 2024.

Average NRW improved significantly, dropping by 12% from 30.5% to 27.0%, while end-of-period NRW further improved by 16%, from 30.4% to 25.7%. These gains were largely attributed to higher billed volumes, reduced water production, and continued investment in NRW-reduction initiatives.

Water service connections grew by 1.3%, from 1,532,463 to 1,551,904, supported by rising demand, population growth, and reconnection of previously disconnected accounts. 24-hour water availability also improved from 97.5% to 98.1%.

Water service coverage expanded slightly, from 94.8% to 94.9%, as the served population increased by 1%, from 10.3 million to 10.4 million.

Meanwhile, sewer service coverage posted a significant gain, rising from 30.7% to 34.9%, an all-time high for the company. This was driven by a 15% increase in the served population, from 3.1 million to 3.6 million, as a result of the company's sustained infrastructure expansion efforts.

FINANCIAL PERFORMANCE

Standalone net income rose by 42% to a record-high P12.78 billion, up from P9.01 billion in the previous year. This strong performance was driven by a combination of higher average effective tariffs, increased billed volume, and lower direct costs.

Total revenues grew by 23%, from P27.32 billion to P33.50 billion, primarily reflecting higher billed volume from water and wastewater services, tariff adjustments, and the collection of re-opening fees for previously disconnected accounts.

Total cash costs increased by only 5%, from P10.09 billion to P10.70 billion, significantly lower than the revenue growth rate. The modest increase was mainly due to lower cross-border water purchases and reduced light and power costs, attributed to lower Fuel Cost Recovery Adjustment (FCRA) per kilowatt-hour.

An allowance for credit losses saw a reversal of P112 million, compared to a P601 million provision in the previous year, reflecting improved collection efficiency. These adjustments represent potential losses from unpaid receivables deemed uncollectible during the reporting period.

Other income shifted to an expense of P629 million, compared to P1.02 billion in income last year, due to a high-base effect from prior-year reversals of provisions related to 2022 water service interruptions. For 2024, other income mainly comprised reversals of provisions for potential tax liabilities.

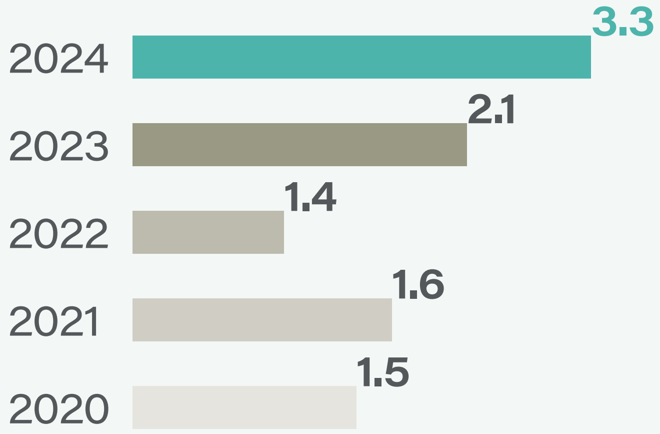
Non-cash costs increased by 9%, from P3.27 billion to P3.56 billion, largely due to the completion of new capital projects and higher amortization of concession assets.

Net finance costs declined by 12%, from P2.28 billion to P2.01 billion, driven by higher finance income (which rose from P222 million to P405 million) and the capitalization of borrowing costs related to ongoing capital expenditure projects. Finally, provision for income taxes increased by 27%, from P2.91 billion to P3.69 billion, in line with higher taxable income.

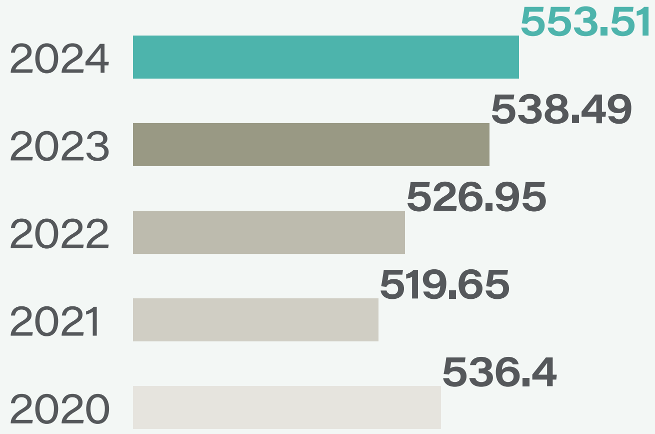
Capital disbursements were relatively flat, decreasing by just 1% from P26.03 billion to P25.75 billion. The bulk of spending (69%) was allocated to water service improvements, followed by sewerage projects (28%), with the remaining 3% directed toward customer service enhancements and other initiatives.

FIVE-YEAR PERFORMANCE REVIEW

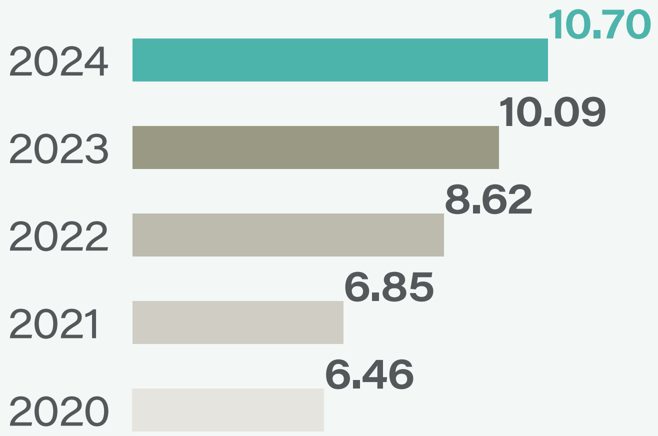
NET INCOME CONTRIBUTION
in billion pesos



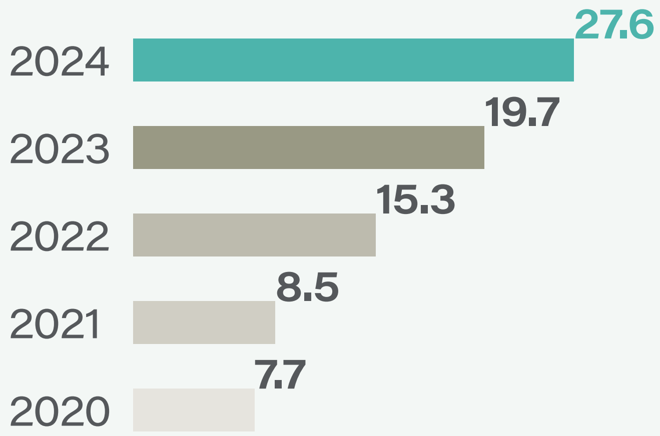
BILLED VOLUME
in MCM



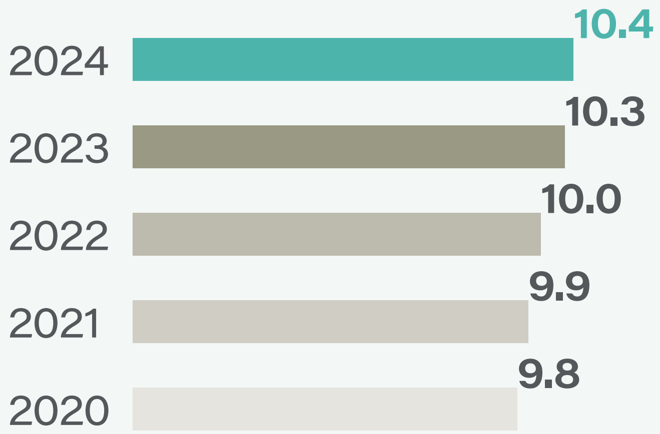
CONSOLIDATED CASH OPERATING EXPENSES
in billion pesos



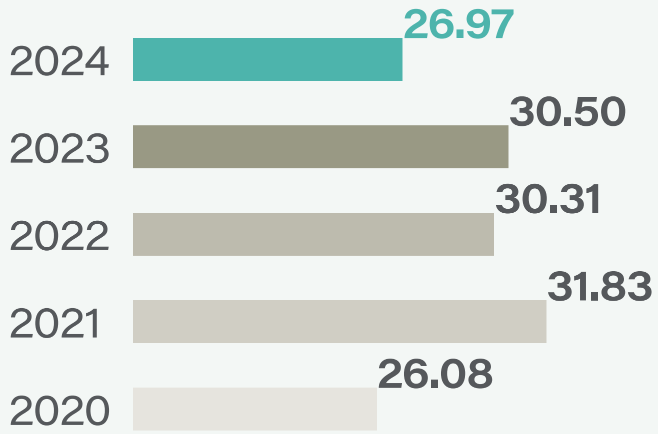
CONSOLIDATED CAPITAL EXPENDITURE*
in billion pesos



SERVED POPULATION
West Zone, in millions



AVERAGE NON-REVENUE
in %



*Accrued Capital Expenditure

FINANCIAL STATEMENTS

DMCI HOLDINGS
INCORPORATED

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

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

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, 2024 and 2023, 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.

Isidro A. Consunji
Chairman and President

Herbert M. Consunji
Executive Vice President and Chief Finance Officer

Joseph V. Legasto
Deputy Chief Finance Officer

Signed this March 13, 2025

SUBSCRIBED AND SWORN TO BEFORE ME
THIS DAY OF 27 MAR 2025
AFFIANT EXHIBITED HIS/HER
NO. ______ ISSUED ON

ATTY. RENE MA. M. VILLA
NOTARY PUBLIC OF MAKATI CITY
APPOINTMENT NO. M-111
(PEII) (2025 2026)
UNTIL DECEMBER 31, 2026
PTR NO. [illegible] 01-03-2025, MAKATI CITY
IBP LIFETIME NO. 013595; 12-27-2013; LC
ROLL NO. 37226
MCLE COMPLIANCE NO. VIII-0012754; 08-27-2024
GROUND FLOOR, MAKATI TERRACES CONDOMINIUM
3650 DAVILA ST., TEJEROS, MAKATI CITY

DOC. NO. 25
PAGE NO. 6
BOOK NO. XV
SERIES OF 2025

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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.

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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 13, 2025

Isidro A. Consunji
Chairman and President

Herbert M. Consunji
Executive Vice President and Chief Finance Officer

Joseph V. Legasto
Deputy Chief Finance Officer

Subsidiaries:
D.M. Consunji, Inc.
DMCI Project Developers, Inc.
DMCI Power Corporation
DMCI Mining Corporation

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AUDIT COMMITTEE REPORT TO THE BOARD OF DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 2024

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 2024, 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 2024.
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

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.

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, 2024 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, 2024, 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, 2024, 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 2024 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 21, 2024.

Signed on April 4, 2025.

BERNARDO M. VILLEGAS
Chairman, Audit Committee

DMCI HOLDINGS INCORPORATED

06 March 2025

The Audit Committee
DMCI Holdings, Inc.

Internal Control and Compliance System
For the year ended 31 December 2024

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. A new set of Global Internal Audit Standards was released by The Institute of Internal Auditors and became effective on 09 January 2025. Changes to the internal audit charter, plans, programs and activities were discussed with management and the Audit Committee.

The results of our internal audit reviews are discussed and presented to management and the Audit Committee on a periodic basis. Management has also addressed the recommendations included in the internal audit reports.

Based on the results of our reviews covering the period 01 January to 31 December 2024, 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

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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Fax: (632) 8819 0872
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of DMCI Holdings, Inc. and its subsidiaries (collectively, the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, 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, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) 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.

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.

Accounting for the Acquisition of CEMEX Asian South East Corporation

DMCI Holdings, Inc. (the Parent Company), Semirara Mining and Power Corporation (SMPC; the Parent Company's subsidiary) and Dacon Corp. (the Parent Company's shareholder), executed a Share Purchase Agreement (SPA) to acquire 100% of the outstanding capital stock of CEMEX Asian South East Corporation (CASEC) from CEMEX Asia B.V. effective December 2, 2024. The Parent Company and SMPC acquired 56.75% and 11.13% ownership interest in CASEC, respectively. The Parent Company's effective interest in CASEC is 63.06% as of December 2, 2024. The acquisition was accounted for as a business combination under PFRS 3, *Business Combinations*, based on a provisional purchase price allocation. PFRS 3 provides for a measurement period of one year from the date of acquisition wherein the acquirer may adjust provisional amounts. Apart from the significance of the amounts involved, we consider the accounting for this acquisition as a key audit matter because it requires significant management judgment and estimation in identifying the underlying acquired assets and liabilities and in determining the provisional fair values thereof, specifically the trademark, based on the available information as at the acquisition date.

Relevant disclosures related to this matter are provided in Note 4 to the consolidated financial statements.

Audit Response

We reviewed the share purchase agreement covering the acquisition and assessed whether the acquisition has been appropriately accounted for in accordance with PFRS 3. We considered the terms of the share purchase agreement and other documents related to the acquisition in evaluating the Group's determination of the total cost of acquisition and existence of control as at acquisition date. We also evaluated management's basis in determining the provisional fair values of the assets acquired and liabilities assumed from CASEC using the available information as of the acquisition date. We assessed the competence, capabilities and objectivity of the external valuation specialist who have been engaged by management to determine the fair values of the assets acquired (including the trademark) and liabilities assumed from CASEC by considering their qualifications, experience and reporting responsibilities. We involved our internal specialist in the review of the methodologies and assumptions used in arriving at the provisional fair values of the assets acquired (including the trademark) and liabilities assumed from CASEC. We compared the key assumption used in the valuation of trademark such as royalty rate by reference to relevant external information. We tested the parameters used in determining the discount rate against market data. We reviewed the adequacy of the related disclosures in the consolidated financial statements.

Recognition of Revenue from Real Estate and Construction Contracts

The Group's revenue recognition process, policies and procedures for real estate contracts are significant to our audit because these involve the application of significant judgment and estimation in the following areas: (a) the assessment of the probability that the Group will collect the consideration from the buyer; (b) the determination of the transaction price; and (c) the application of the output method as the measure of progress in determining real estate revenue.

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

Effective January 1, 2024, the Group adopted Philippine Interpretations Committee (PIC) Q&A 2018-12-D (as amended by PIC Q&A 2020-04) in assessing if the transaction price includes significant financing component. The Group applied the modified retrospective approach in its initial adoption.

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

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

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

Audit Response

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

For the determination of the transaction price, we obtained an understanding of the Group's process in implementing PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04), including the determination of the population of contracts with customers related to real estate sale, the selection of the transition approach and election of available practical expedient. We obtained the financing component calculation of the management, which includes an analysis whether the financing component of the Group's contract with customers is significant. We selected sample contracts from the sales contract database and traced these selected contracts to the calculation prepared by management. For selected contracts, we traced the underlying data and assumptions used in the financing component calculation such as contract price, cash discount, payment scheme, payment amortization table and percentage of completion to the contract provision and projected percentage of completion schedule. We also recomputed the financing component for each sample selected.

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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 obtained 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.

We performed test computation of the transition adjustments and evaluated the relevant disclosures made on the initial adoption of the above PIC Q&As.

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

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

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, 2024, the Group's share in the net income of MWHCI amounted to ₱3,318.63 million and is material to the consolidated financial statements. The Group's share in the net income of MWHCI is significantly affected by MWSI's recognition of water and sewerage service revenue.

These matters are significant to our audit because the recognition of water and sewerage service revenue of MWSI depends on the completeness and accuracy of capture of water consumption based on meter readings over the concession area taken on various dates, propriety of rates applied across various customer types, and reliability of the systems involved in processing the bills and in recording revenues.

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The Group's disclosures regarding these matters are included in Notes 3 and 11 to the consolidated financial statements.

Audit Response

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

We obtained an understanding of the water and sewerage service revenue process, which includes maintaining the customer database, capturing billable water consumption, uploading captured billable water consumption to the billing system, calculating billable amounts based on MWSS-approved rates, and uploading data from the billing system to the financial reporting system. We also evaluated the design of and tested the relevant controls over this process. On a sample basis, we performed recalculation of the billed amounts using the MWSS-approved rates and formulae and compared them with the amounts reflected in the billing statements. We also performed substantive analytical procedures and involved our internal specialist in reviewing the procedures on recording revenues by using computed assisted audit techniques.

Estimation on Coal Mining Properties

The Group's coal mining properties with a carrying value of ₱3,838.25 million as of December 31, 2024 are amortized using the units-of-production method. Under this method, management is required to estimate the volume of mineable ore reserves for the remaining life of the mine which is a key input to the amortization of the coal mining properties. This matter is significant to our audit because the estimation of the mineable ore reserves of the Group's coal mines requires use of assumptions and significant estimation from management's specialists.

The related information on the estimation of mineable ore reserves and related coal mining properties are discussed in Notes 3 and 13 to the consolidated financial statements.

Audit response

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

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, 2024, 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, 2024 are expected to be made available to us after the date of this auditor's report.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-110-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10465392, January 2, 2025, Makati City

March 13, 2025

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
DMCI Holdings, Inc.

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, 2024 and 2023, 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, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) 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.

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.

Accounting for the Acquisition of CEMEX Asian South East Corporation

DMCI Holdings, Inc. (the Parent Company), Semirara Mining and Power Corporation (SMPC; the Parent Company's subsidiary) and Dacon Corp. (the Parent Company's shareholder), executed a Share Purchase Agreement (SPA) to acquire 100% of the outstanding capital stock of CEMEX Asian South East Corporation (CASEC) from CEMEX Asia B.V. effective December 2, 2024. The Parent Company and SMPC acquired 56.75% and 11.13% ownership interest in CASEC, respectively. The Parent Company's effective interest in CASEC is 63.06% as of December 2, 2024. The acquisition was accounted for as a business combination under PFRS 3, *Business Combinations*, based on a provisional purchase price allocation. PFRS 3 provides for a measurement period of one year from the date of acquisition wherein the acquirer may adjust provisional amounts. Apart from the significance of the amounts involved, we consider the accounting for this acquisition as a key audit matter because it requires significant management judgment and estimation in identifying the underlying acquired assets and liabilities and in determining the provisional fair values thereof, specifically the trademark, based on the available information as at the acquisition date.

Relevant disclosures related to this matter are provided in Note 4 to the consolidated financial statements.

Audit Response

We reviewed the share purchase agreement covering the acquisition and assessed whether the acquisition has been appropriately accounted for in accordance with PFRS 3. We considered the terms of the share purchase agreement and other documents related to the acquisition in evaluating the Group's determination of the total cost of acquisition and existence of control as at acquisition date. We also evaluated management's basis in determining the provisional fair values of the assets acquired and liabilities assumed from CASEC using the available information as of the acquisition date. We assessed the competence, capabilities and objectivity of the external valuation specialist who have been engaged by management to determine the fair values of the assets acquired (including the trademark) and liabilities assumed from CASEC by considering their qualifications, experience and reporting responsibilities. We involved our internal specialist in the review of the methodologies and assumptions used in arriving at the provisional fair values of the assets acquired (including the trademark) and liabilities assumed from CASEC. We compared the key assumption used in the valuation of trademark such as royalty rate by reference to relevant external information. We tested the parameters used in determining the discount rate against market data. We reviewed the adequacy of the related disclosures in the consolidated financial statements.

Recognition of Revenue from Real Estate and Construction Contracts

The Group's revenue recognition process, policies and procedures for real estate contracts are significant to our audit because these involve the application of significant judgment and estimation in the following areas: (a) the assessment of the probability that the Group will collect the consideration from the buyer; (b) the determination of the transaction price; and (c) the application of the output method as the measure of progress in determining real estate revenue.

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

Effective January 1, 2024, the Group adopted Philippine Interpretations Committee (PIC) Q&A 2018-12-D (as amended by PIC Q&A 2020-04) in assessing if the transaction price includes significant financing component. The Group applied the modified retrospective approach in its initial adoption.

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

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

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

Audit Response

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

For the determination of the transaction price, we obtained an understanding of the Group's process in implementing PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04), including the determination of the population of contracts with customers related to real estate sale, the selection of the transition approach and election of available practical expedient. We obtained the financing component calculation of the management, which includes an analysis whether the financing component of the Group's contract with customers is significant. We selected sample contracts from the sales contract database and traced these selected contracts to the calculation prepared by management. For selected contracts, we traced the underlying data and assumptions used in the financing component calculation such as contract price, cash discount, payment scheme, payment amortization table and percentage of completion to the contract provision and projected percentage of completion schedule. We also recomputed the financing component for each sample selected.

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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 obtained 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.

We performed test computation of the transition adjustments and evaluated the relevant disclosures made on the initial adoption of the above PIC Q&As.

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

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

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, 2024, the Group's share in the net income of MWHCI amounted to ₱3,318.63 million and is material to the consolidated financial statements. The Group's share in the net income of MWHCI is significantly affected by MWSI's recognition of water and sewerage service revenue.

These matters are significant to our audit because the recognition of water and sewerage service revenue of MWSI depends on the completeness and accuracy of capture of water consumption based on meter readings over the concession area taken on various dates, propriety of rates applied across various customer types, and reliability of the systems involved in processing the bills and in recording revenues.

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The Group's disclosures regarding these matters are included in Notes 3 and 11 to the consolidated financial statements.

Audit Response

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

We obtained an understanding of the water and sewerage service revenue process, which includes maintaining the customer database, capturing billable water consumption, uploading captured billable water consumption to the billing system, calculating billable amounts based on MWSS-approved rates, and uploading data from the billing system to the financial reporting system. We also evaluated the design of and tested the relevant controls over this process. On a sample basis, we performed recalculation of the billed amounts using the MWSS-approved rates and formulae and compared them with the amounts reflected in the billing statements. We also performed substantive analytical procedures and involved our internal specialist in reviewing the procedures on recording revenues by using computed assisted audit techniques.

Estimation on Coal Mining Properties

The Group's coal mining properties with a carrying value of ₱3,838.25 million as of December 31, 2024 are amortized using the units-of-production method. Under this method, management is required to estimate the volume of mineable ore reserves for the remaining life of the mine which is a key input to the amortization of the coal mining properties. This matter is significant to our audit because the estimation of the mineable ore reserves of the Group's coal mines requires use of assumptions and significant estimation from management's specialists.

The related information on the estimation of mineable ore reserves and related coal mining properties are discussed in Notes 3 and 13 to the consolidated financial statements.

Audit response

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

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, 2024, 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, 2024 are expected to be made available to us after the date of this auditor's report.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-110-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10465392, January 2, 2025, Makati City

March 13, 2025

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Building a better working world

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of DMCI Holdings, Inc. and its subsidiaries (collectively, the Group) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 13, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
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**INDEPENDENT AUDITOR'S REPORT
ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of DMCI Holdings, Inc. and its subsidiaries (collectively, the Group) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 13, 2025. 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 (PFRS) Accounting Standards, and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
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PTR No. 10465392, January 2, 2025, Makati City

March 13, 2025

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

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱34,298,524**	₱32,158,078
Receivables - net (Note 6)	**23,033,562**	23,265,106
Current portion of contract assets (Note 7)	**13,057,803**	19,304,451
Inventories (Note 8)	**67,234,146**	67,902,205
Other current assets (Note 9)	**15,202,487**	12,088,585
	152,826,522	154,718,425
Asset held-for-sale (Note 10)	–	713,218
Total Current Assets	**152,826,522**	155,431,643
Noncurrent Assets		
Property, plant and equipment (Note 13)	**82,493,172**	53,673,801
Investments in associates and joint ventures (Note 11)	**24,275,274**	19,091,633
Contract assets - net of current portion (Note 7)	**5,888,895**	10,839,030
Trademarks (Note 4)	**5,492,744**	–
Right-of-use assets (Note 33)	**3,828,484**	140,629
Goodwill (Note 4)	**1,947,415**	–
Deferred tax assets - net (Note 29)	**1,617,544**	922,891
Exploration and evaluation assets (Note 14)	**1,386,296**	505,513
Other noncurrent assets (Notes 12, 14 and 23)	**8,689,307**	7,390,083
Total Noncurrent Assets	**135,619,131**	92,563,580
	₱288,445,653	₱247,995,223
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Note 15)	**₱4,312,526**	₱1,547,386
Accounts and other payables (Notes 17, 21 and 33)	**32,244,992**	30,495,688
Income tax payable	**391,225**	488,465
Current portion of liabilities for purchased land (Note 16)	**532,239**	753,046
Current portion of long-term debt (Note 19)	**4,906,247**	6,660,721
Current portion of contract liabilities and other customers' advances and deposits (Note 18)	**16,199,469**	16,151,576
Total Current Liabilities	**58,586,698**	56,096,882

(Forward)

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	December 31	
	2024	2023
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 19)	**₱58,907,449**	₱41,261,215
Contract liabilities - net of current portion (Note 18)	**8,354,244**	3,199,429
Deferred tax liabilities - net (Note 29)	**5,313,225**	6,434,245
Liabilities for purchased land - net of current portion (Note 16)	**547,119**	538,221
Other noncurrent liabilities (Notes 20, 23 and 33)	**6,965,919**	3,028,081
Total Noncurrent Liabilities	**80,087,956**	54,461,191
Total Liabilities	**138,674,654**	110,558,073
Equity		
Equity attributable to equity holders of the Parent Company:		
Paid-in capital	**27,949,868**	17,949,868
Treasury shares - Preferred (Note 22)	**(7,069)**	(7,069)
Retained earnings (Note 22)	**91,463,005**	90,797,032
Premium on acquisition of noncontrolling-interests (Note 32)	**(817,958)**	(817,958)
Remeasurements on pension plans - net of tax (Note 23)	**1,182,835**	899,283
Net accumulated unrealized gains on equity investments designated at fair value through other comprehensive income (FVOCI) (Note 14)	**242,034**	174,698
Share in other comprehensive income of associates (Note 11)	**(93,410)**	25,385
	119,919,305	109,021,239
Noncontrolling interests (Note 32)	**29,851,694**	28,415,911
Total Equity	**149,770,999**	137,437,150
	₱288,445,653	₱247,995,223

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2024	2023	2022
REVENUE (Note 34)			
Coal mining	**₱39,462,717**	₱51,633,898	₱69,759,876
Electricity sales	**32,403,806**	32,106,384	28,092,159
Construction contracts	**15,054,331**	16,674,696	19,076,915
Real estate sales	**11,396,387**	18,587,311	21,398,777
Nickel mining	**2,477,387**	3,386,352	3,788,595
Cement sales	**1,064,146**	–	–
Merchandise sales and others	**519,774**	440,473	483,371
	102,378,548	122,829,114	142,599,693
COSTS OF SALES AND SERVICES (Note 24)			
Coal mining	**21,744,840**	23,255,381	21,169,795
Electricity sales	**15,580,605**	14,481,403	13,685,705
Construction contracts	**13,916,134**	15,316,709	17,577,604
Real estate sales	**6,645,716**	12,141,546	14,480,400
Nickel mining	**1,341,911**	1,611,941	1,206,505
Cement sales	**1,119,303**	–	–
Merchandise sales and others	**310,923**	363,045	387,935
	60,659,432	67,170,025	68,507,944
GROSS PROFIT	**41,719,116**	55,659,089	74,091,749
OPERATING EXPENSES (Note 25)	**18,010,109**	20,700,298	25,066,956
	23,709,007	34,958,791	49,024,793
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES (Note 11)	**3,354,081**	2,145,377	1,506,278
OTHER INCOME (EXPENSES)			
Finance income (Note 26)	**2,451,732**	1,989,202	858,495
Finance costs (Note 27)	**(2,730,175)**	(964,167)	(1,108,564)
Other income - net (Note 28)	**3,838,659**	3,025,473	2,918,662
	3,560,216	4,050,508	2,668,593
INCOME BEFORE INCOME TAX	**30,623,304**	41,154,676	53,199,664
PROVISION FOR INCOME TAX (Note 29)	**3,116,096**	4,317,762	4,723,689
NET INCOME (Note 34)	**₱27,507,208**	₱36,836,914	₱48,475,975
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱18,976,167**	₱24,722,372	₱31,087,484
Noncontrolling interests (Note 32)	**8,531,041**	12,114,542	17,388,491
	₱27,507,208	₱36,836,914	₱48,475,975
Basic/diluted earnings per share attributable to equity holders of the Parent Company (Note 30)	**₱1.43**	₱1.86	₱2.34

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2024	2023	2022
NET INCOME	**₱27,507,208**	₱36,836,914	₱48,475,975
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in subsequent periods			
Changes in fair values of investments in equity instruments designated at FVOCI (Note 14)	**67,336**	43,085	30,006
Net remeasurement gain (loss) on pension plans - net of tax (Note 23)	**280,126**	(94,733)	475,940
Share in other comprehensive income of associates (Note 11)	**(118,795)**	95	46,901
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**228,667**	(51,553)	552,847
TOTAL COMPREHENSIVE INCOME	**₱27,735,875**	₱36,785,361	₱49,028,822
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱19,208,260**	₱24,689,393	₱31,627,261
Noncontrolling interests	**8,527,615**	12,095,968	17,401,561
	₱27,735,875	₱36,785,361	₱49,028,822

See accompanying Notes to Consolidated Financial Statements.

