AS094039 92

SEC Registration Number

GLOBAL FERRONICKEL HOLDINGS INC

(Company's Full Name)

PENTHOUSE PLATINUM TOWER ASEAN
AVENUE COR. FUENTES ST.
ASEANA PARAÑAQUE

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

Atty. Noel Lazaro	(632) 5118229
(Contact Person)	(Company Telephone Number)

Month	Day	17-Q	Month	Day
(Fiscal Year)		(Form Type)	(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended - **MARCH 31, 2023**

2. Commission Identification Number - **ASO94-003992**

3. BIR Tax Identification Number - **003-871-592**

4. Exact name of issuer as specified in its charter
   GLOBAL FERRONICKEL HOLDINGS, INC.

5. Province, country or other jurisdiction of incorporation or organization
   Metro Manila, Philippines

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office — Postal Code
   Penthouse, Platinum Tower, Asean Avenue corner Fuentes St.,
   Aseana, Parañaque City, Metro Manila, Philippines — 1701

8. Issuer's telephone number, including area code
   (632) 8519-7888

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

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

Common Shares	6,072,357,151
Amount of Debt Outstanding	Not applicable

11. Are any or all of the securities listed on a Philippine Stock Exchange?

    Yes [X] 6,072,357,151 Common Shares   No [ ]

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

    Yes [X]   No [ ]

13. Has been subject to such filing requirements for the past ninety (90) days.

    Yes [X]   No [ ]

Global Ferronickel Holdings, Inc.

17-Q QUARTERLY REPORT
MARCH 31, 2023

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PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

The Unaudited Interim Consolidated Financial Statements as at March 31, 2023 and for the three-month period ended March 31, 2023 and 2022 (with Comparative Audited Consolidated Statement of Financial Position as at December 31, 2022) are hereto attached.

The following tables set forth the summary financial information for the three-month period ended March 31, 2023 and 2022 and as at March 31, 2023 and December 31, 2022:

1.a. Summary Consolidated Statements of Financial Position

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	Increase/ (Decrease)	Percent Inc. (Dec.)
	(In Thousand Pesos)			
ASSETS				
Current Assets	4,970,718	5,986,937	(1,016,219)	-17.0%
Noncurrent Assets	12,384,644	11,985,824	398,820	3.3%
TOTAL ASSETS	17,355,362	17,972,761	(617,399)	-3.4%
LIABILITIES AND EQUITY				
Current Liabilities	2,817,032	3,006,299	(189,267)	-6.3%
Noncurrent Liabilities	3,005,692	3,570,820	(565,128)	-15.8%
Total Liabilities	5,822,724	6,577,119	(754,395)	-11.5%
Equity				
Equity Attributable to the Parent Company	11,111,270	10,850,743	260,527	2.4%
Non-controlling Interests	421,368	544,899	(123,531)	-22.7%
Total Equity	11,532,638	11,395,642	136,996	1.2%
TOTAL LIABILITIES AND EQUITY	17,355,362	17,972,761	(617,399)	-3.4%

1.b. Summary Consolidated Statements of Comprehensive Income

	For the Quarter Ended March 31		Increase	Percent
	2023	2022	(Decrease)	Inc. (Dec.)
	(In Thousand Pesos)			
Revenues	1,128,701	39,904	1,088,797	2728.5%
Cost and Expenses	(620,015)	(230,449)	389,566	169.0%
Finance Costs	(68,233)	(25,780)	42,453	164.7%
Share in Net Income (Loss) of Investment in Associates	52,777	(10,992)	(63,769)	-580.1%
Other Income (Charges) - net	32,970	(10,568)	43,538	412.0%
Income (Loss) Before Income Tax	526,200	(237,885)	764,085	321.2%
Provision for (Benefit from) Income Tax - net	167,374	(39,726)	207,100	521.3%
Net Income (Loss)	**358,826**	**(198,159)**	556,985	281.1%
Other Comprehensive Income (Loss)	(29,830)	16,044	(45,874)	-285.9%
Total Comprehensive Income (Loss)	**328,996**	**(182,115)**	511,111	280.7%
Basic and Diluted Income (Loss) Per Share	0.0296	(0.0375)	0.0671	179.1%
Net Income (Loss) Attributable To:				
Equity Holders of the Parent	153,849	(194,926)	348,775	178.9%
Non-controlling Interest	204,977	(3,233)	208,210	6440.1%
	358,826	**(198,159)**	556,985	281.1%

1.c. Summary Consolidated Statements of Changes in Equity

	For the Period Ended March 31		For the Year Ended December 31
	2023	2022	2022
	(In Thousand Pesos)		
Capital Stock	6,375,975	6,375,975	6,375,975
Additional Paid-in Capital	239,012	239,012	239,012
Fair Value Reserve of Financial Asset at Fair Value through Other Comprehensive Loss	(5,312)	(4,680)	(5,818)
Remeasurement Gain on Retirement Obligation	35,535	43,703	35,535
Cumulative Translation Adjustment	103,562	34,270	133,898
Retained Earnings	6,330,711	5,305,434	6,040,354
Treasury Shares - at cost	(1,968,213)	(1,946,033)	(1,968,213)
Non-controlling Interests	421,368	354,063	544,899
Total Equity	**11,532,638**	**10,401,744**	**11,395,642**

1.d. Summary Consolidated Statements of Cash Flows

	For the Quarter Ended March 31	
	2023	**2022**
	(In Thousand Pesos)	
NET CASH FLOWS FROM (USED IN):		
Operating Activities	449,913	(301,961)
Investing Activities	(1,121,745)	(393,388)
Financing Activities	(217,296)	(62,383)
NET DECREASE IN CASH	(889,128)	(757,732)
Effect of Exchange Rate Changes on Cash	(1,800)	47,443
CASH AT BEGINNING OF PERIOD	3,180,585	3,821,177
CASH AT END OF PERIOD	**2,289,657**	**3,110,888**

Basis of Preparation of Interim Consolidated Financial Statements

The unaudited interim consolidated statements of financial position of Global Ferronickel Holdings, Inc. and Subsidiaries (the Group) as at March 31, 2023 and December 31, 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the periods ended March 31, 2023 and 2022 were prepared in accordance with generally accepted accounting principles in the Philippines. All significant inter-company balances and transactions have been eliminated in the consolidated financial statements.

The accounting principles followed in the preparation of the Group's most recent annual consolidated financial statements were similarly applied in the preparation of the unaudited interim consolidated financial statements. There were no significant changes in the Group's accounting policies, practices and methods of estimates from the Group's last annual consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Statement of Financial Condition

As at March 31, 2023, total assets of the Group stood at ₱17,355.4 million, lower by ₱617.4 million or 3.4%, from ₱17,972.8 million as at December 31, 2022. The decline was due to the decrease in current assets by ₱1,016.2 million or 17.0% and increase in noncurrent assets by ₱398.8 million or 3.3%.

The net decrease in the current assets was mainly attributable to the following:

- Decrease in cash and cash equivalents by ₱890.9 million (from ₱3,180.6 million as at December 31, 2022) or 28.0% mainly attributable to payments of loan and liabilities and acquisition of non-controlling interest in its subsidiary, Mariveles Harbor Corporation (MHC);
- Inventories increased to ₱451.0 million (from ₱292.3 million) or an increase by 54.3% mainly attributable to the ₱106.4 million cost of production in progress at the Group's Cagdianao Mine in preparation for the 2023 mining season, and increase in ore stockpile produced amounted to ₱48.0 million from our Palawan Mine; and
- Decrease in advances to related parties, trade and other receivables, and prepayments and other current assets amounted to ₱123.1 million, ₱145.8 million, ₱15.1 million, respectively.

The net increase in noncurrent assets was attributable to the following:

- Net increase in property and equipment amounting to ₱119.0 million or 2.0% mainly attributable to acquisitions during the period amounted to about ₱235.9 million, net of depreciation;
- Share in net income of an associate, GHGC Holdings Ltd. (GHGC) and subsidiaries, amounted to ₱52.8 million during the period; and

- Increase in other noncurrent assets by ₱222.9 million or 16.9% due to increase in advances to suppliers amounted to ₱189.7 million in relation to the Group's preparation for the 2023 mining season and progress payments/deposits made for the purchase of five (5) additional landing craft tank (LCT)s that are expected to be completed and delivered in the third quarter this year; and input value-added tax (VAT) amounted to ₱38.0 million during the period.

Total liabilities of the Group stood at ₱5,822.7 million as at March 31, 2023, down by ₱754.4 million or 11.5%, from ₱6,577.1 million as at December 31, 2022. The net decrease in the total liabilities was mainly attributable to the following: (a) Payments of non-interest bearing liability, loans payable and other current liabilities amounting to ₱544.3 million, ₱105.2 million, and ₱92.5 million, respectively during the period; (b) decrease in trade and other payables amounting to ₱191.7 million; and increase in income tax payable amounting to ₱169.1 million due to the taxable income earned during the quarter from our Palawan Mine operations.

Results of Operations

The Group posted a consolidated net income amounting to ₱358.8 million for the quarter ended March 31, 2023 compared to consolidated net loss of ₱198.2 million in the same period last year. This is the first time that the Group reported a consolidated net income in the first quarter. This is mainly due to its Ipilan Nickel Corporation's (INC) Palawan mining operations and share in the net income of its associate, GHGC.

Revenues
The Group's revenues for the three months ended March 31, 2023 amounted to ₱1,128.7 million compared to ₱39.9 million in the same period last year, an increase of ₱1,088.8 million or 2,728.5%. The bulk of the Group's revenues came from its Palawan mining operations accounting for about 98.7% of the total revenues, while the remaining 1.3% pertains to revenues for services rendered to its customers.

Nickel Ore Export Revenues
The Group's first quarter 2023 mining operations generated total export revenues of ₱1,113.7 million compared to nil in the same period last year, which is 100% attributable to the Group's Palawan mining operations. There was no reported sale of nickel ore from the Group's Surigao Mine as it performs nickel ore production and shipment during Surigao dry months of each year between April to October.

