

AS09403992

SEC Registration Number

GLOBAL FERRONICKEL HOLDINGS INC

formerly:

SOUTHEAST ASIA CEMENT HOLDINGS

INC

(Company's Full Name)

PENTHOUSE PLATINUM TOWER ASEAN

AVENUE COR FUENTES ST ASEANA

PARAÑAQUE CITY

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

Atty. Noel Lazaro

(Contact Person)

(632) 5118229

(Company Telephone Number)

Month

Day

(Fiscal Year)

17-Q

(Form Type)

Month

Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

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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 - **SEPTEMBER 30, 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 ☒ 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 ☒ No ☐

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

Yes ☒ No ☐

October 13, 2023

Ms. Alexandra Tom Wong

Disclosure Department
The Philippine Stock Exchange, Inc.
6/F PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Mr. Vicente Graciano Felizmenio Jr.

Markets and Securities Regulation Department
Securities and Exchange Commission
7907 Makati Avenue, Salcedo Village,
Bel-Air, Makati City

Re: SEC Form 17-Q 2023 3rd Quarter Report

Dear Gentlemen:

We submit to you herewith a copy of our Company's SEC Form 17-Q Quarterly Report for the period ended September 30, 2023.

We trust everything is in order.

Very truly yours,



MARY BELLE D. BITUIN
SVP - Chief Finance Officer



Global Ferronickel Holdings, Inc.

**17-Q QUARTERLY REPORT
SEPTEMBER 30, 2023**

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PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

The Unaudited Interim Consolidated Financial Statements as at September 30, 2023 and for the nine-month period ended September 30, 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 nine-month period ended September 30, 2023 and 2022 and as at September 30, 2023 and December 31, 2022:

1.a. Summary Consolidated Statements of Financial Position

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	Increase/ (Decrease)	Percent Inc. (Dec.)
	<i>(In Thousand Pesos)</i>			
ASSETS				
Current Assets	4,915,938	5,986,937	(1,070,999)	-17.9%
Noncurrent Assets	13,116,143	11,985,824	1,130,319	9.4%
TOTAL ASSETS	18,032,081	17,972,761	59,320	0.3%
LIABILITIES AND EQUITY				
Current Liabilities	3,306,836	3,006,299	300,537	10.0%
Noncurrent Liabilities	2,487,798	3,570,820	(1,083,022)	-30.3%
Total Liabilities	5,794,634	6,577,119	(782,485)	-11.9%
Equity				
Equity Attributable to the Parent Company	12,079,331	10,850,743	1,228,588	11.3%
Non-controlling Interests	158,116	544,899	(386,783)	-71.0%
Total Equity	12,237,447	11,395,642	841,805	7.4%
TOTAL LIABILITIES AND EQUITY	18,032,081	17,972,761	59,320	0.3%

1.b. Summary Consolidated Statements of Comprehensive Income

	For the Three Months Ended		For the Nine Months Ended		Increase (Decrease)	
	September 30		September 30			
	2023	2022	2023	2022	3 Months	6 Months
	<i>(In Thousand Pesos)</i>					
Revenues	3,652,510	2,878,888	6,768,411	5,086,249	773,622	1,682,162
Cost and Expenses	(2,352,471)	(2,075,164)	(4,558,823)	(3,677,882)	277,307	880,941
Finance Costs	(71,201)	(33,286)	(213,916)	(87,100)	37,915	126,816
Share in Net Income (Loss) of Investment in Associates	256,290	15,816	310,299	(18,450)	240,474	328,749
Other Income - net	25,986	1,174,692	85,459	1,238,661	(1,148,706)	(1,153,202)
Income Before Income Tax	1,511,114	1,960,946	2,391,430	2,541,478	(449,832)	(150,048)
Provision for Income Tax - net	310,767	245,113	565,766	408,223	65,654	157,543
Net Income	1,200,347	1,715,833	1,825,664	2,133,255	(515,486)	(307,591)
Other Comprehensive Income	14,340	92,635	6,372	189,540	(78,295)	(183,168)
Total Comprehensive Income	1,214,687	1,808,468	1,832,036	2,322,795	(593,781)	(490,759)
Basic and Diluted Income Per Share	0.2345	0.2884	0.3021	0.3718	(0.0539)	(0.0697)
Net Income (Loss) Attributable To:						
Equity Holders of the Parent	1,202,977	1,500,506	1,552,476	1,934,214	(297,529)	(381,738)
Non-controlling Interest	(2,630)	215,327	273,188	199,041	(217,957)	74,147
	1,200,347	1,715,833	1,825,664	2,133,255	(515,486)	(307,591)

1.c. Summary Consolidated Statements of Changes in Equity

	For the Period Ended		For the Year Ended
	September 30		December 31
	2023	2022	2022
	<i>(In Thousand Pesos)</i>		
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	(5,902)	(6,071)	(5,818)
Remeasurement Gain on Retirement Obligation	35,535	43,703	35,535
Cumulative Translation Adjustment	140,354	209,157	133,898
Retained Earnings	7,536,632	6,394,599	6,040,354
Treasury Shares - at cost	(2,242,275)	(1,946,033)	(1,968,213)
Non-controlling Interests	158,116	430,438	544,899
Total Equity	12,237,447	11,740,780	11,395,642

1.d. Summary Consolidated Statements of Cash Flows

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
	<i>(In Thousand Pesos)</i>			
NET CASH FLOWS FROM (USED IN):				
Operating Activities	2,877,588	3,043,376	2,857,325	2,375,025
Investing Activities	(476,944)	(971,034)	(1,955,353)	(1,738,848)
Financing Activities	(444,536)	(234,098)	(1,347,266)	(742,052)
NET DECREASE IN CASH	1,956,108	1,838,244	(445,294)	(105,875)
Effect of Exchange Rate Changes on Cash	19,172	171,153	38,287	363,032
CASH AT BEGINNING OF PERIOD	798,298	2,068,937	3,180,585	3,821,177
CASH AT END OF PERIOD	2,773,578	4,078,334	2,773,578	4,078,334

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 September 30, 2023 and December 31, 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the periods ended September 30, 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 of September 30, 2023, the Group's total assets amounted to ₱18,032.1 million, representing an increase of ₱59.3 million or 0.3% compared to the total assets of ₱17,972.8 million as of December 31, 2022. The net increase is attributed to a reduction in current assets by ₱1,071.0 million or 17.9%, coupled with a rise in noncurrent assets by ₱1,130.3 million or 9.4%.