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DMCI HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 22)	**Additional Paid-in Capital** (Note 22)	**Total Paid-in Capital** (Note 22)	**Treasury Shares - Preferred** (Note 22)	**Retained Earnings** (Note 22)	**Premium on Acquisition of Non-controlling Interests** (Note 32)	**Remeasurements on Pension Plans - net of tax** (Note 23)	**Net Accumulated Unrealized Gains on Equity Investments Designated at FVOCI** (Note 14)	**Share in Other Comprehensive Income (Loss) of Associates** (Note 11)	**Total**	**Noncontrolling Interests** (Note 32)	**Total Equity**
	For the Year Ended December 31, 2024											
Balances as of January 1, 2024	**₱13,277,474**	**₱4,672,394**	**₱17,949,868**	**(₱7,069)**	**₱90,797,032**	**(₱817,958)**	**₱899,283**	**₱174,698**	**₱25,385**	**₱109,021,239**	**₱28,415,911**	**₱137,437,150**
Effect of full adoption of PFRS 15 (Note 2)	–	–	–	–	**(2,377,230)**	–	–	–	–	**(2,377,230)**	–	**(2,377,230)**
Balances as of January 1, 2024, as restated	**13,277,474**	**4,672,394**	**17,949,868**	**(7,069)**	**88,419,802**	**(817,958)**	**899,283**	**174,698**	**25,385**	**106,644,009**	**28,415,911**	**135,059,920**
Comprehensive income												
Net income	–	–	–	–	**18,976,167**	–	–	–	–	**18,976,167**	**8,531,041**	**27,507,208**
Other comprehensive income	–	–	–	–	–	–	**283,552**	**67,336**	**(118,795)**	**232,093**	**(3,426)**	**228,667**
Total comprehensive income	–	–	–	–	**18,976,167**	–	**283,552**	**67,336**	**(118,795)**	**19,208,260**	**8,527,615**	**27,735,875**
Issuance of preferred shares	**10,000**	**9,990,000**	**10,000,000**	–	–	–	–	–	–	**10,000,000**	–	**10,000,000**
Acquisition of a subsidiary (Note 4)	–	–	–	–	–	–	–	–	–	–	**3,963,855**	**3,963,855**
Cash dividends declared (Note 22)	–	–	–	–	**(15,932,964)**	–	–	–	–	**(15,932,964)**	**(11,055,687)**	**(26,988,651)**
Balances at December 31, 2024	**₱13,287,474**	**₱14,662,394**	**₱27,949,868**	**(₱7,069)**	**₱91,463,005**	**(₱817,958)**	**₱1,182,835**	**₱242,034**	**(₱93,410)**	**₱119,919,305**	**₱29,851,694**	**₱149,770,999**
	For the Year Ended December 31, 2023											
Balances as of January 1, 2023	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱85,194,218	(₱817,958)	₱975,442	₱131,613	₱25,290	₱103,451,404	₱29,218,230	₱132,669,634
Comprehensive income												
Net income	–	–	–	–	24,722,372	–	–	–	–	24,722,372	12,114,542	36,836,914
Other comprehensive income	–	–	–	–	–	–	(76,159)	43,085	95	(32,979)	(18,574)	(51,553)
Total comprehensive income	–	–	–	–	24,722,372	–	(76,159)	43,085	95	24,689,393	12,095,968	36,785,361
Cash dividends declared (Note 22)	–	–	–	–	(19,119,558)	–	–	–	–	(19,119,558)	(12,898,287)	(32,017,845)
Balances at December 31, 2023	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱90,797,032	(₱817,958)	₱899,283	₱174,698	₱25,385	₱109,021,239	₱28,415,911	₱137,437,150

(Forward)

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	Capital Stock (Note 22)	Additional Paid-in Capital (Note 22)	Total Paid-in Capital (Note 22)	Treasury Shares - Preferred (Note 22)	Retained Earnings (Note 22)	Premium on Acquisition of Non-controlling Interests (Note 32)	Remeasurements on Pension Plans - net of tax (Note 23)	Net Accumulated Unrealized Gains on Equity Investments Designated at FVOCI (Note 14)	Share in Other Comprehensive Income (Loss) of Associates (Note 11)	Total	Noncontrolling Interests (Note 32)	Total Equity
	Attributable to Equity Holders of the Parent Company											
	For the Year Ended December 31, 2022											
Balances as of January 1, 2022	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱70,039,693	(₱817,958)	₱513,860	₱100,319	(₱21,611)	₱87,757,102	₱21,089,510	₱108,846,612
Comprehensive income												
Net income	–	–	–	–	31,087,484	–	–	–	–	31,087,484	17,388,491	48,475,975
Other comprehensive income	–	–	–	–	–	–	461,582	31,294	46,901	539,777	13,070	552,847
Total comprehensive income	–	–	–	–	31,087,484	–	461,582	31,294	46,901	31,627,261	17,401,561	49,028,822
Cash dividends declared (Note 22)	–	–	–	–	(15,932,959)	–	–	–	–	(15,932,959)	(9,272,841)	(25,205,800)
Balances at December 31, 2022	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱85,194,218	(₱817,958)	₱975,442	₱131,613	₱25,290	₱103,451,404	₱29,218,230	₱132,669,634

See accompanying Notes to Consolidated Financial Statements.

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DMCI HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱30,623,304**	₱41,154,676	₱53,199,664
Adjustments for:			
Depreciation, depletion and amortization (Notes 12, 13, 14, 24, 25 and 33)	**8,933,983**	8,630,329	7,817,903
Finance costs (Note 27)	**2,730,175**	964,167	1,108,564
Net unrealized foreign exchange loss (gain)	**202,606**	217,125	(1,283,418)
Write-down/impairment of property, plant and equipment and asset held-for-sale (Notes 3, 13, 25 and 28)	**–**	76,095	466,240
Equity in net earnings of associates and joint ventures (Note 11)	**(3,354,081)**	(2,145,377)	(1,506,278)
Finance income (Note 26)	**(2,451,732)**	(1,989,202)	(858,495)
Gain on sale of undeveloped parcel of land (Note 28)	**(259,413)**	(141,792)	–
Net movement in net pension asset (liability)	**762,391**	80,460	171,771
Gain on sale of property, plant and equipment - net (Notes 13 and 28)	**–**	(55,914)	(69,346)
Recoveries from insurance claims and claims from third party settlement	**(186,234)**	(31,884)	–
Operating income before changes in working capital	**37,000,999**	46,758,683	59,046,605
Decrease (increase) in:			
Receivables and contract assets	**9,175,967**	3,224,211	(6,090,904)
Inventories	**(1,418,175)**	(4,866,708)	(5,372,448)
Other current assets	**1,262,180**	(1,898,943)	2,575,202
Increase (decrease) in:			
Contract liabilities and other customers' advances and deposits	**5,192,707**	3,431,596	(81,212)
Accounts and other payables	**(18,033,909)**	2,184,747	(481,531)
Liabilities for purchased land	**(211,909)**	(513,434)	233,332
Cash generated from operations	**32,967,860**	48,320,152	49,829,044
Income taxes paid	**(4,515,741)**	(3,998,389)	(6,354,377)
Interest paid (including interest capitalized as cost of inventory) (Note 8)	**–**	(1,858,629)	(1,611,318)
Interest received	**2,451,732**	1,504,282	858,495
Net cash provided by operating activities	**₱30,903,851**	₱43,967,416	₱42,721,844

(Forward)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates	**₱1,278,113**	₱915,551	₱834,367
Cash paid for acquisition of business - net of cash received (Note 4)	**(8,060,913)**	–	–
Additions to:			
Property, plant and equipment (Note 13)	**(12,647,025)**	(5,460,280)	(6,514,073)
Investments in associates and joint ventures (Note 11)	**(3,241,000)**	–	–
Investment properties and exploration and evaluation assets (Notes 14)	**(880,783)**	(43,965)	(174,766)
Interest paid and capitalized as cost of property, plant and equipment (Note 13)	**–**	(74,143)	(1,188)
Proceeds from disposals of:			
Undeveloped land	**1,821,219**	1,339,286	–
Property, plant and equipment	**–**	86,777	93,684
Asset-held for sale	**110,103**	603,115	–
Insurance claims anpd claims from third party settlement	**186,234**	31,884	–
Increase in other noncurrent assets	**(1,686,651)**	(774,131)	(2,932,467)
Net cash used in investing activities	**(23,120,703)**	(3,375,906)	(8,694,443)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of preferred shares (Note 22)	**10,000,000**	–	–
Proceeds from availment of:			
Short-term debt (Note 38)	**2,765,140**	917,968	1,065,655
Long-term debt (Note 38)	**16,781,719**	4,466,250	11,906,818
Payments of:			
Short-term debt (Note 38)	**–**	(500,000)	(975,600)
Long-term debt (Note 38)	**(8,289,240)**	(8,015,595)	(12,487,673)
Dividends to equity holders of the Parent Company (Notes 22 and 38)	**(15,932,964)**	(19,119,558)	(15,932,959)
Dividends to noncontrolling-interests (Notes 22 and 38)	**(11,055,687)**	(12,914,997)	(9,256,131)
Interest	**(3,419,443)**	(1,206,426)	(1,045,927)
Lease liabilities (Note 33)	**(21,133)**	(35,840)	(32,940)
Increase (decrease) in other noncurrent liabilities (Note 38)	**3,502,852**	(216,583)	1,514,788
Net cash used in financing activities	**(5,668,756)**	(36,624,781)	(25,243,969)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**26,054**	(217,125)	1,283,023
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,140,446**	3,749,604	10,066,455
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**32,158,078**	28,408,474	18,342,019
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱34,298,524**	₱32,158,078	₱28,408,474

See accompanying Notes to Consolidated Financi al Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

The Parent Company's shares of stock are listed and are currently traded at the Philippine Stock Exchange (PSE). The Parent Company is 50.01%-owned by Dacon Corporation as of December 31, 2024.

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on March 13, 2025.

2. Material Accounting Policy Information

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

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

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as of December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024.

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).

		2024			2023		
	Nature of Business	**Direct**	**Indirect**	**Effective Interest**	Direct	Indirect	Effective Interest
				(In percentage)			
General Construction:							
D.M. Consunji, Inc. (DMCI)	General Construction	**100.00**	**–**	**100.00**	100.00	–	100.00
Beta Electromechanical Corporation (Beta Electric) [1]	General Construction	**–**	**53.20**	**53.20**	–	53.20	53.20
Raco Haven Automation Philippines, Inc. (Raco) [1*]	Non-operating	**–**	**50.14**	**50.14**	–	50.14	50.14
Oriken Dynamix Company, Inc. (Oriken) [1*]	Non-operating	**–**	**89.00**	**89.00**	–	89.00	89.00
DMCI Technical Training Center (DMCI Training) [1]	Services	**–**	**100.00**	**100.00**	–	100.00	100.00
Real Estate:							
DMCI Project Developers, Inc. (PDI)	Real Estate Developer	**100.00**	**–**	**100.00**	100.00	–	100.00
DMCI-PDI Hotels, Inc. (PDI Hotels) [2]	Hotel Operator	**–**	**100.00**	**100.00**	–	100.00	100.00
DMCI Homes Property Management Corporation (DPMC) [2]	Property Management	**–**	**100.00**	**100.00**	–	100.00	100.00
Zenith Mobility Solutions Services, Inc. (ZMSSI) [2]	Services	**–**	**100.00**	**100.00**	–	100.00	100.00
Riviera Land Corporation (Riviera) [2]	Real Estate Developer	**–**	**100.00**	**100.00**	–	100.00	100.00
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	–	56.65
On-Grid Power:							
Sem-Calaca Power Corporation (SCPC) [3]	Power Generation	**–**	**56.65**	**56.65**	–	56.65	56.65

(Forward)

		2024			2023		
	Nature of Business	Direct	Indirect	Effective Interest	Direct	Indirect	Effective Interest
				(In percentage)			
Southwest Luzon Power Generation Corporation (SLPGC) [3]	Power Generation	–	**56.65**	**56.65**	–	56.65	56.65
Sem-Calaca RES Corporation (SCRC) [3 & 6]	Retail	–	**56.65**	**56.65**	–	56.65	56.65
SEM-Cal Industrial Park Developers, Inc. (SIPDI) [3]	Non-operational	–	**56.65**	**56.65**	–	56.65	56.65
Semirara Energy Utilities, Inc. (SEUI) [3]	Non-operational	–	**56.65**	**56.65**	–	56.65	56.65
Southeast Luzon Power Generation Corporation (SeLPGC) [3]	Non-operational	–	**56.65**	**56.65**	–	56.65	56.65
Semirara Materials and Resources Inc. (SMRI) [3]	Non-operational	–	**56.65**	**56.65**	–	56.65	56.65
St. Raphael Power Generation Corporation (SRPGC) [3]	Non-operational	–	**56.65**	**56.65**	–	56.65	56.65
Sem-Calaca Port Facilities, Inc. (SCPFI) [3 & 6]	Non-operational	–	**56.65**	**56.65**	–	56.65	56.65
Off-Grid Power:							
DMCI Power Corporation (DPC)	Power Generation	**100.00**	–	**100.00**	100.00	–	100.00
DMCI Masbate Power Corporation (DMCI Masbate) [4]	Power Generation	–	**100.00**	**100.00**	–	100.00	100.00
Nickel Mining:							
DMCI Mining Corporation (DMC)	Holding Company	**100.00**	–	**100.00**	100.00	–	100.00
Berong Nickel Corporation (BNC) [5]	Mining	–	**74.80**	**74.80**	–	74.80	74.80
Ulugan Resouces Holdings, Inc. (URHI) [5]	Holding Company	–	**30.00**	**30.00**	–	30.00	30.00
Ulugan Nickel Corporation (UNC) [5]	Holding Company	–	**58.00**	**58.00**	–	58.00	58.00
Nickeline Resources Holdings, Inc. (NRHI) [5]	Holding Company	–	**58.00**	**58.00**	–	58.00	58.00
TMM Management, Inc. (TMM) [5]	Services	–	**40.00**	**40.00**	–	40.00	40.00
Zambales Diversified Metals Corporation (ZDMC) [5]	Mining	–	**100.00**	**100.00**	–	100.00	100.00
Zambales Chromite Mining Company Inc. (ZCMC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Fil-Asian Strategic Resources & Properties Corporation (FASRPC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Montague Resources Philippines Corporation (MRPC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Montemina Resources Corporation (MRC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Mt. Lanat Metals Corporation (MLMC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Fil-Euro Asia Nickel Corporation (FEANC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Heraan Holdings, Inc. (HHI) [5]	Holding Company	–	**100.00**	**100.00**	–	100.00	100.00
Zambales Nickel Processing Corporation (ZNPC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Zamnorth Holdings Corporation (ZHC) [5]	Holding Company	–	**100.00**	**100.00**	–	100.00	100.00
ZDMC Holdings Corporation (ZDMCHC) [5]	Holding Company	–	**100.00**	**100.00**	–	100.00	100.00
Cement:							
Cemex Asian South East Corporation (CASEC) (Note 4)	Holding Company	**56.75**	**6.31**	**63.06**	–	–	–
Cemex Holdings Philippines, Inc. (CHP) [7]	Holding Company	–	**56.66**	**56.66**	–	–	–
Edgewater Ventures Corp (EVC) [7]	Non-operational	–	**56.66**	**56.66**	–	–	–
Triple Dime Holdings, Inc. (TDHI) [7]	Non-operational	–	**56.66**	**56.66**	–	–	–
Bedrock Holdings, Inc. (BHI) [7]	Non-operational	–	**56.66**	**56.66**	–	–	–
Sandstones Strategic Holdings, Inc. (SSHI) [7]	Non-operational	–	**56.66**	**56.66**	–	–	–
Apo Cement Corporation (Apo) [7]	Cement	–	**56.66**	**56.66**	–	–	–
Solid Cement Corporation (Solid) [7]	Cement	–	**56.66**	**56.66**	–	–	–
Ecocast Builders, Inc. (Ecocast) [7]	Non-operational	–	**56.66**	**56.66**	–	–	–
Enerhiya Central, Inc. (Enerhiya) [7]	Non-operational	–	**56.66**	**56.66**	–	–	–
Ecocrete, Inc. (Ecocrete) [7]	Non-operational	–	**56.66**	**56.66**	–	–	–
Ecopavements, Inc. (Ecopavements) [7]	Non-operational	–	**56.66**	**56.66**	–	–	–
Newcrete Management, Inc. (NMI) [7]	Non-operational	–	**39.66**	**39.66**	–	–	–

(Forward)

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		2024			2023		
	Nature of Business	Direct	Indirect	Effective Interest	Direct	Indirect	Effective Interest
				(In percentage)			
Manufacturing							
Semirara Cement Corporation (SemCem)	Non-operational	**100.00**	–	**100.00**	100.00	–	100.00
Wire Rope Corporation of the Philippines (Wire Rope)	Manufacturing	**45.68**	**16.02**	**61.70**	45.68	16.02	61.70

*Ongoing liquidation.
[1] DMCI's subsidiaries.
[2] PDI's subsidiaries.
[3] SMPC's subsidiaries. SMRI was formerly known as Semirara Claystone, Inc, (SCI)
[4] DPC's subsidiaries.
[5] DMC's subsidiaries.
[6] Wholly owned subsidiary of SCPC. Incorporated on December 20, 2022.
[7] CHP's subsidiaries.

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

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

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

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

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

The proportion of ownership interest held by noncontrolling interests presented below on the consolidated subsidiaries are consistent with the prior year, except CASEC and its subsidiaries, which were acquired in 2024 (see Note 4):

	(In Percentage)
Beta Electromechanical Corporation (Beta Electromechanical)	46.80
Raco Haven Automation Philippines, Inc. (Raco)	49.86
Oriken Dynamix Company, Inc. (Oriken)	11.00
Semirara Mining and Power Corporation (SMPC)	43.35
Sem-Calaca Power Corporation (SCPC)	43.35
Southwest Luzon Power Generation Corporation (SLPGC)	43.35
Sem-Calaca RES Corporation (SCRC)	43.35
SEM-Cal Industrial Park Developers, Inc. (SIPDI)	43.35

(Forward)

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	(In Percentage)
Semirara Energy Utilities, Inc. (SEUI)	43.35
Southeast Luzon Power Generation Corporation (SeLPGC)	43.35
Semirara Materials and Resource, Inc. (SMRI)	43.35
St. Raphael Power Generation Corporation (SRPGC)	43.35
Sem-Calaca Port Facilities, Inc. (SCPFI)	43.35
Berong Nickel Corporation (BNC)	25.20
Ulugan Resouces Holdings, Inc. (URHI)	70.00
Ulugan Nickel Corporation (UNC)	42.00
Nickeline Resources Holdings, Inc. (NRHI)	42.00
TMM Management, Inc. (TMM)	60.00
Cemex Asian South East Corporation (CASEC)	36.94
Cemex Holdings Philippines, Inc. (CHP)	43.34
Edgewater Ventures Corp (EVC)	43.34
Triple Dime Holdings, Inc. (TDHI)	43.34
Bedrock Holdings, Inc. (BHI)	43.34
Sandstones Strategic Holdings, Inc. (SSHI)	43.34
Apo Cement Corporation (Apo)	43.34
Solid Cement Corporation (Solid)	43.34
Ecocast Builders, Inc. (Ecocast)	43.34
Enerhiya Central, Inc. (Enerhiya)	43.34
Ecocrete, Inc. (Ecocrete)	43.34
Ecopavements, Inc. (Ecopavements)	43.34
Newcrete Management, Inc. (NMI)	60.34
Wire Rope Corporation of the Philippines (Wire Rope)	38.30

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

Interests in Joint Control
DMCI, a wholly-owned subsidiary of the Parent Company, has interests in various joint arrangements (see Note 36), whereby the parties have a contractual arrangement that establishes joint control. DMCI recognizes its share of jointly held assets, liabilities, income and expenses of the joint operation with similar items, line by line, in its consolidated financial statements.

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

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

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business as defined under PFRS 3, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets) and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill.

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Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

When the Group obtains control over a previously held joint operation, and the joint operation does not constitute a business, the transaction is also accounted for as an asset acquisition which does not give rise to goodwill. The acquisition cost to obtain control of the joint operation is allocated to the individual identifiable assets acquired and liabilities assumed, including the additional share of any assets and liabilities previously held or incurred jointly, on the basis of their relative fair values at the date of purchase. Previously held assets and liabilities of the joint operation should remain at their carrying amounts immediately before the transaction.

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

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

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

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

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

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

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

New Standards, Interpretations, and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Adoption of the provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the 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 8, 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.

  Starting January 1, 2024, the Group adopted the remaining provisions of PIC Q&A 2018-12, specifically on the: (i) significant financing components, and (ii) implementing the IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (Philippine Accounting Standards 23, *Borrowing Cost*). 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. The Group opted to adopt the changes using modified retroactive approach effective January 1, 2024 and the impact was recognized in the opening retained earnings. The comparative information is not restated.

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The impact of modified retrospective adoption of the above changes are detailed below:

	January 1, 2024		
	As previously reported	Adjustments	As restated
Assets			
Receivables - net	₱23,265,106	(₱431,860)	₱22,833,246
Real estate held for sale and development (Note 6)	51,342,601	(2,573,409)	48,769,192
Investment in associates and joint ventures	19,091,633	(113,190)	18,978,443
Deferred tax asset - net	922,891	110,465	1,033,356
Liabilities and Equity			
Contract liabilities and other customers' advances and deposits (Note 18)	₱19,351,005	₱10,001	₱19,361,006
Deferred tax liabilities - net	6,434,245	(640,765)	5,793,480
Retained earnings	90,797,032	(2,377,230)	88,419,802

The nature of the adjustments are as follows:

	Increase (Decrease)		
	Borrowing Cost	Significant Financing Component	Total Adjustments
Assets			
Receivables - net	₱–	(₱431,860)	(₱431,860)
Real estate held for sale and development	(2,573,409)	–	(2,573,409)
Investment in associates and joint ventures	(113,190)	–	(113,190)
Deferred tax asset - net	–	110,465	110,465
Liabilities and Equity			
Contract liabilities and other customers' advances and deposits	–	10,001	10,001
Deferred tax liabilities - net	(640,765)	–	(640,765)
Retained earnings	(2,045,834)	(331,396)	(2,377,230)

- 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 converatible liability is itself an equity instrument would the terms of a liability not impact its classification.

- 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.

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- 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.

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure.
  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

Effective beginning on or after January 1, 2026

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

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

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

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

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- Annual Improvements to PFRS Accounting Standards − Volume 11

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

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

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

  - Amendments in PFRS 9
    a) Lessee Derecognition of Lease Liabilities
    The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

    b) Transaction Price
    The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

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

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

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

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

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Effective beginning on or after January 1, 2027

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

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

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

- PFRS 19, *Subsidiaries without Public Accountability*

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

  This standard is not applicable to the Group.

Deferred effectivity

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

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

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

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

<u>Material Accounting Policies</u>
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.

<u>Recognition and Measurement of Financial Instruments</u>
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

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

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

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

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

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

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

b. Subsequent measurement – Financial assets at amortized cost
   Financial assets are measured at amortized cost if both of the following conditions are met:
   - the asset is held within the Group's business model, the objective of which is to hold assets in order to collect contractual cash flows; and,
   - the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

   The Group classifies cash and cash equivalents, receivables, due from related parties, and refundable deposit and deposit in escrow fund as financial assets at amortized cost (see Notes 5, 6, 9, and 14).

c. Subsequent measurement - Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition
   Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated 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 14).

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

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

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

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

Financial liabilities

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

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

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

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

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

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

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

<u>Impairment of Financial Assets</u>
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,

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a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

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

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

Deferred Financing Costs

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

Offsetting of Financial Instruments

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

Inventories

Real Estate Held for Sale and Development

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

Condominium units and subdivision land for sale are carried at the lower of aggregate cost and net realizable value (NRV). Costs include acquisition costs of the land, plus costs incurred for the construction, development and improvement of residential units. Prior to January 1, 2024, borrowing costs were capitalized while the development and construction of the real estate projects are in progress, and to the extent that these are recoverable in the future. Effective January 1, 2024, no borrowing costs were capitalized upon the adoption of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (see Note 2). 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.

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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, which are usually carried as inventories, are mainly used for the maintenance of equipment and are recognized in the consolidated statements of income once installed and consumed.

Inventories transferred to property, plant and equipment are used as a component of self-constructed property, plant and equipment and are recognized as expense during 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.

Cement Inventory

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

When an impairment situation arises, the inventory balance is adjusted to its NRV, whereas, if an obsolescence situation occurs, the inventory obsolescence reserve is increased. In both cases, these adjustments are recognized against the results for the period.

Materials in Transit

Cost is determined using the specific identification basis.

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

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

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

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

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

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

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

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

Stripping Costs
As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalized as part of the cost of mine properties and subsequently amortized over its useful life using

the units-of-production method over the mine life. The capitalization of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

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

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

Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a noncurrent asset, referred to as a stripping activity asset, if the following criteria are met:
- Future economic benefits (being improved access to the coal body) are probable;
- The component of the coal body for which access will be improved can be accurately identified; and
- The costs associated with the improved access can be reliably measured.

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

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

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

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

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

Mineable Ore Reserves

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

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

Other assets

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

Advances to Suppliers and Contractors

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

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. Input VAT pertains to the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services. Deferred input VAT pertains to input VAT on accumulated purchases of property, plant and equipment for each month amounting to ₱1.00 million or more. 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.

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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.

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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.

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

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

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

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

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

	Years
Land improvements	5-25
Power plant, buildings and building improvements	3-50
Equipment and machinery under "coal mining properties and equipment"	2-3
Equipment and machinery under "nickel mining properties and equipment"	2-5
Equipment and machinery under "cement properties and equipment"	10-35
Construction equipment, machinery and tools	2-10
Office furniture, fixtures and equipment	3-5
Transportation equipment	4-5
Leasehold improvements	5-7

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

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

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

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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.

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

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

The trademarks of the Group have indefinite lives.

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

Property, Plant and Equipment, Investment Properties, Right-of-Use Assets, Intangible Assets and Assets Held-for-Sale
The Group assesses at each reporting date whether there is an indication that these assets may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required in the case of goodwill and trademarks with indefinite useful life, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of

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depreciation, depletion and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Exploration and evaluation assets
Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation assets may exceed its recoverable amount. Under PFRS 6 one or more of the following facts and circumstances could indicate that an impairment test is required. The list is not intended to be exhaustive: (a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
(c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

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

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

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

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

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

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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.

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

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

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

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

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

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

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

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- *Cement and Merchandise Sales*
  Revenue from cement and merchandise sales is recognized upon delivery of the goods to and acceptance by the buyer and when the control is passed on to the buyers.

Revenue recognized over time using output method

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

  In determining the transaction price, the Group considers whether the selling price of the real estate project includes significant financing component. Prior to January 1, 2024, the Group availed of the relief granted by the SEC under MC Nos. 14-2018 for the implementation issues of PFRS 15 affecting the real estate industry. Under the SEC MC No. 34-2020, the relief has been extended until December 31, 2023. Effective January 1, 2024, the Group adopted the remaining provisions of PIC Q&A 2018-12, which incudes the recognition of significant financing component. The Group determines whether a contract contains a significant financing component using individual contract approach by considering (a) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (b) the effect of the expected length of time between when the entity transfers the promised goods or service to the customer and when the customer pays for those goods or services and the prevailing EIR. The Group applies practical expedient by not adjusting the effect of financing component if the period when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

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

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

  Any excess of collections over the total of recognized installment contract receivables is included in the "Contract liabilities" account in the liabilities section of the consolidated statement of financial position.

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

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

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

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

  Under PFRS 15, the Group has concluded that revenue should be recognized over time since the customer simultaneously receives and consumes the benefits as the seller supplies power. In this case, any fixed capacity payments for the entire contract period is determined at contract inception and is recognized over time. The Group has concluded that revenue should be recognized over time and will continue to recognize revenue based on amounts billed.

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

Revenue recognized over time using input method

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

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

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  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.

<u>Contract Balances</u>

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.

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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
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest that an entity incurs in connection with the borrowing of funds.

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

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

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

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

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

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

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of

the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

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

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

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

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

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

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

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

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

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

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

Deferred tax liabilities are recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); and (iii) at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

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

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

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

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

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

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

Operating Segment
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group generally accounts for intersegment revenues and expenses at agreed transfer prices. Income and expenses from discontinued operations are reported separate from normal income and expenses down to the level of income after taxes. Financial information on operating segments is presented in Note 34 to the consolidated financial statements.

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

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

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

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

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

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

The Group did not include the renewal and termination period of several lease contracts since the renewal and termination options is based on mutual agreement, thus currently not enforceable (see Note 33).

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 10).

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. On March 27, 2024, the sale of the gas turbine plant has been completed, and the asset held-for-sale has been derecognized.

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

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considers the buyer's commitment to continue the sale which may be ascertained through the significance of the buyer's initial payments and the stage of completion of the project.

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

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

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

- *Construction revenue recognition*

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

b. Revenue recognition method and measure of progress
The Group concluded that revenue for construction services is to be recognized over time because (a) the customer controls assets as it is created or enhanced; (b) the Group's performance does not create an asset with an alternative use and; (c) the Group has an enforceable right for performance completed to date. The customer demonstrates control over the asset being constructed by possessing the ability to specify the design of the subject asset. Moreover, the Group builds the asset on the customer's land and the customer generally controls any work in progress arising from the Group's performance.

In measuring the progress of its performance obligation over time, the Group uses the input method, which is based on actual costs incurred to date relative to the total estimated cost to complete the construction projects. The Group believes that this method faithfully depicts the Group's performance in transferring control as there is direct relationship between the Company's effort (i.e., costs incurred) and the transfer of service to the customer.

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

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

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

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

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

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

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

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The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance of its obligation to its customers, since the customer obtains the benefit from the Group's performance based on actual energy delivered each month.

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

Some of the criteria include, but are not limited to the following:
- the level of capital expenditure compared to construction cost estimates;
- completion of a reasonable period of testing of the property and equipment;
- ability to produce ore in saleable form; and,
- ability to sustain ongoing production of ore.

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

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

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

Evaluation and reassessment of control
The Group refers to the guidance in PFRS 10, *Consolidated Financial Statements,* when determining whether the Group controls an investee. Particularly, the Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group considers the purpose and design of the investee, its relevant activities and how decisions about those activities are made and whether the rights give it the current ability to direct the relevant activities (see Note 11).

The Group controls an investee if and only if it has all the following:
a. power over the investee;
b. exposure, or rights, to variable returns from its involvement with the investee; and,
c. the ability to use its power over the investee to affect the amount of the investor's returns.

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

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

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

Recoverability of trademarks and goodwill
The Group determines whether trademarks and goodwill are impaired at least on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the recoverable amount of the CGU to which the goodwill is allocated. Estimating the recoverable amount requires the Group to consider the market data in determining the fair value of the CGU and to make an estimate of the cost of disposal.