The Group completed six (6) shipments of nickel ore and shipped out a total of 0.330 million wet metric tons (WMT) in the quarter ended March 31, 2023. These shipments were sold solely to Chinese customers consisting of 100% medium-grade nickel ore with an average grade of 1.57%.

The overall average realized nickel ore price and the average realized Peso over the United States Dollar (US$) exchange rate were US$61.48/WMT and ₱54.82, respectively.

Service Revenues
The service income earned by the Group amounted to ₱15.0 million and ₱39.9 million for the periods ended March 31, 2023 and 2022, respectively, pertains to port services rendered by MHC, a subsidiary, to its customers.

Also, the Group earned service income for the LCTs chartered by INC from its subsidiary, PGMC-CNEP Shipping Services Corp. (PCSSC), amounted to ₱21.7 million for the three months period ended March 31, 2023 as compared to nil for the same period last year. This service income is eliminated in full in the consolidated financial statements.

Cost and Expenses
Cost and expenses include cost of sales, excise taxes and royalties, general and administrative expenses, and shipping and distribution. The cost and expenses amounted to ₱620.0 million for the three months ended March 31, 2023 compared to ₱230.4 million in the same period last year, an increase of ₱389.6 million or 169.1%. The increase was attributable mainly to INC's mining operations.

Cost of Sales
The cost of sales amounted to ₱273.7 million in the first quarter of 2023 compared to ₱29.5 million of the previous period, an increase of ₱244.2 million or 827.8%. The increase in the cost of sales for the three months ended March 31, 2023 corresponds mainly to the contract hire and production costs incurred for the Palawan mining operations, compared to the cost of services incurred for the Group's port operation in the first quarter of 2022.

General and Administrative

General and administrative expenses were ₱266.9 million in the period ended March 31, 2023 compared to ₱198.6 million in the period ended March 31, 2022, higher by ₱68.3 million, or 34.4%. This was mainly due to the increase in taxes and licenses, outside services, depreciation and personnel costs amounted to ₱32.5 million, ₱21.1 million, ₱9.1 million and ₱8.0 million, respectively. The increase in the general and administrative expenses is mainly attributable to the Group's Palawan mining operations.

Shipping and Distribution

Shipping and loading costs were ₱32.3 million for the three months ended March 31, 2023 compared to ₱2.3 million in the same period last year, higher by ₱30.0 million, or 1,304.3%. The increase pertains mainly to the stevedoring charges and shipping expenses amounted to ₱30.9 million attributed to the Group's Palawan mining operations.

Finance Costs

Finance costs amounted to ₱68.2 million in the three months ended March 31, 2023 compared to ₱25.8 million of the same period last year, an increase of ₱42.4 million, or 164.3%. This was mainly due to recognized accretion interest expense amounted to ₱36.4 million attributable to the non-interest bearing liability related to the acquisition of an associate.

Share in Net Income/Loss of Investment in Associates

In accordance with Philippine Accounting Standards (PAS) 28, *Investment in Associates and Joint Ventures*, the Group recognizes its share in the net earnings or losses of its associates using the equity method of accounting. The share in net income of investment in an associate amounted to ₱52.8 million for the period ended March 31, 2023 and share in net loss of investment in an associate amounted to ₱11.0 million in the same period last year. For the period ended March 31, 2023, this represents net income take-up of the Group's investment in GHGC, while for the period ended March 31, 2022, this represents net loss take-up for the Group's investment in Southeast Palawan Nickel Ventures, Inc. (SPNVI). SPNVI ceased to be an associate and became a subsidiary of the Group as at December 22, 2022.

Other Income (Charges) - net

Net other income amounted to ₱21.8 million in the period ended March 31, 2023 compared to net other charges amounted to ₱12.7 million in the period ended March 31, 2022, an increase in other income of ₱34.5 million, or 271.6%. The increase was mainly due to the net foreign exchange gains amounting to ₱28.4 million earned during the period compared to net foreign exchange losses incurred amounting to ₱12.7 million in the same period last year.

Provision for (Benefit from) Income Tax - net

The net provision for income tax was ₱167.4 million for the quarter ended March 31, 2023 compared to benefit from income tax of ₱39.7 million in the same period last year, an decrease in the provision of ₱207.1 million or 521.7%. The increase in the provision was due to the taxable income earned from the Group's Palawan Mine operations.

Total Comprehensive Income - net of tax

Net Income

As a result of the foregoing, the consolidated net income was ₱358.8 million for the period ended March 31, 2023 compared to consolidated net loss of ₱198.2 million in the same period last year, an increase of ₱557.0 million or 281.0%. Net of non-controlling interests, the net income attributable to equity holders of the Parent Company for the period ended March 31, 2023 amounted to ₱153.8 million compared to net loss of ₱194.9 million in the same period of last year.

Cumulative Translation Adjustment

The Group had recognized cumulative translation adjustment, net of tax amounted to (₱30.3 million) and ₱1526 million for the periods ended March 31, 2023 and 2022, respectively, which pertained to the exchange differences arising on the translation of a subsidiary's functional currency to the presentation currency of the Parent Company.

Statement of Cash Flows

Cash Flows from Operating Activities

The net cash flows from (used in) operating activities resulted in ₱449.9 million and (₱302.0 million) for the quarters ended March 31, 2023 and 2022, respectively. The increase in the cash generated from operations was mainly due to the operations of the Group's Palawan Mine.

Cash Flows from Investing Activities
Net cash flows used in investing activities for the three months ended March 31, 2023 and 2022 amounted to ₱1,121.7 million and ₱393.4 million, respectively. The net cash outflows in 2023 arose mainly from the Group's payment of non-interest bearing liability attributable to the acquisition of an associate amounted to ₱544.3 million, additional investment or acquisition of non-controlling interest in MHC amounted to ₱192.0 million, acquisition of property and equipment, net of depreciation amounted to ₱286.4 million, decrease in advances to related parties amounted to ₱123.1 million, and increase in other noncurrent assets by ₱222.1 million. The net cash outflows in 2022 arose mainly from the acquisition of property and equipment amounted to ₱76.1 million, additional advances to related parties amounted to ₱267.6 million, and increase in other noncurrent assets by ₱49.7 million.

Cash Flows from Financing Activities
For the three months ended March 31, 2023 and 2022, the net cash flows used in financing activities amounted to ₱217.3 million and ₱62.4 million, respectively. The negative cash flows from financing activities for the current period was mainly due to payments of loans payable, lease liabilities and other current liabilities amounted to ₱105.2 million, ₱18.9 million and ₱92.5 million, respectively. The net cash outflows in 2022 arose mainly from purchase of treasury shares in relation to the Parent Company's buyback program amounted to ₱33.2 million, payments of lease liabilities amounted to ₱17.5 million, and payments of loans payable ₱12.7 million.

Material Off-balance Sheet Transactions

The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reported period other than those discussed in this report and in disclosures under Form 17-C.

Material Commitments for Capital Expenditures

The Group does not have any outstanding commitment for capital expenditures as at March 31, 2023.

Known Trends, Events and Uncertainties

There are no known significant trends, demands, commitments, or uncertainties that will result in or that are reasonably likely to result in the Group's principal risks increasing or decreasing in a material way. There were no other significant elements of income or loss that did not arise from the Group's continuing operations.

PART II - FINANCIAL SOUNDNESS INDICATORS

The Group considers the following as the significant Key Performance Indicators as at March 31, 2023 and 2022:

Indicators	Formula	2023	2022
Earnings Per Share	Profit for the Period/Weighted Average Number of Shares Outstanding	0.0296	(0.0375)
Debt-to-Equity Ratio	Total Liabilities/Total Equity	0.50:1	0.32:1
Asset-to-Equity Ratio	Total Assets/Total Equity	1.50:1	1.32:1
Current Ratio	Current Assets/Current Liabilities	1.76:1	4.96:1

PART III - OTHER INFORMATION

The disclosures made under Form 17-C are as follows:

Date	Description
February 8, 2023	Board Approval on the acquisition of 24% shareholding in Mariveles Harbor Corporation
February 23, 2023	Press Release: DENR affirms Ipilan Nickel Corporation's right to conduct responsible mining operations in Brooke's Point
March 3, 2023	Filing of Complaint with Anti-Red Tape Authority (ARTA) by Ipilan Nickel Corporation (INC)
March 3, 2023	FNI now has 88% shareholding in Mariveles Harbor Corporation (MHC). On March 2, 2023, a Deed of Absolute Sale of Shares was executed to transfer the 1,000,000 MHC common shares from Seasia Logistics Philippines Inc. to Global Ferronickel Holdings, Inc. in the amount of Php192,000,000 paid in cash. Its 88% shareholding in MHC gives FNI significant control over the operation of the port.
March 14, 2023	Press Release: Ipilan Nickel Corporation urges Brooke's Point Mayor to act on TRO against harassment by protesters
March 20, 2023	Press Release: Global Ferronickel Holdings, Inc. signs purchase agreement with Baosteel Resources for 1.5 million WMT
March 27, 2023	Press Release: FNI reports 2022 net income of ₱2.2 billion and provides update on strategy

SIGNATURES

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

Registrant: **GLOBAL FERRONICKEL HOLDINGS, INC.**

Signature and Title: **ATTY. DANTE R. BRAVO**
President

Date: May 15, 2023

Signature and Title: **MARY BELLE D. BITUIN**
Chief Financial Officer

Date: May 15, 2023

Annex A

Aging of Trade and Other Receivables
As at March 31, 2023
(In Thousand Pesos)

	Neither Past Due Nor Impaired	Past Due But Not Impaired			Impaired	Total
		90 Days or Less	91-120 Days	More than 120 days		
Trade	1,609,031	-	-	-	209,575	1,818,606
Advances to Contractors	355,153	-	-	-	79,711	434,864
Income tax receivable	87,833	-	-	-	-	87,833
Advances to Officers, Employees and Others	46,582	-	-	-	-	46,582
Interest Receivable	-	-	-	-	-	-
Total	**2,098,599**	**-**	**-**	**-**	**289,286**	**2,387,885**
Less: Allowance for Doubtful Accounts						289,286
NET RECEIVABES						**2,098,599**