The net decrease in current assets primarily stems from the following factors:

- A 12.8% (₱407.0 million) reduction in cash and cash equivalents - As of September 30, 2023, the Group's cash and cash equivalents decreased from ₱3,180.6 million to ₱2,773.6 million. This decline is attributed to the following factors:
 - Net cash generated from operations amounted to ₱3,558.2 million.
 - During the period, the Group settled its outstanding loans and liabilities, including interest payments, totalling ₱1,213.2 million, resulting in a substantial outflow of cash from the Group's reserves.
 - Additionally, the Group paid dividends to shareholders amounting to ₱524.2 million and fulfilled its income tax obligations amounting to ₱578.6 million, further impacting the Group's cash position.
 - Moreover, the Group invested in acquiring a non-controlling interest in its subsidiary, Mariveles Harbor Corporation (MHC) amounting to ₱192.0 million.
 - Buyback of FNI shares amounting to ₱274.1 million.
 - Deposits made for the purchase of five (5) additional landing craft tanks (LCT) and advances to suppliers.
- As of the current period, trade and other receivables have decreased by ₱693.0 million or 30.9%, from ₱2,244.4 million as of December 31, 2022, to ₱1,551.4 million. This decline resulted from the reduction in trade receivables due to collections from customers during the period.
- Inventories increased to ₱409.6 million, up from ₱292.3 million, representing an increase of 40.1%. This increase is primarily attributed to the increase in ore stockpile produced from our Palawan Mine, contributing ₱103.6 million to the rise in inventories.

- Decrease in advances to related parties amounted to ₱114.6 million and increase in prepayments and other current assets amounted to ₱26.3 million.

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

- Increase in other noncurrent assets by ₱1,081.0 million or 82.1%, mainly attributed to the following:
 - Increase in advances to suppliers amounted to ₱647.0 million, reflecting a substantial surge of 169.9%. This notable growth is primarily attributed to the following key factors:
 - Progress payments/deposits made for the purchase of five (5) additional LCT valued at ₱280.4 million. These LCTs are expected to arrive toward the end of the year.
 - Deposits made for the acquisition of additional land in Mariveles, Bataan, totaling ₱352.6 million. The purpose of this land acquisition is in preparation for the Group's steel operations.
 - Increase in input value-added tax (VAT) amounted to ₱339.1 million during the period.
 - Additional deposit to the mine rehabilitation fund amounted to ₱54.1 million.
- Share in net income of an associate, GHGC Holdings Ltd. (GHGC) and subsidiaries, amounted to ₱310.3 million during the period.
- Net decrease in property and equipment amounting to ₱236.3 million, which represents a decrease of 4.0%. This decrease is primarily attributed to depreciation and depletion expenses, which amounted to ₱485.9 million. However, this decrease was partially offset by new acquisitions of property and equipment, amounting to ₱256.6 million.
- Decrease in net deferred tax assets amounting to ₱25.9 million during the period.

As of September 30, 2023, the total liabilities of the Group amounted to ₱5,794.6 million. This figure reflects a decrease of ₱782.5 million or 11.9% compared to ₱6,577.1 million as at December 31, 2022. The net decrease in total liabilities is primarily be attributed to the following factors:

- Payments made towards non-interest bearing liability, loans payable, other current liabilities, and lease liabilities during the period, amounting to ₱544.3 million, ₱207.5 million, ₱281.1 million and ₱60.2 million, respectively.
- An increase in trade and other payables amounting to ₱232.3 million and decrease in income tax payable amounting to ₱96.7 million.

Results of Operations

For the period ending on September 30, 2023, the Group achieved a consolidated net income of ₱1,825.7 million, reflecting a decrease when compared to the consolidated net income of ₱2,133.3 million recorded in the corresponding period of the previous year. After accounting for non-controlling interests, the net income attributable to equity holders of the Parent Company amounted to ₱1,552.5 million for the period ending on September 30, 2023, as compared to ₱1,934.2 million in the same period of the prior year. The results for the nine months ending on September 30, 2023, were primarily driven by the strong performance of the Group's mining operations in Palawan, in addition to the regular contributions from the Group's Surigao mine.

Revenues

During the nine months ending on September 30, 2023, the Group's total revenues amounted to ₱6,768.4 million, showing a decrease of ₱1,682.2 million or 33.1% when compared to ₱5,086.2 million in the same period of the previous year. The majority of the Group's revenues, approximately 99.7% of the total, were generated from its mining operations, with the remaining portion of revenues originating from services rendered to its customers.

Nickel Ore Export Revenues

During the third quarter of 2023, the Group's mining operations generated total export revenues of ₱3,650.8 million. This amount represented an increase of ₱792.3 million or 27.7% compared to ₱2,858.5 million in the same period of the previous year. For the overall period ending on September 30, 2023, total export revenues amounted to ₱6,749.0 million. This figure represents an increase of ₱1,755.2 million or 35.1% compared to ₱4,993.8 million for the same period of the previous year. The notable increase in export revenues for the overall period was primarily driven by the contribution from the Group's Palawan mine, which provides year-round operations and has a positive impact on revenue growth.