As of December 31, 2024, no impairment in trademarks and goodwill was recognized.

b. Mining
Estimating mineable ore reserves
The Group uses the mineable ore reserves in the determination of the amount of amortization of mine properties using units-of-production method. The Group estimates its mineable ore reserves based on the assessment performed by the internal specialists engaged by the Group, who are professionally qualified mining engineers and geologists (specialists). These estimates on the mineable ore resource and reserves are determined based on the information obtained from activities such as drilling, core logging or geophysical logging, coal sampling, sample database encoding, coal seam correlation and geological modelling.

The carrying value of coal mining properties, included in "Property, plant and equipment" as presented in the consolidated statements of financial position amounted to ₱3,838.25 million and ₱3,751.88 million in 2024 and 2023, respectively (see Note 13).

Estimating coal stockpile inventory quantities
The Group estimates the stockpile inventory of clean and unwashed coal by conducting a topographic survey which is performed by in-house and third-party surveyors. The survey is conducted by in-house surveyors on a monthly basis with a confirmatory survey by third party surveyors at year end. The process of estimation involves a predefined formula which considers an acceptable margin of error of plus or minus five percent (5%). Thus, an increase or decrease in the estimation threshold for any period would differ if the Group utilized different estimates and

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this would either increase or decrease the profit for the year. The coal pile inventory as of December 31, 2024 and 2023 amounted to ₱1,389.51 million and ₱1,884.44 million, respectively (see Note 8).

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, 2024 and 2023, the provision for decommissioning and mine site rehabilitation for coal mining activities amounted to ₱354.06 million and ₱322.26 million, respectively. As of the same dates, the provision for decommissioning and minesite rehabilitation cost for the nickel mining activities amounted to ₱163.29 million and ₱115.51 million, respectively (see Note 20).

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

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

(a) whether work has commenced on the contract;
(b) the stage of completion of contract activity; or
(c) the amount of profits expected to arise on other contracts which are not treated as a single construction contract.

The Group regularly reviews its construction projects and used the above guidance in determining whether there are projects with contract cost exceeding contract revenues. Based on the best estimate of the Group, adjustments were made in the books for those projects with expected losses in 2024 and 2023. There is no assurance that the use of estimates may not result in

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material adjustments in future periods. Revenue from construction contracts amounted to ₱15,054.33 million, ₱16,674.70 million and ₱19,076.92 million in 2024, 2023 and 2022, respectively (see Note 34).

Estimation of variable consideration arising from change orders and claims
It is common for the Group to receive numerous variation orders from the customers during the period of construction. These variation orders could arise due to various change orders and claims, including changes in the design of the asset being constructed and in the type of materials to be used for construction.

The Group estimates the transaction price for the variation orders based on a probability-weighted average approach (expected value method) based on historical experience.

d. Real estate
Revenue recognition – real estate sales
The assessment process for the POC and the estimated project development costs requires technical determination by management's specialists (project engineers) and involves significant management judgment. The Group applies POC method in determining real estate revenue. The POC is measured principally on the basis of the estimated completion of a physical proportion of the contract work based on the inputs of the internal project engineers.

Revenue from real estate sales amounted to ₱11,396.39 million, ₱18,587.31 million and ₱21,398.78 million in 2024, 2023 and 2022, respectively (see Note 34).

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

e. Power
Determination of fair value less cost to sell
The Group estimated the recoverable amount of the 2x25 MW gas turbine plant based from offers received from buyers in the advanced stage of negotiations or, if available, the final selling price agreed with the buyer, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing the asset (e.g. dismantling and handling costs) (see Note 10).

Estimating provision for decommissioning and site rehabilitation costs
The Group is contractually required to fulfill certain obligations under Section 8 of the Land Lease Agreement (LLA) upon its termination or cancellation. Significant estimates and assumptions are made in determining the provision for site rehabilitation as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. An increase in decommissioning and site rehabilitation costs would increase the property, plant and equipment and increase noncurrent liabilities.

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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, 2024 and 2023, the estimated provision for decommissioning and site rehabilitation costs amounted to ₱34.34 million and ₱31.61 million, respectively (see Note 20).

Estimating allowance for expected credit losses (ECLs)

a. *Installment contracts receivable and contract assets*
The Group uses the vintage analysis in calculating the ECLs for real estate ICR. Vintage analysis calculates the vintage default rate of each period through a ratio of default occurrences of each given point in time in that year to the total number of receivable issuances or occurrences during that period or year. The rates are also determined based on the default occurrences of customer segments that have similar loss patterns (i.e., by payment scheme).

The vintage analysis is initially based on the Group's historically observed default rates. The Group will adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., bank lending rates and interest rates) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

b. *Trade receivables*
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and foreign exchange rates. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The above assessment resulted to recognition of additional allowance for impairment of ₱172.96 million (including allowance for expected credit losses from acquired company), ₱31.21 million and ₱9.54 million in 2024, 2023 and 2022, respectively (see Notes 6 and 25).

Evaluation of net realizable value of inventories
Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV.

For real estate inventories, the Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the real estate inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real

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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 ₱56,646.35 million and ₱58,578.40 million as of December 31, 2024 and 2023, respectively. Inventories carried at NRV amounted to ₱10,587.80 million and ₱9,323.80 million as of December 31, 2024 and 2023, respectively (see Note 8).

Estimating useful lives of property, plant and equipment (see 'estimation of minable ore reserves" for the discussion of amortization of coal mining properties)
The Group estimated the useful lives of its property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease noncurrent assets.

In estimating the useful life of depreciable assets that are constructed in a leased property, the Group considers the enforceability of and the intent of management to exercise the option to purchase the leased property. For these assets, the depreciation period is over the economic useful life of the asset which may be longer than the remaining lease period.

As of December 31, 2024 and 2023, the carrying value of property, plant and equipment of the Group amounted to ₱82,493.17 million and ₱53,673.80 million, respectively (see Note 13).

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.

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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:

	2024	2023
Property, plant and equipment (Note 13)	**₱82,493,172**	₱53,673,801
Investments in associates and joint ventures (Note 11)	**24,275,274**	19,091,633
Right-of-use assets (Note 33)	**3,828,484**	140,629
Asset held-for-sale (Note 10)	**–**	713,218
Other current assets (Note 9)*	**14,976,703**	9,410,688
Other noncurrent assets (Note 14)*	**8,160,396**	5,167,265

**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 37). On December 14, 2021, Maynilad Water again requested the MWSS Board to defer the RCA's Effective Date by another two months (until February 16, 2022) or until the Republic Letter of Undertaking is issued. On June 30, 2022, Maynilad received MWSS's letter of even date informing Maynilad Water that the Department of Finance ("DOF") has issued the Republic Undertaking dated June 24, 2022 signed by the Executive Secretary and the DOF Secretary.

Maynilad Water wrote the MWSS on July 1, 2022 informing them that the signed Republic Letter of Undertaking does not conform to the agreed form in the RCA, and, thus, Section 16.3 (iii) I of the RCA has not been satisfied.

On May 10, 2023, MWSS and Maynilad signed the Amendments to the RCA which took effect retroactively on June 29, 2022. Along with the Amendments to the RCA, the Letter of Undertaking in the form agreed by the parties was also issued. The Letter of Undertaking's effectivity retroacts to July 1, 2022 (see Note 37).

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 ₱3,773.70 million and ₱89.24 million as of December 31, 2024 and 2023, respectively (see Note 33).

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Deferred tax assets
The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO to be utilized. However, there is no assurance that the Group will generate sufficient future taxable income to allow all or part of the deferred tax assets to be utilized.

The net deferred tax assets recognized amounted to ₱1,617.54 million and ₱922.89 million as of December 31, 2024 and 2023, respectively.

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, 2024 and 2023 amounted to ₱791.10 million and ₱334.98 million, respectively (see Notes 20 and 23). Net pension assets amounted to ₱1,060.40 million and ₱992.03 million as of December 31, 2024 and 2023, respectively (see Notes 14 and 23).

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit liability. Future salary increases are based on expected future inflation rates and other relevant factors.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates.

Contingencies
The Group is currently involved in various legal proceedings and taxation matters. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the evaluation of the case, the estimates of potential claims or in the effectiveness of the strategies relating to these proceedings (see Note 36).

4. Business Combination

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

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

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

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

The fair value of the identifiable assets and liabilities of CHP and the result of purchase price allocation based on November 30, 2024 balances were presented below. The difference between the December 2, 2024 (acquisition date) and November 30, 2024 balances are immaterial. The purchase price allocation has been prepared on a preliminary basis to include more information necessary for the valuation of identifiable assets and liabilities, and intangible assets, if any. The provisional goodwill is subject to reasonable changes, if any, as additional information becomes available and the purchase price allocation has been finalized which shall not exceed one year from the acquisition date. PFRS 3 provides for a measurement period of one year from the date of acquisition wherein the acquirer may adjust provisional amounts. The provisional fair value of net assets acquired follows:

Assets	
Cash and cash equivalents	₱2,749,142
Receivables	2,186,431
Inventories	2,496,117
Property, plant and equipment	27,199,040
Right-of-use assets	3,684,151
Trademarks	5,492,744
Other assets	5,411,831
Total Assets	49,219,456
Liabilities	
Accounts and other payables	21,345,028
Loans payable	7,399,281
Lease liability	3,606,935
Deferred tax liability	1,505,351
Other liabilities	2,536,366
Total Liabilities	36,392,961
Net identifiable net assets at fair value	12,826,495
Non-controlling interest (37%)	(3,963,855)
Purchase consideration transferred	(10,810,055)
Goodwill arising on acquisition	₱1,947,415

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

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

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

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

5. Cash and Cash Equivalents

	2024	2023
Cash on hand and in banks	**₱12,818,841**	₱8,238,983
Cash equivalents	**21,479,683**	23,919,095
	₱34,298,524	₱32,158,078

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 2% to 6.50%, 0.50% to 7.50% and 0.50% to 6.00% in 2024, 2023 and 2022, respectively. Total finance income earned on cash in banks and cash equivalents amounted to ₱1,744.67 million, ₱1,504.28 million and ₱509.65 million in 2024, 2023 and 2022, respectively (see Note 26).

6. Receivables

	2024	2023
Trade:		
Electricity sales	**₱6,670,362**	₱5,801,611
Real estate	**4,188,769**	3,319,660
Construction contracts	**3,715,449**	4,011,467
Coal mining	**1,215,282**	5,945,199
Cement sales	**821,841**	–
Nickel mining	**244,628**	81,895
Merchandising and others	**117,365**	116,228
	16,973,696	19,276,060
Receivables from related parties (Note 21)	**2,105,193**	2,450,235
Other receivables	**5,940,125**	3,351,305
	25,019,014	25,077,600
Less allowance for expected credit losses	**1,985,452**	1,812,494
	₱23,033,562	₱23,265,106

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Trade Receivables

Electricity sales

Receivables from electricity sales are claims from power distribution utilities, spot market operator and other customers for the sale of contracted energy and spot sales transactions. These are generally on a 30-day credit term and are carried at original invoice amounts, less discounts and rebates.

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 2024, 2023 and 2022, annual interest rates on installment contracts receivable range from 10.00% to 15.00%. Interest on installment contracts receivable amounted to ₱707.06 million, ₱484.92 million and ₱348.85 million in 2024, 2023 and 2022, respectively (see Note 26).

The Group retains the assigned receivables in the “Real estate trade receivables” account and records the proceeds from these sales as long-term debt (see Note 19). The carrying value of installment contracts receivable sold with recourse amounted to ₱74.65 million and ₱2.52 million as of December 31, 2024 and 2023, respectively. The installment contracts receivable on a with recourse basis are used as collaterals for the bank loans obtained.

Construction contracts

Receivables from construction contracts principally consist of receivables arising from third-party construction projects over period of construction. These are noninterest-bearing and collectible over a period of 30- to 60-day term. These also include current portion of retention receivables amounting to ₱456.30 million and ₱479.97 million as of December 31, 2024 and 2023, respectively, which is part of the contract billed and retained as security and shall be released upon the period allotted as indicated in the contract. These are collected after a certain period of time upon acceptance by project owners through presentation of certificate of completion. Retention receivables pertain to the part of the contract which the contract owner retains as security and shall be released after the period allotted as indicated in the contract for the discovery of defects and other non-compliance from the specifications indicated. Noncurrent portion of retention receivables is presented as part of “Other Noncurrent Assets” in the consolidated statements of financial position (see Note 14).

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.

Cement sales

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

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.

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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:

2024

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

2023

	Trade Receivables				
	Electricity Sales	Coal Mining	Cement Sales	Other Receivables	Total
At January 1	₱1,584,935	₱41,928	₱–	₱154,423	₱1,781,286
Provision (Note 25)	1,368	–	–	29,840	31,208
At December 31	₱1,586,303	₱41,928	₱–	₱184,263	₱1,812,494

7. **Contract assets**

	2024	2023
Contract assets	**₱17,018,688**	₱27,358,277
Costs and estimated earnings in excess of billings on uncompleted contracts	**1,928,010**	2,785,204
	18,946,698	30,143,481
Less: Contract assets - noncurrent portion	**5,888,895**	10,839,030
Current portion	**₱13,057,803**	₱19,304,451

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.

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Costs and estimated earnings in excess of billings on uncompleted contracts of the construction segment are as follows:

	2024	2023
Total costs incurred	**₱66,105,829**	₱69,335,673
Add estimated earnings recognized	**4,704,793**	4,156,964
	70,810,622	73,492,637
Less total billings (including unliquidated advances from contract owners of ₱6.75 billion in 2024 and ₱8.19 billion in 2023)	**77,728,058**	79,107,338
	(₱6,917,436)	(₱5,614,701)

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

	2024	2023
Contract assets (liabilities)		
Costs and estimated earnings in excess of billings on uncompleted contracts	**₱1,928,010**	₱2,785,204
Billings in excess of costs and estimated earnings on uncompleted contracts (Note 18)	**(8,845,446)**	(8,399,905)
	(₱6,917,436)	(₱5,614,701)

8. Inventories

	2024	2023
At cost:		
Real estate held for sale and development	**₱50,767,649**	₱51,342,601
Equipment parts, materials in transit and supplies	**4,457,523**	5,281,775
Coal inventory	**1,389,505**	1,884,435
Nickel ore	**31,673**	69,593
	56,646,350	58,578,404
At NRV:		
Equipment parts, materials in transit and supplies (Note 13)	**10,587,796**	9,323,801
	₱67,234,146	₱67,902,205

Real estate inventories recognized as cost of sales amounted to ₱5,656.00 million, ₱11,172.42 million and ₱12,878.56 million in 2024, 2023 and 2022, respectively (see Note 24). Costs of real estate sales includes acquisition cost of land, amount paid to contractors, development costs, capitalized borrowing costs, and other costs attributable to bringing the real estate inventories to their intended condition. Borrowing costs capitalized in 2023 and 2022 amounted to ₱1,858.63 million and ₱1,611.32 million, respectively. The capitalization rates used to determine the amount of borrowing costs eligible for capitalization in 2023 and 2022 are 5.35% and 4.89%, respectively. Effective January 1, 2024, the Group adopted IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (see Note 2). No borrowing costs were capitalized in 2024.

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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:

	2024	2023
Balance at beginning of year	**₱51,342,601**	₱46,738,228
Construction/development cost incurred	**6,828,266**	14,818,461
Land acquired during the year	**42,519**	452,321
Borrowing costs capitalized	–	1,858,629
Cost of undeveloped land sold during the year	**(1,561,806)**	(1,197,494)
Recognized as cost of sales (Note 24)*	**(5,883,931)**	(11,327,544)
Balance at end of year	**₱50,767,649**	₱51,342,601

**Includes depreciation expense amounting to ₱227.93 million and ₱592.89 million in 2024 and 2023, respectively.*

The Group sold undeveloped parcels of land in 2024 and 2023 at a gain of ₱259.41 million and ₱141.79 million, respectively. The gain on sale of land is presented under "Other income" account in the consolidated statements of income (see Note 28).

Coal and power inventories transferred to property, plant and equipment are used as a component of self-constructed property, plant and equipment and are recognized as expense over the useful life of the asset (see Note 13).

Coal pile inventory is stated at cost, which is lower than NRV. The cost of coal inventories included under 'Cost of coal mining' in the consolidated statements of income amounted to ₱21,087.20 million and ₱22,014.95 million in 2024 and 2023, respectively (see Note 24).

Coal pile inventory at cost includes capitalized depreciation of ₱227.76 million and ₱262.74 million in 2024 and 2023, respectively.

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

	2024	2023
Balance at beginning of year	**₱189,168**	₱269,032
Write-off (Note 25)	**(35,504)**	–
Reversal (Note 25)	**(3,476)**	(79,864)
Balance at end of year	**₱150,188**	₱189,168

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

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

In 2022, the Group recognized provision for inventory write down amounting to ₱38.98 million (see Note 25). This amount includes provision of ₱36.78 million which pertains to the spare parts of the 2x25 MW gas turbine plant classified as "Asset held-for-sale" under PFRS 5.

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9. Other Current Assets

	2024	2023
Input VAT	**₱4,847,302**	₱1,365,285
Advances to suppliers and contractors	**4,692,955**	3,673,867
Creditable withholding taxes	**2,988,083**	3,105,585
Deposit in escrow fund (Note 35)	**528,911**	593,348
Refundable deposits (Notes 14 and 35)	**225,784**	2,084,549
Cost to obtain a contract - current portion (Notes 3 and 14)	**65,300**	223,829
Others	**1,854,152**	1,042,122
	₱15,202,487	₱12,088,585

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.

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 2024 and 2023, the Group recognized an impairment loss amounting to ₱0.04 million and ₱8.47 million upon assessment that the amount cannot be claimed as tax credits against future income tax liability.

Deposit in escrow fund
Deposit in escrow fund pertains to fund deposits for securing license to sell (LTS) of the Group's real estate projects.

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

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:

	2024	2023
Balance at beginning of year	**₱2,623,478**	₱2,287,363
Additions	**703,147**	1,106,769
Amortization	**(622,436)**	(770,654)
Balance at end of year	**2,704,189**	2,623,478
Noncurrent portion (Note 14)	**2,638,889**	2,399,649
Current portion	**₱65,300**	₱223,829

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The amortization of capitalized commission and advance commissions which are expensed as incurred totaling ₱593.77 million, ₱813.98 million and ₱1,237.70 million in 2024, 2023 and 2022, respectively, are presented under 'Cost of sales and services - real estate sales' account in the consolidated statements of income (see Note 24).

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.

10. Asset Held-for-Sale

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

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

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

In October 2023, upon the completion of the one-year period, the sale of the asset was not finalized. Hence, the period to complete the sale was extended beyond one-year due to circumstances beyond the control of the Group but the commitment to the plan to sell the asset remains.

The Group took the necessary actions to respond to these circumstances and was able to locate a buyer and agree with the terms and conditions of the sale. Prepayments were received from the buyer based on the progress made in the dismantling of the asset. These were recorded under 'Accounts and other payables' in the consolidated statements of financial position (see Note 17).

Management believes that the sale transaction will be finalized within 12 months from the 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 ₱76.09 million in 2023 to revalue the asset's carrying amount based on the current net realizable value or fair value less costs to sell (see Note 25).

On March 27, 2024, the sale of the asset was completed, and the final payment was received upon transfer of the asset to the buyer. The Group has also written-off ₱35.50 million spare parts which were sold along with the gas turbine plant and reversed ₱1.27 million as the net realizable value of the materials and supplies were recovered through use (see Note 8).

As of December 31, 2024 and 2023, asset held-for-sale amounted to nil and ₱713.22 million, respectively.

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11. Investments in Associates and Joint Ventures

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

	2024	2023
Acquisition cost		
Balance at beginning and end of year	**₱1,146,469**	₱1,146,469
Addition	**3,241,000**	–
Accumulated impairment loss	**(6,798)**	(6,798)
	4,380,671	1,139,671
Accumulated equity in net earnings		
Balance at beginning of year	**17,951,867**	17,008,752
Equity in net earnings	**3,354,081**	2,145,377
Dividends and others	**(1,285,338)**	(1,202,262)
Balance at end of year	**20,020,610**	17,951,867
Share in other comprehensive income (loss)	**(126,007)**	95
	₱24,275,274	₱19,091,633

The details of the Group's equity in the net assets of its associates and joint ventures, which are all incorporated in the Philippines, and the corresponding percentages of ownership follow:

	Percentages of Ownership		**Equity in Net Assets**	
	2024	2023	**2024**	2023
Associates:				
Maynilad Water Holding Company, Inc. (MWHCI)	**27.19**	27.19	**₱20,371,296**	₱18,092,595
Subic Water and Sewerage Company, Inc. (Subic Water)	**30.00**	30.00	**252,284**	296,887
Bachy Soletanche Philippines Corporation (Bachy)	**49.00**	49.00	**43,060**	43,060
Celebrity Sports Plaza	**2.37**	2.37	**18,100**	17,710
			20,684,740	18,450,252
Joint Ventures:				
RLC DMCI Property Ventures, Inc. (RDPVI)	**50.00**	50.00	**₱414,410**	₱518,767
DMC Estate Development Ventures Inc. (DMC-EDVI)	**50.00**	50.00	**1,609,305**	107,294
DMCI MC Property Ventures, Inc (DMPV)	**60.00**	–	**1,551,499**	–
DMCI-First Balfour Joint Venture (DMFB)	**51.00**	51.00	**15,320**	15,320
			3,590,534	641,381
			₱24,275,274	₱19,091,633

There have been no outstanding capital commitments in 2024 and 2023.

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:

	2024	
	MWHCI	**Subic Water**
Statement of financial position		
Current assets	**₱16,824,190**	**₱566,714**
Noncurrent assets	**190,282,661**	**1,188,982**
Current liabilities	**(30,128,684)**	**(172,894)**
Noncurrent liabilities	**(94,135,509)**	**(232,931)**
Noncontrolling interests	**(4,662,429)**	**–**

(Forward)

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	2024	
	MWHCI	**Subic Water**
Equity attributable to parent company	**₱78,180,229**	**₱1,349,871**
Proportion of the Group's ownership	**27.19%**	**30%**
Equity in net assets of associates	**21,257,204**	**404,961**
Less unrealized gains	**(885,908)**	**(152,677)**
Carrying amount of the investment	**₱20,371,296**	**₱252,284**
Statement of income		
Revenue and other income	**₱33,494,515**	**₱997,125**
Costs and expenses	**20,448,963**	**705,802**
Net income	**13,045,552**	**291,323**
Net income attributable to NCI	**840,220**	**–**
Net income attributable to parent company	**₱12,205,332**	**₱291,323**

	2023	
	MWHCI	Subic Water
Statement of financial position		
Current assets	₱10,442,173	₱508,827
Noncurrent assets	162,478,813	1,285,417
Current liabilities	(24,519,357)	(208,704)
Noncurrent liabilities	(73,019,462)	(213,394)
Noncontrolling interests	(4,746,752)	–
Equity attributable to parent company	70,635,415	1,372,146
Proportion of the Group's ownership	27.19%	30%
Equity in net assets of associates	19,205,769	411,644
Less unrealized gains	(1,113,174)	(114,757)
Carrying amount of the investment	₱18,092,595	₱296,887
Statement of income		
Revenue and other income	₱27,323,265	₱756,948
Costs and expenses	19,116,677	687,393
Net income	8,206,588	69,555
Net income attributable to NCI	629,198	–
Net income attributable to parent company	₱7,577,390	₱69,555

The Group's dividend income from MWHCI amounted to ₱1,146.11 million, ₱915.55 million and ₱759.83 million in 2024, 2023 and 2022, while dividend income from Subic Water amounted to ₱132.00 million and ₱45.00 million in 2024 and 2022, respectively (nil in 2023).

Equity in net earnings from MWHCI amounted to ₱3,318.63 million, ₱2,060.29 million and ₱1,419.87 million in 2024, 2023 and 2022, respectively, while equity in net earnings from Subic Water amounted to ₱87.40 million, ₱20.87 million and ₱27.79 million in 2024, 2023 and 2022, 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.

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MWHCI

MWHCI is a company incorporated in the Philippines. The primary contributor in the consolidated net income of MWHCI is its 92.85% owned subsidiary, MWSI. MWSI is involved in the operations of privatized system of waterworks and sewerage services, including the provision of allied and ancillary services. The Group's equity in net earnings of MWHCI represents its share in the consolidated net income attributable to MWHCI.

Rollforward of the carrying value of the investment in MWHCI follows:

	2024	2023
Acquisition cost	**₱390,428**	₱390,428
Accumulated equity in net earnings		
Balance at beginning of year	**17,702,167**	16,794,368
Equity in net earnings	**3,318,630**	2,060,292
Dividends received and other adjustments	**(1,039,929)**	(1,152,493)
Balance at end of year	**19,980,868**	17,702,167
	₱20,371,296	₱18,092,595

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.

DMC MC Property Ventures, Inc. (DMPVI)

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

The Group's share in the other comprehensive loss of the associates and joint venture (e.g., remeasurement of retirement liability) is presented under equity section in the consolidated statements of financial position.

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12. Investment Properties

	2024		
	Buildings and Building Improvements	**Condominium Units**	**Total**
Cost			
Balance at beginning and end of year	**₱214,998**	**₱37,639**	**₱252,637**
Accumulated Depreciation and Amortization			
Balances at beginning of year	**139,128**	**26,770**	**165,898**
Depreciation and amortization (Note 24)	**13,663**	**1,492**	**15,155**
Balances at end of year	**152,791**	**28,262**	**181,053**
Net Book Value	**₱62,207**	**₱9,377**	**₱71,584**

	2023		
	Buildings and Building Improvements	Condominium Units	Total
Cost			
Balance at beginning and end of year	₱214,998	₱37,639	₱252,637
Accumulated Depreciation and Amortization			
Balances at beginning of year	125,465	25,278	150,743
Depreciation and amortization (Note 24)	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, 2024 and 2023 amounted to ₱227.01 million and ₱224.63 million, respectively.

The fair values of investment properties were determined using either the income approach using discounted cash flow (DCF) method or by the market data approach. These are both categorized within Level 3 of the fair value hierarchy. The fair value of investment properties, which has been determined using DCF method with discount rates ranging from 5.87% to 5.94%, exceeds its carrying cost. The fair values of the investment properties which were arrived at using the market data approach require the establishment of comparable properties by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparables. The properties used as basis of comparison are situated within the immediate vicinity of the subject property.

Rental income from investment properties (included under 'Other income - net') amounted to ₱498.06 million, ₱376.92 million and ₱213.22 million in 2024, 2023 and 2022, respectively (see Note 28). Direct operating expenses (included under 'Operating expenses' in the consolidated statements of income) arising from investment properties amounted to ₱23.85 million, ₱15.16 million and ₱26.46 million in 2024, 2023 and 2022, respectively (see Note 25).

There are no investment properties as of December 31, 2024 and 2023 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.

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13. Property, Plant and Equipment

Movements in this account follow:

	2024										
	Land and Land Improvements	Power Plant, Buildings and Building Improvements	Coal Mining Properties and Equipment	Nickel Mining Properties and Equipment	Cement Buildings, building improvement, Properties and Equipment	Construction Equipment, Machinery and Tools	Office Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Total
Cost											
Balances at beginning of year	**₱3,465,824**	**₱68,573,731**	**₱45,590,994**	**₱5,722,925**	**–**	**₱14,679,851**	**₱1,172,227**	**₱1,281,111**	**₱498,386**	**₱1,875,602**	**₱142,860,651**
Acquisition of a business (Note 4)	**–**	**–**	**–**	**–**	**9,484,802**	**–**	**–**	**–**	**–**	**17,714,238**	**27,199,040**
Additions	**496,526**	**1,618,237**	**5,779,259**	**566,554**	**19,894**	**92,389**	**81,381**	**80,946**	**–**	**1,843,071**	**10,578,257**
Transfers (Note 8)	**–**	**434,431**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(120,708)**	**313,723**
Adjustments (Note 20)	**–**	**–**	**16,592**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**16,592**
Balances at end of year	**3,962,350**	**70,626,399**	**51,386,845**	**6,289,479**	**9,504,696**	**14,772,240**	**1,253,608**	**1,362,057**	**498,386**	**21,312,203**	**180,968,263**
Accumulated Depreciation, Depletion and Amortization											
Balances at beginning of year	**1,288,842**	**30,449,606**	**39,736,835**	**1,977,716**	**–**	**13,639,546**	**1,065,156**	**752,064**	**277,085**	**–**	**89,186,850**
Depreciation, depletion and amortization (Notes 24 and 25)	**47,502**	**3,505,390**	**4,692,205**	**198,210**	**90,162**	**586,089**	**58,647**	**96,786**	**13,250**	**–**	**9,288,241**
Balances at end of year	**1,336,344**	**33,954,996**	**44,429,040**	**2,175,926**	**90,162**	**14,225,635**	**1,123,803**	**848,850**	**290,335**	**–**	**98,475,091**
Net Book Value	**₱2,626,006**	**₱36,671,403**	**₱6,957,805**	**₱4,113,553**	**9,414,534**	**₱546,605**	**₱ 129,805**	**₱513,207**	**₱208,051**	**₱21,312,203**	**₱82,493,172**

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	2023										
	Land and Land Improvements	Power Plant, Buildings and Building Improvements	Coal Mining Properties and Equipment	Nickel Mining Properties and Equipment	Cement Properties and Equipment	Construction Equipment, Machinery and Tools	Office Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Total
Cost											
Balances at beginning of year	₱3,286,101	₱67,699,924	₱42,086,339	₱5,727,626	–	₱14,198,246	₱979,580	₱1,145,796	₱367,484	₱1,843,824	₱137,334,920
Additions	179,723	778,750	3,878,429	–	–	548,485	192,647	154,053	130,902	31,778	5,894,767
Transfers (Note 8)	–	239,372	–	–	–	–	–	–	–	–	239,372
Disposals	–	(144,315)	(18,131)	–	–	(66,880)	–	(18,738)	–	–	(248,064)
Others	–	–	(391,142)	–	–	–	–	–	–	–	(391,142)
Adjustments (Note 20)	–	–	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 beginning 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 24 and 25)	32,864	3,379,257	4,282,135	271,467	–	1,496,031	207,013	24,833	13,848	–	9,707,448
Disposals		(144,315)	(1,600)	–	–	(52,548)	–	(18,738)	–	–	(217,201)
Balances at end of year	1,288,842	30,449,606	39,736,835	1,977,716	–	13,639,546	1,065,156	752,064	277,085	–	89,186,850
Net Book Value	₱2,176,982	₱38,124,125	₱5,854,159	₱3,745,209	–	₱1,040,305	₱107,071	₱529,047	₱221,301	₱1,875,602	₱53,673,801

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Land

- On June 30, 2021 the Group availed of the option to purchase parcels of land or "Optioned Assets" under Option Existence Notice (OEN) dated February 3, 2020 and in accordance with the provisions of the Land Lease Agreement (LLA) with PSALM. Total acquisition cost of the optioned assets amounted to ₱43.11 million (see Notes 33 and 36).