GLOBAL FERRONICKEL HOLDINGS, INC.
SEC FORM 17-Q
INDEX TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱2,289,657**	₱3,180,585
Trade and other receivables (Note 5)	**2,098,599**	2,244,391
Advances to related parties (Note 29)	**90,841**	213,927
Inventories (Note 6)	**450,964**	292,293
Prepayments and other current assets (Note 7)	**40,657**	55,741
Total Current Assets	**4,970,718**	5,986,937
Noncurrent Assets		
Property and equipment (Note 8)	**6,023,195**	5,904,199
Investment in associates (Note 9)	**4,361,317**	4,308,540
Mining rights (Note 10)	**117,304**	117,304
Mine exploration costs (Note 11)	**179,030**	179,030
Deferred tax assets - net (Note 30)	**149,768**	143,215
Retirement plan asset - net (Note 16)	**14,420**	16,836
Other noncurrent assets (Note 12)	**1,539,610**	1,316,700
Total Noncurrent Assets	**12,384,644**	11,985,824
TOTAL ASSETS	**₱17,355,362**	₱17,972,761
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 13)	**₱760,178**	₱951,912
Non-interest bearing liability (Note 17)	**597,591**	561,200
Current portion of loans payable (Note 14)	**202,339**	315,675
Advances from related parties (Note 29)	**226,991**	227,683
Current portion of lease liabilities (Note 18)	**61,376**	57,823
Income tax payable	**488,903**	319,827
Other current liabilities (Note 17)	**479,654**	572,179
Total Current Liabilities	**2,817,032**	3,006,299
Noncurrent Liabilities		
Non-interest bearing liability - net of current portion (Note 17)	**1,330,192**	1,874,482
Loans payable - net of current portion (Note 14)	**518,550**	526,125
Provision for mine rehabilitation and decommissioning (Note 15)	**262,690**	261,039
Lease liabilities - net of current portion (Note 18)	**768,109**	777,762
Deferred tax liabilities - net	**125,919**	131,180
Other noncurrent liabilities	**232**	232
Total Noncurrent Liabilities	**3,005,692**	3,570,820
Total Liabilities	**5,822,724**	6,577,119
Equity		
Capital stock (Note 19)	**6,375,975**	6,375,975
Additional paid-in capital	**239,012**	239,012
Remeasurement gain on retirement obligation	**35,535**	35,535
Cumulative translation adjustment	**(5,312)**	133,898
Fair value reserve of financial asset at fair value through other comprehensive income (Note 12)	**103,562**	(5,818)
Retained earnings	**6,330,711**	6,040,354
Treasury shares (Note 19)	**(1,968,213)**	(1,968,213)
Equity attributable to the Parent Company	**11,111,270**	10,850,743
Non-controlling interests (NCI) (Note 19)	**421,368**	544,899
Total Equity	**11,532,638**	11,395,642
TOTAL LIABILITIES AND EQUITY	**₱17,355,362**	₱17,972,761

See accompanying Notes to Unaudited Consolidated Financial Statements.

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023 AND 2022
(Amounts in Thousands, Except Earnings per Share)

	2023	2022
REVENUE FROM CONTRACTS WITH CUSTOMERS	**₱1,128,701**	₱39,904
COST OF SALES (Note 21)	**273,745**	29,519
GROSS PROFIT	**854,956**	10,385
OPERATING EXPENSES		
Excise taxes and royalties (Note 22)	**47,112**	–
General and administrative (Note 23)	**266,908**	198,645
Shipping and distribution (Note 24)	**32,250**	2,285
	346,270	200,930
SHARE IN NET INCOME (LOSS) OF INVESTMENT IN ASSOCIATES (Note 9)	**52,777**	(10,992)
FINANCE COSTS (Note 27)	**(68,233)**	(25,780)
FINANCE INCOME	**11,185**	2,101
OTHER INCOME (CHARGES) - net (Note 28)	**21,785**	(12,669)
INCOME (LOSS) BEFORE INCOME TAX	**526,200**	(237,885)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)		
Current	**169,076**	520
Deferred	**(1,702)**	(40,246)
	167,374	(39,726)
NET INCOME (LOSS)	**358,826**	(198,159)
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that may be reclassified to profit or loss in subsequent periods:		
Currency translation adjustment	**(40,448)**	20,212
Income tax effect	**10,112**	(5,053)
	(30,336)	15,159
Items that will not be reclassified to profit or loss in subsequent periods:		
Fair value reserve of financial asset at fair value through other comprehensive income (Note 12)	**506**	885
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱328,996**	(₱182,115)
Net Income (Loss) Attributable To:		
Equity holders of the Parent Company	**₱153,849**	(₱194,926)
Non-controlling interests in consolidated subsidiaries	**204,977**	(3,233)
	₱358,826	(₱198,159)
Total Comprehensive Income (Loss) Attributable To:		
Equity holders of the Parent Company	**₱124,019**	(₱178,882)
Non-controlling interests in consolidated subsidiaries	**204,977**	(3,233)
	₱328,996	(₱182,115)
Basic/Diluted Earnings (Loss) Per Share on Net Income (Loss) Attributable to Equity Holders of the Parent Company (Note 20)	**₱0.0296**	(₱0.0375)

See accompanying Notes to Unaudited Consolidated Financial Statements.

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023 AND 2022
(Amounts in Thousands)

	Capital Stock (Note 19)	Additional Paid-in	Treasury Shares (Note 19)	Fair Value Reserve of Financial Asset at Fair Value through Other Comprehensive (Note 12)	Remeasurement Gain on Retirement Obligation	Cumulative Translation Adjustment	Retained Earnings	Total	NCI	Total Equity
Balances at December 31, 2022 (Audited)	₱ 6,375,975	₱ 239,012	₱ (1,968,213)	₱ (5,818)	₱ 35,535	₱ 133,898	₱ 6,040,354	₱ 10,850,743	₱ 544,899	₱ 11,395,642
Net inccome for the period	-	-	-	-	-	-	153,849	153,849	204,977	358,826
Other comprehensive income (loss) - net of tax	-	-	-	506	-	(30,336)	-	(29,830)	-	(29,830)
Total comprehensive income (loss) - net of tax	-	-	-	506	-	(30,336)	153,849	124,019	204,977	328,996
Acquisition of non-controlling interest in MHC	-	-	-	-	-	-	136,508	136,508	(328,508)	(192,000)
Balances at March 31, 2023 (Unaudited)	₱ 6,375,975	₱ 239,012	₱ (1,968,213)	₱ (5,312)	₱ 35,535	₱ 103,562	₱ 6,330,711	₱ 11,111,270	₱ 421,368	₱ 11,532,638
Balances at December 31, 2021 (Audited)	₱ 6,375,975	₱ 239,012	₱ (1,912,806)	₱ (5,565)	₱ 43,703	₱ 19,111	₱ 5,500,360	₱ 10,259,790	₱ 357,296	₱ 10,617,086
Net loss for the period	-	-	-	-	-	-	(194,926)	(194,926)	(3,233)	(198,159)
Other comprehensive income - net of tax	-	-	-	885	-	15,159		16,044	-	16,044
Total comprehensive income (loss) - net of tax	-	-	-	885	-	15,159	(194,926)	(178,882)	(3,233)	(182,115)
Purchase of treasury shares	-	-	(33,227)	-	-	-	-	(33,227)	-	(33,227)
Balances at March 31, 2022 (Unaudited)	₱ 6,375,975	₱ 239,012	₱ (1,946,033)	₱ (4,680)	₱ 43,703	₱ 34,270	₱ 5,305,434	₱ 10,047,681	₱ 354,063	₱ 10,401,744

See accompanying Notes to Unaudited Consolidated Financial Statements.

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023 AND 2022
(Amounts in Thousands)

	2023	2022
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**₱526,200**	(₱237,885)
Adjustments for:		
Depreciation, depletion and amortization (Note 26)	**122,568**	50,225
Interest expense (Note 27)	**28,429**	22,785
Unrealized foreign exchange losses (gains) - net	**(49,371)**	13,163
Share in net income (loss) of investment in associates (Note 9)	**(52,777)**	10,992
Retirement benefits costs (Note 16)	**7,570**	1,041
Accretion interest on provision for mine rehabilitation and decommissioning (Note 27)	**38,042**	2,809
Interest income	**(11,185)**	(2,101)
Accretion interest on security deposit under “Other noncurrent assets” (Note 27)	**(237)**	(237)
Operating income (loss) before changes in working capital	**609,239**	(139,208)
Decrease (increase) in:		
Trade and other receivables	**145,792**	(32,689)
Inventories	**(117,450)**	(51,445)
Prepayments and other current assets	**15,329**	(39,727)
Increase (decrease) in trade and other payables	**(166,471)**	21,983
Net cash generated from (used in) operations	**486,439**	(241,086)
Income taxes paid	**–**	(22,832)
Interest paid	**(39,751)**	(33,104)
Contributions (Note 16)	**(5,727)**	(5,727)
Interest received	**8,952**	788
Net cash flows from (used in) operating activities	**449,913**	(301,961)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property and equipment	**(286,374)**	(76,068)
Decrease (increase) in:		
Advances to related parties	**123,086**	(267,580)
Other noncurrent assets	**(222,167)**	(49,740)
Payment of non-interest bearing liability for acquisition of an associate	**(544,290)**	–
Acquisition of non-controlling interest in MHC	**(192,000)**	–
Net cash flows used in investing activities	**(1,121,745)**	(393,388)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Loans	**(105,225)**	(12,647)
Lease Liabilities	**(18,854)**	(17,518)
Purchase of treasury shares (Note 19)	**(92,525)**	(33,227)
Increase (decrease) in:		
Advances from related parties	**(692)**	1,009
Net cash flows used in financing activities	**(217,296)**	(62,383)
NET DECREASE IN CASH	**(885,218)**	(757,732)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**(1,800)**	47,443
CASH AT BEGINNING OF PERIOD	**3,180,585**	3,821,177
CASH AT END OF PERIOD	**₱2,289,657**	₱3,110,888

See accompanying Notes to Unaudited Consolidated Financial Statements.