Surigao mine

For the period ended September 30, 2023, the Surigao mining operations of the Group, including incremental contributions from its wholly-owned subsidiary, PGM International Limited (PIL), yielded total export revenues of ₱3,709.5 million. This represents a decrease of ₱1,284.3 million or a 25.7% decline compared to the ₱4,993.8 million achieved during the same period in the previous year.

The decline is attributable to two main factors:

- **Lower Averaged Realized Nickel Ore Price:** The overall average realized nickel ore price for the period ended September 30, 2023 was lower by US\$4.36 per wet metric ton (WMT) or 15.1%, US\$24.53/WMT compared to US\$28.89/WMT in the same period of the previous year. Low-grade ore was US\$24.34/WMT or 4.5% lower than the US\$25.50/WMT price in 2022. On the other hand, medium-grade ore was US\$27.53/WMT or 32.5% lower than the US\$40.79/WMT price in 2022. The nickel ore prices were down compared to a year ago, as market supply expanded from capacity additions in Indonesia while demand in China remains muted following a tepid post-pandemic reopening which dampened prices during the period.
- **Lower Volume Shipped:** The sale of nickel ore from our Surigao mine for the period ended September 30, 2023 was 2.711 million WMT, lower by 0.439 million WMT or 13.9%, compared to 3.150 million WMT in the same period of the previous year. This decline can be attributed to adverse weather conditions, particularly heavy rainfall, which led to mining preparation and stockpiling delays. Consequently, the Group managed 50 shipments of nickel ore in the present period, in contrast to the 58 shipments in the preceding period. The resulting sales mix was 94% low-grade ore and 6% medium-grade ore in 2023 versus the previous period's mix of 78% low-grade ore and 22% medium-grade ore. These shipments sold solely to Chinese customers consisted of 2.548 million WMT low-grade nickel ore and 0.163 million WMT medium-grade nickel ore compared to 2.450 million WMT low-grade nickel ore and 0.700 WMT medium-grade nickel ore of the same period in 2022.

Palawan mine

For the period ended September 30, 2023, the Palawan mining operations of the Group, including incremental contributions from PIL, generated total export revenues of ₱3,039.5 million compared to nil in the previous period as the Group started to consolidate revenues from Palawan following its acquisition on December 22, 2022.

The sale of nickel ore for the period ended September 30, 2023 was 1.090 million WMT, comprising a total of 20 shipments. The sales mix for this period consisted of 4% low-grade ore and 96% medium-grade ore. These shipments, exclusively sold to Chinese customers, comprised 0.046 million WMT low-grade nickel ore and 1.044 million WMT medium-grade nickel ore over the course of the nine months of operations. The overall average realized nickel ore price for the period ended September 30, 2023 was US\$50.33/WMT. Low-grade nickel ore price was US\$38.78/WMT while US\$50.84/WMT for the medium-grade nickel ore price.

Overall, the Group's total export revenues were affected by the following:

- Completed 70 shipments compared to 58 shipments in the same period of the previous year.
- Total volume shipped of 3.801 million WMT compared to 3.150 million WMT in 2022.
- Sales mix was 68% low-grade ore and 32% medium-grade ore in 2023 versus the previous period's mix of 78% low-grade ore and 22% medium-grade ore.
- Total average realized nickel ore price of US\$31.93/WMT compared to US\$28.89/WMT in 2022. Low-grade was US\$24.60/WMT for the period ended September 30, 2023 compared to US\$25.50/WMT in the same period of the previous year. Medium-grade was US\$47.68/WMT in 2023 compared to US\$40.79/WMT in the same period of the previous year.
- The average realized Peso over US\$ exchange rate was ₱55.60 compared to ₱54.87 of the same period last year.

Service Revenues

The Group's service income for the periods ended September 30, 2023 and 2022, amounted to ₱19.5 million and ₱92.5 million respectively. This income is derived from port services provided by MHC, a subsidiary, to its customers. The notable decrease in earnings can be attributed to a reduction in service volume. Nevertheless, the management is proactively engaged in formulating strategic initiatives for MHC, which encompass the expansion of services to include warehousing and container terminal operations.

Also, the Group earned service income for the LCTs chartered by the Surigao Mine and Palawan Mine from PGMC-CNEP Shipping Services Corp. (PCSSC), a subsidiary, amounted to ₱74.2 million for the nine months ended September 30, 2023, compared to ₱50.4 million for the same period in the previous year. This service income is eliminated in full in the consolidated financial statements.

Cost and Expenses

Cost and expenses comprise the cost of sales, excise taxes and royalties, general and administrative expenses and shipping and distribution. During the nine months ended September 30, 2023, these costs and expenses amounted to ₱4,558.8 million, compared to ₱3,677.9 million for the same period in 2022, representing an increase of ₱880.9 million or 24.0%. The significant rise in costs is primarily attributable to the Group's Palawan mining operations. The average cash operating cost per volume sold increased to ₱1,069.20 per WMT for the period ending September 30, 2023, from ₱1,055.12 per WMT in the previous period, marking an increase of ₱14.08 per WMT or 1.3%. For the nine-month period ending September 30, 2023, the total aggregate cash costs and total sales volume amounted to ₱4,064.0 million and 3.801 million WMT, respectively. In comparison, for the nine-month period ending September 30, 2022, the total aggregate cash costs and total sales volume were ₱3,323.6 million and 3.150 WMT, respectively.

Cost of Sales

In the nine months ended September 30, 2023, the cost of sales amounted to ₱2,784.8 million, showing a significant increase compared to ₱2,020.6 million in the previous period, representing a rise of ₱764.2 million or 37.8%. This substantial increase in the cost of sales for the nine months ended September 30, 2023, is primarily attributed to various factors within the Group's Palawan mining operations, which began its commercial operations in September of the preceding year.