- The Group also sold land and various equipment items at a net gain of nil, ₱55.91 million and ₱69.35 million and in 2024, 2023 and 2022, respectively (see Note 28).

Power plant, buildings and building improvements

- The Group reclassified its 2x25 MW gas turbine plant to "Asset held-for-sale" in October 2022. Depreciation of the asset ceased immediately upon reclassification.

  Immediately before the classification of the 2x25 MW ancillary gas turbine plant as asset held-for-sale, loss on write-down of asset amounting to ₱171.77 million was recognized to bring the asset's carrying amount to its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use, amounting to ₱789.31 million. Subsequently, the carrying value of the 2x25 MW ancillary gas turbine plant amounting to ₱789.31 million was reclassified as "Asset held-for-sale" (see Note 10).

- Transfer to property plant and equipment in 2024 and 2023 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, 2024 and 2023. As of December 31, 2024, 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 2024 and 2023.

  In 2024 and 2023, there were reclassifications from "Construction in progress" to "Power Plant, Buildings and Building Improvement" upon completion and regular rehabilitation works which amounted to ₱120.71 million and ₱128.91 million , respectively.

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

- Interest expense incurred on long-term debts capitalized as part of 'Construction in Progress' amounted to ₱60.60 million and ₱269.99 million in 2024 and 2023, respectively. The capitalization rate used to determine the borrowing eligible for capitalization ranges from 6.29% to 7.58% and from 4.30% to 7.04% in 2024 and 2023, respectively.

Coal mining properties

- Coal mining properties include the expected cost of decommissioning and site rehabilitation of mine sites and future clean-up of its power plants. The impact of annual re-estimation is shown in the rollforward as an adjustment (see Note 20).

  Coal mining properties also include the stripping activity assets and exploration and evaluation assets for costs of materials and fuel used, cost of operating dump trucks, excavators and other equipment costs amount others.

- 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, 2024 and 2023, coal mining properties included in "Coal Mining Properties and Equipment" amounted to ₱3,838.25 million and ₱3,751.88 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, 2024 and 2023, nickel mining properties included in "Nickel Mining Properties and Equipment" amounted to ₱3,509.07 million and ₱3,517.76 million, respectively (see Note 3).

14. Exploration and Evaluation Assets and Other Noncurrent Assets

<u>Exploration and evaluation assets</u>

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 ₱1,386.30 million and ₱505.51 million as of December 31, 2024 and 2023, 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.

<u>Other noncurrent assets</u>

Other noncurrent assets consist of the following:

	2024	2023
Cost to obtain a contract - net of current portion (Note 9)	**₱2,638,889**	₱2,399,649
Retention receivable (Note 6)	**2,408,320**	298,712
Pension assets - net (Note 23)	**1,060,397**	992,028
Deposits and funds for future investment	**766,923**	766,923
Refundable deposits (Notes 9 and 35)	**507,376**	475,754
Equity investments designated at FVOCI	**297,007**	229,671
Deferred input VAT	**110,392**	298,126
Software cost	**85,422**	56,661
Advances to suppliers and contractors	**83,102**	369,585
Investment properties (Note 12)	**71,584**	86,739
Others	**659,895**	1,416,235
	₱8,689,307	₱7,390,083

<u>Deposits and funds for future investment</u>

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, 2024 and 2023, the conditions set forth under the agreement have not yet been satisfied.

Refundable deposits
Refundable deposits pertain to utilities and security deposits which are measured at cost and will be recouped against future billings. This also includes rental deposits which are noninterest-bearing and are refundable 60 days after the expiration of the lease period.

Equity investments designated at FVOCI

	2024	2023
Quoted securities		
Cost	**₱52,796**	₱52,796
Cumulative unrealized gains recognized in OCI	**242,034**	174,698
	294,830	227,494
Unquoted securities		
Gross amount	**110,388**	110,388
Less allowance for probable loss	**(108,211)**	(108,211)
	2,177	2,177
	₱297,007	₱229,671

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

	2024	2023
Balance at beginning of year	**₱174,698**	₱131,613
Changes in fair values of equity investments designated at FVOCI	**67,336**	43,085
Balance at end of year	**₱242,034**	₱174,698

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, 2024 and 2023.

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.

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Software cost
Movements in software cost account follow:

	2024	2023
Cost		
Balance at beginning of year	**₱645,918**	₱604,459
Additions	**73,466**	41,459
Balance at end of year	**719,384**	645,918
Accumulated Amortization		
Balance at beginning of year	**589,257**	555,427
Amortization (Notes 24 and 25)	**44,705**	33,830
Balance at end of year	**633,962**	589,257
Net Book Value	**₱85,422**	₱56,661

Advances to suppliers and contractors
Advances to suppliers and contractors under noncurrent assets represent prepayment for the acquisition and construction of property, plant and equipment.

Others
Others include environmental guarantee fund and advances for the cost of the right-of-way grants on lots affected by the transmission lines to be developed by the Group.

15. Short-term Debt

	2024	2023
Bank loans	**₱4,298,599**	₱1,498,837
Acceptances and trust receipts payable	**13,927**	48,549
	₱4,312,526	₱1,547,386

Bank loans
The Group's bank loans consist of unsecured Peso-denominated short-term borrowings from local banks which bear annual interest ranging from 6.30% to 7.58% and 2.09% to 8.08% in 2024 and 2023, 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 2024 and 2023, 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 ₱159.57 million, ₱168.52 million and ₱142.14 million in 2024, 2023 and 2022, respectively (see Note 27).

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16. **Liabilities for Purchased Land**

Liabilities for purchase of land represent the balance of the Group's obligations to various real estate property sellers for the acquisition of various parcels of land and residential condominium units. The terms of the deed of absolute sale covering the land acquisitions provided that such obligations are payable only after the following conditions, among others, have been complied with: (a) presentation by the property sellers of the original transfer certificates of title covering the purchased parcels of land; (b) submission of certificates of non-delinquency on real estate taxes; and (c) physical turnover of the acquired parcels of land to the Group.

The outstanding balance of liabilities for purchased land as of December 31, 2024 and 2023 follow:

	2024	2023
Current	**₱532,239**	₱753,046
Noncurrent	**547,119**	538,221
	₱1,079,358	₱1,291,267

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 6.10% to 6.18% and 5.87% to 5.94% in 2024 and 2023, respectively, based on applicable rates for similar types of liabilities.

17. **Accounts and Other Payables**

	2024	2023
Trade and other payables:		
Suppliers and subcontractors	**₱16,067,711**	₱12,865,016
Others (Note 33)	**460,051**	526,735
Accrued costs and expenses		
Payable to DOE (Note 31)	**2,098,715**	3,336,570
Project cost	**2,003,556**	2,257,132
Salaries	**445,994**	233,863
Withholding and other taxes	**337,221**	284,556
Interest	**217,105**	87,363
Various operating expenses	**2,862,929**	3,366,619
Output VAT payable – net	**5,464,665**	3,588,058
Commission payable - current portion (Note 20)	**1,288,410**	2,835,958
Refundable deposits (Note 35)	**547,123**	670,608
Payable to related parties (Note 21)	**383,531**	324,275
Financial benefits payable	**67,981**	118,935
	₱32,244,992	₱30,495,688

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

Payable to DOE
Liability to DOE represents the share of DOE in the gross revenue from SMPC's coal production (including accrued interest on the outstanding balance), computed in accordance with the Coal Operating Contract (see Note 31).

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.

Accrual of various operating expenses
This include accruals for contracted services, utilities, supplies, advertising, and other administrative expenses.

Output VAT payable
Output VAT payable pertains to the VAT due on the sale of goods or services by the Group, net of input VAT.

Commission payable
Commission payable pertains to the amount payable to sales agents for each contract that they obtain for the sale of pre-completed real estate units. These are settled based on the collection from the contract with customers with various terms up to a maximum of 10 years. The noncurrent portion of commission payable is presented under "Other noncurrent liabilities" account in the consolidated statements of financial position (see Note 20).

Refundable deposits
Refundable deposits consist mainly of deposits which are refundable due to cancellation of real estate sales as well as deposits made by unit owners upon turnover of the unit which will be remitted to its utility provider.

Financial benefits payable
As mandated by R.A. 9136 or the Electric Power Industry Reform Act (EPIRA) of 2001 and the Energy Regulations No. 1-94, issued by DOE, the BOD authorized the Group on June 10, 2010 to enter and execute a Memorandum of Agreement with the DOE relative to or in connection with the establishment of Trust Accounts for the financial benefits to the host communities equal to ₱0.01 per kilowatt hour generated.

18. Contract Liabilities and Other Customers' Advances and Deposits

	2024	2023
Contract liabilities - real estate	**₱9,457,004**	₱5,343,790
Billings in excess of costs and estimated earnings on uncompleted contracts (Note 7)	**8,845,446**	8,399,905
Other customers' advances and deposits	**6,251,263**	5,607,310
	24,553,713	19,351,005
Less noncurrent portion of		
Contract liabilities - real estate	**4,971,858**	2,880,850
Billings in excess of costs and estimated earnings on uncompleted contracts	**3,382,386**	318,579
Current portion	**₱16,199,469**	₱16,151,576

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 ₱1,563.22 million, ₱2,604.86 million and ₱2,527.30 million in 2024, 2023 and 2022, respectively.

Billings in excess of costs and estimated earnings on uncompleted contracts
This pertains to billings in excess of total costs incurred and estimated earnings recognized in the construction segment.

Other customers' advances and deposits
Other customers' advances and deposits represent collections from real estate customers for taxes and fees payable such as documentary stamp tax and transfer tax for the transfer of title to the buyer.

19. Long-term Debt

	2024	2023
Bank loans	**₱63,813,696**	₱47,921,936
Less noncurrent portion	**58,907,449**	41,261,215
Current portion	**₱4,906,247**	₱6,660,721

Details of the bank loans follow:

	Outstanding Balances				
	2024	2023	**Maturity**	**Interest Rate**	**Payment Terms**
Loans from banks and other institutions					
Term loans and corporate notes	**₱56,306,762**	₱37,595,745	Various maturities from 2020 to 2027	Interest rates based on applicable benchmark plus credit spread ranging from 60 to 75 basis points	Term loans: Payment shall be made on a quarterly basis Corporate notes: Payments shall be based on aggregate percentage of issue amount of each series equally divided over applicable quarters (4th/7th to 27th quarter) and the balance is payable at maturity
Peso-denominated loans	**7,789,243**	10,547,480	Various maturities from 2020 to 2027	Fixed interest rates ranging from 4.00% to 5.13% and floating interest rates based on applicable benchmark plus credit spread ranging from 25 to 60 basis points	Amortized/ bullet
Liabilities on installment contracts receivable	**74,647**	2,522	Various maturities 2022 to 2029	Interest at prevailing market rates	Payable in equal and continuous monthly payment not exceeding 120 days commencing 1 month from date of execution
	64,170,652	48,145,747			
Less: Unamortized debt issuance cost	**356,956**	223,811			
	₱63,813,696	₱47,921,936			

The movements in unamortized debt issuance cost follow:

	2024	2023
Balance at beginning of year	**₱223,811**	₱232,959
Acquisition of a business	**25,900**	–
Additions	**138,405**	33,750
Amortization (Note 27)	**(31,160)**	(42,898)
Balance at end of year	**₱356,956**	₱223,811

Interest expense on long-term debt, net of capitalized interest, recognized under 'Finance cost' amounted to ₱2,496.00 million, ₱719.32 million and ₱871.41 million in 2024, 2023 and 2022, respectively (see Note 27).

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

Other relevant information on the Group's long-term borrowings are provided below:

- The loan agreements on long-term debt of certain subsidiaries provide for certain restrictions and requirements such as, among others, maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the respective subsidiaries as of December 31, 2024 and 2023.

- 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 ₱74.65 million and ₱2.52 million as of December 31, 2024 and 2023, respectively, and these represent net proceeds from sale of portion of PDI's installment contracts receivable to local banks pursuant to the receivable purchase agreements entered into by PDI on various dates. The agreements also provide the submission of condominium certificates of title and their related postdated checks issued by the buyers.

- All long-term debt of the Group are clean and unsecured. The Group is compliant with the respective loan covenants.

20. Other Noncurrent Liabilities

	2024	2023
Lease liabilities (Note 33)	**₱3,564,357**	₱75,428
Commission payable - noncurrent portion (Note 17)	**1,400,131**	1,811,745
Pension liabilities - net (Note 23)	**791,099**	334,982
Provision for decommissioning and site rehabilitation costs	**551,689**	469,383
Retention payable	**550,606**	326,124
Other payables	**108,037**	10,419
	₱6,965,919	₱3,028,081

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.

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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 6.10% to 8.58% in 2024, 5.96% to 8.70% in 2023 and 3.61% to 8.70% in 2022. Segment breakdown of provision for decommissioning and site rehabilitation costs follows:

	2024	2023
Coal	**₱354,061**	₱322,262
Nickel	**163,290**	115,511
On-grid power	**34,338**	31,610
	₱551,689	₱469,383

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

	2024	2023
Balance at beginning of year	**₱469,383**	₱410,605
Addition	**80,873**	–
Effect of change in estimates	**16,592**	92,489
Actual usage	**(52,318)**	(61,805)
Accretion of interest (Note 27)	**37,159**	28,094
Balance at end of year	**₱551,689**	₱469,383

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 ₱16.59 million and ₱92.49 million (recognized as adjustment to 'Coal mining properties and equipment' under Property, plant and equipment account) in 2024 and 2023, respectively (see Note 13).

Retention Payable
Retention payable represents amounts withheld by the Group on subcontractors' progress billings and payable upon expiration of defect liability period.

Other payables
Noncurrent trade and other payables include noninterest-bearing payable to suppliers and subcontractors and accrued expenses which are expected to be settled within two (2) to three (3) years from the reporting date.

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21. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individuals or corporate entities. Transactions entered into by the Group with affiliates are made at normal commercial prices and terms. These are settled in cash, unless otherwise specified.

The significant related party transactions entered into by the Group with its related parties and the amounts included in the accompanying consolidated financial statements with respect to these transactions follow:

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

	2023		
	Reference	Transaction Amount	Due from (Due to)
Receivable from related parties (Note 6)			
Construction contracts	(a)	₱4,267,586	₱2,284,006
Sale of marine vessels	(b)	–	13,390
Equipment rentals	(c)	111,247	40,635
Sale of materials and reimbursement of shared and operating expenses	(d)	298,764	112,204
			₱2,450,235
Payable to related parties (Note 17)			
Shiploading, coal delivery and coal handling	(e)	₱1,163,977	(₱135,137)
Mine exploration and hauling services	(f)	592,274	(93,568)
Other general and administrative expense	(g)	62,978	(15,849)
Aviation services	(h)	113,757	(77,567)
Office and parking rental	(i)	20,488	(1,574)
Freight charges	(j)	21,004	(580)
			(₱324,275)

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(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 ₱1,794.65 million and ₱2,284.01 million as of December 31, 2024 and 2023, respectively. In an addition, billings in excess of costs and estimated earning on uncompleted contracts from its affiliates amounted to ₱622.63 million and ₱673.10 million as of December 31, 2024 and 2023, respectively.

(b) In 2020, the Group sold a marine vessel to its affiliate for ₱620.58 million, of which ₱13.39 million remain uncollected as of December 31, 2024.

(c) The Group rents out its equipment to its affiliates for their construction projects.

(d) The Group paid for the contracted services, material issuances, diesel, rental expenses and other supplies of its affiliates.

(e) Certain affiliate had transactions with the Group for services rendered such as shiploading, coal delivery and coal handling. Freight costs charged by the affiliate are included as part of the cost of coal inventory.

(f) An affiliate of the Group provides labor services relating to coal operations, including those services rendered by consultants. The related expenses are included in the “Cost of sales and services” in the consolidated statements of income.

(g) A shareholder of the Group provides maintenance of the Group’s accounting system, Navision, which is used by some of the Group’s subsidiaries. Related expenses are presented as part of “Miscellaneous” under “Operating expenses” in consolidated statements of income. In addition, the Group has reimbursable expenses for security services, professional fees, among others.

(h) An affiliate of the Group transports visitors and employees from point to point in relation to the Group’s ordinary course of business and vice versa and bills the Group for the utilization costs of the aircrafts. The related expenses are included in “Cost of sales and services”.

(i) An affiliate had transactions with the Group for office and parking rental of units to which related expenses are presented as part of “Operating expenses” in the consolidated statements of income.

(j) An affiliate provides the Group various barges and tugboats for use in the delivery of nickel ore to its various customers.

Terms and conditions of transactions with related parties
Outstanding balances as of December 31, 2024 and 2023, 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, 2024 and 2023, the Group has not made any allowance for expected credit loss relating to amounts owed by related parties. The Group applies a general approach in calculating the ECL.

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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:

	2024	2023	2022
Short-term employee benefits	**₱230,384**	₱203,314	₱211,910
Post-employment benefits (Note 23)	**25,158**	60,900	9,014
	₱255,542	₱264,214	₱220,924

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plan.

22. Equity

Capital Stock
As of December 31, 2024 and 2023, the Parent Company's capital stock as of December 31, 2024 and 2023 consists of:

	Authorized Capital Stock	Outstanding
Common shares, ₱1 par value	19,900,000,000	13,277,470,000
Preferred shares, ₱1 par value	100,000,000	
At January 1, 2024		3,780
Add: Issuance during the year		10,000,000
Less: Treasury shares		2,820
At December 31, 2024		10,000,960

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

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

Below is the summary of the Parent Company's track record of registration of securities with the SEC as of December 31, 2024:

	Number of Shares Registered (in billions)	Number of holders of securities as of year end
December 31, 2022	13.28	699
Add/(Deduct) Movement	–	8
December 31, 2023	13.28	707
Add/(Deduct) Movement	–	29
December 31, 2024	13.28	736

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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, 2024 and 2023 amounted to ₱4,475.74 million and ₱1,872.08 million, respectively.

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

	2024	2023	2022
April 4, 2024, ₱0.46 per share regular cash dividend to shareholders on record as of April 22, 2024, payable on or before May 3, 2024.	**₱6,107,636**	₱–	₱–
April 4, 2024, ₱0.26 per share regular cash dividend to shareholders on record as of April 22, 2024, payable on or before May 3, 2024	**3,452,142**	–	–
October 16, 2024 ₱0.48 per share special cash dividend to shareholders on record as of October 30, 2024, payable on or before November 15, 2024.	**6,373,186**	–	–
March 29, 2023, ₱0.61 per share regular cash dividend to shareholders on record as of April 17, 2023, payable on or before April 28, 2023.	–	8,099,257	–
March 29, 2023, ₱0.11 per share special cash dividend to shareholders on record as of April 17, 2023, payable on or before April 28, 2023.	–	1,460,522	–
October 10, 2023 ₱0.72 per share special cash dividend to shareholders on record as of October 24, 2023, payable on or before November 9, 2023.	–	9,559,778	–
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
	₱15,932,964	₱19,119,557	₱15,932,959

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On various dates in 2024, 2023 and 2022, partially-owned subsidiaries of the Group declared dividends amounting to ₱25,503.29 million, ₱14,876.92 million and ₱21,252.74 million, respectively, of which dividends to noncontrolling-interest amounted to ₱11,055.69 million, ₱12,898.29 million, and ₱9,272.84 million, respectively. The unpaid dividends to noncontrolling-interests amounted to ₱3.33 million and ₱3.12 million as of December 31, 2024 and 2023, respectively.

The unappropriated retained earnings include undistributed net earnings amounting to ₱86,980.12 million and ₱89,467.65 million as of December 31, 2024 and 2023, 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.

23. Employee Benefits

Retirement Plans
The Group has a funded, noncontributory, defined benefit pension plan covering substantially all of its regular employees. Provisions for pension obligations are established for benefits payable in the form of retirement pensions. Benefits are dependent on years of service and the respective employee's final compensation. The Group updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary. The latest actuarial valuation report of the retirement plans was made as of December 31, 2024.

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,

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- To make payments and distributions in cash, securities and other assets to the members and beneficiaries of the Plan.

Under the existing regulatory framework, Republic Act No. 7641, *The New Retirement Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following table summarizes the components of net pension expense (included in "Salaries, wages and employee benefits" account) and pension income (included in "Other income" account) for the years ended December 31, 2024, 2023, and 2022 (see Notes 25 and 28):

Pension Expense

	2024	2023	2022
Current service cost	**₱224,782**	₱204,238	₱253,954
Net interest income on benefit obligation and plan assets	**(16,084)**	(122,574)	(37,642)
Effect of the asset limit	**52,069**	57,109	13,134
Total pension expense	**₱260,767**	₱138,773	₱229,446

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

	2024	2023
Balance at beginning of year	**₱3,815,642**	₱3,824,522
Interest income	**163,119**	274,067
Remeasurement gain (loss)	**231,853**	(213,286)
Benefits paid - from plan assets	**(42,507)**	(94,907)
Contributions	**–**	25,246
Balance at end of year	**₱4,168,107**	₱3,815,642

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

	2024	2023
Balances at beginning of year	**₱2,301,042**	₱2,171,046
Current service cost	**224,782**	204,238
Interest expense	**147,035**	151,493
Benefits paid - from plan assets	**(42,507)**	(94,907)
Benefits paid - direct payments	**(95,506)**	(7,162)
Remeasurement loss (gain) arising from:		
Financial assumptions	**(308,386)**	259,391
Demographic assumptions	**1,952**	(93,658)
Experience adjustments	**138,199**	6,486
Transfer	**595,988**	(295,885)
Balances at end of year	**₱2,962,599**	₱2,301,042

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Below is the net pension asset for those entities within the Group with net pension asset position:

	2024	2023
Fair value of plan assets	**₱3,272,922**	₱2,832,449
Present value of funded defined benefit obligations	**(1,276,315)**	(982,867)
	1,996,607	1,849,582
Effect on asset ceiling	**(936,210)**	(857,554)
Net pension asset	**₱1,060,397**	₱992,028

Movements in the net pension asset follow:

	2024	2023
Net pension asset at beginning of year	**₱992,028**	₱1,012,667
Remeasurements gain (loss) recognized in other comprehensive income	**287,946**	(6,202)
Benefits paid - direct payments	**57,899**	–
Business combinations/disposals	**(270,629)**	–
Net pension income (expense)	**(6,847)**	(14,437)
Net pension asset at end of year	**₱1,060,397**	₱992,028

Movements in the effect of asset ceiling follow:

	2024	2023
Effect of asset ceiling at beginning of year	**₱857,554**	₱789,659
Interest on the effect of asset ceiling	**52,069**	57,109
Changes in the effect of asset ceiling	**26,587**	10,786
Effect of asset ceiling at end of year	**₱936,210**	₱857,554

Below is the net pension liability for those entities within the Group with net pension liability position:

	2024	2023
Present value of funded defined benefit obligations	**(₱1,686,284)**	(₱1,318,175)
Fair value of plan assets	**895,185**	983,193
Net pension liability	**(₱791,099)**	(₱334,982)

Movements in the net pension liability follow:

	2024	2023
Net pension liability at beginning of year	**(₱334,982)**	(₱148,850)
Net pension income (expense)	**(253,920)**	124,336
Remeasurement gain (loss) recognized in other comprehensive income	**85,555**	(231,206)
Benefits paid - direct payments	**37,607**	(7,162)
Contributions	–	(72,100)
Business combinations/disposals	**(325,359)**	–
Net pension liability at end of year	**(₱791,099)**	(₱334,982)

Breakdown of remeasurements recognized in other comprehensive income in 2024 and 2023 follow:

	2024	2023
Remeasurement gain (loss) on plan assets	**₱231,853**	(₱213,286)
Remeasurement gain on defined benefit obligations	**168,235**	172,219
Changes in the effect of asset ceiling	**(26,587)**	(85,244)
Net remeasurement gains (losses) on pension plans	**373,501**	(126,311)
Income tax effect	**(93,375)**	31,578
Net remeasurement gain (loss) on pension plans - net of tax	**₱280,126**	(₱94,733)

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:

	2024	2023
Cash and cash equivalents		
Cash in banks	**₱275,949**	₱784,713
Time deposits	**778,880**	–
	1,054,829	784,713
Investments in stocks		
Common shares of domestic corporations		
Quoted	**1,531,825**	
Unquoted	**175,444**	84,417
Preference shares	**12,065**	8,286
	1,719,334	92,703
Investment in government securities		
Fixed rate treasury notes (FXTNs)	**1,007,595**	1,290,729
Trasury bills (T-bills)	**79,985**	–
Retail treasury bonds (RTBs)	**48,731**	1,570,236
	1,136,311	2,860,965
Investment in other securities and debt instruments		
AAA rated debt securities	**117,632**	50,114
Not rated debt securities	**56,159**	–
	173,791	50,114
Other receivables	**32,300**	27,147
Accrued trust fees and other payables	**51,542**	–
Benefits payable	–	–
Fair value of plan assets	**₱4,168,107**	₱3,815,642

Trust fees paid in 2024, 2023 and 2022 amounted to ₱2.82 million, ₱2.74 million and ₱2.33 million, respectively.

The composition of the fair value of the Fund includes:

- *Cash and cash equivalents* - include savings and time deposit with various banks and special deposit account with Bangko Sentral ng Pilipinas (BSP SDA).
- *Investment in stocks* - includes investment in common and preferred shares both traded and not traded in the PSE.
- *Investment in government securities* - includes investment in Philippine RTBs and FXTNs T-bills.

- *Investments in other securities and debt instruments* - include investment in long-term debt notes and retail bonds.
- *Other receivables* - includes interest and dividends receivable generated from investments included in the plan.
- *Accrued trust fees and other payables* - pertain mainly to charges of trust or in the management of the Plan.

The overall administration and management of the plan rest upon the Plan's BOT. The voting rights on the above securities rest to the BOT for funds directly held through the Group's officers and indirectly for those entered into through other trust agreements with the trustee bank authorized to administer the investment and reinvestments of the funds.

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

	2024	2023	2022
Discount rate	**6.08% to 6.13%**	6.05% to 6.16%	4.79% to 7.38%
Salary increase rate	**3.00% to 6.00%**	3.00% to 7.00%	3.00% to 10.00%

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

	2024	2023
Construction and others	**4.6 years**	3.6 years
Coal mining	**5.3 years**	5.1 years
Nickel mining	**9.9 years**	10.2 years
Real estate development	**11.2 years**	12.0 years
Power - On grid	**13.2 years**	12.6 years
Power - Off grid	**10.4 years**	9.8 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, 2024 and 2023.

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.

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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)	**2024**	2023
Discount rates	+100 basis points	**(₱212,563)**	(₱192,940)
	-100 basis points	**247,054**	264,619
Salary increases	+1.00%	**245,903**	222,485
	-1.00%	**(215,516)**	(190,997)

24. **Costs of Sales and Services**

	2024	2023	2022
Cost of Sales			
Cost of real estate held for sale and development (Note 8)	**₱5,656,003**	₱11,172,424	₱12,878,564
Fuel and lubricants	**10,907,346**	12,479,306	12,654,107
Materials and supplies	**5,975,714**	5,345,724	4,957,555
Depreciation and amortization (Notes 13, 14 and 33)	**4,429,705**	4,120,529	3,511,045
Direct labor	**3,222,732**	2,601,573	2,136,506
Hauling, shiploading and handling costs (Note 21)	**1,389,426**	1,357,690	1,100,578
Production overhead	**1,332,076**	1,566,306	2,730,719
Outside services	**662,875**	937,362	694,432
Commission expense (Note 9)	**593,770**	813,984	1,237,695
Others	**75,942**	393,158	596,395
	34,245,589	40,788,056	42,497,596
Cost of Services			
Direct labor	**5,340,006**	3,503,916	3,211,400
Materials and supplies	**5,309,915**	6,388,265	6,602,942
Fuel and lubricants	**4,362,946**	3,364,844	2,417,372
Depreciation and amortization (Notes 13, 14 and 33)	**3,893,085**	4,256,717	3,844,624
Outside services	**3,079,129**	3,638,538	4,379,838
Production overhead	**2,986,670**	2,972,844	2,913,382
Spot purchases of electricity	**903,930**	880,726	1,885,581
Hauling, shiploading and handling costs (Note 21)	**414,790**	754,088	276,359
Others	**123,372**	622,031	478,850
	26,413,843	26,381,969	26,010,348
	₱60,659,432	₱67,170,025	₱68,507,944

Cost of real estate sales presented in the consolidated statements of income includes cost of running hotel and property management operations amounting to ₱177.51 million, ₱155.14 million and ₱119.00 million for 2024, 2023 and 2022, respectively.

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Related revenue from hotel and property management operations amounted to ₱312.18 million, ₱282.83 million and ₱253.13 million in 2024, 2023 and 2022, respectively.

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

	2024	2023	2022
Included in:			
Cost of electricity sales	**₱3,357,418**	₱3,050,825	₱2,829,982
Cost of coal mining	**3,646,595**	3,882,037	3,034,379
Cost of construction contracts and others	**535,667**	695,958	788,429
Cost of real estate development	**227,928**	592,886	245,156
Cost of nickel mining	**432,276**	155,540	457,723
Cost of cement manufacturing	**122,906**	–	–
Operating expenses (Note 25)	**611,193**	253,083	462,234
	₱8,933,983	₱8,630,329	₱7,817,903

Depreciation, depletion and amortization of:			
Property, plant and equipment (Note 13)	**₱9,288,241**	₱9,707,448	₱8,046,946
Other noncurrent assets (Note 14)	**44,705**	33,830	25,106
Investment properties (Note 12)	**15,155**	15,155	15,098
Right-of-use assets (Note 33)	**39,562**	25,357	28,786
	₱9,387,663	₱9,781,790	₱8,115,936

Depreciation, depletion and amortization capitalized in ending inventories and mine properties included in 'Property, Plant and Equipment' amounted to ₱446.77 million, ₱1,151.46 million and ₱298.03 million in 2024, 2023 and 2022, respectively.