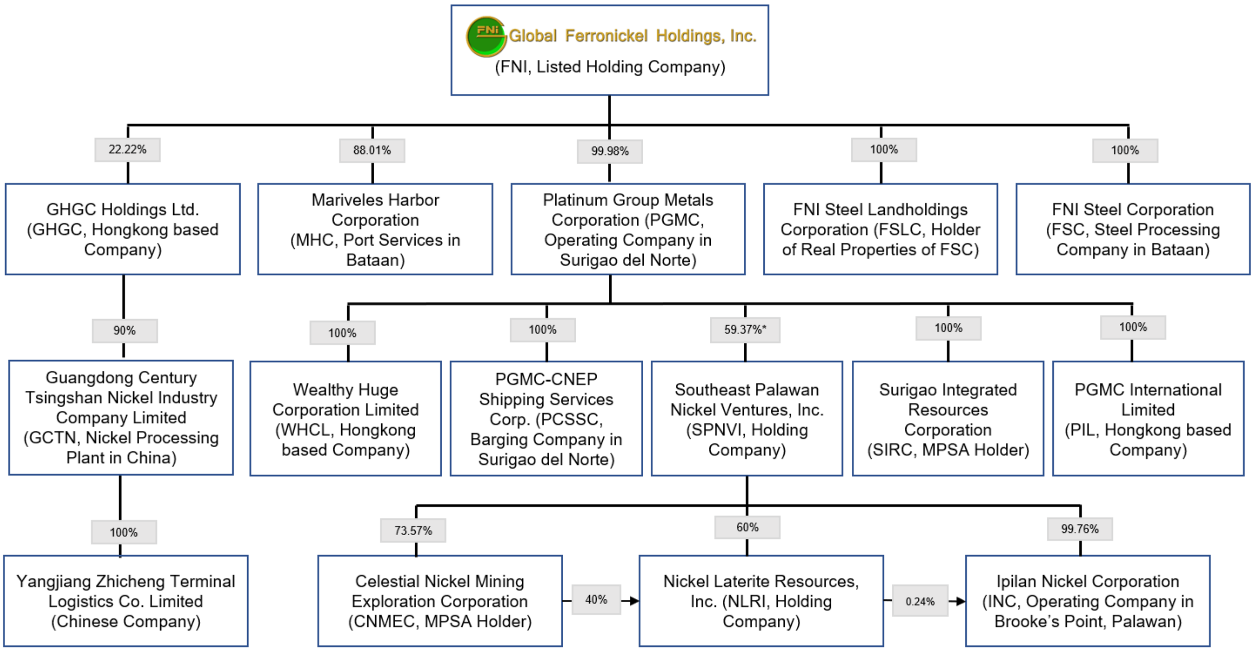
GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Global Ferronickel Holdings, Inc. (FNI; Parent Company) is a corporation listed in the Philippine Stock Exchange (PSE). It was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 3, 1994. The principal activities of the Parent Company are to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, and other securities or obligations of any corporation.

The Parent Company's principal office address is at Penthouse, Platinum Tower, Asean Avenue corner Fuentes St., Aseana, Parañaque City.

The following is the map of relationships of the Companies within the Group:



* 59.37% represents the indirect ownership of FNI on SPNVI's all classes of outstanding shares, preferred and common. FNI indirectly owns 99.44% of the outstanding common shares of SPNVI with voting power, through PGMC, its subsidiary.

The Parent Company's principal stockholders as at March 31, 2023 are as follows:

List of Top 20 Stockholders

Name	Citizenship	Holdings	Percentage
PCD NOMINEE CORP. - FILIPINO	Filipino	2,123,203,412	41.22%
PCD NOMINEE CORP. - NON-FILIPINO	Foreign	1,857,011,001	32.78%
REGULUS BEST NICKEL HOLDINGS INC.	Filipino	523,154,668	10.08%
BLUE EAGLE ELITE VENTURE INC.	Filipino	348,769,779	06.72%
SOHOTON SYNERGY, INC.	Filipino	233,156,767	04.49%
RED LION FORTUNE GROUP INC.	Filipino	57,588,866	01.11%
JOSEPH C. SY	Filipino	5,000,000	00.10%
DANTE R BRAVO	Filipino	3,261,053	00.06%
ORION-SQUIRE CAPITAL, INC. A/C-0459	Filipino	2,283 106	00.04%
CARLO A. MATILAC	Filipino	1,733,226	00.03%
MARY BELLE D. BITUIN	Filipino	1,630,523	00.03%
SQUIRE SECURITIES, INC	Filipino	867,338	00.02%
CORSINO L. ODTOJAN	Filipino	785,860	00.01%
GEARY L. BARIAS	Filipino	785,860	00.01%
MARILOU C. CELZO	Filipino	678,479	00.01%
GO GEORGE L.	Filipino	539,153	00.01%

KUOK PHILIPPINES PROPERTIES INC.	Filipino	463,953	00.01%
RICHARD C. GIMENEZ	Filipino	430,738	00.01%
TONG GABRIEL	Filipino	417,805	00.01%
OCA GREGORIO S.	Filipino	415,193	00.01%
PAZ VENSON	Filipino	410,579	00.01%

The Subsidiaries

PGMC

PGMC is 99.98% owned by the Parent Company and was registered with the Philippine SEC on February 10, 1983. It is primarily engaged in the exploration, mining and exporting of nickel ore located in the municipality of Claver, Surigao del Norte. PGMC's principal office address is the same as that of the Parent Company.

PGMC has an Operating Agreement with SIRC for the exclusive right and privilege to undertake mining activities within the area covered by the Mineral Production Sharing Agreement (MPSA) No. 007-92-X.

Seasonality

The Cagdianao Mine produces and exports nickel ores from April to October of each year, typically the dry and minimal sea swell season at the mine site. During the rainy season, mining operations in the mine site are suspended and there is no loading of ore onto ships. This seasonality results in quarter-to-quarter volatility in the operating results with more revenue being earned and more expenses being incurred during the second and third quarters compared to the first and fourth quarters.

SIRC

SIRC is a wholly-owned subsidiary of the Parent Company through PGMC and was registered with the Philippine SEC on July 16, 1999. Its primary purposes are to engage in the exploration and processing of minerals, petroleum and other mineral oils, to enter into financial and technical assistance agreements for the large-scale exploration, development and utilization of mineral resources or otherwise engage in mining activities or enter into agreements as may be allowed by law. SIRC's principal office address is the same as that of the Parent Company.

SIRC is the holder of MPSA No. 007-92-X, redenominated as MPSA No. 007-92-X-SMR (Amended 1), located in Cagdianao, Claver, Surigao del Norte. The said MPSA was last renewed on June 21, 2016 for another 25 years from its initial term ending in 2017, or until February 14, 2042.

PCSSC

PCSSC is a wholly-owned subsidiary of the Parent Company through PGMC and was registered with the Philippine SEC on June 4, 2013. Its primary purpose is to conduct and carry on the business of inter-island shipping, including chartering, hiring, leasing, or otherwise acquiring tug and barge, self-propelled barges or landing craft tank (LCT) or other ships or vessels, together with equipment, appurtenances and furniture therefor; and to employ the same in the conveyance and carriage of ores, minerals, goods, wares and merchandise of every kind and description. PCSSC's principal office address is the same as that of the Parent Company.

PIL

PIL is a wholly-owned subsidiary of the Parent Company through PGMC and was incorporated on July 22, 2015 as a limited company under the Companies Ordinance of Hong Kong. Its primary purpose is to trade mineral products. It was established to facilitate relations with Chinese customers, to promote marketing, to collect accounts, to avail of offshore banking services such as loans, credit/discounting lines and other financing arrangements, and to do other services for PGMC. PIL's principal office address is at Unit 4101-02, 41/F, Office Tower, Convention Plaza, 1 Harbour Road Wanchai, Hong Kong.

WHCL

WHCL is a wholly-owned subsidiary of the Parent Company through PGMC and was incorporated on March 1, 2021 as a limited company under the Companies Ordinance of Hong Kong. Its primary purpose is to facilitate relations with offshore customers, collection of accounts, availment of offshore banking services, and such other services as will aid PGMC's strategic growth in the ASEAN region. WHCL's principal office address is at Room 804, 8/F, LAP FAI Building, 6-8 Pottinger Street, Central Hong Kong. WHCL has not started its operations as at March 31, 2023.

FSC

FSC is a wholly-owned subsidiary of the Parent Company and was registered with the Philippine SEC on August 5, 2019. Its primary purpose is to engage in the business of buying, selling, dealing, at wholesale and retail, importing and manufacturing iron, steel and other ferrous or non-ferrous metal products, to be processed either by melting, rolling, casting, or forging to produce it in the form of ingots, billets, sections, bars, plates, strips, rods, tubes, pipes and other such form in demand in the market or industry; to import materials, machinery and equipment needed to manufacture such finished products; and to lease real properties such as land and buildings as needed. FSC's principal office address is at Lot 9 3rd Floor AFAB Administration Building, Freeport Area of Bataan Alas-asin Mariveles, Bataan, Region III, Philippines. As at March 31, 2023, FSC has not yet started its commercial operations.

FSLC

FSLC is a wholly-owned subsidiary of the Parent Company and was registered with the Philippine SEC on May 31, 2019. Its primary purpose is to engage in the business of managing real estate or interest therein, alone or in joint ventures with others and for this purpose acquire land by purchase, lease, donation, or otherwise, and to own, use, improve, subdivide, hold, administer, sell, convey, exchange, lease, mortgage, dispose of, work, develop, or otherwise deal in real property of any kind and interest or right therein and to construct, improve, manage, or otherwise dispose of buildings and other structures of whatever kind, together with their appurtenances whether for dwelling, commercial or industrial purposes. FSLC was incorporated to hold real properties of FSC. FSLC's principal office address is the same as that of the Parent Company.