The specific components contributing to this increase, along with their respective increments compared to the same period in 2022, are as follows:

- Contract hire: An increase of ₱390.1 million or 29.1%.
- Depreciation and depletion: An increase of ₱142.8 million or 60.6%.
- Personnel costs: An increase of ₱126.9 million or 81.8%.
- Operation overhead: An increase of ₱34.7 million or 165.0%.
- Community relations: An increase of ₱24.0 million or 60.9%.
- Assaying and laboratory: An increase of ₱12.5 million or 94.8%.

These factors combined led to the significant rise in the cost of sales during the specified period, driven mainly by the ongoing operations and expansion of the Group's Palawan mining activities.

General and Administrative

In the period ended September 30, 2023, the general and administrative expenses amounted to ₱823.5 million, which showed an increase compared to ₱656.8 million in the same period in 2022, higher by ₱166.7 million or 25.4%. This was mainly due to the increase in taxes and licenses, outside services, depreciation, personnel costs, and marketing and entertainment amounted to ₱61.1 million, ₱78.3 million, ₱16.8 million, ₱20.0 million and ₱28.6 million, respectively. The rise in expenses is mainly attributable to the Group's Palawan mining operations.

Shipping and Distribution

During the nine months ended September 30, 2023, shipping and loading costs amounted to ₱332.5 million, which reflects an increase compared to ₱291.7 million in the same period last year, higher by ₱40.8 million or 14.0%. The primary reason for this increase is the freight cost incurred for the Group's cost and freight shipments during the specified period.

Finance Costs

Finance costs amounted to ₱213.9 million in the nine months ending on September 30, 2023, compared to ₱87.1 million for the corresponding period last year, representing a significant increase of ₱126.8 million or 145.6%. This notable surge is primarily attributed to the recognition of an accretion interest expense totaling ₱110.8 million, which is associated with the non-interest-bearing liability resulting from the acquisition of an associate company last year.

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 applies the equity method of accounting to recognize its share of the net earnings or losses from associates. For the period ending on September 30, 2023, the Group's share in the net income of its investment in an associate amounted to ₱310.3 million, while in the corresponding period last year, the share in the net loss of the investment in an associate was ₱18.4 million. During the period ending on September 30, 2023, this reflects the Group's recognition of net income from its investment in GHGC. Conversely, for the period ending on September 30, 2022, the recognition pertains to the Group's absorption of net losses from its investment in Southeast Palawan Nickel Ventures, Inc. (SPNVI) and subsidiaries. Notably, as of December 22, 2022, SPNVI transitioned from an associate to a subsidiary of the Group, thus discontinuing its associate status.

Other Income - net

For the period ending on September 30, 2023, net other income amounted to ₱63.8 million, which represents a decrease from the ₱1,230.1 million recorded in the corresponding period of the prior year, marking a decline of ₱1,166.3 million or 94.8%. This decrease is primarily attributed to the following other income recognized by the Group in the same period of the previous year:

- Final and full settlement received by MHC from its case against Holcim Philippines, Inc. (Holcim), net of reimbursements, amounting to ₱680.0 million.
- Day 1 gain recognized by the Group, amounting to ₱504.3 million, applicable to the present value of the non-interest-bearing liability in relation to the purchase of GHGC, an associate, discounted using the prevailing market interest rate.

Provision for Income Tax - net

In the nine months ending on September 30, 2023, the net provision for income tax amounted to ₱565.8 million, showing a contrast to the ₱408.2 million recorded in the same period of the previous year. This represents an increase in the provision of ₱157.6 million or 38.6%. The rise in the provision is mainly due to the taxable income generated from the Group's Palawan mining operations.

Total Comprehensive Income - net of tax

Net Income

Due to the factors mentioned above, the consolidated net income for the period ending on September 30, 2023, totaled ₱1,825.7 million, which is a decrease from the ₱2,133.3 million recorded in the corresponding period of the previous year. This represents a decrease of ₱307.6 million or 14.4%. After accounting for non-controlling interests, the net income attributable to equity holders of the Parent Company amounted to ₱1,552.5 million for the period ending on September 30, 2023, in comparison to ₱1,934.2 million in the same period of the preceding year.

Cumulative Translation Adjustment

The Group has recognized cumulative translation adjustments, net of tax, amounting to ₱6.5 million and ₱190.0 million for the periods ending on September 30, 2023 and 2022, respectively. These adjustments relate to the exchange differences that arise from translating a subsidiary's functional currency into the presentation currency of the Parent Company.

Statement of Cash Flows

Cash Flows from Operating Activities

The net cash flows from operating activities amounted to ₱2,857.3 million and ₱2,375.0 million for the periods ended September 30, 2023 and 2022, respectively. This increase can primarily be attributed to the cash generated from the Group's Palawan mining operations.

Cash Flows from Investing Activities

The net cash outflows utilized in investing activities for the nine months ending on September 30, 2023 and 2022 were ₱1,955.4 million and ₱1,738.8 million, respectively. In 2023, the net cash outflows were primarily driven by: (1) Payment of non-interest bearing liability related to the acquisition of an associate amounting to ₱544.3 million; (2) Additional investment or acquisition of non-controlling interest in MHC, totaling ₱192.0 million; (3) Acquisition of property and equipment, totaling ₱249.6 million; (4) Decrease in advances to related parties amounted to ₱114.6 million; and (5) Increase in other noncurrent assets by ₱1,084.0 million. In 2022, the net cash outflows were mainly attributed to: (1) Acquisition of property and equipment, totaling ₱554.6 million; (2) Additional advances to related parties, resulting in an increase of ₱1,024.5 million; (3) Additional mine exploration costs incurred amounted to ₱18.5 million; and (4) Increase in other noncurrent assets by ₱141.2 million.