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

	2024	2023	2022
Presented under:			
Costs of sales and services	**₱5,384,656**	₱5,472,925	₱5,213,167
Operating expenses (Note 25)	**3,026,724**	2,349,526	2,496,604
	₱8,411,380	₱7,822,451	₱7,709,771

25. Operating Expenses

	2024	2023	2022
Government share (Note 31)	**₱6,379,395**	₱10,682,608	₱15,963,371
Salaries, wages and employee benefits (Note 24)	**3,026,724**	2,349,526	2,496,604
Taxes and licenses	**1,643,189**	1,719,400	1,502,194
Outside services	**1,522,516**	1,495,586	1,019,521
Repairs and maintenance	**1,456,302**	1,594,123	1,066,956
Insurance	**841,947**	510,434	419,820
Depreciation and amortization (Notes 12, 13, 14, 24 and 33)	**611,193**	253,083	462,234
Advertising and marketing	**470,576**	429,970	241,735

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	2024	2023	2022
Transportation and travel	**₱360,266**	₱105,758	₱156,672
Supplies	**355,885**	267,182	228,389
Association dues	**207,995**	162,153	233,330
Entertainment, amusement and recreation	**196,812**	138,430	138,743
Communication, light and water	**155,195**	92,735	143,254
Rent (Note 33)	**89,485**	206,086	166,350
Provision for ECL and probable losses - net of reversals (Notes 6 and 9)	**83,988**	39,678	50,247
Loss on write-down of inventories, asset held-for- sale and property, plant and equipment - net of reversals (Notes 8, 10 and 13)	**39**	(3,765)	210,750
Miscellaneous	**608,602**	657,311	566,786
	₱18,010,109	₱20,700,298	₱25,066,956

26. Finance Income

Finance income is derived from the following sources:

	2024	2023	2022
Interest on:			
Bank savings accounts (Note 5)	**₱1,191,013**	₱1,338,601	₱454,487
Installment contracts receivable (Note 6)	**707,060**	484,920	348,849
Short-term placements (Note 5)	**553,659**	165,681	55,159
	₱2,451,732	₱1,989,202	₱858,495

27. Finance Costs

The finance costs are incurred from the following:

	2024	2023	2022
Long-term debt (Note 19)	**₱2,495,998**	₱719,320	₱871,413
Short-term debt (Note 15)	**159,571**	168,522	142,141
Amortization of debt issuance cost (Note 19)	**31,160**	42,898	67,547
Accretion on unamortized discount on provision for decommissioning and site rehabilitation costs (Note 20)	**37,159**	28,094	21,448
Lease liabilities (Note 33)	**6,287**	5,333	6,015
	₱2,730,175	₱964,167	₱1,108,564

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28. **Other Income (Charges) - Net**

	2024	2023	2022
Forfeitures and cancellation of real estate contracts	**₱2,260,508**	₱1,635,979	₱965,716
Rental income (Note 12)	**498,060**	376,915	213,221
Sales of fly ash	**392,167**	472,005	220,674
Gain on sale of undeveloped parcel of land	**259,413**	141,792	–
Foreign exchange gains (losses)	**(94,266)**	(120,057)	1,131,258
Gain on sale of property, plant and equipment - net (Note 13)	**–**	55,914	69,346
Others - net (Note 13)	**522,777**	462,925	318,447
	₱3,838,659	₱3,025,473	₱2,918,662

Others - net
Others include penalty charges, holding fees, fees for change in ownership, transfer fees, restructuring fees, lease facilitation fees, gain on pre-termination of option contract and lease contract modification, and others.

29. **Income Tax**

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

	2024	2023	2022
Current	**₱4,418,501**	₱4,042,180	₱3,649,902
Deferred	**(1,573,098)**	5,135	985,487
Final	**270,693**	270,447	88,300
	₱3,116,096	₱4,317,762	₱4,723,689

The components of net deferred tax assets as of December 31, 2024 and 2023 follow:

	2024	2023
Deferred tax assets on:		
Allowance for:		
Expected credit losses	**₱537,420**	₱502,607
Inventory obsolescence	**57,939**	38,472
NOLCO	**339,294**	–
Pension liabilities - net	**258,215**	153,782
Impairment	**151,508**	71,712
Unrealized foreign exchange loss	**125,977**	86,156
Lease liabilities	**74,463**	–
Provision for decommissioning and site rehabilitation	**51,570**	48,369
Unrealized gross loss on construction contracts	**18,813**	2,436
MCIT	**4,381**	–
Accruals of expenses	**–**	1,869
Others	**48,606**	24,474
	1,668,186	929,877

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	2024	2023
Deferred tax liabilities on:		
Accrual of expenses	**(₱23,197)**	₱–
Other comprehensive income	**(20,115)**	–
Unrealized foreign exchange gain	**(7,330)**	(6,986)
	(50,642)	(6,986)
	₱1,617,544	₱922,891

The components of net deferred tax liabilities as of December 31, 2024 and 2023 follow:

	2024	2023
Deferred tax assets on:		
PFRS 15 adoption	**₱751,230**	₱–
Pension liabilities – net	**613,807**	677,751
Deferred commission expense	**6,626**	53,120
Allowance for expected credit losses	**17,851**	17,851
Others	**184,466**	1,985
	1,573,980	750,707
Deferred tax liabilities on:		
Excess of book over tax income pertaining to real estate sales	**(3,600,171)**	(4,632,004)
Unamortized fair value on nickel mining rights acquired	**(2,604,322)**	(1,136,978)
Unrealized foreign exchange gain – net	**(587,861)**	(607,342)
Unamortized transaction cost on loans payable	**(41,630)**	(46,642)
Unrealized gross profit on construction contracts	**(25,076)**	(7,269)
Pension assets - net	**(16,446)**	(16,208)
Mine rehabilitation	**(11,699)**	(2,003)
Capitalized interest on real estate for sale and development deducted in advance	**–**	(640,765)
Others	**–**	(95,741)
	(6,887,205)	(7,184,952)
	(₱5,313,225)	(₱6,434,245)

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:

	2024	2023
NOLCO	**₱12,303,044**	₱68,626
Allowance for impairment losses	**128,171**	159,691
MCIT	**215,261**	–
Others	**1,158**	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.

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The Group did not recognize deferred tax assets on NOLCO and MCIT from the following periods:

Year Incurred	NOLCO	MCIT	Expiry Year
2024	₱7,221,168	₱83,555	2027
2023	2,918,028	60,873	2026
2022	1,239,430	70,833	2025
2021	206,690	–	2026
2020	717,728	–	2025
	₱12,303,044	₱215,261	

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

	NOLCO		MCIT	
	2024	2023	**2024**	2023
Balances at beginning of year	**₱68,626**	₱376,336	**₱–**	₱11,235
Additions	**1,123**	578	**–**	–
Business combination	**12,233,295**	–	**215,261**	–
Expirations and usage	**–**	(308,288)	**–**	(11,235)
Balances at end of year	**₱12,303,044**	₱68,626	**₱215,261**	₱–

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 of Bayanihan to Recover as One Act (Bayanihan 2) which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive years immediately following the year of such loss.

The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2024	2023
Statutory income tax rate	**25.00%**	25.00%
Adjustments for:		
Income under income tax holiday	**(11.33)**	(13.16)
Nondeductible expenses	**0.55**	0.47
Nontaxable equity in net earnings of associates and joint ventures	**(2.83)**	(1.30)
Changes in unrecognized deferred tax assets	**(0.13)**	(0.01)
Excess costs of construction contracts	**(0.16)**	(0.10)
Effect of OSD availment	**0.12**	(0.07)
Interest income subjected to final tax at a lower rate – net	**(0.64)**	(0.26)
Others	**(0.40)**	(0.08)
Effective income tax rate	**10.18%**	10.49%

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. Accrodingly, they are entitled, among others, to ITH incentives covering 4 to 10 years. To be able to avail of the incentives, these companies are required to maintain a minimum equity level. As of December 31, 2024 and 2023, the Group have complied with the requirements.

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

(a) ITH for four (4) years from January 2015 and January 2017 for Narra Mine and Molave Mine, respectively, or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.
(b) Income qualified for ITH availment shall not exceed by more than 10% of the projected income represented by SMPC in its application provided the project's actual investments and employment match SMPC's representation in the application.

On October 24, 2019, the BOI approved the request for suspension of Narra Mine until the slope stability of the Narra Mine to resume production is ensured, as follows:

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

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

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

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

(1) the income tax due for the taxable year covered by the deferment period shall be paid by the Parent Company;

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

On July 12, 2021, SMPC applied for another extension of one (1) year of ITH incentive for Molave Mine. On December 16, 2021, the BOI approved SMPC's application for extension for one (1) year of ITH incentive for Molave Mine. The approved bonus year under Certificate of Registration No. 2016-042 is for the period October 15, 2021 to October 14, 2022 using the *Net Foreign Exchange Earnings Criterion* pursuant to Executive Order No. 226.

In 2022, the BOI provided SMPC the option to amend the ITH incentive (bonus) expiration year for Molave Mine to October 2023 subject to SMPC paying the Taxable Year 2020 income tax due amounting to ₱897.30 million and the related interest.

In 2022, SMPC recognized ₱897.30 million of income tax due on its income in 2020, as part of its provision for current income tax.

In January 2023, SMPC settled the income tax due for the Taxable Year 2020 at ₱1,088.46 million inclusive of interest amounting to ₱191.16 million. Hence, the ITH incentive (bonus year) will expire beginning October 2023 and the income from the registered activities of the BOI project (Molave Mine Pit) after the said period will be subjected to regular corporate tax of 25%.

The BOI then corrected the ITH availment period of the BOI project pursuant to Art. 39(a)(1)(iii) of E.O. 226 under Certificate of Registration No. 2016-042 from October 15, 2021 to October 14, 2022 to October 15, 2022 to October 14, 2023.

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

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

(1) At the time of the ITH bonus year incentive, the ratio of the cost of indigenous raw materials shall be at least 50% of the total raw material cost; and
(2) In relation to Memorandum Circular (MC) No. 2024-004 on Lifting of the Covid-Related Policies implemented by the Board of Investments (BOI) Pursuant to Presidential Proclamation (PP) No. 297 Providing for the Lifting of the State of Public Health Emergency Throughout the Philippines Due to Covid-19, the firm shall include in the list of CSRs for ITH Bonus Year the provision of essential goods, products, and services, including basic amenities such as food, accommodation, and transportation, to fight the effects of a pandemic; or to address the medical requirements of the community or the country during local or national public health emergency; or to use during the occurrence of natural calamities or disasters such as, but not limited to, typhoons, earthquake, volcanic eruptions.

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SMPC availed of incentive in the form of ITH on its income under registered activities. The income under registered activities amounted to ₱12,946.75 million, ₱21,559.39 million, ₱36,375.37 million in 2024, 2023 and 2022, respectively.

<u>*Corporate Recovery and Tax Incentive for Enterprise (CREATE) Act*</u>
On March 26, 2021, the President of the Philippines signed into law Republic Act No. 11534, Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which took effect on April 11, 2021. The CREATE Act introduces reforms to the corporate income tax and incentive systems by implementing changes to the current tax regulations. Some of these changes, which became effective beginning July 1, 2020, are as follows:

- Reduction in the RCIT rate from 30% to 20% for entities with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding the value of land on which the business entity's office, plant and equipment are situated);
- Reduction in the RCIT from 30% to 25% for all other corporations;
- Reduction in the MCIT rate from 2% to 1% of gross income for 3 years or until June 30, 2023; and
- Repeal of the imposition of 10% improperly accumulated earnings tax (IAET).

30. Earnings Per Share

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

	2024	2023	2022
Net income attributable to equity holders of Parent Company	**₱18,976,167**	₱24,722,372	₱31,087,484
Divided by weighted average number of common shares	**13,277,470**	13,277,470	13,277,470
Basic/diluted earnings per share	**₱1.43**	₱1.86	₱2.34

There were no potentially dilutive ordinary shares. Accordingly, no diluted earnings per share is presented in 2024, 2023 and 2022.

31. 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.

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Royalty dues for DOE's share under this contract, amounted to ₱6,379.40 million, ₱10,682.61 million and ₱15,963.37 million in 2024, 2023 and 2022, respectively, included under 'Operating expenses' in the consolidated statements of income (see Note 25). Payable to DOE, amounting to ₱2,098.72 million and ₱3,336.57 million as of December 31, 2024 and 2023, respectively, are included under the 'Accounts and other payables' in the consolidated statements of financial position (see Note 17).

32. Material Partly-Owned Subsidiary

The financial information of the Group's subsidiaries with material noncontrolling-interest are provided below. These information are based on amounts in the consolidated financial statements of the subsidiary.

Semirara Mining and Power Corporation (SMPC) and Subsidiaries

	2024	2023
Consolidated statements of financial position		
Current assets	**₱30,198,881**	₱46,135,496
Noncurrent assets	**40,995,077**	38,992,947
Total assets	**71,193,958**	85,128,443
Current liabilities	**12,871,518**	19,396,338
Noncurrent liabilities	**1,803,886**	3,354,126
Total liabilities	**14,675,404**	22,750,464
Equity	**₱56,518,554**	₱62,377,979
Consolidated statements of comprehensive income		
Revenue	**₱65,194,300**	₱76,960,415
Cost of sales	**33,162,622**	32,909,510
Gross profit	**32,031,678**	44,050,905
Operating expenses	**(11,244,550)**	(15,117,258)
Other income (charges) - net	**1,019,756**	1,148,070
Income before income tax	**21,806,884**	30,081,717
Provision for income tax	**2,177,380**	2,148,421
Net income	**19,629,504**	27,933,296
Other comprehensive income (loss)	**14,358**	(53,882)
Total comprehensive income	**₱19,643,862**	₱27,879,414
Cash flow information		
Operating	**₱27,506,552**	₱35,596,764
Investing	**(7,426,250)**	(3,357,219)
Financing	**(29,626,391)**	(33,261,456)
Effect of exchange rate changes on cash and cash equivalents	**26,053**	(47,717)
Net increase (decrease) in cash and cash equivalents	**(₱9,520,036)**	(₱1,069,628)

The accumulated balances of material noncontrolling-interest of SMPC and subsidiaries at December 31, 2024 and 2023 amounted to ₱24,822.96 million and ₱27,378.32 million, respectively. Dividends paid to noncontrolling interests amounted to ₱11,054.92 million and ₱12,898.29 in 2024 and 2023, respectively.

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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.

Cemex Asian South East Corporation (CASEC) and Subsidiaries

	2024
Consolidated statements of financial position	
Current assets	**₱11,228,234**
Noncurrent assets	**40,144,353**
Total assets	**51,372,587**
Current liabilities	**9,876,607**
Noncurrent liabilities	**23,869,071**
Total liabilities	**33,745,678**
Equity	**₱17,626,909**

	For the month of December 2024
Consolidated statements of comprehensive income	
Revenue	**₱1,097,127**
Cost of sales	**1,158,666**
Gross profit	**(61,539)**
Operating expenses	**(420,203)**
Other income (charges) - net	**227,974**
Income before income tax	**(253,768)**
Benefit from income tax	**(335,379)**
Net income	**81,611**
Other comprehensive income	**–**
Total comprehensive income	**₱81,611**
Cash flow information	
Operating	**(₱17,820,659)**
Investing	**746**
Financing	**16,107,537**
Net decrease in cash and cash equivalents	**(₱1,712,376)**

33. Leases

The Group as a Lessee

The Group has lease contracts for various items of land, office spaces and foreshore leases used in its operations. Leases of land and foreshore lease generally have lease terms between five (5) and 25 years, while office spaces generally have lease terms of two (2) to seven (7) years. The Group also has certain leases of office spaces, warehouse and storage spaces which have lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

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Movements in the Group's right-of-use assets and lease liabilities follow:

Right of use assets

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

	Year ended December 31, 2023			
	Land	Office space	Machinery and equipment	Total
Cost				
Balances at beginning of year	₱103,168	₱190,936	₱–	₱294,104
Additions	–	49,041	–	49,041
Balances at end of year	103,168	239,977	–	343,145
Accumulated amortization				
Balances at beginning of year	24,106	153,053	–	177,159
Amortization (Note 24)	–	25,357	–	25,357
Balances at end of year	24,106	178,410	–	202,516
	₱79,062	₱61,567	₱–	₱140,629

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

Lease liabilities

	2024	2023
Beginning balance	**₱89,235**	₱70,701
Acquisition of a business (Note 4)	**3,606,935**	–
Additions	**92,373**	49,041
Payment	**(21,133)**	(35,840)
Accretion (Note 27)	**6,287**	5,333
	₱3,773,697	₱89,235

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The following are the amounts recognized in consolidated statements of income in 2024 and 2023:

	2024	2023
Depreciation expense of right-of-use assets charged to:		
Cost of sales and services (Note 24)	**₱15,504**	₱6,020
Operating expenses (Note 25)	**17,150**	19,337
Expenses relating to short-term leases charged to operating expenses (Note 25)	**209,067**	206,086
Interest expense on lease liabilities (Note 27)	**6,287**	5,333
	₱248,008	₱236,776

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

Lease liabilities are included in the consolidated statements of financial position under "Accounts and other payables" and "Other noncurrent liabilities" (see Notes 17 and 20).

As of December 31, 2024 and 2023, future undiscounted minimum lease payments under operating lease are as follows:

	2024	2023
Within one year	**₱23,112**	₱19,399
After one year but not more than five years	**63,036**	61,514
More than five years	**18,514**	30,502
	₱104,662	₱111,415

Operating Lease - As Lessor
The Group entered into lease agreements with third parties covering its investment property portfolio (see Note 12). 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, 2024 and 2023, future minimum lease receivables under the aforementioned operating lease are as follows:

	2024	2023
Within one year	**₱30,521**	₱29,390
After one year but not more than five years	**112,474**	109,827
More than five years	**42,569**	42,645
	₱185,564	₱181,862

34. Operating Segments

Business Segment Information
For management purposes, the Group is organized into eight (8) major business units that are largely organized and managed separately according to industry. Reporting operating segments are as follows:

- Construction and others - engaged in various construction projects and construction-related businesses such as production and trading of concrete products, handling steel fabrication and electrical and foundation works.

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- Coal mining - engaged in the exploration, mining and development of coal resources on Semirara Island in Caluya, Antique.
- Nickel mining - engaged primarily in mining and selling nickel ore from existing stockpile in Acoje mines in Zambales and Berong mines in Palawan.
- Real estate - focused in mid-income residential development carried under the brand name DMCI Homes. It is also engaged in hotel services and property management.
- On-grid Power - engaged in power generation through coal-fired power plants providing electricity to distribution utilities and indirect members of WESM.
- Off-grid Power - engaged in power generation through satellite power plants providing electricity to areas that are not connected to the main transmission grid.
- Water - includes share in net earnings from associates, MWHCI and Subic Water, which are engaged in water services for the west portion of Metro Manila and Olongapo City and Subic Bay Freeport, respectively.
- Cement Manufacturing - engaged in the production, marketing, distribution and sale of cement and other cement products.

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

The Chief Executive Officer (CEO) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue, earnings before interest, income taxes and depreciation and amortization (EBITDA) and operating profit or loss, and is measured consistently in the consolidated financial statements. The Group's management reporting and controlling systems use accounting policies that are the same as those described in Note 2 in the material accounting policy information under PFRS Accounting Standards.

EBITDA is the measure of segment profit (loss) used in segment reporting and comprises of revenues, cost of sales and services and selling and general administrative expenses before interest, taxes and depreciation and amortization.

The Group disaggregates its revenue information in the same manner as it reports its segment information. The Group, through its on-grid power segment, has electricity sales to a power distribution utility company that accounts for about 24%, 20%, and 14% of the Group's total revenue in 2024, 2023 and 2022, 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.

<u>Business Segments</u>
The following tables present revenue, net income and depreciation and amortization information regarding business segments for the years ended December 31, 2024, 2023 and 2022 and property, plant and equipment additions, total assets and total liabilities for the business segments as of December 31, 2024, 2023 and 2022.

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Year ended December 31, 2024

	Construction and Others*	Coal Mining	Nickel Mining	Real Estate Development	Power *On-Grid*	Power *Off-Grid*	Water	Cement Manufacturing	Parent Company	Total
Revenue	₱14,647,169	₱39,462,717	₱2,477,387	₱12,323,323	₱24,712,156	₱7,691,650	₱–	₱1,064,146	₱–	₱102,378,548
Equity in net earnings of associates and joint ventures	–	–	–	(51,946)	–	–	3,406,027	–	–	3,354,081
Other income (expense)	39,018	(102,059)	23,556	3,175,707	929,552	(277,382)	–	94,990	(44,723)	3,838,659
	14,686,187	39,360,658	2,500,943	15,447,084	25,641,708	7,414,268	3,406,027	1,159,136	(44,723)	109,571,288
Cost of sales and services (before depreciation and amortization)	13,038,413	18,098,245	909,635	7,070,765	8,341,882	3,881,305	–	996,397	–	52,336,642
Government share (Note 25)	–	6,379,395	–	–	–	–	–	–	–	6,379,395
Operating expense (before depreciation and amortization)	796,576	788,262	855,076	3,271,461	3,885,270	933,649	–	400,566	88,661	11,019,521
	13,834,989	25,265,902	1,764,711	10,342,226	12,227,152	4,814,954	–	1,396,963	88,661	69,735,558
EBITDA	851,198	14,094,756	736,232	5,104,858	13,414,556	2,599,314	3,406,027	(237,827)	(133,384)	39,835,730
Other income (expenses)										
Finance income (cost) (Notes 26 and 27)	85,211	391,554	(26,983)	(1,070,741)	107,241	(203,125)	–	132,984	305,416	(278,443)
Depreciation and amortization (Notes 24 and 25)	(554,587)	(3,666,935)	(465,699)	(386,126)	(2,880,755)	(834,886)	–	(142,543)	(2,452)	(8,933,983)
Pretax income	381,822	10,819,375	243,550	3,647,991	10,641,042	1,561,303	3,406,027	(247,386)	169,580	30,623,304
Provision for income tax (Note 29)	121,888	246,047	24,689	985,838	1,913,936	100,546	–	(335,379)	58,531	3,116,096
Net income	₱259,934	₱10,573,328	₱218,861	₱2,662,153	₱8,727,106	₱1,460,757	₱3,406,027	₱87,993	₱111,049	₱27,507,208
Net income attributable to noncontrolling-interests	12,658	4,827,205	(26,685)	–	3,679,660	–	–	38,203	–	8,531,041
Net income attributable to equity holders of the Parent Company	₱247,276	₱5,746,123	₱245,546	₱2,662,153	₱5,047,446	₱1,460,757	₱3,406,027	₱49,790	₱111,049	₱18,976,167
Segment Assets										
Cash	₱4,356,200	₱5,203,051	₱848,325	₱9,687,607	₱4,264,017	₱574,930	₱–	₱1,968,143	₱7,396,251	₱34,298,524
Receivables and contract assets	8,882,244	4,076,021	276,183	21,934,929	1,870,722	2,807,392	–	2,114,809	17,960	41,980,260
Inventories	1,384,068	8,749,403	83,308	50,758,549	3,227,899	725,906	–	2,305,013	–	67,234,146
Investment in associates and joint venture	58,379	–	–	3,746,828	–	–	–	–	20,470,067	24,275,274
Fixed assets**	2,397,542	8,792,125	4,832,564	1,345,095	30,021,716	8,771,709	–	27,786,438	3,863	83,951,052
Others	8,050,420	1,365,647	1,259,906	6,889,619	851,862	1,125,849	–	17,094,550	68,544	36,706,397
	₱25,128,853	₱28,186,247	₱7,300,286	₱94,362,627	₱40,236,216	₱14,005,786	₱–	₱51,268,953	₱27,956,685	₱288,445,653
Segment Liabilities										
Contract liabilities	₱9,232,863	₱444,519	₱45,582	₱14,632,619	₱36,818	₱–	₱–	₱161,312	₱–	₱24,553,713
Short-term and long-term debt	357,222	502,869	900,000	35,103,629	2,131,876	5,547,436	–	23,583,190	–	68,126,222
Others	7,076,305	8,137,348	2,058,391	11,673,547	2,563,485	2,398,579	–	11,937,393	149,671	45,994,719
	₱16,666,390	₱9,084,736	₱3,003,973	₱61,409,795	₱4,732,179	₱7,946,015	₱–	₱35,681,895	₱149,671	₱138,674,654
Other disclosures										
Property, plant and equipment additions (Note 13)	₱667,562	₱5,740,494	₱847,571	₱224,766	₱901,676	₱1,517,322	₱–	₱677,561	₱1,305	₱10,578,257
Acquisition of land for future development (Note 8)	–	–	–	42,519	–	–	–	–	–	42,519

**Revenue from construction segment includes sales and service revenue from Wire Rope.*
***Includes property, plant and equipment, investment properties and exploration and evaluation assets*

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Year ended December 31, 2023

	Construction and Others*	Coal Mining	Nickel Mining	Real Estate Development	Power *On-Grid*	Power *Off-Grid*	Water	Parent Company	Total
Revenue	₱17,115,169	₱51,633,898	₱3,386,352	₱18,587,311	₱24,692,254	₱7,414,130	₱–	₱–	₱122,829,114
Equity in net earnings of associates and joint ventures	–	–	–	64,218	–	–	2,081,159	–	2,145,377
Other income (expense)	92,925	46,117	88,662	2,281,556	512,349	1,816	–	2,048	3,025,473
	17,208,094	51,680,015	3,475,014	20,933,085	25,204,603	7,415,946	2,081,159	2,048	127,999,964
Cost of sales and services (before depreciation and amortization)	14,397,982	19,373,344	1,019,055	12,483,302	6,684,508	4,834,588	–	–	58,792,779
Government share (Note 25)	–	10,682,608	–	–	–	–	–	–	10,682,608
Operating expense (before depreciation and amortization)	616,603	810,109	979,160	2,996,697	3,176,211	1,097,496	–	88,331	9,764,607
	15,014,585	30,866,061	1,998,215	15,479,999	9,860,719	5,932,084	–	88,331	79,239,994
EBITDA	2,193,509	20,813,954	1,476,799	5,453,086	15,343,884	1,483,862	2,081,159	(86,283)	48,759,970
Other income (expenses)									
Finance income (cost) (Notes 26 and 27)	(20,401)	674,801	(9,599)	467,813	(78,965)	(153,467)	–	144,853	1,025,035
Depreciation and amortization (Notes 24 and 25)	(714,994)	(3,905,337)	(627,735)	(299,810)	(2,832,417)	(247,495)	–	(2,541)	(8,630,329)
Pretax income	1,458,114	17,583,418	839,465	5,621,089	12,432,502	1,082,900	2,081,159	56,029	41,154,676
Provision for income tax (Note 29)	202,688	107,342	212,616	1,604,847	2,036,633	124,170	–	29,466	4,317,762
Net income	₱1,255,426	₱17,476,076	₱626,849	₱4,016,242	₱10,395,869	₱958,730	₱2,081,159	₱26,563	₱36,836,914
Net income attributable to noncontrolling-interests	18,989	7,800,699	(28,403)	–	4,323,257	–	–	–	12,114,542
Net income attributable to equity holders of the Parent Company	₱1,236,437	₱9,675,377	₱655,252	₱4,016,242	₱6,072,612	₱958,730	₱2,081,159	₱26,563	₱24,722,372
Segment Assets									
Cash	₱4,576,539	₱12,130,515	₱852,807	₱4,360,494	₱6,854,481	₱214,436	₱–	₱3,168,806	₱32,158,078
Receivables and contract assets	9,965,045	6,339,750	122,881	31,241,510	2,843,413	2,889,341	–	6,647	53,408,587
Inventories	1,095,736	11,248,443	121,129	51,333,502	3,287,545	815,850	–	–	67,902,205
Investment in associates and joint venture	58,939	–	–	1,329,618	–	–	–	17,703,076	19,091,633
Fixed assets**	2,269,335	6,907,750	4,627,828	1,527,555	31,265,029	7,663,403	–	5,153	54,266,053
Others	7,472,098	1,359,213	1,101,068	8,044,486	1,834,805	1,292,992	–	64,005	21,168,667
	₱25,437,692	₱37,985,671	₱6,825,713	₱97,837,165	₱46,085,273	₱12,876,022	₱–	₱20,947,687	₱247,995,223
Segment Liabilities									
Contract liabilities	₱8,689,677	₱520,983	₱–	₱10,140,345	₱–	₱–	₱–	₱–	₱19,351,005
Short-term and long-term debt	353,269	725,661	350,000	37,374,456	5,999,489	4,666,447	–	–	49,469,322
Others	7,325,756	12,223,354	1,824,992	14,756,659	2,676,443	2,771,430	–	159,112	41,737,746
	₱16,368,702	₱13,469,998	₱2,174,992	₱62,271,460	₱8,675,932	₱7,437,877	₱–	₱159,112	₱110,558,073
Other disclosures									
Property, plant and equipment additions (Note 13)	₱210,976	₱4,043,703	₱206,936	₱321,143	₱398,264	₱712,456	₱–	₱1,289	₱5,894,776
Acquisition of land for future development (Note 8)	–	–	–	452,321	–	–	–	–	452,321

Revenue from construction segment includes sales and service revenue from Wire Rope.
*****Includes property, plant and equipment, investment properties and exploration and evaluation assets***