MHC

MHC is a 64.03%-owned subsidiary of the Parent Company as at December 31, 2022 and was registered with the Philippine SEC on July 11, 2014 primarily to engage to carry on the business of providing and rendering general services incidental to and necessarily connected with the operation and management of port terminals in the Philippines, which will involve the handling of containers, bulk liquid and dry cargoes, bagging of fertilizers, refrigerated warehousing facilities, warehousing and stevedoring, lightering, towing, and/or storing of cargo handled by MHC to and from port terminals in the delivery from abroad and/or for shipment abroad as may be necessary or incidental thereto. MHC's principal office address is at Mariveles Multi-Purpose Terminal, Mariveles Diversion Road, Freeport Area of Bataan, Brgy. Sisiman, Mariveles, Bataan.

On March 2, 2023, the Parent Company acquired an additional 23.98% interest (equivalent to 1,000,000 common shares) in MHC from Seasia Logistics Philippines, Inc., an existing stockholder, for ₱192.0 million cash, resulting in 88.01% ownership in MHC (see Note 19). The increased shareholding in MHC gives FNI significant control over the operation of the Mariveles port.

SPNVI

SPNVI is 59.37% owned by the Parent Company through PGMC and was registered with the SEC on July 11, 2014. It is primarily to engage to prospect, explore, locate, acquire, hold, work, develop, lease, operate and exploit mineral lands for nickel, chromite, copper, manganese, magnesite, silver, gold, and other precious and non-precious metals; to acquire and dispose of mining claims and rights, and to conduct and carry on the business of preparing, milling, concentrating, smelting, treating or preparing for market, and to market, sell at wholesale, exchange or otherwise deal in nickel, chromite, copper, manganese, magnesite, silver, gold and other mineral products. SPNVI's principal office address is the same as that of the Parent Company.

INC

SPNVI wholly owns INC, a company registered with the SEC on July 22, 2005, for the primary purpose to explore, develop, mine, operate, produce, utilize, process and dispose of all the minerals and the products or by-products that may be produced, extracted, gathered, recovered, unearthed or found within the area of Sitio Ipilan, Mambalot, Municipality of Brooke's Point, Province of Palawan, consisting of 2,835 hectares and covered by MPSA No. 017-93-IV, Amended 2000, by the Government of the Republic of the Philippines through the Secretary of the Department of Environment and Natural Resources (DENR). INC's principal office address is the same as that of the Parent Company.

CNMEC

SPNVI directly owns 73.57% of CNMEC, a company registered with the SEC on December 17, 1979, for the primary purpose is to search for, prospect, explore, develop ores and mineral, to locate mining claims within the Philippines and record the same according to mining laws, and to purchase, take on lease, exchange or otherwise acquire mines, workings, mineral lands, mining claims, mineral, water and timer rights, foreshore leases, licenses concessions and grants, and other effects whatsoever which the Company may from time to time deem proper to be acquired for any of its purposes. CNMEC's principal office address is the same as that of the Parent Company.

NLRI
SPNVI directly owns 60% of NLRI, a company registered with SEC on July 22, 2005, for the primary purpose to subscribe for, purchase or otherwise acquire, obtain interests in, own, hold, pledge, hypothecate, assign, sell, exchange or otherwise dispose of and generally deal in and with personal properties and securities of every kind and description of any government, municipality or other political subdivision or agency, corporation, association or entity; to exercise any and all interest in respect of any such securities; and to promote, manage, participate in and act as agent for any purchasing or selling syndicate or group of investors and otherwise to take part in and assist, in any legal matter for the purchase and sale of any securities as may be allowed by law, without acting as or engaging in the business of an investment house, mutual fund or broker or dealer in securities. NLRI's principal office address is the same as that of the Parent Company.

The Associates

GHGC
GHGC is 22.22% owned by the Parent Company and was incorporated in the British Virgin Islands (BVI) on April 14, 2011 whose principal activity is investment holding. The registered office of GHGC is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. It engages in trading nickel ore and other related mineral products.

GHGC owns 90% shareholding in Guangdong Century Tsingshan Nickel Industry Company Limited (GCTN). GCTN is a nickel alloy enterprise in China that is processing laterite nickel ore and is selling nickel pig iron. It operates a 33-hectare area with more than 600 employees. GCTN is one of the most competitive smelters with Rotary kiln-electric furnace (RKEF) technology. The rotary kiln can feed up to four (4) furnaces and is estimated to produce about 28,000 tons of pure nickel at its optimum. GCTN's wholly owned subsidiary is Yangjiang Zhicheng Terminal Logistics Co. Limited, located near Yangjiang Harbour, Hailing Cove area.

2. Basis of Preparation, Statement of Compliance, Basis of Consolidation and Changes in Accounting Policies and Disclosures

Basis of Preparation
The accompanying unaudited interim consolidated financial statements of the Group as at March 31, 2023 and for the three months period ended March 31, 2023 and 2022 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*, and on a historical cost basis, except for the financial asset at fair value through other comprehensive income (FVOCI), which are carried at fair value. The unaudited interim consolidated financial statements are presented in Philippine peso, which is the Group's presentation currency under the Philippine Financial Reporting Standards (PFRS). Based on the economic substance of the underlying circumstances relevant to the Group, the functional currencies of the Parent Company and subsidiaries is Philippine peso, except for PIL and WHCL whose functional currency is Hong Kong Dollar (HK$). All values are rounded to the nearest thousand (000), except number of shares, per share data and as indicated. Further, the unaudited interim consolidated financial statements do not include all the information and disclosure required in the annual consolidated financial statements, and should be read in conjunction with the audited Group's annual consolidated financial statements as at December 31, 2022.

Statement of Compliance
The accompanying unaudited interim consolidated financial statements of the Group have been prepared in compliance with PFRS. PFRS includes statements named PFRS, PAS, and Standard Interpretation Committee/ Philippine Interpretation based on International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC, including SEC pronouncements.

Basis of Consolidation

The unaudited interim consolidated financial statements include the balances of the Parent Company and its subsidiaries and equity share in net income or losses of associates, after eliminating significant intercompany balances and transactions.

Subsidiaries and Associates	Principal Place of Business	Principal Activities	Effective Ownership March 31, 2023	Effective Ownership December 31, 2022
PGMC	Philippines	Mining	**99.98%**	99.98%
SIRC(1)	Philippines	Mining	**99.98%**	99.98%
PCSSC(1)	Philippines	Services	**99.98%**	99.98%
PIL(1)	Hong Kong	Marketing, Trading and Services	**99.98%**	99.98%
WHCL(1)	Hong Kong	Marketing, Trading and Services	**99.98%**	99.98%
FSLC	Philippines	Landholdings	**100.00%**	100.00%
FSC	Philippines	Manufacturing	**100.00%**	100.00%
MHC(2)	Philippines	Port Operations	**64.03%**	64.03%
SPNVI(3)	Philippines	Holding/Mining	**59.37%**	59.37%
INC(4)	Philippines	Holding/Mining	**59.37%**	59.37%
CNMEC(4)	Philippines	Holding/Mining	**59.37%**	59.37%
NLRI(4)	Philippines	Holding/Mining	**59.37%**	59.37%
Associates				
GHGC	British Virgin Islands	Holding	**22.22%**	22.22%
GCTN	China	Nickel Processing	**20.00%**	20.00%

(1) Indirect ownership through PGMC.

(2) On March 2, 2023, the Parent Company's equity interest in MHC increased from 64.03% to 88.01% as a result of the purchase of additional interest from Seasia Logistics Philippines, Inc., an existing stockholder.

(3) This represents the ownership of the Parent Company on SPNVI's all classes of outstanding shares, preferred and common. The Parent Company indirectly owns 99.44% of the outstanding shares of SNPVI with voting power as at March 31, 2023 and December 31, 2022.

(4) This represents the indirect ownership of the Parent Company to the subsidiaries of SPNVI.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using uniform and consistent accounting policies. When necessary, adjustments are made to the stand-alone financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in Accounting Policies and Disclosures

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

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

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

  The amendments to the Practice Statement provide non-mandatory guidance. The amendments did not have any impact on the consolidated financial statements of the Group.

- Amendments to PAS 8, *Definition of Accounting Estimates*
  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The amendments have no impact on the consolidated financial statements of the Group.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

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

  The amendments have no impact on the consolidated financial statements of the Group.

<u>Standards Issued but not yet Effective</u>
Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements [unless otherwise indicated].

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

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*

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3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRSs requires the Group to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any changes in estimates are reflected in the unaudited interim consolidated financial statements as they become reasonably determinable.

Accounting judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

<u>Judgments</u>
In the process of applying the Group's accounting policies, management has made judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the unaudited interim consolidated financial statements.

<u>Estimates and Assumptions</u>
The Group based its assumptions and estimates on parameters available when the unaudited interim consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

4. Cash and Cash Equivalents

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand	₱1,606	₱1,873
Cash with banks	2,266,285	3,156,946
Short-term cash investments	21,766	21,766
	₱2,289,657	₱3,180,585

5. Trade and Other Receivables

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade	₱1,816,606	₱1,999,403
Advances to:		
Contractors	434,864	401,973
Officers, employees and others	46,582	41,555
Income tax receivable	87,833	90,746
	2,387,885	2,533,677
Less allowance for expected credit losses (ECL)	289,286	289,286
	₱2,098,599	₱2,244,391

There was no provision for ECL on trade and other receivables for the periods ended March 31, 2023 and 2022.

6. Inventories

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Beneficiated nickel ore	₱362,839	₱208,381
Materials and supplies	88,125	83,912
	₱450,964	₱292,293

Beneficiated nickel ore was valued at cost while materials and supplies which consist of tires, spare parts, and fuel and lubricants were valued at net realizable value.

No provision for inventory losses was recognized for the periods ended March 31, 2023 and 2022. The balance of the allowance for inventory losses on materials and supplies amounted to ₱11.6 million as at March 31, 2023 and December 31, 2022.