Cash Flows from Financing Activities

For the nine-month periods ended September 30, 2023 and 2022, the net cash utilization in financing activities totaled ₱1,347.3 million and ₱742.0 million, respectively. The negative cash flows from financing activities in the current period primarily resulted from the disbursement of funds for several purposes. These include cash dividend distributions, loan repayments, settlement of lease obligations, and other current liabilities, which amounted to ₱524.2 million, ₱207.5 million, ₱60.2 million and ₱281.1 million, respectively. Additionally, there was a buyback of FNI shares, resulting in an expenditure of ₱274.1 million. In 2022, the net cash outflows were mainly driven by the issuance of cash dividends amounted to ₱559.6 million, payments made toward loans, amounting to ₱227.6 million, net of ₱90.0 million loan avancement, acquisition of treasury shares as part of the Parent Company's buyback program, totaling ₱33.2 million, payments of lease liabilities amounting to ₱42.2 million, and additional amounts owed to related parties amounted to ₱30.6 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 September 30, 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 September 30, 2023 and 2022:

<u>Indicators</u>	<u>Formula</u>	<u>2023</u>	<u>2022</u>
Earnings Per Share	Profit for the Period/Weighted Average Number of Shares Outstanding	0.3021	0.3718
Debt-to-Equity Ratio	Total Liabilities/Total Equity	0.47:1	0.61:1
Asset-to-Equity Ratio	Total Assets/Total Equity	1.47:1	1.61:1
Current Ratio	Current Assets/Current Liabilities	1.49:1	1.43:1

PART III - OTHER INFORMATION

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

Date	Description
August 10, 2023	Press Release: FNI revenue rises 41% in 1H 2023
August 17, 2023	Receipt of a Writ of Kalikasan issued by the Supreme Court En Banc
	Share Buy Back transactions on August 7--11, 14-18, 22-25, 29-31, September 1, 4-8, 11-15, 18, 29, October 2-9 2023 2023

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: October 13, 2023

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

Date: October 13, 2023

Annex A

Aging of Trade and Other Receivables

As at September 30, 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	1,199,922	-	-	-	209,575	1,409,497
Advances to Contractors	227,916	-	-	-	79,711	307,627
Income Tax Receivable	67,123	-	-	-	-	67,123
Advances to Officers, Employees and Others	56,414	-	-	-	-	56,414
Total	1,551,375	-	-	-	289,286	1,840,661
Less: Allowance for Expected Credit Losses						289,286
NET RECEIVABLES						1,551,375

GLOBAL FERRONICKEL HOLDINGS, INC.
SEC FORM 17-Q
INDEX TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim Consolidated Statements of Financial Position as at September 30, 2023 and December 31, 2022

Interim Consolidated Statements of Comprehensive Income for the Three-Month Period Ended September 30, 2023 and 2022

Interim Consolidated Statements of Comprehensive Income for the Nine-Month Period Ended September 30, 2023 and 2022

Interim Consolidated Statements of Changes in Equity for the Nine-Month Period Ended September 30, 2023 and 2022

Interim Consolidated Statements of Cash Flows for the Nine-Month Period Ended September 30, 2023 and 2022

Notes to Interim Consolidated Financial Statements

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱2,773,578	₱3,180,585
Trade and other receivables (Note 5)	1,551,375	2,244,391
Advances to related parties (Note 29)	99,369	213,927
Inventories (Note 6)	409,579	292,293
Prepayments and other current assets (Note 7)	82,037	55,741
Total Current Assets	4,915,938	5,986,937
Noncurrent Assets		
Property and equipment (Note 8)	5,667,940	5,904,199
Investment in associates (Note 9)	4,618,839	4,308,540
Mining rights (Note 10)	112,142	117,304
Mine exploration costs (Note 11)	179,035	179,030
Deferred tax assets - net (Note 30)	117,333	143,215
Retirement plan asset - net (Note 16)	23,201	16,836
Other noncurrent assets (Note 12)	2,397,653	1,316,700
Total Noncurrent Assets	13,116,143	11,985,824
TOTAL ASSETS	₱18,032,081	₱17,972,761
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 13)	₱1,184,181	₱951,912
Non-interest bearing liability (Note 17)	671,991	561,200
Current portion of loans payable (Note 14)	640,811	315,675
Advances from related parties (Note 29)	227,469	227,683
Current portion of lease liabilities (Note 18)	68,100	57,823
Income tax payable	223,161	319,827
Other current liabilities (Note 17)	291,123	572,179
Total Current Liabilities	3,306,836	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)	-	526,125
Provision for mine rehabilitation and decommissioning (Note 15)	274,417	261,039
Lease liabilities - net of current portion (Note 18)	745,317	777,762
Deferred tax liabilities - net	137,640	131,180
Other noncurrent liabilities	232	232
Total Noncurrent Liabilities	2,487,798	3,570,820
Total Liabilities	5,794,634	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	140,354	133,898
Fair value reserve of financial asset at fair value through other comprehensive income (Note 12)	(5,902)	(5,818)
Retained earnings	7,536,632	6,040,354
Treasury shares (Note 19)	(2,242,275)	(1,968,213)
Equity attributable to the Parent Company	12,079,331	10,850,743
Non-controlling interests (NCI) (Note 19)	158,116	544,899
Total Equity	12,237,447	11,395,642
TOTAL LIABILITIES AND EQUITY	₱18,032,081	₱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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023 AND 2022
(Amounts in Thousands, Except Earnings per Share)