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	Construction and Others*	Coal Mining	Nickel Mining	Real Estate Development	Power *On-Grid*	Power *Off-Grid*	Water	Parent Company	Total
	Year ended December 31, 2022								
Revenue	₱19,560,286	₱69,759,876	₱3,788,595	₱21,398,777	₱20,622,572	₱7,469,587	₱–	₱–	₱142,599,693
Equity in net earnings of associates and joint ventures	–	–	–	63,936	–	–	1,442,342	–	1,506,278
Other income (expense)	10,272	1,022,942	134,933	1,509,221	232,406	1,923	5,318	1,647	2,918,662
	19,570,558	70,782,818	3,923,528	22,971,934	20,854,978	7,471,510	1,447,660	1,647	147,024,633
Cost of sales and services (before depreciation and amortization	17,177,110	19,107,700	748,782	14,235,244	4,443,400	5,440,039	–	–	61,152,275
Government share (Note 25)	–	15,963,371	–	–	–	–	–	–	15,963,371
Operating expense (before depreciation and amortization)	625,627	819,651	860,498	2,720,174	2,744,853	764,579	–	105,969	8,641,351
	17,802,737	35,890,722	1,609,280	16,955,418	7,188,253	6,204,618	–	105,969	85,756,997
EBITDA	1,767,821	34,892,096	2,314,248	6,016,516	13,666,725	1,266,892	1,447,660	(104,322)	61,267,636
Other income (expenses)									
Finance income (cost) (Notes 26 and 27)	(42,388)	30,817	(17,628)	257,293	(475,990)	(51,056)	–	48,883	(250,069)
Depreciation and amortization (Notes 24 and 25)	(808,206)	(3,060,173)	(487,612)	(368,176)	(2,756,623)	(334,837)	–	(2,276)	(7,817,903)
Pretax income	917,227	31,862,740	1,809,008	5,905,633	10,434,112	880,999	1,447,660	(57,715)	53,199,664
Provision for income tax (Note 29)	240,380	1,211,729	445,977	1,529,730	1,145,452	141,377	–	9,044	4,723,689
Net income	₱676,847	₱30,651,011	₱1,363,031	₱4,375,903	₱9,288,660	₱739,622	₱1,447,660	(₱66,759)	₱48,475,975
Net income attributable to noncontrolling-interests	20,940	14,046,499	78,390	–	3,242,662	–	–	–	17,388,491
Net income attributable to equity holders of the Parent Company	₱655,907	₱16,604,512	₱1,284,641	₱4,375,903	₱6,045,998	₱739,622	₱1,447,660	(₱66,759)	₱31,087,484
Segment Assets									
Cash	₱1,428,258	₱15,534,336	₱1,101,302	₱3,581,395	₱4,515,973	₱196,794	₱–	₱2,050,416	₱28,408,474
Receivables and contract assets	11,085,755	7,379,762	140,130	31,286,730	2,779,979	3,466,230	–	9,292	56,147,878
Inventories	1,451,086	9,752,363	65,883	46,729,128	2,947,241	578,833	–	–	61,524,534
Investment in associates and joint venture	58,380	–	–	1,265,230	–	–	–	16,871,714	18,195,324
Fixed assets**	2,598,987	7,556,964	4,912,910	1,673,458	34,056,688	7,324,377	–	7,211	58,130,595
Others	6,462,211	999,860	944,361	6,324,665	2,169,630	1,400,209	–	52,243	18,353,179
	₱23,084,677	₱41,223,285	₱7,164,586	₱90,860,606	₱46,469,511	₱12,966,443	₱–	₱18,990,876	₱240,759,984
Segment Liabilities									
Contract liabilities	₱6,398,279	₱366,754	₱–	₱9,154,376	₱–	₱–	₱–	₱–	₱15,919,409
Short-term and long-term debt	681,969	948,056	350,000	35,768,032	9,248,131	5,561,613	–	–	52,557,801
Others	7,460,691	9,631,757	2,370,872	14,384,813	2,128,284	3,554,071	–	82,652	39,613,140
	₱14,540,939	₱10,946,567	₱2,720,872	₱59,307,221	₱11,376,415	₱9,115,684	₱–	₱82,652	₱108,090,350
Other disclosures									
Property, plant and equipment additions (Note 13)	₱210,976	₱2,518,089	₱322,340	₱372,898	₱1,785,592	₱1,333,940	₱–	₱–	₱6,543,835
Acquisition of land for future development (Note 8)	–	–	–	1,550,894	–	–	–	–	1,550,894

**Revenue from construction segment includes sales and service revenue from Wire Rope.*
***Includes property, plant and equipment, investment properties and exploration and evaluation assets*

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35. Financial Risk Management Objectives and Policies

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

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

a. Liquidity Risk

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

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

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

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

The following table summarizes the maturity profile of the Group's financial assets and financial liabilities as of December 31, 2024 and 2023, 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.

	2024				
	Within 1 year	**Beyond 1 year up to 2 years**	**Beyond 2 years up to 3 years**	**Beyond 3 years**	**Total**
Financial assets at amortized cost					
Cash and cash equivalents	**₱34,298,524**	**₱–**	**₱–**	**₱–**	**₱34,298,524**
Receivables - net					
Trade:					
Electricity sales	**6,670,362**	–	–	–	**6,670,362**
Real estate	**4,188,769**	–	–	–	**4,188,769**
General construction	**1,428,557**	**2,052,473**	**150,760**	**83,659**	**3,715,449**

(Forward)

	2024				
	Within 1 year	**Beyond 1 year up to 2 years**	**Beyond 2 years up to 3 years**	**Beyond 3 years**	**Total**
Coal mining	**₱1,215,282**	**₱–**	**₱–**	**₱–**	**₱1,215,282**
Cement	**821,841**				**821,841**
Nickel mining	**244,628**	–	–	–	**244,628**
Merchandising and others	**117,365**	–	–	–	**117,365**
Receivables from related parties	**2,105,193**	–	–	–	**2,105,193**
Other receivables	**5,940,125**	**404**	–	**16,607**	**5,957,136**
Other assets					
Refundable deposits	**225,784**	**472,634**	**3,532**	**31,210**	**733,160**
Deposit in escrow fund	**528,911**	–	–	–	**528,911**
	57,785,341	**2,525,511**	**154,292**	**131,476**	**60,596,620**
Other Financial Liabilities					
Short-term debt**	**4,571,277**	–	–	–	**4,571,277**
Accounts and other payables**	**31,891,856**	–	–	–	**31,891,856**
Liabilities for purchased land	**532,240**	**406,438**	**7,111**	**133,570**	**1,079,359**
Long-term debt*	**12,252,676**	**13,171,904**	**24,349,903**	**40,136,327**	**89,910,810**
Total undiscounted financial liabilities	**49,248,049**	**13,578,342**	**24,357,014**	**40,269,897**	**127,453,302**
Liquidity gap	**₱8,537,292**	**(₱11,052,831)**	**(₱24,202,722)**	**(₱40,138,421)**	**(₱66,856,682)**

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

	2023				
	Within 1 year	Beyond 1 year up to 2 years	Beyond 2 years up to 3 years	Beyond 3 years	Total
Financial assets at amortized cost					
Cash and cash equivalents	₱32,158,078	₱–	₱–	₱–	₱32,158,078
Receivables - net					
Trade:					
Electricity sales	5,801,611	–	–	–	5,801,611
Real estate	₱3,319,660	₱–	₱–	₱–	₱3,319,660
General construction	4,011,467	–	–	–	4,011,467
Coal mining	5,945,199	–	–	–	5,945,199
Nickel mining	81,895	–	–	–	81,895
Merchandising and others	116,228	–	–	–	116,228
Receivables from related parties	2,450,235	–	–	–	2,450,235
Other receivables	3,351,305	–	–	–	3,351,305
Other assets					
Refundable deposits	2,163,914	382,741	13,648	–	2,560,303
Deposit in escrow fund	593,348	–	–	–	593,348
	59,992,940	382,741	13,648	–	60,389,329
Other Financial Liabilities					
Short-term debt**	1,194,190	–	–	–	1,194,190
Accounts and other payables**	30,119,151	–	–	–	30,119,151
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	41,871,026	6,744,932	15,305,360	26,330,067	90,251,385
Liquidity gap	₱18,121,914	(₱6,362,191)	(₱15,291,712)	(₱26,330,067)	(₱29,862,056)

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

b. Market Risk

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

The sensitivity analyses have been prepared on the following bases:

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

The assumption used in calculating the sensitivity analyses of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at December 31, 2024 and 2023.

c. Equity Price Risk

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

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

The analyses below are performed for reasonably possible movements in the Philippine Stock Exchange (PSE) index for quoted shares and other sources for golf and club shares with all other variables held constant, showing the impact on equity:

	Change in variable		Effect on equity (Other comprehensive income)	
	2024	2023	**2024**	2023
PSE	**-20.29%**	-33.30%	**(₱13,580)**	(₱12,814)
	20.29%	+33.30%	**13,580**	12,814
Others	**30.88%**	+19.93%	**20,670**	7,669
	-30.88%	-19.93%	**(20,670)**	(7,669)

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 20.29% and 30.88% in 2024 and 33.30% and 19.93% in 2024 and 2023, 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.

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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):

	2024	2023
Domestic market	**31.81%**	33.59%
Export market	**68.19%**	66.41%
	100%	100%

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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, 2024 and 2023 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 2024 and 2023.

	Effect on income before income tax	
Change in coal price	**2023**	2022
Based on ending coal inventory		
Increase by **62**% in 2024 and 29% in 2023	**₱290,758**	₱774,424
Decrease by **62**% in 2024 and 29% in 2023	**(290,758)**	(774,424)
Based on coal sales volume		
Increase by **64**% in 2024 and 33% in 2023	**₱4,779,123**	₱13,164,053
Decrease by **64**% in 2024 and 33% in 2023	**(4,779,123)**	(13,164,053)

e. *Interest Rate Risk*

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

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

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

	2023		
	Change in basis points	Effect on income before income tax	Effect on equity
Peso floating rate borrowings	+100 bps	(₱108,537)	(₱81,403)
	-100 bps	108,537	81,403

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 2024 and 2023. 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.

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f. *Foreign Currency Risk*

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's currency risks arise mainly from cash and cash equivalents, receivables, accounts and other payable, short-term loans and long-term loans of the Group which are denominated in a currency other than the Group's functional currency. The effect on the Group's consolidated statements of income is computed based on the carrying value of the floating rate receivables as at December 31, 2024 and 2023.

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

	Increase (decrease) in foreign currency rate		**Effect on income before income tax (in PHP)**	
	2024	2023	**2024**	2023
US Dollar[1]	**+0.14%**	+2.54%	**(₱881)**	₱176,921
	-0.14%	-2.54%	**881**	(176,921)
Japanese Yen[2]	**+5.69%**	+5.98%	**3,848**	4,152
	-5.69%	-5.98%	**(3,848)**	(4,152)
UK Pounds[3]	**+3.46%**	+3.16%	**11**	1
	-3.46%	-3.16%	**(11)**	(1)
E.M.U. Euro[4]	**+5.19%**	+1.61%	**(1,431)**	831
	-5.19%	-1.61%	**1,431**	(831)

1. The exchange rates used were ₱58.01 to $1 and ₱55.57 to $1 for the year ended December 31, 2024 and 2023, respectively.
2 The exchange rates used were ₱0.37 to ¥1 and ₱0.39 to ¥1 for the year ended December 31, 2024 and 2023, respectively.
3.The exchange rates used were ₱72.43 to £1 and ₱70.76 to £1 for the year ended December 31, 2024 and 2023, respectively.
4. The exchange rates used were ₱59.92 to €1 and ₱61.47 to €1 for the year ended December 31, 2024 and 2023, respectively.

Information on the Group's foreign currency-denominated monetary assets and liabilities and their Philippine Peso equivalents as of December 31, 2024 and 2023 follows:

2024

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

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2023

	U.S. Dollar	Japanese Yen	UK Pounds	E.M.U Euro	Equivalent in PHP
Financial assets					
Cash and cash equivalents	$154,455	¥152,131	£4	€486	₱8,668,206
Receivables	71,092	24,445	–	353	3,981,251
Advances	300	–	–	–	16,611
	225,847	176,576	4	839	12,666,068
Financial liabilities					
Accounts payable and accrued expenses	(100,264)	–		–	(5,571,280)
	$125,583	¥176,576	£4	€839	₱7,094,788

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, 2024 and 2023.

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, 2024 and 2023 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, 2024 and 2023, the Group's exposure to bad debts is significant for the power on-grid segment and those with doubtful of collection had been provided with allowance as discussed in Note 6.

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

The Group uses vintage analysis approach to calculate ECLs for real estate receivables. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability of default model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 6. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another CTS to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default (i.e., recovery rate is more than 100%). The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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.

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General construction

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

Cement Manufacturing

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

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

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

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

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

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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.

	2024			
	12-month ECL	**Lifetime ECL Not credit impaired**	**Lifetime ECL Credit impaired**	**Total**
Cash in bank and cash equivalents*	**₱34,249,521**	**₱–**	**₱–**	**₱34,249,521**
Receivables				
Trade				
Electricity sales	**–**	**5,021,368**	**1,648,994**	**6,670,362**
Real estate	**–**	**4,188,769**	**–**	**4,188,769**
General construction	**–**	**3,715,449**	**–**	**3,715,449**
Coal mining	**–**	**1,173,354**	**41,928**	**1,215,282**
Cement sales	**–**	**732,831**	**89,010**	**821,841**
Nickel mining	**–**	**244,628**	**–**	**244,628**
Merchandising and others	**–**	**117,365**	**–**	**117,365**
Receivable from related parties	**–**	**2,105,193**	**–**	**2,105,193**
Other receivables	**–**	**5,734,605**	**205,520**	**5,940,125**
Refundable deposits	**733,160**	**–**	**–**	**733,160**
Deposit in escrow funds	**528,911**	**–**	**–**	**528,911**
Total	**₱35,511,592**	**₱23,033,562**	**₱1,985,452**	**₱60,530,606**

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

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

	2023			
	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Total
Cash in bank and cash equivalents*	₱32,130,677	₱–	₱–	₱32,130,677
Receivables				
Trade				
Electricity sales	–	4,892,360	909,251	5,801,611
Real estate	–	3,319,660	–	3,319,660
General construction	–	4,011,467	–	4,011,467
Coal mining	–	5,903,272	41,927	5,945,199
Nickel mining	–	81,895	–	81,895
Merchandising and others	–	116,228	–	116,228
Receivable from related parties	–	2,450,235	–	2,450,235
Other receivables	–	2,489,989	861,316	3,351,305
Refundable deposits	2,560,303	–	–	2,560,303
Deposit in escrow funds	593,348	–	–	593,348
Total	₱35,284,328	₱23,265,106	₱1,812,494	₱60,361,928

**Excludes cash on hand amounting to ₱27,401*

<u>Fair Value of Financial Instruments</u>

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, 2024 and 2023:

	2024		2023	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial assets at amortized cost				
Cash and cash equivalents				
Cash in banks	**₱12,769,838**	**₱12,769,838**	₱8,211,582	₱8,211,582
Cash equivalents	**21,479,683**	**21,479,683**	23,919,095	23,919,095

(Forwards)

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	2024		2023	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Receivables - net				
Trade				
Electricity sales	**₱5,021,368**	**₱5,021,368**	₱4,215,308	₱4,215,308
Real estate	**4,188,769**	**4,188,769**	3,319,660	3,319,660
General construction	**3,715,449**	**3,715,449**	4,011,467	4,011,467
Coal mining	**1,173,354**	**1,173,354**	5,903,271	5,903,271
Cement	**732,831**	**732,831**	–	–
Nickel mining	**244,628**	**244,628**	81,895	81,895
Merchandising and others	**117,365**	**117,365**	116,228	116,228
Receivable from related parties	**2,105,193**	**2,105,193**	2,450,235	2,450,235
Other receivables	**5,734,605**	**5,734,605**	3,167,042	3,167,042
Refundable deposits	**733,160**	**733,160**	2,560,303	2,560,303
Deposit in escrow fund	**528,911**	**528,911**	593,348	593,348
	24,295,633	**24,295,633**	26,418,757	26,418,757
Equity investment designated at FVOCI				
Quoted securities	**294,830**	**294,830**	227,494	227,494
Unquoted securities	**2,177**	**2,177**	2,177	2,177
	297,007	**297,007**	229,671	229,671
	₱24,592,640	**₱24,592,640**	₱26,648,428	₱26,648,428
Other Financial Liabilities				
Accounts and other payables*	**₱24,344,391**	**₱24,344,391**	₱23,286,504	₱23,286,504
Liabilities for purchased land	**1,079,3598**	**1,013,086**	1,291,267	1,019,634
Short-term and long-term debt	**68,126,222**	**60,689,635**	49,469,322	52,165,226
	₱103,264,211	**₱86,047,112**	₱74,047,093	₱76,471,364

**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 4.88% to 4.97% and 4.59% to 7.11% in 2024 and 2023, respectively. The discount rates used for liabilities for purchased land range from 6.10% to 6.18% in 2024 and 5.87% to 5.94% in 2023.

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.

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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, 2024 and 2023.

36. Contingencies and Commitments

a. Effectivity of Revenue Regulations (RR) 1-2018

On January 5, 2018, RR 1-2018 took effect pursuant to the effectivity of the Tax Reform for Acceleration and Inclusion (TRAIN) law beginning January 1, 2018. Among others, the new tax law raised the excise tax rates on domestic and imported coal from ₱10.0 per metric ton (MT) to ₱50.0 per MT in the first year of implementation, ₱100.0/MT in the second year, and ₱150.0/MT in the third and succeeding years. Based also on the RR, coal produced under coal operating contracts entered into by the Government pursuant to PD No. 972, as well as those exempted from excise tax on mineral products under other laws, shall now be subject to the applicable rates beginning January 1, 2018.

On February 21, 2018, the Group requested for a clarification on this with the tax bureau and submitted a supplemental letter explaining why the excise tax provisions on coal under the TRAIN law will not apply to the Group under the terms and conditions of its COC with the DOE. In response, on December 17, 2018, Revenue Memorandum Circular (RMC) No. 105-2018 was issued, clarifying the payment of excise tax on domestic coal sales and specifically identifying the Group as merely a collecting agent (the Group collected from customers and remitted to the tax bureau). The RMC did not provide for the excise tax treatment of export coal sales (per RMC, this will be tackled in a separate revenue memorandum issuance), but management believes that the Group is similarly not liable for this under the terms of its existing COC. Given this, management believes that both the timing and the amount of excise tax on exported coal that will be due from the Group, if any, are uncertain as of December 31, 2024 and 2023 and will only be confirmed when the said issuance will be issued by the tax bureau.

b. Operating Lease Commitment - as a Lessee

Land Lease Agreement

The Group entered into an LLA with PSALM for the lease of land where the Power Plant is situated, for the period of 25 years, renewable for another 25 years upon mutual agreement. In 2009, the Group paid US$3.19 million or its Peso equivalent ₱150.57 million as advance rental for the 25-year land lease.

Provisions of the LLA include that the Group has the option to buy the Option Assets upon issuance of an Option Existence Notice (OEN) by the lessor. Option assets are parcels of land that form part of the leased premises which the lessor offers for sale to the lessee.

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The Group was also required to deliver and submit to the lessor a performance security in the form of Stand-by Letter of Credits. As of December 31, 2023, SBLC issued for this purpose has a value of US$0.54 million. The Performance Security shall be maintained by 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 Group the “Option” to purchase parcels of land (Optioned Assets) that form part of the leased premises. The Group availed of the “Option” and paid the Option Price amounting to US$0.32 million (₱14.72 million) exercisable within one year from the issuance of the Option Existence Notice.

On April 28, 2011, the Group sent a letter to PSALM requesting for the assignment of the option to purchase a lot with an area of 82,740 square meters in favor of its Parent Company. On May 5, 2011, PSALM approved the assignment. On June 1, 2011, the Group exercised the land lease option at a purchase price of ₱292.62 million and is included as part of “Property, plant and equipment”.

On October 12, 2011, the Group reiterated its proposal to purchase the remainder of the Leased Premises not identified as Optioned Assets. One of the salient features of the proposal included the execution of Contract to Sell (CTS) between the Group and PSALM. This included the proposal of the Group to assign its option to purchase and sub-lease in favor of SLPGC.

On February 13, 2012, PSALM held off the approval of the proposal to purchase the portion of Calaca Leased Premises not identified as Optioned Assets, subject to further studies. On the same date, PSALM Board has approved the Group’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 SCPC regarding lots ready for OEN issuance. On February 11, 2020, SCPC wrote PSALM seeking clarifications on the status of lots available for OEN.

On June 30, 2021, the Group exercised its option to purchase lots with a total area of 19,304 square meters for a consideration of ₱43.11 million (see Notes 13 and 33).

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 Group unconditionally agrees to assume all rights and obligations under the Foreshore Lease Agreement. Lease payments is subject to reappraisal every 10 years of the contract. On the first 10 years of the lease, the rate is ₱2.65 million. The rate was reappraised in May 3, 2019. Starting April 2019, the rate will be ₱3.88 million until reappraised in 2029. Refer to Note 14 for the information and related disclosures.

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

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

Both parties filed their joint pre-trial brief and filed their compliance with the jurisdictional requirements before the ERC. On October 11, 2018, the case was set for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing. ERC directed the Group and NGCP to submit additional documents to file its formal offer of evidence.

On November 9, 2018, the Group and NGCP filed their formal offer of evidence and compliance.

On May 21, 2019, the Group received the ERC Order dated May 20, 2019 granting interim relief in favor of the Group and NGCP to implement the ASPA. The ERC Order, however, disallowed the recovery of the cost of minimum stable load (Pmin) Capacity of the gas turbine.

On June 6, 2019, the Group filed a Motion for Partial Reconsideration with Manifestation of the Order dated May 20, 2019 praying for the recovery of the cost Pmin Capacity of 2 MW.

On September 5, 2019, the ERC resolved to deny the Group’s Motion for Partial Reconsideration with Manifestation for lack of merit.

On November 19, 2019, the Group and NGCP filed their Joint Manifestation with Motion to Withdraw in view of the decision to terminate the ASPA. As of March 3, 2021, ERC has yet to rule on the Joint Manifestation with Motion to Withdraw filed by the Group and NGCP.

While no supply agreement has been secured yet, the plant is being used by the Group for electricity generation and sale through WESM.

On July 12, 2021, the Group received an order from the ERC dated June 22, 2021 requiring both NGCP and the Group to comply with DOE Department Circular No. DC2019-12-0018 or Adopting a General Framework Governing the Provision and Utilization of Ancillary Services in the Grid. The Group manifested to the ERC that the circular is no longer applicable as the ASPA has long been terminated as jointly manifested to the ERC in November 19, 2019.

The ERC has yet to rule on the Motion to Withdraw filed jointly by NGCP and the Group.

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%.

- *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.

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2021

- *Acciona DMCI SCRP02 JV,* unincorporated joint venture between DMCI and Acciona Construction Philippines Inc. to undertake building and civil engineering works for approximately 7.90 km of railway viaduct structure including elevated station at España, Santa Mesa and Paco in relation to DOTr's South Commuter Railway Project. The respective interests of the Parties in the Joint Venture are 65% to Acciona and 35% to DMCI. The Joint Venture was registered with the BIR on June 19, 2023.

2022

- *NCC-DMCI Joint Venture,* unincorporated joint venture between DMCI and Nishimatsu Construction Co., Ltd. The joint venture is registered with the BIR on December 15, 2022 to construct two underground stations (Quezon Avenue and East Avenue) of the Metro Manila Subway Station project of the Department of Transportation (DOTr). The respective interests of the Parties in the Joint Venture are 67% to Nishimatsu and 33% to DMCI.

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.

37. 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.

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In 2017, the Board of PEMC has 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 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.

On September 26, 2018, the Independent Electricity Market Operator of the Philippines, Inc. (IEMOP) assumed the market operator functions and services related to WESM, including overseeing market settlements, monitoring market performance, and ensuring compliance with market rules and regulations. IEMOP’s mandate is based on Section 30 of EPIRA and DOE Department Circular No. DC2018-01-0002. As the acknowledged and confirmed entity charged with the duty to act as WESM’s independent market operator, IEMOP is responsible for determining the spot market price of electricity based on the bidding process between suppliers and buyers in real-time.

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 Group 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 Group’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, 2024 and 2023.

c. Coal Moratorium Policy

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

On July 19, 2024, the DOE, through its Electric Power Industry Management Bureau, clarified the coverage of the Coal Moratorium Policy and emphasized the exclusion of coal-fired plants that specifically fall under the exceptions. DOE also clarified its ministerial process in

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operationalizing its Coal Moratorium Policy. It stated that once a request for certification of non-coverage is applied by a project proponent, the DOE ministerially issues a confirmation after verification and in accordance with the guidelines stated in the Coal Moratorium Policy.

d. Competitive Selection Process (CSP)

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 un-contracted 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”.

On July 4, 2023, the DOE issued Department Circular No. 2023-06-0021, entitled “Prescribing the Policy for the Mandatory Conduct of the Competitive Selection Process by the Distribution Utilities for the Procurement of Power Supply for their Captive Market” (“DOE 2023 CSP Policy”). The DOE 2023 CSP, which took effect on July 19, 2023, aims to ensure that the procurement of power supply for the captive market is done in a transparent, competitive, and fair manner. Hence, distribution utilities (DUs) are required to conduct CSP before entering into

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contracts for the procurement of power supply. The CSP aims to ensure that the prices of power supply are competitive and beneficial for end consumers. The CSP includes *i)* Pre-Qualification, wherein interested bidders must meet the pre-qualification requirements set by the DU; *ii)* bidding process, which must be open, with clear guidelines for the submission and evaluation of bids; and *iii)* awarding, where power supply contracts are awarded to the most qualified bidder, considering factors such as price, capacity, and terms of the offer. The DOE 2023 CSP Policy also enumerates cases that are exempt from the mandatory CSP process, such as negotiated procurements through an emergency power supply agreement (EPSA).

The DOE 2023 CSP Policy explicitly repealed DC Nos. DC2015-06-0008, DC2018-02-0003, DC2021-09-0030, and DC2022-06-0027.

Pursuant to the DOE 2023 CSP Policy, the ERC was directed to issue implementing guidelines in the conduct of CSP and evaluation of Power Supply Agreements. Likewise, the National Electrification Administration (NEA) was also mandated to issue guidelines in support of the ERC's guidelines on Electric Cooperative's (EC) conduct of CSP.

Hence, on October 3 2023, the ERC issued Resolution No. 16, series of 2023, entitled "Implementing Guidelines for the Procurement, Execution, and Evaluation of the Power Supply Agreements entered into by Distribution Utilities for the Supply of Electricity to their Captive Market." Through said Resolution, the ERC established the compliance requirements and laid out the penalties for DUs and ECs if they fail to follow the CSP procedures. The mandatory conduct of CSP for all Dus and ECs is emphasized to ensure that power procurement is done in a competitive manner. The Resolution also mandates that all bids be evaluated based on clearly defined criteria, which include price, contract terms, and supply reliability.

Subsequently, on November 20, 2023, NEA issued Memorandum No. 2023-57, entitled "Adoption of the National Electrification Administration Competitive Selection Process Guidelines Implementing the Department of Energy's Department Circular No. DC2023-06-0021 and the Energy Regulator Commission Resolution No. 16, series of 2023" (the "NEA 2023 CSP Guidelines). Said Guidelines was filed with the University of the Philippines Law Center on November 21, 2023 and took effect fifteen days thereafter. Similar to the objectives of DOE 2023 CSP Policy and ERC Resolution No. 16, s. 2023, the NEA 2023 CSP Guidelines aims to implement a structured and transparent CSP for the procurement of power. It provides for an operational framework for ECs when conducting CSP, which will be under the oversight and compliance monitoring of NEA.

e. 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.

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Upon satisfying these conditions, the ERC declared December 26, 2012 as the Open Access Date where end-users who have an average monthly peak demand for the preceding twelve (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 June 26, 2013, Retail Supply Contracts (RSCs) entered into by and between the Ccs and their chosen Suppliers where implemented. Phase 2 implementation was set to begin two (2) years after Phase 1. During Phase 2, the threshold level shall be reduced to 750 kW and Aggregators shall be allowed to supply electricity to End-users whose aggregate monthly average peak demand within a Contiguous Area is at least 750 kW. Subsequently and every year thereafter, the ERC shall evaluate the performance of the market.

On the basis of such evaluation, it shall gradually reduce the threshold level until it reaches the household demand level.

On May 12, 2016, ERC Resolution No. 10 (2016), "A Resolution Adopting the Revised Rules for Contestability", was signed. These revised rules aim to clarify and establish the conditions and eligibility requirements for End-users to be part of the Contestable Market; to set the threshold level for the Contestable Market; to ensure the efficient transition towards full contestability and to ensure consumer protection and enhance the competitive operation of the retail electricity market.

The Resolution states that the Threshold Reduction Date covering End-users with an average monthly peak demand of at least 750 kilowatts (750 kW) for the preceding twelve (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 February 26, 2017 through ERC Resolution No. 28 (2016), "Revised Timeframe for Mandatory Contestability, Amending Resolution No. 10, series of 2016, entitled Revised Rules for Contestability" signed on November 15, 2016. Subsequently, an End-user with an average monthly peak demand of at least 750kW is hereby mandated to enter into an RSC with a RES by its mandatory contestability date of June 26, 2017. The lowering of the threshold to cover an end-user with an average monthly peak demand of at least 500kW is set on June 26, 2018, subject to the review of the performance of the retail market by the ERC. Corollary, in its review of the performance of the retail market, the ERC shall establish a set of criteria as basis for the lowering of the contestability threshold. Retail Aggregation shall subsequently be allowed on June 26, 2018. During this phase, suppliers of electricity shall be allowed to contract with end-users whose aggregate demand within a Contiguous Area is at least 750 kW. Retail Competition and Open Access shall be effective only in grids where the WESM is operational.