7. Prepayments and Other Current Assets

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Prepaid insurance	₱14,590	₱14,143
Creditable withholding taxes (CWT)	9,713	9,008
Advances to suppliers	9,421	7,431
Prepaid rent	5,162	4,865
Prepaid taxes and licenses	1,645	16,918
Others	3,810	7,060
	44,341	59,425
Less allowance for impairment losses	3,684	3,684
	₱40,657	₱55,741

No provision for impairment losses on other current assets was recognized in 2023 and 2022.

8. Property and Equipment

As at March 31, 2023 and December 31, 2022, property and equipment amounted to ₱6,023.2 million and ₱5,904.2 million, respectively. During the three-month period ended March 31, 2023 and 2022, the Group acquired assets with a cost of ₱285.2 million and ₱79.4 million, respectively, including a parcel of land and construction in-progress.

Depreciation and depletion expenses for the three-month period ended March 31, 2023 and 2022 amounted to ₱162.4 million and ₱85.7 million, respectively. As at March 31, 2023 and December 31, 2022, total accumulated depreciation and depletion amounted to ₱3,471.4 million and ₱3,346.4 million, respectively. Depreciation and depletion expenses directly attributable to production amounting to ₱39.8 million and ₱36.8 million for the three months ended March 31, 2023 and 2022, respectively, were charged to beneficiated nickel ore inventory.

The property and equipment includes right-of-use assets amounted to ₱794.9 million and ₱819.4 million as at March 31, 2023 and December 31, 2022, respectively. As at March 31, 2023 and December 31, 2022, accumulated depreciation of the right-of-use assets amounted to ₱220.6 million and ₱197.7 million, respectively. Depreciation expense of right-of-use assets for the three-month period ended March 31, 2023 and 2022 amounted to ₱22.9 million and ₱19.8 million, respectively.

No property and equipment were pledged as at March 31, 2023 and December 31, 2022.

9. Investment in Associates

As at March 31, 2023 and December 31, 2022, investment in associates amounted to ₱4,361.3 million and ₱4,308.5 million, respectively.

The Group recognized total share in net income of investment in associates amounted to ₱52.8 million for the three months ended March 31, 2023 and share in net loss of investment in associates amounted to ₱11.0 million for the same period last year.

10. Mining Rights

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Cost	₱396,500	₱396,500
Accumulated amortization:		
Beginning balance	279,196	270,921
Amortization	–	8,275
Ending balance	279,196	279,196
Net book value	₱117,304	₱117,304

No provision for impairment losses on mining rights was recognized for the periods ended March 31, 2023 and 2022.

11. Mine Exploration Costs

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning balance	₱179,030	₱147,299
Exploration expenditures incurred	–	31,731
Ending balance	₱179,030	₱179,030

The remaining mine exploration costs as at March 31, 2023 pertains to PGMC's CAGA 5, 6, 7 and limestone areas are still under exploration and evaluation phase.

12. Other Noncurrent Assets

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Advances to suppliers	₱570,516	₱380,831
Input VAT	567,308	529,349
Mine rehabilitation fund (MRF)	378,506	378,152
Restricted cash	82,228	84,311
Miscellaneous deposit	68,849	68,849
Intangible asset	28,639	30,805
Security deposits	24,223	23,986
Financial asset at FVOCI	3,542	3,036
Computer software	1,567	682
Others	10,218	12,685
	1,735,596	1,512,686
Less allowance for impairment losses	195,986	195,986
	₱1,539,610	₱1,316,700

No dividend income was earned by the Group for the periods ended March 31, 2023 and 2022 from the financial asset at FVOCI.

13. Trade and Other Payables

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade	₱137,818	₱337,698
Contract liabilities	485,246	247,992
Accrued expenses and taxes	107,253	335,360
Dividends payable	20,238	20,238
Nontrade	9,623	10,624
	₱760,178	₱951,912

Details of the accrued expenses and taxes are summarized below:

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Excise taxes and royalties payable	₱50,678	₱140,761
Provision for Social Development and Management Program (SDMP) and Indigenous Cultural Communities (ICC)	19,358	62,946
Business and other taxes	10,432	14,217
Accrued liabilities	8,831	89,386
Accrued payroll	2,825	15,423
Accrued professional fees	552	1,442
Others	14,577	11,185
	₱107,253	₱335,360

14. Loans Payable

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Taiwan Cooperative Bank Manila Offshore Banking Branch (TCB) - Long-term loan	₱720,889	₱841,800
Less current portion: TCB	202,339	315,675
Noncurrent portion	₱518,550	₱526,125

Movements in the carrying value of loans payable are as follows:

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning balance	₱841,800	₱899,256
Payments	(105,225)	(137,646)
Effect of changes in foreign currency exchange rates	(15,686)	80,190
Ending balance	₱720,889	₱841,800

Long term loans

TCB

On July 29, 2021, the Group was granted by TCB through PGMC an Omnibus Line for Loan Facility in the aggregate principal amount not exceeding US$15.0 million for general corporate purposes. The Omnibus Line is comprised of Revolving loan amounting to US$5.0 million and Term loan amounting to US$15.0 million with the following terms:

- Revolving loan shall be repaid at the maturity date of each loan but the tenor shall not exceed 180 days

- Term loan shall be repaid in four semi-annual installment repayments. First installment commences on the date falling 18 months from the first drawdown date as follows:

Months from the first drawdown date	Repayment installment from outstanding principal at the end of availability period (%)
18	12.50%
24	12.50%
30	12.50%
36	62.50%

The interest shall be payable quarterly in arrears. The interest rate for the loan is the aggregate of the reference rate plus spread of 3.25% per annum. The reference rate is the applicable London Interbank Offered Rates (LIBOR) displayed on the Bloomberg and Reuters' page for three (3) month yield as of approximately 11:15 am on the interest rate setting date as stated in the loan agreement.

The other conditions of the agreement are as follows:

a. The Group shall maintain a waterfall account with TCB wherein all amounts collected from the buyers of nickel ore shall be deposited.
b. The security required by TCB shall consist of only three (3) kinds, as follows:
   i. Accounts receivables from PGMC's customers or clients or Import letters of credit (LC) issued in favor of PGMC by its customers and clients. Provided, that the aggregate value, in combination, shall at least twice (2x) the amount of the actual drawdown
   ii. Demand Deposit Account which shall be opened and set-up by the collateral provider acceptable to TCB (in this case PGMC International Limited) amounting to at least 10% of the drawdown. The amount in said account maybe reduced proportionately as PGMC pays the principal and its interest by express agreement of TCB and PGMC.
   iv. Guarantee issued by any individual, juridical person such as corporations or any combination thereof that is acceptable to TCB.
c. TCB is irrevocably appointed as the collecting agent for the account receivables from PGMC's export orders of nickel ore and as a collecting and advising bank for the import LC opened by the buyers of the nickel ore of PGMC. All the amount collected by TCB shall be deposited in the Waterfall Account of PGMC.
d. The Group may, at its option, prepay the loan in part or in full, together with accrued interest thereon.
e. If the Group fails to make payment when due of any sum (whether at the stated maturity, by acceleration or otherwise), the Group shall pay penalty on such past due and unpaid amount/s at the rate of 18% per annum, in addition to the interest rate from due date until the date of payment in full. The penalty shall be payable from time to time and upon demand by the bank.

On July 30, 2021, the Group made a drawdown amounting to US$15.0 million of the loan.

Interest expense related to the TCB loan amounted to ₱15.6 million and ₱7.6 million for the periods ended March 31, 2023 and 2022, respectively.

Bank of Commerce (BOC)
On May 10, 2017, the Group through MHC entered into a loan agreement with BOC to acquire additional financing to support the construction of Phase 1 of the dry bulk terminal facilities in Mariveles, Bataan. Repayments of the loan will be in equal semi-annual installments for five (5) years and bear an annual interest rate ranging from 7.12% to 7.21% per annum. MHC has fully settled its loan with BOC on May 29, 2022.

The loan is secured by MHC's shares of stock as collateral and a continuing suretyship from Seasia Logistics Philippines, Inc. Part of the agreement states that MHC shall not participate in or enter into any merger or consolidation, sell, lease mortgage or otherwise dispose of all or substantially all of its assets and voluntarily suspend its business operations or dissolve its affairs, and declare or pay dividends to its shareholders (other than dividends payable solely in shares of capital stock) if payment of any sum due to BOC is in arrears. In 2022, MHC settled in full its loans from BOC.

Interest expense related to the BOC loan amounted to nil and ₱0.6 million for the periods ended March 31, 2023 and 2022, respectively.

Short term loans
BDO Unibank, Inc. (BDO)
The Group is granted annually by BDO a revolving US$20.0 million Export Packing Credit Line for working capital purposes. No drawdowns were made for the periods ended March 31, 2023 and 2022.

UnionBank of the Philippines (UBP)
On May 20, 2021 and June 10, 2021, the Group through MHC entered into short-term loans for ₱50.0 million and ₱40.0 million, respectively. These are payable in one (1) year, bear an interest rate of 6.50% per annum and are intended for working capital purposes. The short-term loans were renewed for another one (1) year with an interest rate of 6.5% and 6.75% per annum. Interest expense related to the UBP loan amounted to nil and ₱1.5 million for the periods ended March 31, 2023 and 2022, respectively. The short-term loans with UBP were fully settled on July 29, 2022.

The Group has complied with the terms of the loans as at March 31, 2023 and December 31, 2022.

15. Provision for Mine Rehabilitation and Decommissioning

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 dismantling and demolition of infrastructures, removal of residual materials and remediation of disturbed areas.

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning balance	₱261,039	₱305,414
Accretion interest	1,651	11,234
Additions	–	63,844
Effect of change in estimate	–	(119,453)
Ending balance	₱262,690	₱261,039

16. Retirement Obligation

The FNI Group of Companies Multiemployer Retirement Plan (the Retirement Plan) is jointly established by PGMC, PCSSC, INC and the Parent Company, and other affiliate companies that may adopt the said plan. The Retirement Plan is a non-contributory defined benefit retirement plan covering all of the Group’s regular employees effective January 1, 2018.

The funding of the Retirement Plan shall be determined by the actuarial advisor and payment of the benefits thereunder shall be provided through the medium of a fund held by the Trustee Bank under the Trust Agreement.