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
REVENUE FROM CONTRACTS WITH CUSTOMERS	₱3,652,510	₱2,878,888	₱6,768,411	₱5,086,249
COST OF SALES (Note 21)	1,498,575	1,241,143	2,784,809	2,020,575
GROSS PROFIT	2,153,935	1,637,745	3,983,602	3,065,674
OPERATING EXPENSES				
Excise taxes and royalties (Note 22)	407,009	408,659	618,028	708,856
General and administrative (Note 23)	293,113	250,157	823,458	656,752
Shipping and distribution (Note 24)	153,774	175,205	332,528	291,699
	853,896	834,021	1,774,014	1,657,307
SHARE IN NET INCOME (LOSS) OF INVESTMENT IN ASSOCIATES (Note 9)	256,290	15,816	310,299	(18,450)
FINANCE COSTS (Note 27)	(71,201)	(33,286)	(213,916)	(87,100)
FINANCE INCOME	3,169	4,253	21,644	8,504
OTHER INCOME - net (Note 28)	22,817	1,170,439	63,815	1,230,157
INCOME BEFORE INCOME TAX	1,511,114	1,960,946	2,391,430	2,541,478
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)				
Current	235,131	262,920	535,630	421,707
Deferred	75,636	(17,807)	30,136	(13,484)
	310,767	245,113	565,766	408,223
NET INCOME	1,200,347	1,715,833	1,825,664	2,133,255
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Currency translation adjustment	19,400	123,739	8,608	253,395
Income tax effect	(4,850)	(30,935)	(2,152)	(63,349)
	14,550	92,804	6,456	190,046
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>				
Fair value reserve of financial asset at fair value through other comprehensive income (Note 12)	(210)	(169)	(84)	(506)
TOTAL COMPREHENSIVE INCOME	₱1,214,687	₱1,808,468	₱1,832,036	₱2,322,795
Net Income (Loss) Attributable To:				
Equity holders of the Parent Company	₱1,202,977	₱1,500,506	₱1,552,476	₱1,934,214
Non-controlling interests in consolidated subsidiaries	(2,630)	215,327	273,188	199,041
	₱1,200,347	₱1,715,833	₱1,825,664	₱2,133,255
Total Comprehensive Income (Loss) Attributable To:				
Equity holders of the Parent Company	₱1,217,317	₱1,593,141	₱1,558,848	₱2,123,754
Non-controlling interests in consolidated subsidiaries	(2,630)	215,327	273,188	199,041
	₱1,214,687	₱1,808,468	₱1,832,036	₱2,322,795
Basic/Diluted Earnings Per Share on Net Income				
Attributable to Equity Holders of the Parent Company (Note 20)	₱0.2345	₱0.2884	₱0.3021	₱0.3718

See accompanying Notes to Unaudited Consolidated Financial Statements.

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 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 income for the period	-	-	-	-	-	-	1,552,476	1,552,476	273,188	1,825,664
Other comprehensive income (loss) - net of tax	-	-	-	(84)	-	6,456	-	6,372	-	6,372
Total comprehensive income (loss) - net of tax	-	-	-	(84)	-	6,456	1,552,476	1,558,848	273,188	1,832,036
Declaration of cash dividend	-	-	-	-	-	-	(524,169)	(524,169)	-	(524,169)
Acquisitions of non-controlling interests	-	-	-	-	-	-	467,971	467,971	(659,971)	(192,000)
Purchase of treasury shares	-	-	(274,062)	-	-	-	-	(274,062)	-	(274,062)
Balances at September 30, 2023 (Unaudited)	₱ 6,375,975	₱ 239,012	₱ (2,242,275)	₱ (5,902)	₱ 35,535	₱ 140,354	₱ 7,536,632	₱ 12,079,331	₱ 158,116	₱ 12,237,447
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 income (loss) for the period	-	-	-	-	-	-	1,934,214	1,934,214	199,041	2,133,255
Other comprehensive income (loss) - net of tax	-	-	-	(506)	-	190,046	-	189,540	-	189,540
Total comprehensive income (loss) - net of tax	-	-	-	(506)	-	190,046	1,934,214	2,123,754	199,041	2,322,795
Declaration of cash dividend	-	-	-	-	-	-	(1,039,975)	(1,039,975)	(125,899)	(1,165,874)
Purchase of treasury shares	-	-	(33,227)	-	-	-	-	(33,227)	-	(33,227)
Balances at September 30, 2022 (Unaudited)	₱ 6,375,975	₱ 239,012	₱ (1,946,033)	₱ (6,071)	₱ 43,703	₱ 209,157	₱ 6,394,599	₱ 11,310,342	₱ 430,438	₱ 11,740,780

See accompanying Notes to Unaudited Consolidated Financial Statements.

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023 AND 2022
(Amounts in Thousands)

	2023	2022
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱2,391,430	₱2,541,478
Adjustments for:		
Depreciation, depletion and amortization (Note 26)	494,788	330,755
Interest expense (Note 27)	86,292	76,746
Unrealized foreign exchange losses (gains) - net	(23,151)	31,766
Share in net income (loss) of investment in associates (Note 9)	(310,299)	18,450
Retirement benefits costs (Note 16)	13,220	10,437
Accretion interest expense on:		
Non-interest-bearing liability	110,791	—
Provision for mine rehabilitation and decommissioning (Note 27)	13,378	8,426
Interest income	(21,644)	(8,604)
Accretion interest income on security deposit under		
"Other noncurrent assets" (Note 27)	(711)	(476)
Gain on disposals of property and equipment	(4)	—
Others under "Other income - net" (Note 28)	—	(504,273)
Operating income before changes in working capital	2,754,090	2,504,705
Decrease (increase) in:		
Trade and other receivables	693,020	(995,739)
Inventories	(117,287)	(5,755)
Prepayments and other current assets	(26,313)	(80,638)
Increase in trade and other payables	254,721	1,331,886
Net cash generated from operations	3,558,231	2,754,459
Income taxes paid	(578,617)	(269,485)
Interest paid	(120,052)	(97,431)
Contributions (Note 16)	(17,181)	(17,182)
Interest received	14,944	4,664
Net cash flows from operating activities	2,857,325	2,375,025
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property and equipment	(249,576)	(554,626)
Mine exploration costs	(5)	(18,509)
Decrease (increase) in:		
Advances to related parties	114,558	(1,024,469)
Other noncurrent assets	(1,084,041)	(141,244)
Payment of non-interest bearing liability related to the acquisition of an associate	(544,290)	—
Acquisition of non-controlling interest in MHC	(192,000)	—
Proceeds from disposals of property and equipment	1	—
Net cash flows used in investing activities	(1,955,353)	(1,738,848)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends	(524,169)	(559,577)
Other noncurrent liabilities	(281,056)	—
Loans	(207,540)	(227,646)
Lease Liabilities	(60,225)	(42,172)
Purchase of treasury shares (Note 19)	(274,062)	(33,227)
Increase (decrease) in advances from related parties	(214)	30,570
Proceeds from availment of bank loans	—	90,000
Net cash flows used in financing activities	(1,347,266)	(742,052)
NET DECREASE IN CASH	(445,294)	(105,875)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	38,287	363,032
CASH AT BEGINNING OF PERIOD	3,180,585	3,821,177
CASH AT END OF PERIOD	₱2,773,578	₱4,078,334