On February 21, 2017, the Supreme Court issued a Temporary Restraining Order (TRO), G.R. No. 228588, on the implementation of several ERC Resolutions and a DOE Circular concerning the RCOA. ERC Res 10 & 28, Series of 2016 were among them. In a joint advisory on February 24, 2017, the DOE, ERC and PEMC said that they are in a process of drafting a general advisory for the guidance of RCOA Stakeholders. Issues to be considered are: 1) those who have already executed RSCs and were already registered and switched shall continue to honor their respective RSCs; 2) ongoing applications for registration filed before the Central Registration Body (CRB) may proceed voluntarily; 3) applicants who wish to withdraw or defer their registration before the CRB may do so consistent with the Retail Market Rules provided that the CRB shall not be liable for any legal repercussions that may arise out of the contestable

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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.

The ERC recently issued Resolution No. 13, series of 2024, entitled "A Resolution Adopting the Omnibus Rules for Customer Choice Programs in the Retail Market," and dated August 14, 2024 The Resolution, which took effect on September 6, 2024, aims to establish a comprehensive set of rules governing various Customer Choice Programs in the retail electricity market. It details mechanisms available to eligible end-users through which they can switch to and avail of the following Customer Choice Programs: *i)* Competitive Retail Electricity Market Program (CREM); *ii)* Green Energy Option Program (GEOP), and *iii)* the Retail Aggregation Program (RAP). Switching end-users must meet the demand threshold for eligibility to participate in the CREM, GEOP, and RAP.

f. 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.

g. 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) in 2022 (nil in 2024 and 2023). ZDMC, on the other hand, exported a total of 1.4 million WMT, 1.7 million WMT and 1.1 million WMT in 2024, 2023 and 2022, respectively, upon lifting of suspension order in 2019. ZCMCI on its first year of operations exported a total of 0.05 million WMT.

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h. Concession Agreement

On May 18, 2021, Maynilad and MWSS signed the Revised Concession Agreement ("RCA"), the notable provisions of which are the following:

1. Confirmation of the July 31, 2037 Expiration Date;
2. Imposition of a tariff freeze until December 31, 2022;
3. Removal of Corporate Income Tax ("CIT") from among Maynilad's recoverable expenditures as well as the Foreign Currency Differential Adjustment ("FCDA);
4. Capping of the annual inflation factor to 2/3 of the Consumer Price Index ("CPI");
5. Imposition of rate caps for water and sewerage services to 1.3x and 1.5x, respectively, of the previous standard rate;
6. Removal from the Republic Undertaking of the non-interference of the Government in the rate-setting process, and the limitation of the Republic of the Philippines' ("RoP") financial guarantees to cover only those loans and contracts that are existing as of the signing of the RCA;
7. Replacement of the market-driven Appropriate Discount Rate with a 12% fixed nominal discount rate; and
8. Retention of the rate rebasing mechanism where, subject to the rate caps in item 5 above, the rates for the provision of water and wastewater services will be set at a level that will allow Maynilad to recover, over the term of the concession, expenditures efficiently and prudently incurred and to earn a reasonable rate of return.

The RCA is to take effect six months after it s signing 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 Undertaking has been issued. Following the Regular Board Meeting held on February 10, 2022, MWSS issued Resolution No. 2022-015-CO to further extend the Effective Date of the RCA for thirty (30) days or until March 18, 2022. On March 9, 2022, the MWSS Board approved to defer further the RCA Effective Date from March 18, 2022 until the time that the Republic Undertaking is issued.

On June 9, 2022, Maynilad received a copy of Resolution No. 2022-073-CO dated June 2, 2022, which approved the further extension to the Effective Date of the RCA until June 30, 2022, subject to receipt of the signed Republic Undertaking as required under Article 16.3 (iii) (c) of the RCA.

On June 30, 2022, Maynilad received MWSS's letter of even date informing Maynilad that the DOF has issued the Republic Undertaking dated June 24, 2022 signed by the Executive Secretary and the DOF Secretary.

Maynilad wrote the MWSS on July 1, 2022 informing them that the signed Republic Undertaking does not conform to the agreed form in the RCA, and, thus, Section 16.3 (iii) (c) of the RCA has not been satisfied. Thus, Maynilad's obligation to effect the changes in the OCA has not commenced.

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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, remained 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," recognized the OCA and the 2010 MOA that 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 RCA. 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 highlighted the fiscal benefits of a 10-year extension of the RCA.

In a subsequent letter dated September 14, 2022, Maynilad proposed to the MWSS certain amendments to the RCA, which includes: (a) reinstatement of the FCDA mechanism; (b) reinstatement of the full CPI Adjustment; and (c) review of the exclusions from the Material Adverse Government Action provision.

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

1. Adjustment in the CPI factor from 2/3 to ¾ of the percentage change in the CPI for the Philippines;

2. Reinstatement of the FCDA, but only with respect to the (a) MWSS loans that are being and will be serviced by Maynilad, and (b) principal payments for drawn and undrawn amounts of Maynilad's foreign currency denominated loans existing as of June 29, 2022;

3. Introduction of a modified FCDA for Maynilad loans contracted after June 29, 2022. The FCDA and MFCDA mechanisms are based on the principle of "no over or under recovery" and does not impact the company's revenue position. However, this mechanism may be availed of only when there is an "extraordinary inflation" or "extraordinary deflation" of the Philippine Peso (i.e., more than 20% change in the base exchange rate), and the amount that may be recovered is capped (i.e., up to 50% of actual net forex gain over a period of one year);

4. Exclusion of certain events from what may not be considered as Material Adverse Government Action such as the amendment of existing rules, regulations, and other issuances resulting from acts of the legislative and judicial branches of government and delay or inaction by the Regulatory Office ("MWSS-RO") on applications relating to rate adjustments filed by the Concessionaire; and

5. Deletion of the composition and decisions of the MWSS-RO from what may not be subject to arbitration.

The Amendments to the RCA took effect retroactively on June 29, 2022, the date of effectivity of the RCA.

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Along with the Amendments to the RCA, the RoP issued, on May 10, 2023, the Republic Undertaking in the form agreed on by the Parties, the effectivity of which retroacted to July 1, 2022.

Pursuant to the requirement for a public hearing, Maynilad and the MWSS-RO conducted a public hearing/consultation on December 4, 2023 at the World Trade Center in Pasay City. On December 12, 2023, the MWSS-RO approved Maynilad's application to extend the term of its RCA from 2037 to 2047. Finding that the extension of the concession term will serve the best interest of the public, the MWSS Board also approved Maynilad's 10-year extension application, subject to the requirement in Section 17.2 of the RCA that amendments thereto be acknowledged by the RoP, acting through the Secretary of Finance. As at February 18, 2025, the acknowledgment of the RoP is still pending.

i. RA 11600 - Maynilad's Legislative Franchise

RA 11600 grants Maynilad, a 25-year franchise to "establish, operate and maintain a waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and Province of Cavite." RA 11600 affirms Maynilad's authority to provide waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and the Province of Cavite. RA 11600 took effect on January 22, 2022, 15 days after its publication in the Official Gazette on January 7, 2022. The 25-year term will end on January 21, 2047.

Aside from the grant of a 25-year franchise to Maynilad, the other highlights of RA 11600 include the following:

i. The grant of authority to the MWSS, when public interest for affordable water security so requires and upon application by Maynilad, to amend Maynilad's RCA to extend its term (i.e., 2037) to coincide with the term of the franchise. In addition, the RCA shall also act as Maynilad's Certificate of Public Convenience and Necessity for the operation of its waterworks and sewerage system. In the event the waterworks and sewerage system assets of MWSS pertaining to the Franchise Area are privatized by law, Maynilad shall have the right to match the highest compliant bid after a public bidding. The RCA between MWSS and Maynilad shall remain valid unless otherwise terminated pursuant to 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 Maynilad customers.
iii. The requirement to publicly list at least 30% of Maynilad's outstanding capital stock within five years from the grant of the franchise;
iv. The completion of Maynilad's water and sewerage projects to attain 100% coverage by 2037, which shall include periodic five-year completion targets; and
v. The grant to Maynilad of the right of eminent domain insofar as it is may be reasonably necessary for the efficient establishment, improvement, upgrading, rehabilitation, maintenance and operation of the services, subject to the limitations and procedures under the law.

RA 11600 also 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 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.

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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 Taxes" in the customers' statement of account, consists of (i) the 2% national franchise tax, and (ii) the local franchise tax implemented by the respective local government units where the Business Area offices of the Concessionaires are located.

38. Notes to Consolidated Statements of Cash Flows

Supplemental disclosure of noncash investing activities follows:

	2024	2023	2022
Depreciation capitalized in Inventories and Mine properties (Note 24)	**₱1,617,742**	₱1,151,461	₱298,033
Transfer from Inventories to property, plant and equipment (Notes 8 and 13)	**313,723**	239,372	695,206

<u>Changes in liabilities arising from financing activities</u>

	2024				
	January 1, 2024	**Cash flows**	**Acquisition of a business**	**Others**	**December 31, 2024**
Short-term debt	**₱1,547,386**	**2,765,140**	**₱–**	**₱–**	**₱4,312,526**
Long-term debt*	**47,921,936**	**8,492,479**	**7,399,281**	**–**	**63,813,696**
Dividends	**30,336**	**(26,988,651)**	**–**	**27,088,027**	**129,712**
Interest payable	**87,363**	**(3,419,443)**	**–**	**3,549,185**	**217,105**
Lease liabilities	**89,235**	**(21,133)**	**3,606,935**	**98,660**	**3,773,697**
Other noncurrent liabilities	**3,851,491**	**3,502,852**	**–**	**–**	**7,354,343**
	₱53,527,747	**(₱15,668,756)**	**₱11,006,216**	**₱30,735,872**	**₱79,601,079**

**Includes current portion*

	2023				
	January 1, 2023	Cash flows	Acquisition of a business	Others	December 31, 2023
Short-term debt	₱1,129,418	₱417,968	₱–	₱–	₱1,547,386
Long-term debt*	51,428,383	(3,549,345)	–	42,898	47,921,936
Dividends	47,046	(32,034,555)	–	32,017,845	30,336
Interest payable	96,132	(1,206,426)	–	1,197,657	87,363
Lease liabilities	70,701	(35,840)	–	54,374	89,235
Other noncurrent liabilities	4,068,074	(216,583)	–	–	3,851,491
	₱56,839,754	(₱36,624,781)	₱–	₱33,312,774	₱53,527,747

**Includes current portion*

	2022				
	January 1, 2022	Cash flows	Acquisition of a business	Others	December 31, 2022
Short-term debt	₱1,039,363	₱90,055	₱–	₱–	₱1,129,418
Long-term debt*	52,009,238	(580,855)	–	–	51,428,383
Dividends	32,771	(25,189,090)	–	25,203,365	47,046
Interest payable	195,356	(1,045,927)	–	1,225,927	375,356
Lease liabilities	97,407	(32,940)	–	6,234	70,701
Other noncurrent liabilities	2,553,286	1,514,788	–	–	4,068,074
	₱55,927,421	(₱25,243,969)	₱–	₱26,435,526	₱57,118,978

**Includes current portion*

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.

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DMCI HOLDINGS, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDENDS DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2024

Unappropriated retained earnings, beginning		₱1,872,076,749
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	(₱15,932,964,000)	
Retained Earnings appropriated during the reporting period	–	
Effect of restatements or prior-period adjustments	–	
Others (describe nature)	–	
Subtotal		(15,932,964,000)
Unappropriated Retaining earnings, as adjusted		(14,060,887,251)
Add (Less): Net Income (loss) for the current		18,536,629,995
Less: Category C.l: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	₱–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain of Investment Property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted	–	
Subtotal		–
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	₱–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Realized fair value gain of Investment Property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Subtotal		–

(Forward)

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	₱–	
Reversal of previously recorded fair value adjustment (mark-to market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value gain of Investment Property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Subtotal		–
Adjusted Net Income/Loss		18,536,629,995
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		–
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	₱–	
Total amount of reporting relief granted during the year	–	
Others	–	
Subtotal		–
Add/Less: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	₱–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	–	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset andlease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	–	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Sub-total		–
TOTAL RETAINED EARNINGS, END OF THE REPORTING PERIOD AVAILABLE FOR DIVIDEND		₱4,475,742,744

DMCI HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

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DMCI HOLDINGS, INC. AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SRC RULE 68
DECEMBER 31, 2024

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	₱207,650,000	₱207,650,000	₱–
Manila Electric Company	38,533	81,804,104	81,804,104	–
Others	1	20,769,896	20,769,896	–
	38,545	₱310,224,000	₱310,224,000	₱–

**Includes shares of stocks from golf and country clubs' memberships*

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period

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, 2024:

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	₱846,736,651.17	(₱846,736,651.17)
Sem Calaca Power Corporation	Sem-Calaca RES Corporation	626,714,720.37	(626,714,720.37)
Semirara Mining and Power Corporation	Sem Calaca Power Corporation	440,379,929.90	(440,379,929.90)
Sem-Calaca RES Corporation	Cemex Holdings Philippines, Inc.	379,898,560.32	(379,898,560.32)
Semirara Mining and Power Corporation	DMCI Power Corporation	314,151,903.91	(314,151,903.91)
Semirara Mining and Power Corporation	Semirara Materials and Resources, Inc.	229,496,592.99	(229,496,592.99)
Riviera Land Corporation	DMCI Project Developers, Inc.	134,733,585.33	(134,733,585.33)
Semirara Mining and Power Corporation	Cemex Holdings Philippines, Inc.	133,026,896.53	(133,026,896.53)
Semirara Mining and Power Corporation	Southwest Luzon Power Generation Corporation	100,396,726.53	(100,396,726.53)
DMCI Project Developers, Inc.	DMCI-PDI Hotels, Inc.	79,892,825.22	(79,892,825.22)
Beta Electromechanical Corporation	D.M. Consunji, Inc.	67,593,691.00	(67,593,691.00)
D.M. Consunji, Inc.	Beta Electromechanical Corporation	59,999,782.00	(59,999,782.00)
D.M. Consunji, Inc.	DMCI Project Developers, Inc.	42,777,981.07	(42,777,981.07)
Zambales Diversified Metals Corporation	Zambales Chromite Mining Co., Inc.	41,100,628.06	(41,100,628.06)
D.M. Consunji, Inc.	Zambales Diversified Metals Corporation	31,046,588.10	(31,046,588.10)
D.M. Consunji, Inc.	DMCI Masbate Power Corporation	26,240,739.09	(26,240,739.09)
DMCI Mining Corporation	Zambales Chromite Mining Co., Inc.	23,348,521.17	(23,348,521.17)
Semirara Mining and Power Corporation	Southeast Luzon Power Generation Corporation	17,780,733.12	(17,780,733.12)
Cemex Holdings Philippines, Inc.	Semirara Mining and Power Corporation	17,037,000.00	(17,037,000.00)
DMCI Power Corporation	Sem Calaca Power Corporation	15,400,000.00	(15,400,000.00)
D.M. Consunji, Inc.	Sem Calaca Power Corporation	14,515,535.67	(14,515,535.67)

Entity with Receivable Balance	Name of Entity with Payable Balance	Due from related party	Due to related party
Southwest Luzon Power Generation Corporation	Sem-Calaca RES Corporation	₱12,825,110.79	(₱12,825,110.79)
D.M. Consunji, Inc.	Semirara Mining and Power Corporation	12,143,916.78	(12,143,916.78)
Semirara Mining and Power Corporation	St. Raphael Power Generation Corporation	10,502,142.00	(10,502,142.00)
DMCI Power Corporation	Semirara Mining and Power Corporation	4,023,792.50	(4,023,792.50)
Berong Nickel Corporation	DMCI Power Corporation	3,052,087.40	(3,052,087.40)
DMCI Project Developers, Inc.	DMCI Mining Corporation	2,982,354.41	(2,982,354.41)
DMCI Project Developers, Inc.	Zenith Mobility Solutions Services, Inc.	1,858,111.54	(1,858,111.54)
DMCI Project Developers, Inc.	DMCI Homes Property Management Corporation	1,751,098.00	(1,751,098.00)
Sem Calaca Power Corporation	St. Raphael Power Generation Corporation	1,042,627.82	(1,042,627.82)
Semirara Mining and Power Corporation	Semirara Energy Utilities, Inc.	807,109.20	(807,109.20)
Sem Calaca Power Corporation	Southwest Luzon Power Generation Corporation	737,084.16	(737,084.16)
Zambales Diversified Metals Corporation	D.M. Consunji, Inc.	672,000.00	(672,000.00)
DMCI Power Corporation	St. Raphael Power Generation Corporation	626,174.60	(626,174.60)
Semirara Mining and Power Corporation	Sem-Cal Industrial Park Developers, Inc.	386,960.00	(386,960.00)
D.M. Consunji, Inc.	Southwest Luzon Power Generation Corporation	317,433.91	(317,433.91)
Sem Calaca Power Corporation	Sem-Calaca Port Facilities, Inc.	268,110.00	(268,110.00)
Sem Calaca Power Corporation	Sem-Cal Industrial Park Developers, Inc.	122,349.40	(122,349.40)
Semirara Mining and Power Corporation	Sem-Calaca RES Corporation	85,540.60	(85,540.60)
DMCI Homes Property Management Corporation	DMCI-PDI Hotels, Inc.	53,148.00	(53,148.00)
Semirara Mining and Power Corporation	D.M. Consunji, Inc.	21,067.80	(21,067.80)
Sem Calaca Power Corporation	Southeast Luzon Power Generation Corporation	11,930.50	(11,930.50)
Sem-Calaca RES Corporation	Sem-Cal Industrial Park Developers, Inc.	2,500.00	(2,500.00)
Sem-Calaca RES Corporation	Southeast Luzon Power Generation Corporation	2,000.00	(2,000.00)
Berong Nickel Corporation	DMCI Mining Corporation	1,120.00	(1,120.00)

As of December 31, 2024, the balances above of due from and due to related parties are expected to be realized and settled within 12 months from the reporting date and are classified under current assets and liabilities. There were no amounts written off during the year.

Schedule D. Long-term Debt

Below is the schedule of long-term debt (net of unamortized debt issue cost) of the Group:

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet
Term loan and corporate notes	₱55,991,234,594	₱2,975,183,176	₱53,016,051,418
Peso denominated loans	7,747,814,227	1,924,723,836	5,823,090,391
Liabilities on Installment Contract Receivable	74,647,087	6,340,143	68,306,944
Peso denominated loans	₱63,813,695,908	₱4,906,247,155	₱58,907,448,753

Schedule E. Indebtedness to Related Parties (Long-term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period

NOT APPLICABLE

Schedule F. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the group for which this statements is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee

NOT APPLICABLE

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Preferred stock - ₱1 par value cumulative and convertible	100,000,000	10,000,960	–	10,000,000	–	960
Common stock - ₱1 par value	19,900,000,000	13,277,470,000	–	9,184,917,600	621,991,364	3,470,568,036
	20,000,000,000	13,287,470,960	–	9,194,917,600	621,991,364	3,470,568,996

Schedule H. External Auditor Fee-Related Information

Below are the audit and non-audit fees (exclusive of out of pocket expenses and VAT) of the Group for the years ended December 31, 2024 and 2023:

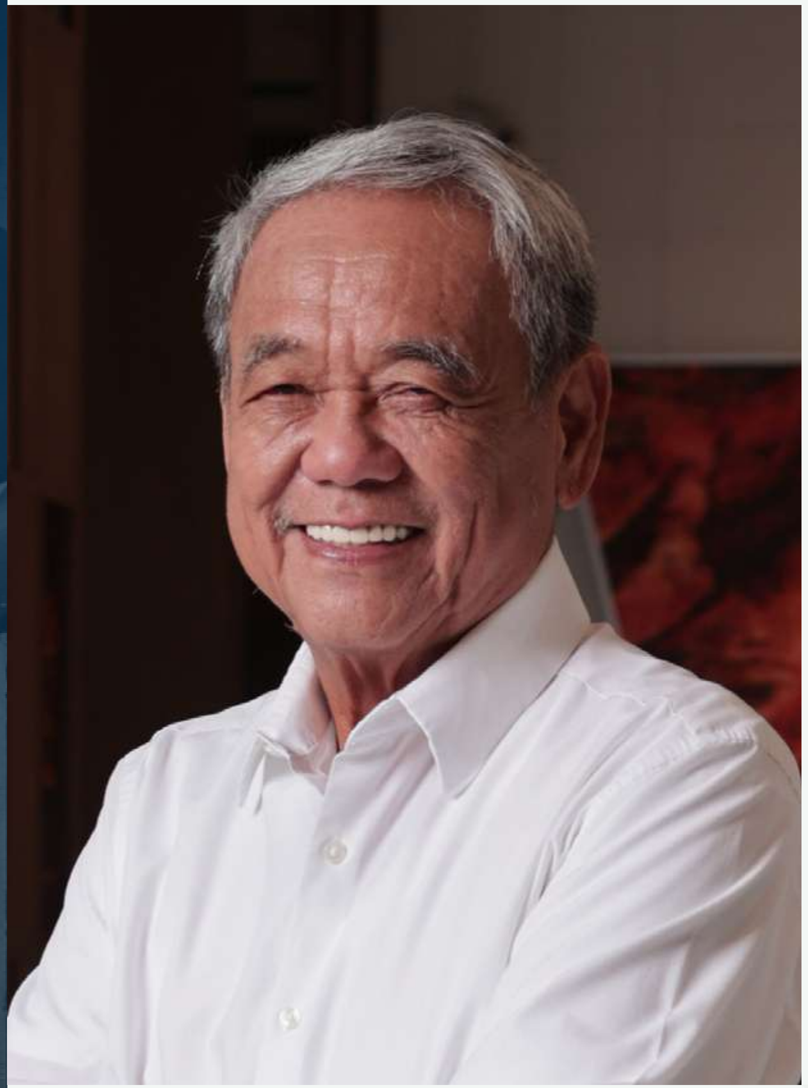
	2024	2023
Total audit fees	**₱25,732,245**	₱23,324,509
Non-audit service fees		
Climate change advisory services	**2,517,500**	3,445,000
Environmental, social, and governance (ESG) services	**200,000**	750,000
Agreed upon procedure services	**150,000**	150,000
Total non-audit fees	**2,867,500**	4,345,000
Total audit and non-audit fees	**₱28,599,745**	₱27,669,509

DMCI HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Ratio	Formula	Current Year	Prior Year
Current ratio	Current assets/Current liabilities	261%	277%
Acid test ratio	Quick assets/Current liabilities	98%	99%
Solvency ratio	Net income plus Depreciation / Total liabilities	26%	41%
Debt-to-equity ratio	Total interest-bearing debt/Total stockholders' equity	45%	36%
Net debt-to-equity ratio	Total interest-bearing debt less Cash and cash equivalents /Total stockholders' equity	23%	13%
Asset-to-equity ratio	Total assets/Total stockholders' equity	193%	180%
Interest coverage ratio	EBIT/Interest paid during the year	9x	13x
Return on equity	Net income attributable to equity holders/Average total stockholders' equity	17%	23%
Return on assets	Net income /Average total assets	10%	15%
Net profit margin	Net income /Revenue	27%	30%

ADDITIONAL INFORMATION

BOARD OF DIRECTOR'S PROFILE



ISIDRO A. CONSUNJI, 75

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: 21 May 2024
- Length of service as a Director: 29 years

Present Directorships in Listed Companies

- Semirara Mining and Power Corporation (within Company Group)
- Cemex Holdings Philippines, Inc. (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 Claystone, 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
- Honorary Doctorate in Management, Asian Institute of Management (AIM)

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

- 2024 Most Distinguished Alumnus by UP Alumni Association
- MAP Management Man of the Year 2022
- 2016 Most Distinguished Alumnus by the UP Alumni Engineers (UPAE)

CESAR A. BUENAVENTURA, 95

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: 21 May 2024
- Length of service as a Director: 29 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, 63

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: 21 May 2024
- Length of service as a Director: 27 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, 70

Filipino, Executive Director

Board Appointment

- Date of first appointment as a Director: 21 May 2019
- Date of last re-election as a Director: 21 May 2024
- Length of service as a Director: 5 years

Present Directorships in Listed Companies

- Semirara Mining and Power Corporation (within Company Group)
- Cemex Holdings Philippines, Inc. (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 Claystone, 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

Special Recognition

- 2024 Distinguished Alumna for Corporate Management Excellence by UP Alumni Association

JORGE A. CONSUNJI, 72

Filipino, Non-Executive Director

Board Appointment

- Date of first appointment as a Director: March 1995
- Date of last re-election as a Director: 21 May 2024
- Length of service as a Director: 29 years

Present Directorships in Listed Companies

- Semirara Mining and Power Corporation (within Company Group)
- Cemex Holdings Philippines, Inc. (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

LUZ CONSUELO A. CONSUNJI, 71

Filipino, Non-Executive Director

Board Appointment

- Date of first appointment as a Director: July 2015
- Date of last re-election as a Director: 21 May 2024
- Length of service as a Director: 9 years

Other Direcorships Within Company Group

- Sem-Calaca Power Corporation
- Southwest Luzon Power Generation Gorporation

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

ATTY. CYNTHIA R. DEL CASTILLO, 72

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, 70

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

- 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, 85

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.

Other Directorships Within Company Group

- None

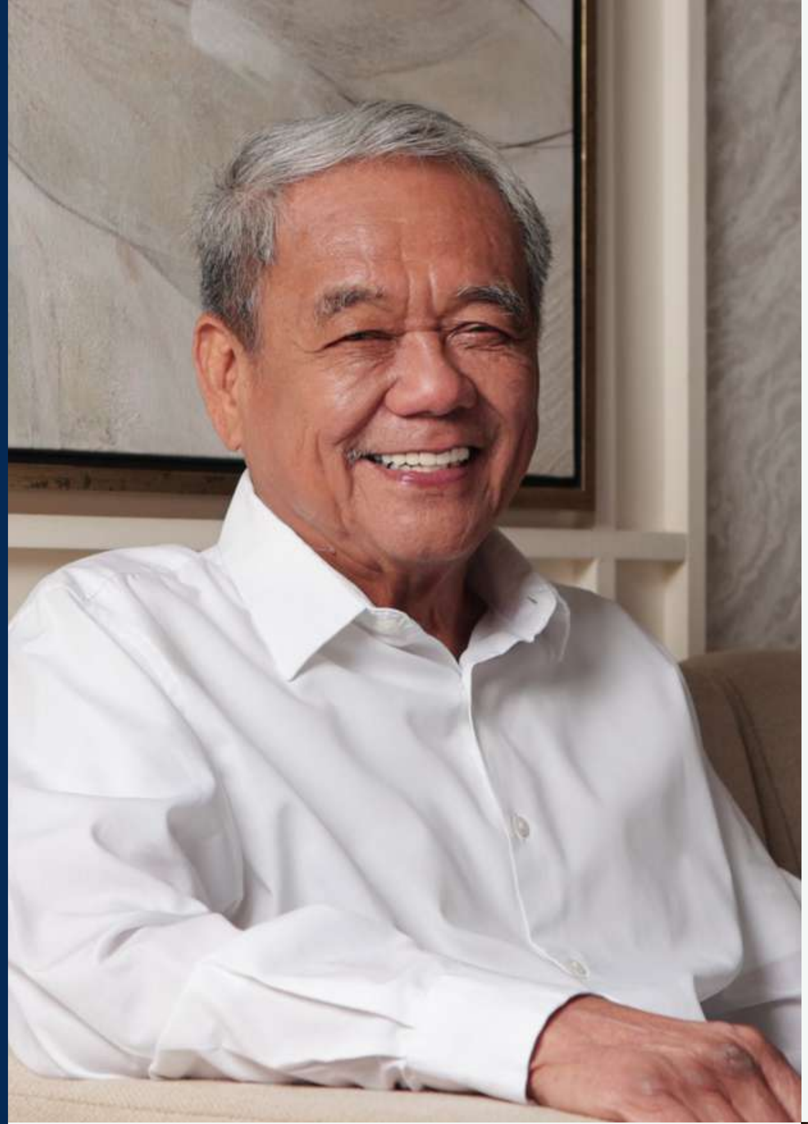
Education

- Doctor of Philosophy in Economics, Harvard University
- Master of Arts in Economics, Harvard University
- 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, Former Dean
- Center for Research and Communication College of Arts and Sciences, Former Dean
- De La Salle University-Manila Economic Research Bureau, Former Director

KEY OFFICERS



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. In addition, he holds board positions across various DMCI Holdings subsidiary companies and is the Chief Executive Officer and President of Cemex Holdings Philippines, Inc. A certified public accountant, he graduated from De La Salle University in Manila with a degree in Commerce Major in Accounting.

JOSEPH 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 School of Business.

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 & the Pacific.

HANNAH CECILLE L. CHAN

Assistant Vice President & Investor Relations Head

Hannah Cecile L. Chan joined the Company in July 2020 and served as its Investor Relations Officer for four years. Before this, she was the Business Development and Investor Relations Manager at Chelsea Logistics and Infrastructure Holdings Corporation. A CFA Level 2 passer, she holds dual degrees in BS Applied Economics and BS Commerce, Major in Management of Financial Institutions (Honorable Mention) from De La Salle University, Manila. She also earned a Data Science for Investment Professionals Certificate from the CFA Institute.

MARY GRACE M. GARCIA

Finance Officer

A certified public accountant with a decade of experience in financial planning and analysis, audit, and reporting. She joined the Company in March 2021 after working in Makati Development Corporation and SGV & Co. (EYPhilippines). She holds a BS Accountancy degree (cum laude) from the University of Batangas.