There was no plan termination, curtailment or settlement as at March 31, 2023 and December 31, 2022.

The latest actuarial valuation report of the retirement plan is as at December 31, 2022.

As at March 31, 2023, the Group’s contribution to the pension fund amounted to ₱5.7 million. The Group does not currently employ any asset-liability matching.

As at March 31, 2023 and December 31, 2022, the retirement plan asset, net of retirement obligation, amounted to ₱14.4 million and ₱16.8 million, respectively. The current service cost amounted to ₱7.6 million and ₱3.5 million for the three months period ended March 31, 2023 and 2022, respectively. The interest cost on retirement obligation amounted to ₱1.4 million and ₱1.0 million for the three months period ended March 31, 2023 and 2022, respectively. The interest income on plan assets amounted to ₱2.2 million and ₱1.3 million for the three months period ended March 31, 2023 and 2022, respectively.

17. Non-interest Bearing and Other Current Liabilities

Non-interest bearing liability

On September 30, 2022, as a result of the acquisition of GCTN, the Group recognized a non-interest bearing liability to the Seller amounting to US$51.8 million which will be settled through annual installment payment amounting to US$10.0 million starting 2023 until fully paid.

Details of the non-interest bearing liability to the Seller is as follows:

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at the date of acquisition, undiscounted	₱2,947,352	₱2,947,352
Discount on non-interest bearing liability:		
Day 1 gain	469,174	504,273
Accretion of interest	(36,391)	(35,099)
Ending balance	432,783	469,174
Payment	(544,290)	–
Net carrying value	1,970,279	2,478,178
Effect of changes in foreign currency exchange rates	(42,496)	(42,496)
Ending balance	1,927,783	2,435,682
Less: Current portion	597,591	561,200
Non-interest bearing liability - net of current portion	₱1,330,192	₱1,874,482

Other current liabilities

As at March 31, 2023 and December 31, 2022, the Group has payable to previous stockholders of Celestial Nickel Mining Exploration Corporation (CNMEC) and Brooks Nickel Ventures Inc. (BNVI), as follows:

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Previous stockholders of CNMEC	₱285,911	₱378,436
Payable to BNVI	193,743	193,743
Noncurrent portion	₱479,654	₱572,179

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning balance	₱572,179	₱521,968
Additions	–	28,177
Payments	(92,525)	(85,446)
Effect of changes in foreign currency exchange rates	–	107,480
Ending balance	₱479,654	₱572,179

18. Leases

The Group has lease contracts for various properties and equipment used in its operations and office spaces. Leases of office spaces generally have lease terms between three (3) and thirteen (13) years while the equipment has a lease term of two (2) years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets without approval of lessor.

The Group also has certain lease of office spaces and machineries and equipment with lease terms of twelve (12) months or less. The Group applies the "short-term lease" recognition exemptions for these leases.

The lease liabilities as at March 31, 2023 and December 31, 2022, discounted using incremental borrowing rate are as follows:

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Lease liabilities	₱829,485	₱835,585
Less current portion	61,376	57,823
Noncurrent portion	₱768,109	₱777,762

The rollforward analysis of lease liabilities follows:

Amount in thousands	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning balance	₱835,585	₱824,013
Interest expense	12,754	51,538
Payments	(18,854)	(111,721)
Modification	–	71,755
Ending balance	₱829,485	₱835,585

19. Equity

Capital Stock

The Parent Company has 11,957,161,906 authorized shares at ₱1.05 par value as at March 31, 2023 and December 31, 2022. Out of the total authorized shares of the Parent Company, 6,072,357,151 shares are issued amounting to ₱6,375,975 as at March 31, 2023 and December 31, 2022.

The Parent Company has only one (1) class of common shares which do not carry any right to fixed income.

NCI

March 31, 2023

	SPNVI	**MHC**	**PGMC**	**Total**
Percentage of ownership	**40.63%**	**11.99%**	**0.02%**	
Acquisition of SPNVI and MHC	**6,503**	**429,936**	**-**	**436,439**
Acquisition of NCI	**-**	**(328,508)**	**-**	**(328,508)**
Issuance of capital stock	**-**	**-**	**446**	**446**
Retained earnings, beginning	**41,586**	**65,991**	**437**	**108,014**
Total comprehensive income (loss) attributable to NCI	**209,457**	**(4,452)**	**(28)**	**204,977**
Total	**257,546**	**162,967**	**855**	**421,368**

December 31, 2022

	SPNVI	MHC	PGMC	Total
Percentage of ownership	40.63%	35.97%	0.02%	
Acquisition of SPNVI and MHC, as restated	6,503	429,936	-	436,439
Issuance of capital stock	-	-	446	446
Retained earnings, beginning	-	-	211	211
Total comprehensive income attributable to NCI	41,586	191,886	282	233,754
Cash dividend	-	(125,895)	(56)	(125,951)
Total	48,089	495,927	883	544,899

Material NCI
As at March 31, 2023 and December 31, 2022, accumulated balance of material NCI amounted to ₱420.5 million and ₱544.0 million, respectively, which represents 59.37% equity interest in SPNVI and 35.97% equity interest in MHC. Net profit allocated to material NCI amounted to ₱205.0 million for the three months ended March 31, 2023 and ₱233.5 million for the year ended December 31, 2022.

Acquisition of NCI
On March 2, 2023, the Parent Company acquired an additional 23.98% interest in MHC from Seasia Logistics Philippines, Inc. for ₱192.0 million, resulting in 88.01% ownership interest in the subsidiary. The effect on equity for the acquisition follows:

Consideration paid for the additional interest acquired	₱192,000
Acquisition of NCI	(328,508)
Retained earnings	₱136,508

Treasury Stock
The Parent Company has 882,571,322 shares amounting to ₱1,968.2 million in treasury as at March 31, 2023 and December 31, 2022.

For the periods ended March 31, 2023 and 2022, the Parent Company purchased a total of nil and 10,440,000 common shares at an average price of ₱3.18 per share, respectively.

20. Earnings Per Share

The following reflects the income and share data used in the earnings (loss) per share computation for the three months period ended March 31:

	2023	2022
	(Unaudited)	
Net income (loss) attributable to equity holders of the Parent Company (amounts in thousands)	₱153,849	(₱194,926)
Number of shares:		
Common shares outstanding at beginning of the year	5,189,785,829	5,210,312,829
Effect of buyback during the period	–	(8,521,484)
Adjusted weighted average number of common shares outstanding	5,189,785,829	5,201,791,345
Basic/Diluted Earnings (Loss) per Share	₱0.0296	(₱0.0375)

As at March 31, 2023 and 2022, there are no potentially dilutive common shares.

21. Cost of Sales

	For the three months period ended March 31	
Amount in thousands	2023	2022
	(Unaudited)	
Contract hire	₱114,907	₱11,336
Depreciation and depletion (see Note 26)	74,951	11,745
Personnel costs (see Note 25)	44,976	1,643
Fuel, oil and lubricants	7,638	1,952
Manning services	6,256	–
Community relations	5,775	–
Operation overhead	5,158	73
Assaying and laboratory	3,728	–
Environmental protection costs	3,237	–
Others	7,119	2,770
	₱273,745	₱29,519

22. Excise Taxes and Royalties

Excise taxes amounted to ₱47.1 million and nil for the three months period ended March 31, 2023 and 2022, respectively applicable to the Palawan mining operations.

23. General and Administrative

Amount in thousands	For the three months period ended March 31 2023	2022
	(Unaudited)	
Personnel costs (see Note 25)	₱64,189	₱56,154
Taxes and licenses	62,392	29,864
Depreciation and amortization (see Note 26)	47,617	38,480
Outside services	41,297	20,192
Marketing and entertainment	13,085	12,435
Consultancy fees	10,559	10,918
Travel and transportation	6,578	3,405
Repairs and maintenance	5,667	9,093
Fuel, oil and lubricants	2,466	3,329
SEC and listing fees	1,596	–
Power and utilities	1,470	572
Communication	1,292	1,269
Membership and subscription	1,179	2,214
Other charges	7,521	10,720
	₱266,908	₱198,645

24. Shipping and Distribution

Amount in thousands	For the three months period ended March 31 2023	2022
	(Unaudited)	
Stevedoring charges and shipping expenses	₱30,887	₱–
Fuel, oil and lubricants	493	1,776
Supplies	449	52
Personnel costs (see Note 25)	301	340
Repairs and maintenance and others	87	87
Government fees	33	30
	₱32,250	₱2,285

25. Personnel Costs

Amount in thousands	For the three months period ended March 31 2023	2022
	(Unaudited)	
Salaries and wages	₱91,895	₱51,090
Retirement benefits costs (see Note 16)	7,570	6,529
Other employee benefits	10,001	6,006
	₱109,466	₱58,137

Other employee benefits are composed of various benefits given to employees that are individually immaterial.