See accompanying Notes to Unaudited Consolidated Financial Statements.

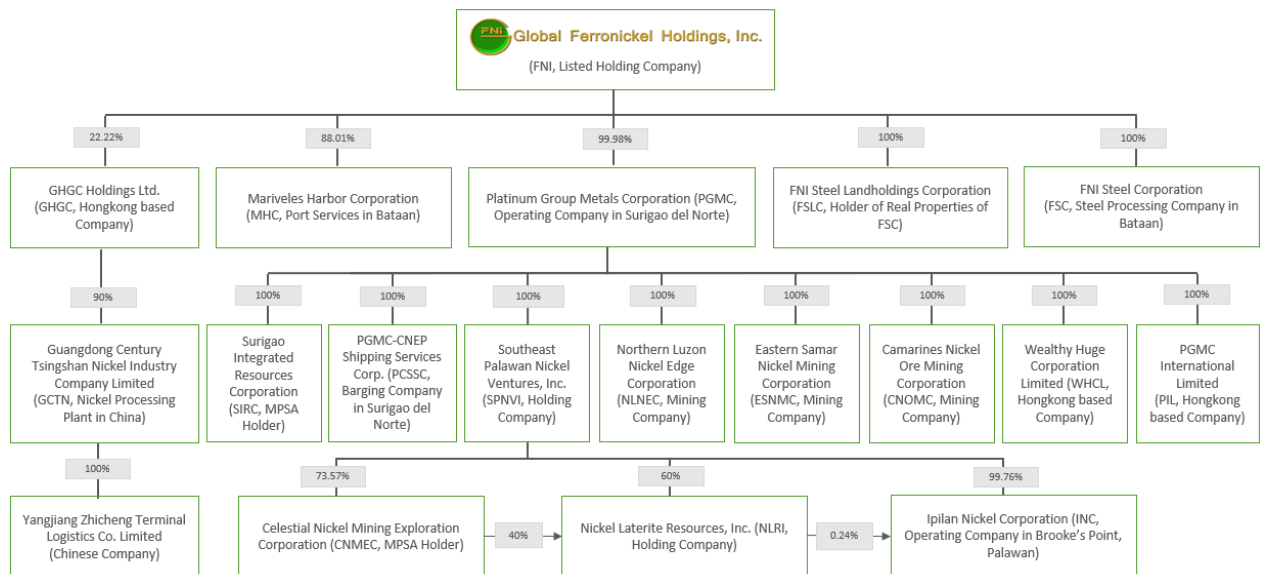
GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:



The Parent Company's principal stockholders as at September 30, 2023 are as follows:

List of Top 20 Stockholders

Name	Citizenship	Holdings	Percentage
PCD NOMINEE CORP. - FILIPINO	Filipino	2,219,963,039	43.25%
PCD NOMINEE CORP. - NON-FILIPINO	Foreign	1,719,215,742	33.50%
REGULUS BEST NICKEL HOLDINGS INC.	Filipino	523,154,668	10.19%
BLUE EAGLE ELITE VENTURE INC.	Filipino	348,769,779	06.80%
SOHOTON SYNERGY, INC.	Filipino	233,156,767	04.54%
RED LION FORTUNE GROUP INC.	Filipino	57,588,866	01.12%
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. ODOJAN	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, availing 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 June 30, 2023.

SPNVI

SPNVI is 59.37% owned by the Parent Company through PGMC as at December 31, 2022, and was registered with the SEC on July 11, 2014. It is primarily engaged 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.

On June 1, 2023, PGMCI entered into a Deed of Assignment with Giantlead Prestige, Inc., Alpha Centauri Fortune Group, Inc., Antares Nickel Capital, Inc., Huatai Investments Holding Pty. Ltd. and Wei Ting (collectively referred to as "Five Stockholders"), where the Five Stockholders assigned, in a manner absolute, all their rights, interests, and title to the shares of SPNVI, including all the interests accruing therefrom, in favor of PGMCI, and PGMCI accepts the same. As a result of this transaction, PGMCI now owns 99.98% of SPNVI.

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 Iplan, Mambalat, 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.

NLNEC

NLNEC is a newly incorporated mining company. It is a wholly-owned subsidiary of the Parent Company through PGMCI and was registered with the Philippine SEC on July 10, 2023. Its primary purpose is to prospect, explore, locate, acquire, hold, work, develop, lease, operate and exploit mineral lands for chromite, copper, manganese, magnesite, silver, gold, nickel, and other precious and non-precious minerals; 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, sell, exchange or otherwise deal in chromite, copper, manganese, silver, gold, nickel and other mineral products. NLNEC's principal office address is the same as that of the Parent Company.