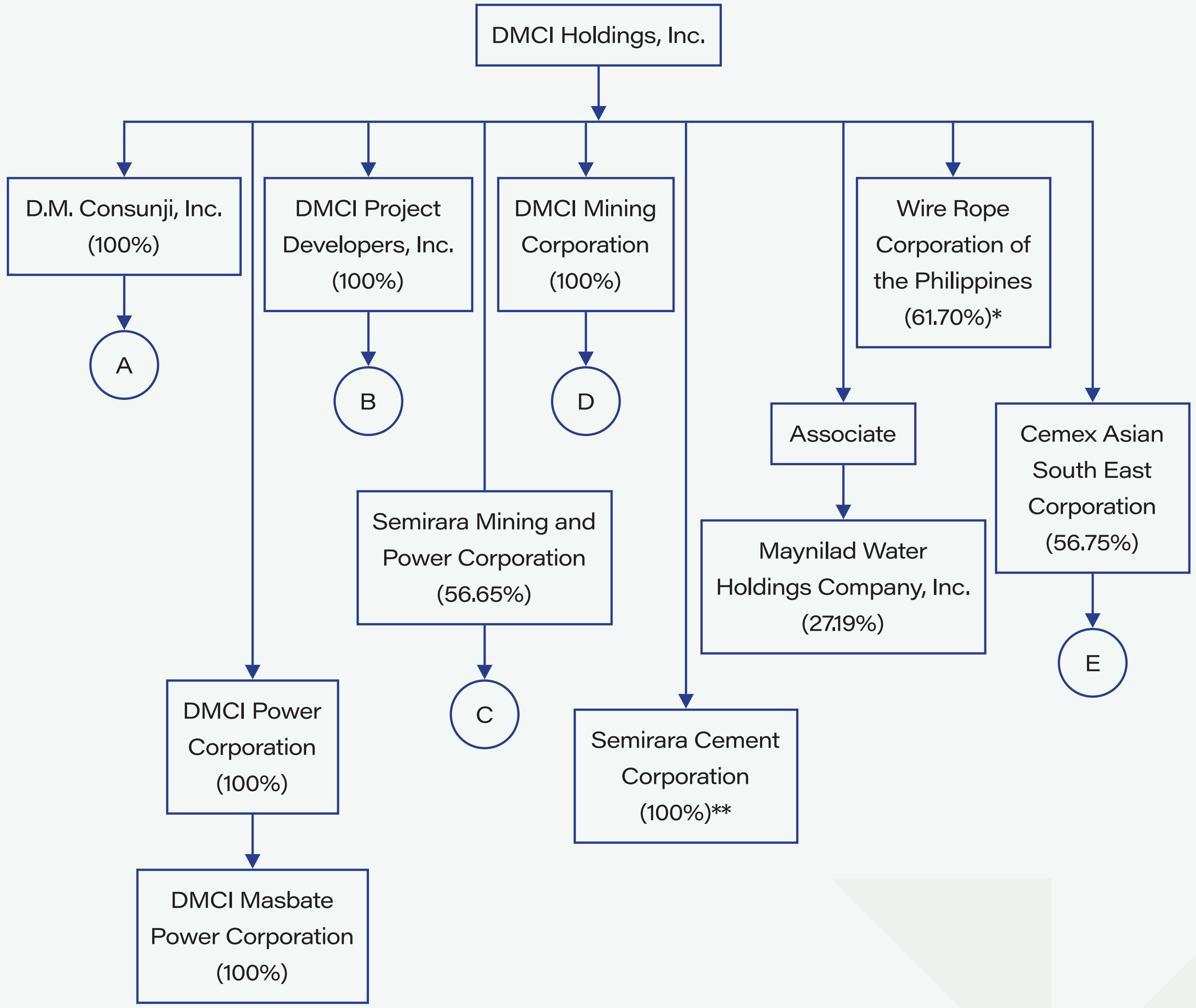
KENT SYDNEY H. MERCADER

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.

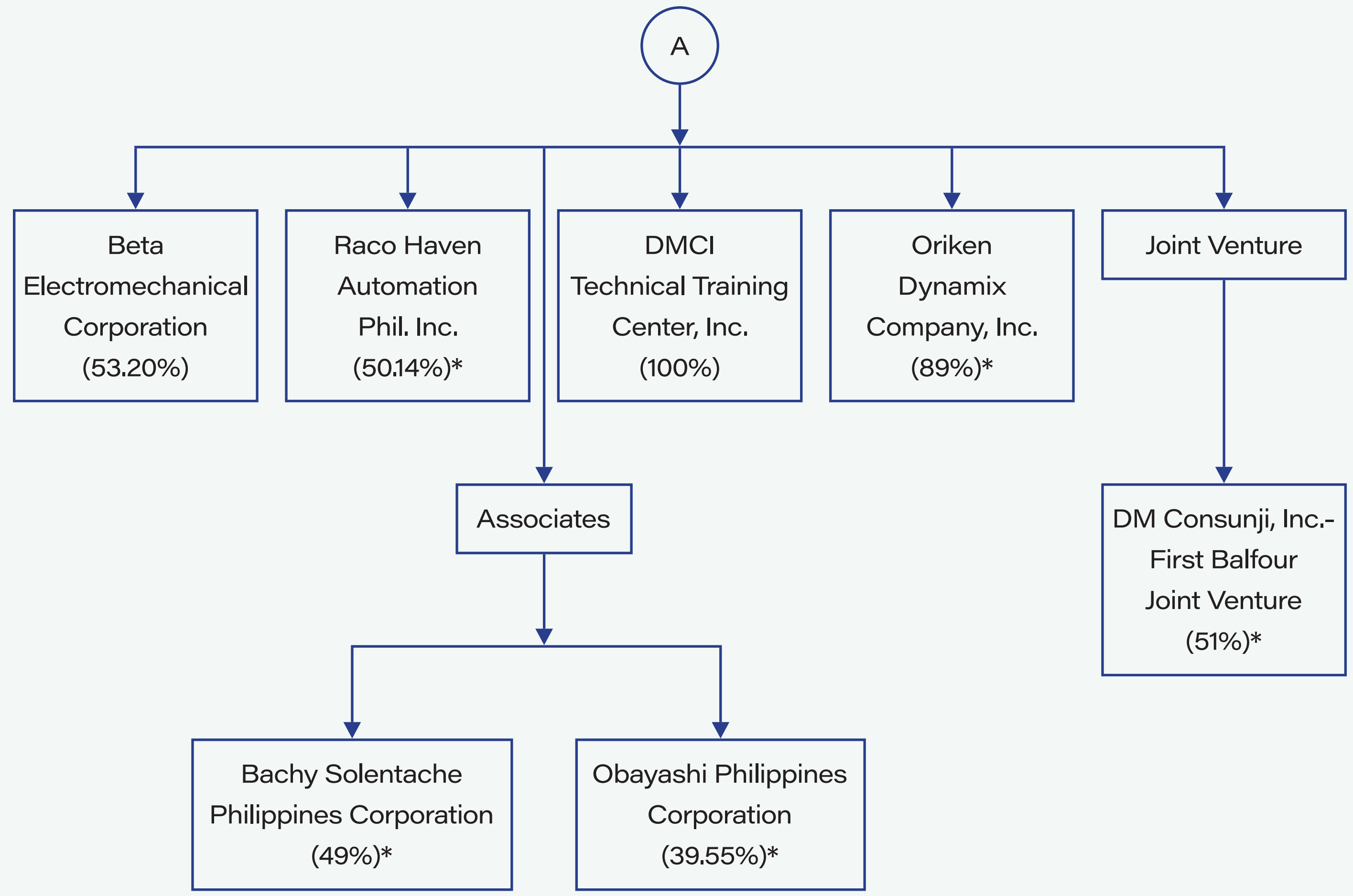
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

Below is a map showing the relationship between and among the Group as of December 31, 2024:

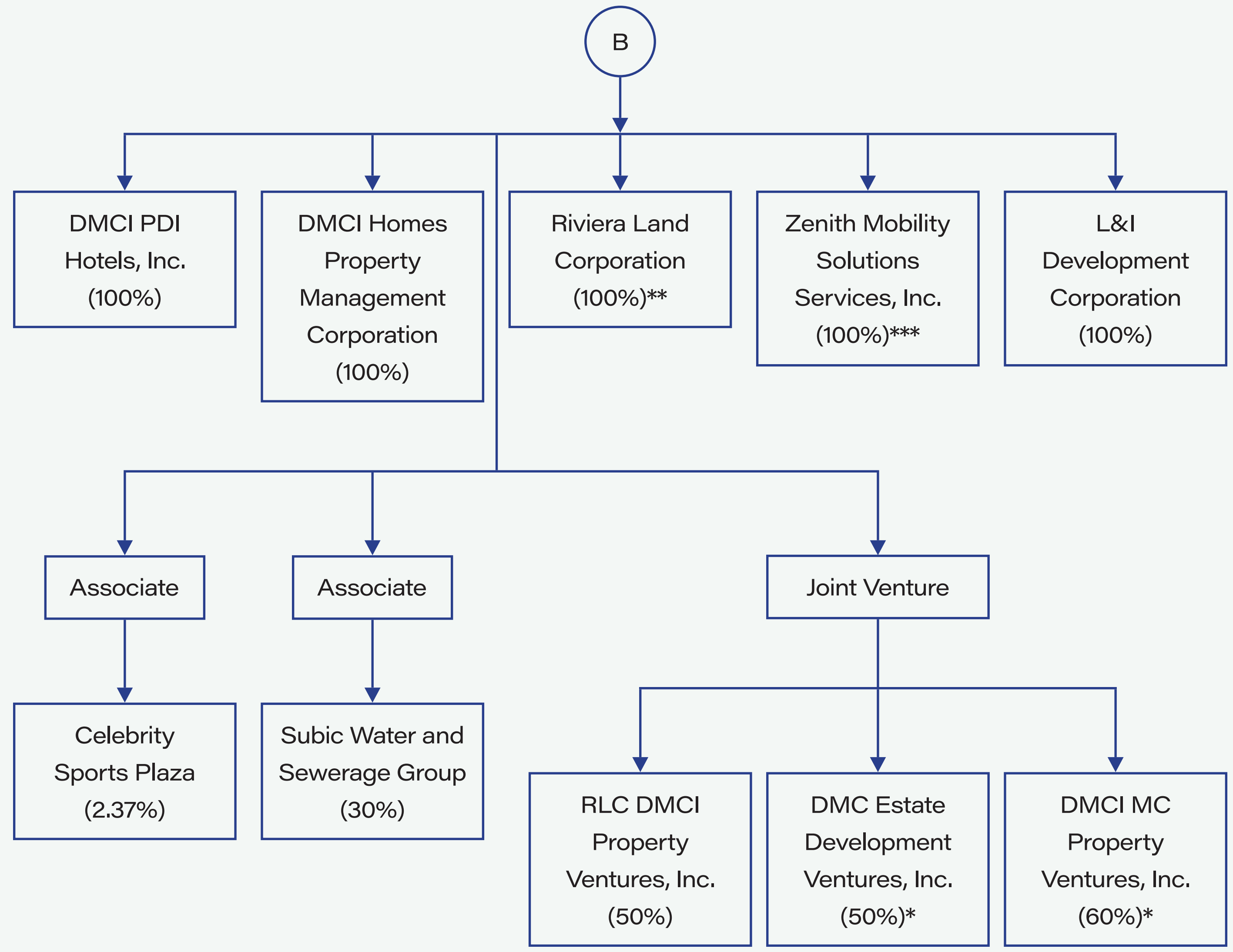


*Includes 16.02% investment of D.M. Consunji, Inc. to Wire Rope.

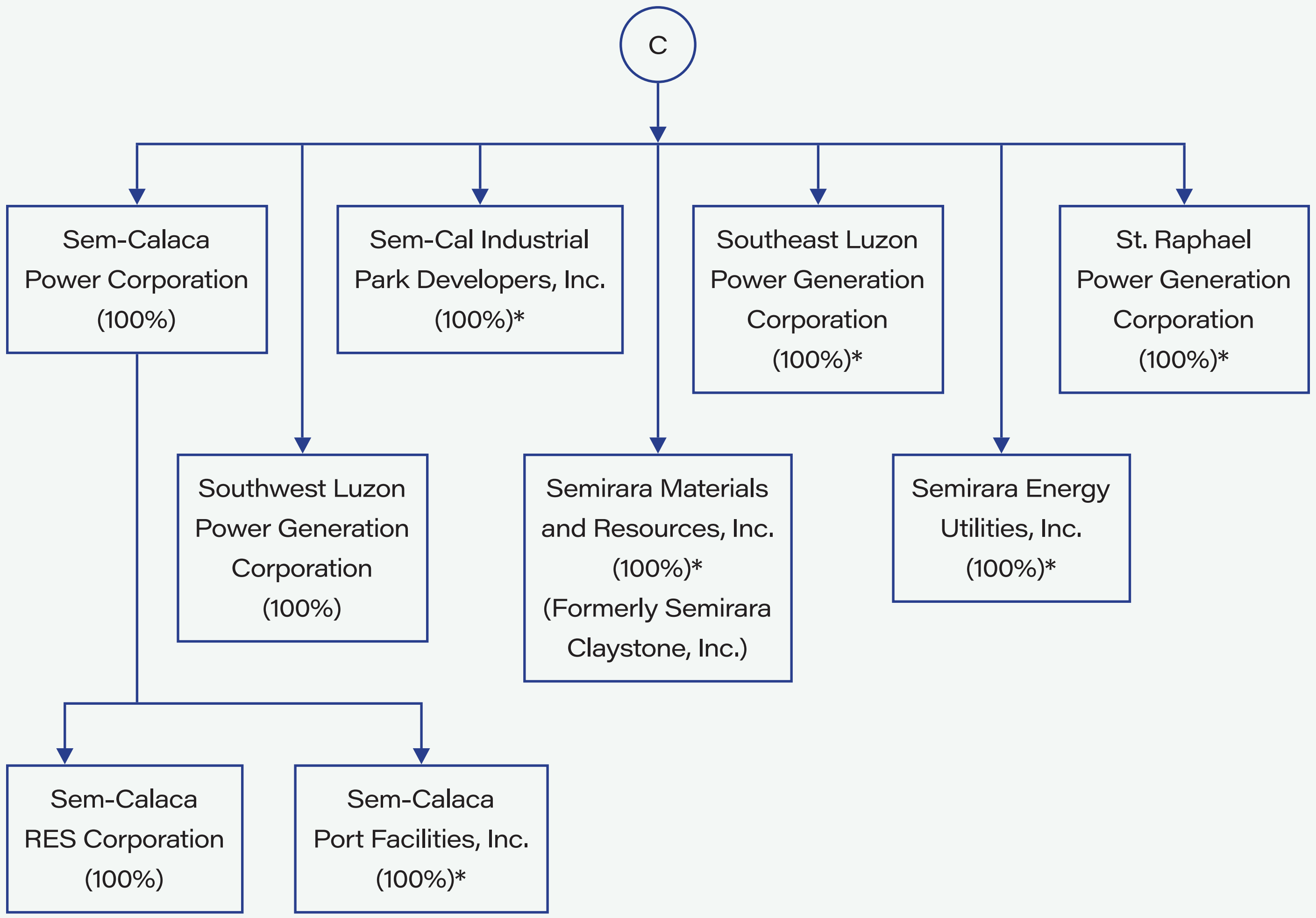
**Non-operating entity



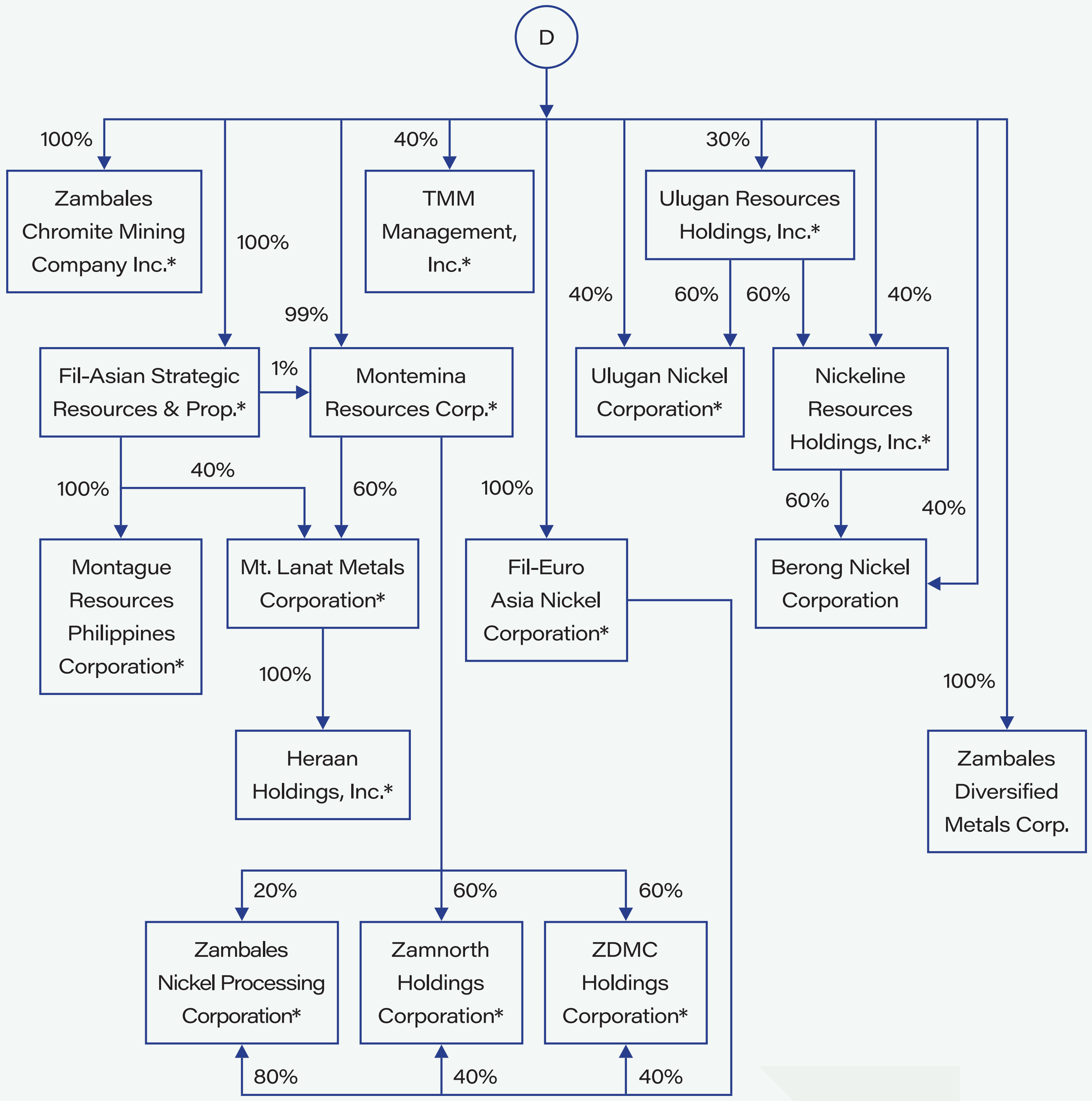
Non-operating entities



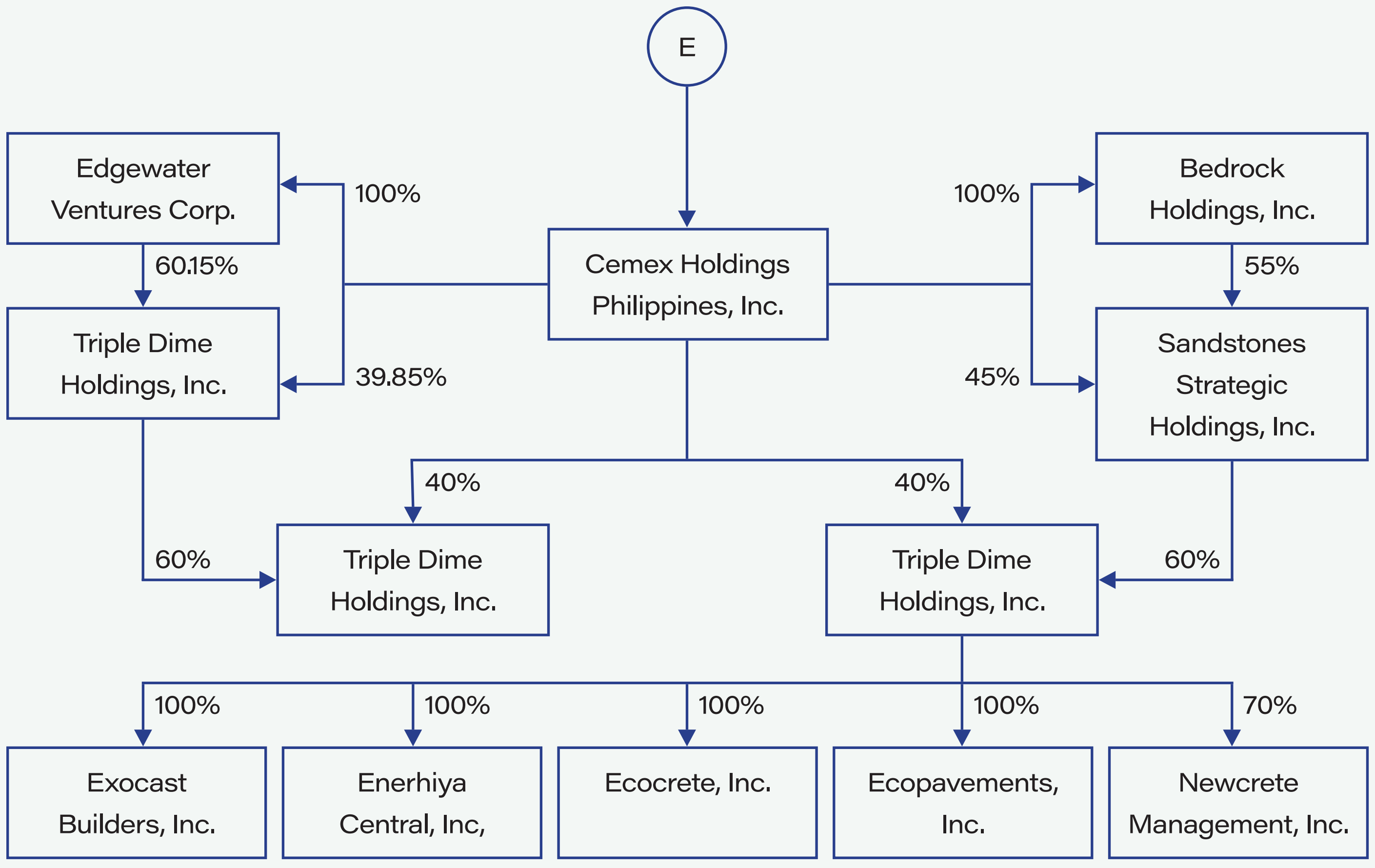
Established in 2021
***Includes the 34.12% interest of DMCI*
****Equity interest increased from 51% to 100% in 2020*



*Non-operating entities



*Non-operating entities



SHAREHOLDING STATISTICS

Top 20 Stockholders (Common Shares) as of December 31, 2024

RANK	STOCKHOLDERS' NAME	TOTAL SHARES	PERCENT OF OUTSTANDING SHARED
1	Dacon Corporation	6,638,822,915	50.00%
2	PCD Nominee Corporation (Filipino)	2,750,582,862	20.72%
3	DFC Holdings, Inc.	2,379,799,910	17.92%
4	PCD Nominee Corporation (Foreign)	705,052,789	05.31%
5	DFC Holdings Inc.	169,026,900	01.27%
6	Henfels Investments Corporation	164,312,700	01.24%
7	Berit Holdings Corpration	117,573,568	00.89%
8	Augusta Holdings, Inc.	108,297,072	00.82%
9	DMCI Retirement Plan	99,900,000	00.75%
10	Meru Holdings Inc.	18,689,266	00.14%
11	Great Times Holdings Corporation	15,803,015	00.12%
12	DMCI Retirement Fund	13,000,000	00.10%
13	Daveprime Holdings Inc.	7,487,377	00.06%
14	Artegard Holdings Inc.	6,580,776	00.05%
15	F. Yap Securities Inc.	6,500,00	00.05%
16	Josefa Conunji Reyes	5,650,000	00.04%
17	Jaime B. Garcia	3,300,000	00.02%
18	Windermere Holdings, Inc.	2,905,715	00.02%
19	Laperal, Ma. Edwina/ Miguel David C.	2,750,000	00.02%
20	YNTALCO Realty Devt.Corporation	2,500,000	00.02%
	TOTAL	13,218,534,865	99.56%
	TOTAL ISSUED SHARES	13,277,470,000	100%

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).

		2024			2023		
	Nature of Business	Direct	Indirect	Effective Interest	Direct	Indirect	Effective Interest
General Construction:							
D.M. Consunji, Inc. (DMCI)	General Construction	100.00	-	100.00	100.00	-	100.00
Beta Electromechanical Corporation (Beta Electric)[1]	General Construction	-	53.20	53.20	-	53.20	53.20
Raco Haven Automation Philippines, Inc. (Raco) [1*]	Non-operating	-	50.14	50.14	-	50.14	50.14
Oriken Dynamix Company, Inc. (Oriken) [1*]	Non-operating	-	89.00	89.00	-	89.00	89.00
DMCI Technical Training Center (DMCI Training) [1]	Services	-	100.00	100.00	-	100.00	100.00
Real Estate:							
DMCI Project Developers, Inc. (PDI)	Real Estate Developer	100.00	-	100.00	100.00	-	100.00
DMCI-PDI Hotels, Inc. (PDI Hotels) [2]	Hotel Operator	-	100.00	100.00	-	100.00	100.00
DMCI Homes Property Management Corporation (DPMC) [2]	Property Management	-	100.00	100.00	-	100.00	100.00
Zenith Mobility Solutions Services, Inc. (ZMSSI) [2]	Services	-	100.00	100.00	-	100.00	100.00
Riviera Land Corporation (Riviera) [2]	Real Estate Developer	-	100.00	100.00	-	100.00	100.00
Hampstead Gardens Corporation (Hampstead) [2*]	Real Estate Developer						
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
		-	100.00	100.00	-	100.00	100.00
Coal Mining:							
Semirara Mining and Power Corporation (SMPC)	Mining	56.65	-	56.65	56.65	-	56.65
On-Grid Power:							
Sem-Calaca Power Corporation (SCPC) [3]	Power Generation	-	56.65	56.65	-	56.65	56.65
Southwest Luzon Power Generation Corporation (SLPGC) [3]	Power Generation	-	56.65	56.65	-	56.65	56.65
Sem-Calaca RES Corporation (SCRC) [3]	Retail	-	56.65	56.65	-	56.65	56.65
SEM-Cal Industrial Park Developers, Inc. (SIPDI) [3]	Non-operational	-	56.65	56.65	-	56.65	56.65
Semirara Energy Utilities, Inc. (SEUI) [3]	Non-operational	-	56.65	56.65	-	56.65	56.65
Southeast Luzon Power Generation Corporation (SeLPGC) [3]	Non-operational	-	56.65	56.65	-	56.65	56.65
Semirara Materials and Resources Inc. (SMRI) [3]	Non-operational	-	56.65	56.65	-	56.65	56.65
St. Raphael Power Generation Corporation (SRPGC) [3]	Non-operational	-	56.65	56.65	-	56.65	56.65
Sem-Calaca Port Facilities, Inc. (SCPFI) [3 & 6]	Non-operational	-	56.65	56.65	-	56.65	56.65
Off-Grid Power:							
DMCI Power Corporation (DPC)	Power Generation	100.00	-	100.00	100.00	-	100.00
DMCI Masbate Power Corporation (DMCI Masbate) [4]	Power Generation	-	100.00	100.00	-	100.00	100.00

		2024			2023		
	Nature of Business	Direct	Indirect	Effective Interest	Direct	Indirect	Effective Interest
Nickel Mining:							
DMCI Mining Corporation (DMC)	Holding Company	100.00	-	100.00	100.00	-	100.00
Berong Nickel Corporation (BNC) 5	Mining	-	74.80	74.80	-	74.80	74.80
Ulugan Resouces Holdings, Inc. (URHI) 5	Holding Company	-	30.00	30.00	-	30.00	30.00
Ulugan Nickel Corporation (UNC) 5	Holding Company	-	58.00	58.00	-	58.00	58.00
Nickeline Resources Holdings, Inc. (NRHI) 5	Holding Company	-	58.00	58.00	-	58.00	58.00
TMM Management, Inc. (TMM) 5	Services	-	40.00	40.00	-	40.00	40.00
Zambales Diversified Metals Corporation (ZDMC) 5	Mining	-	100.00	100.00	-	100.00	100.00
Zambales Chromite Mining Company Inc. (ZCMC) 5	Non-operational	-	100.00	100.00	-	100.00	100.00
Fil-Asian Strategic Resources & Properties Corporation (FASRPC) 5	Non-operational	-	100.00	100.00	-	100.00	100.00
Montague Resources Philippines Corporation (MRPC) 5	Non-operational	-	100.00	100.00	-	100.00	100.00
Montemina Resources Corporation (MRC) 5	Non-operational	-	100.00	100.00	-	100.00	100.00
Mt. Lanat Metals Corporation (MLMC) 5	Non-operational	-	100.00	100.00	-	100.00	100.00
Fil-Euro Asia Nickel Corporation (FEANC) 5	Non-operational	-	100.00	100.00	-	100.00	100.00
Heraan Holdings, Inc. (HHI) 5	Holding Company	-	100.00	100.00	-	100.00	100.00
Zambales Nickel Processing Corporation (ZNPC) 5	Non-operational	-	100.00	100.00	-	100.00	100.00
Zamnorth Holdings Corporation (ZHC) 5	Holding Company	-	100.00	100.00	-	100.00	100.00
ZDMC Holdings Corporation (ZDMCHC) 5	Holding Company	-	100.00	100.00	-	100.00	100.00
Manufacturing:							
Semirara Cement Corporation (SemCem)	Non-operational	100.00	-	100.00	100.00	-	100.00
Wire Rope Corporation of the Philippines (Wire Rope)	Manufacturing	45.68	16.02	61.70	45.68	16.02	61.70

**Ongoing liquidation.*
[1] DMCI's subsidiaries.
[2] PDI's subsidiaries.
[3] SMPC's subsidiaries. SMRI was formerly known as Semirara Claystone, Inc, (SCI)
[4] DPC's subsidiaries.
[5] DMC's subsidiaries.
[6] Wholly owned subsidiary of SCPC. Incorporated on December 20, 2022.

CORPORATE INFORMATION

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34F BDO Life Megaplaza
358 Senator Gil Puyat Avenue
Makati 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 2024 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.

www.dmciholdings.com