The personnel costs were distributed as follows:

Amount in thousands	For the three months period ended March 31 2023	2022
	(Unaudited)	
Cost of sales (see Note 21)	₱44,976	₱1,643
General and administrative (see Note 23)	64,189	56,154
Shipping and distribution (see Note 24)	301	340
	₱109,466	₱58,137

26. Depreciation, Depletion and Amortization

Amount in thousands	For the three months period ended March 31 2023	2022
	(Unaudited)	
Cost of sales (see Note 21)	₱74,951	₱11,745
General and administrative (see Note 23)	47,617	38,480
	₱122,568	₱50,225

27. Finance Costs

Amount in thousands	For the three months period ended March 31 2023	2022
	(Unaudited)	
Interest expense	₱28,429	₱22,785
Accretion interest on non-interest bearing liability	36,391	–
Accretion interest on provision for mine rehabilitation and decommissioning	1,651	2,809
Bank charges	1,762	186
	₱68,233	₱25,780

28. Other Income (Charges) - net

Amount in thousands	For the three months period ended March 31 2023	2022
	(Unaudited)	
Foreign exchange gains (losses) - net	₱28,375	(₱12,699)
Demurrage - net	(6,736)	–
Others	146	–
	₱21,785	(₱12,699)

Breakdown of net foreign exchange gains (losses) is as follows:

Amount in thousands	For the three months period ended March 31 2023	2022
	(Unaudited)	
Net realized foreign exchange gains (losses)	(₱59,832)	₱111
Unrealized foreign exchange gains (losses) on:		
Cash and cash equivalents	33,685	4,627
Trade and other receivables	24,148	32
Other noncurrent assets	–	282
Loans payable	15,686	(17,790)
Trade and other payables	14,688	69
	₱28,375	(₱12,669)

29. Related Party Disclosures

Set out below are the Group's transactions with related parties for the three-month periods ended March 31, 2023 and 2022, including the corresponding assets and liabilities arising from the said transactions as at March 31, 2023 (Unaudited) and December 31, 2022 (Audited):

Amount in thousands Category	Amount/Volume	Sale of Ore	Advances to related parties	Advances from related parties	Non-interest bearing liability	Terms	Conditions
Stockholders							
March 31, 2023	₱–	₱–	₱82,367	₱–	₱1,927,783	On demand; noninterest-bearing; collectible or payable in cash	Secured; with guarantee
December 31, 2022	₱111,827	–	₱205,498	₱–	₱2,435,682		
Affiliates with common officers, directors and stockholders							
March 31, 2023	45	–	8,474	226,991	–	On demand; noninterest-bearing; collectible or payable in cash	Secured; with guarantee
December 31, 2022	892	–	8,429	227,683	–		
Associate							
March 31, 2023	–	742,139	–	–	–	On demand; noninterest-bearing; collectible in cash	Secured; with guarantee
December 31, 2022	2,146,342	2,146,342	–	–	–		
Total		₱742,139	₱90,841	₱226,991	₱1,927,783		
Total		₱2,146,342	₱213,927	₱227,683	₱2,435,682		

The summary of significant transactions and account balances with related parties are as follows:

a. GCTN entered into ore supply sales agreements with PGMC for the purchase of nickel ore amounting to ₱742.1 million and nil for the periods ended March 31, 2023 and 2022, respectively.

b. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The compensation of the key management personnel of the Group for the three months period ended March 31, 2023 and 2022 amounted to ₱15.6 million and ₱16.1 million, respectively.

30. Income Taxes

The current provision for income tax represents regular corporate income tax (RCIT) and special corporate income tax (5% tax on gross income) for the periods ended March 31, 2023 and 2022. The Group has availed of the itemized deductions method in claiming its deductions for the three months ended March 31, 2023 and 2022.

As at March 31, 2023 and December 31, 2022, the Group's net deferred income tax assets amounted to ₱149.8 million and ₱143.2 million, respectively. As at March 31, 2023 and December 31, 2022, the Group's net deferred income tax liabilities amounted to ₱125.9 million and ₱131.2 million, respectively.

31. Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such values:

Cash and cash equivalents, Trade receivables, and Advances to contractors under "Trade and other receivables" and Trade and other payables
The carrying amounts of cash and cash equivalents, trade receivables, and advances to contractors under "Trade and other receivables" and trade and other payables approximate their fair values due to the short-term nature of these accounts.

Restricted cash under "Other noncurrent assets"
The carrying amounts approximate their fair values since these are restricted cash in banks which earn interest based on prevailing market rates repriced monthly.

Financial asset at FVOCI under "Other noncurrent assets"
The fair value of quoted equity instrument is determined by reference to the market closing quotes at the end of the reporting period.

Advances to and from related parties and Payable to previous stockholders of CNMEC and BNVI under "Other noncurrent liabilities"
Advances to and from related parties and payable to previous stockholders of CNMEC and BNVI do not have fixed repayment terms. As such, their carrying amounts approximate their fair values.

Loans Payable
The fair value of loans payable is estimated using the discounted cash flow methodology using the benchmark risk free rates for similar types of loans and borrowings, except for variable-rate borrowings which are repriced quarterly.

Lease Liabilities
The carrying amount of lease liabilities are carried at present value due to the long-term nature of the account. The fair value of lease liabilities was computed by discounting the expected cash flows within effective interest rate ranging from 2.5% to 7.3%. The computed fair value approximates its carrying amount.

Fair Value Hierarchy
As at March 31, 2023 and December 31, 2022, the Group's financial asset at FVOCI is classified under Level 1 and its loans payable and lease liabilities are classified under Level 3.

There were no transfers between levels of fair value measurement as at March 31, 2023 and December 31, 2022.

32. Operating Segment Information

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker (the BOD) to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available.

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 conducts the majority of its business activities in the following areas:

- The mining segment is engaged in the exploration, mining and exporting of nickel saprolite and limonite ore;
- The services segment is engaged in the chartering out of LCTs by PCSSC to PGMC and INC and port services rendered by MHC to its customers; and
- The manufacturing segment includes FSC which is engaged in the manufacturing of iron steel bars and FSLC which is engaged in holding the real properties of FSC.

The Group's core business is the sale of nickel ore to external customers which accounted for 98.7% of the Group's total revenue. Accordingly, the Group's mining segment operates in two (2) geographical locations, Philippines and Hong Kong. The Group's manufacturing segment is incorporated to build a rebar steel rolling plant in Bataan, Philippines. Noncurrent assets of the Group comprising property and equipment, mine exploration costs, mining rights, and other noncurrent assets are located in the Philippines, Hong Kong and China.

The Group has revenues from external customers as follows:

	For the three months period ended March 31	
Amount in thousands	2023	2022
Country of Domicile	(Unaudited)	
China	₱1,113,662	₱–
Local	15,039	39,904
	₱1,128,701	₱39,904

The revenue information above is based on the location of the customers. The local customers include MHC's revenue from Philcement Corporation, which is an Authority of the Freeport Area of Bataan (AFAB)-registered entity.

Financial information on the operation of the various business segments are as follows:

	March 31, 2023 (Unaudited)				
Amount in thousands	Mining	Services	Manufacturing	Elimination	Total
External customers	₱1,113,662	₱15,039	₱–	₱–	₱1,128,701
Intersegment revenues	–	21,745	1,200	(22,945)	–
Total revenues	1,113,662	36,784	1,200	(22,945)	1,128,701
Cost of sales	228,888	44,857	–	–	273,745
Excise taxes and royalties	47,112	–	–	–	47,112
Shipping and distribution	53,995	–	–	(21,745)	32,250
Segment operating earnings	783,667	(8,073)	1,200	(1,200)	775,594
General and administrative	254,036	11,177	1,695	–	266,908
Finance income	11,140	(6,172)	–	–	(68,233)
Finance costs	(62,061)	29	16	–	11,185
Share in net income of investment in associates	52,777	–	–	–	52,777
Other income (charges) - net	35,355	–	5,396	(18,966)	21,785
Provision for income tax - net	166,577	(53)	850	–	167,374
Net income (loss)	400,265	(25,340)	4,067	(20,166)	358,826
Net income (loss) attributable to NCI	209,429	(4,452)	–	–	204,977
Net income (loss) attributable to equity holders of FNI	₱190,836	(₱20,888)	₱4,067	(₱20,166)	₱153,849
Segment assets	₱32,612,892	₱1,905,802	₱1,020,542	(₱18,333,642)	₱17,205,594
Deferred tax assets - net	151,147	2,298	(3,677)	–	149,768
Total assets	₱32,764,039	₱1,908,100	₱1,016,865	(₱18,333,642)	₱17,355,362
Segment liabilities	₱9,836,516	₱525,373	₱963,040	(₱5,633,384)	₱5,691,545
Total liabilities	₱9,836,516	₱656,553	₱963,040	(5,633,384)	5,822,724
Capital expenditures	₱29,681	₱12,496	₱243,002	₱–	₱285,179
Depreciation and depletion	₱125,285	₱36,999	₱131	₱–	₱162,415

	March 31, 2022 (Unaudited)				
Amount in thousands	Mining	Service	Manufacturing	Elimination	Total
External customers	₱–	₱39,904	₱–	₱–	₱39,904
Intersegment revenues	–	–	–	–	–
Total revenues	–	39,904	–	–	39,904
Cost of sales	–	29,519	–	–	25,519
Excise taxes and royalties	–	–	–	–	–
Shipping and distribution	2,285	–	–	–	2,285
Segment operating earnings	(2,285)	10,385	–	–	8,100
General and administrative	160,148	35,991	2,506	–	198,645
Finance income	2,075	19	7	–	2,101
Finance costs	(17,790)	(7,990)	–	–	(25,780)
Share in net loss of investment in associates	(10,992)	–	–	–	(10,992)
Other charges - net	(12,669)	–	–	–	(12,669)
Provision for (benefit from) income tax	(40,282)	235	321	–	(39,726)
Net loss attributable to equity holders of GFHI	(₱161,492)	(₱30,614)	(₱2,820)	₱–	(₱194,926)
Segment assets	₱23,508,888	₱1,766,729	₱451,704	(₱12,173,601)	₱13,553,720
Deferred tax assets - net	143,984	5,019	(3,698)	(14,017)	131,288
Total assets	₱23,652,872	₱1,771,748	₱448,006	(₱12,187,618)	₱13,685,008
Segment liabilities	₱3,412,623	₱559,457	₱387,785	(₱1,076,601)	₱3,283,264
Capital expenditures	₱60,980	₱15,276	₱4,274	(₱1,102)	₱79,428
Depreciation and depletion	₱63,755	₱23,147	₱135	₱–	₱87,037

	December 31, 2022 (Audited)				
Amount in thousands	Mining	Services	Manufacturing	Elimination	Total
Segment assets	₱32,246,473	₱1,990,089	₱804,598	(₱7,211,614)	₱17,829,546
Deferred tax assets - net	189,552	2,298	–	(48,635)	143,215
Total assets	₱32,436,025	₱1,992,387	₱804,598	(₱17,260,249)	₱17,972,761
Segment liabilities	₱9,676,392	₱719,288	₱746,501	(₱4,565,062)	₱6,577,119
Capital expenditures	₱344,664	₱29,754	₱236,904	₱–	₱611,322