ESNMC

ESNMC is a newly incorporated mining company. It is a wholly-owned subsidiary of the Parent Company through PGMCI and was registered with the Philippine SEC on July 18, 2023. Its primary purpose is to prospect, explore, locate, acquire, hold, work, develop, lease, operate and exploit mineral lands for chromite, copper, manganese, magnesite, silver, gold, nickel, and other precious and non-precious minerals; 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, sell, exchange or otherwise deal in chromite, copper, manganese, silver, gold, nickel and other mineral products. ESNMC's principal office address is the same as that of the Parent Company.

CNOMC

CNOMC is a newly incorporated mining company. It is a wholly-owned subsidiary of the Parent Company through PGMCI and was registered with the Philippine SEC on July 18, 2023. Its primary purpose is to prospect, explore, locate, acquire, hold, work, develop, lease, operate and exploit mineral lands for chromite, copper, manganese, magnesite, silver, gold,

nickel, and other precious and non-precious minerals; 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, sell, exchange or otherwise deal in chromite, copper, manganese, silver, gold, nickel and other mineral products. CNOMC's principal office address is the same as that of the Parent Company.

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 June 30, 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.

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 September 30, 2023 and for the nine months period ended September 30, 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	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	88.01%	64.03%
SPNVI ⁽³⁾	Philippines	Holding/Mining	99.98%	59.37%
INC ⁽⁴⁾	Philippines	Holding/Mining	99.96%	59.37%
CNMEC ⁽⁴⁾	Philippines	Holding/Mining	83.98%	59.37%
NLRI ⁽⁴⁾	Philippines	Holding/Mining	93.58%	59.37%
NLNEC ⁽⁵⁾	Philippines	Mining	99.98%	—
ESNMC ⁽⁵⁾	Philippines	Mining	99.98%	—
CNOMC ⁽⁵⁾	Philippines	Mining	99.98%	—
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) As of June 1, 2023, PGMC owned 100.00% of SPNVI through the assignment of the remaining interests previously held by the Five Stockholders.

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

(5) These are newly incorporated subsidiaries.

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.

Standards Issued but not yet Effective

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*

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.

Judgments

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.

Estimates and Assumptions

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	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand	₱1,682	₱1,873
Cash with banks	2,750,130	3,156,946
Short-term cash investments	21,766	21,766
	₱2,773,578	₱3,180,585

5. Trade and Other Receivables

Amount in thousands	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade	₱1,409,497	₱1,999,403
Advances to:		
Contractors	307,627	401,973
Officers, employees and others	56,414	41,555
Income tax receivable	67,123	90,746
	1,840,661	2,533,677
Less allowance for expected credit losses (ECL)	289,286	289,286
	₱1,551,375	₱2,244,391

There was no provision for ECL on trade and other receivables for the periods ended September 30, 2023 and 2022.

6. Inventories

Amount in thousands	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Beneficiated nickel ore	₱311,992	₱208,381
Materials and supplies	97,587	83,912
	<u>₱409,579</u>	<u>₱292,293</u>

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 September 30, 2023 and 2022. The balance of the allowance for inventory losses on materials and supplies amounted to ₱11.6 million as at September 30, 2023 and December 31, 2022.

7. Prepayments and Other Current Assets

Amount in thousands	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Prepaid taxes and licenses	₱47,386	₱16,918
Prepaid insurance	19,142	14,143
Creditable withholding taxes (CWT)	10,565	9,008
Advances to suppliers	3,260	7,431
Prepaid rent	4,888	4,865
Others	480	7,060
	<u>85,721</u>	<u>59,425</u>
Less allowance for impairment losses	3,684	3,684
	<u>₱82,037</u>	<u>₱55,741</u>

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

8. Property and Equipment

As at September 30, 2023 and December 31, 2022, property and equipment amounted to ₱5,667.9 million and ₱5,904.2 million, respectively. During the nine-month period ended September 30, 2023 and 2022, the Group acquired assets with a cost of ₱256.6 million and ₱584.8 million, respectively, including construction in-progress.

Depreciation and depletion expenses for the nine-month period ended September 30, 2023 and 2022 amounted to ₱485.9 million and ₱319.6 million, respectively. As at September 30, 2023 and December 31, 2022, total accumulated depreciation and depletion amounted to ₱3,799.6 million and ₱3,346.4 million, respectively.

The property and equipment includes right-of-use assets amounted to ₱746.6 million and ₱819.4 million as at September 30, 2023 and December 31, 2022, respectively. As at September 30, 2023 and December 31, 2022, accumulated depreciation of the right-of-use assets amounted to ₱267.8 million and ₱197.7 million, respectively. Depreciation expense of right-of-use assets for the nine-month period ended September 30, 2023 and 2022 amounted to ₱68.8 million and ₱60.0 million, respectively.

No property and equipment were pledged as at September 30, 2023 and December 31, 2022.

9. Investment in Associates

As at September 30, 2023 and December 31, 2022, investment in associates amounted to ₱4,618.8 million and ₱4,308.5 million, respectively.

The Group recognized total share in net income of investment in associates amounted to ₱310.3 million for the nine months ended September 30, 2023 and share in net loss of investment in associates amounted to ₱18.4 million for the same period of the previous year.

10. Mining Rights

Amount in thousands	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cost	₱396,500	₱396,500
Accumulated amortization:		
Beginning balance	279,196	270,921
Amortization	5,162	8,275
Ending balance	284,358	279,196
Net book value	₱112,142	₱117,304

No provision for impairment losses on mining rights was recognized for the periods ended September 30, 2023 and 2022.

11. Mine Exploration Costs

Amount in thousands	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning balance	₱179,030	₱147,299
Exploration expenditures incurred	5	31,731
Ending balance	₱179,035	₱179,030

As at September 30, 2023, the remaining mine exploration costs are associated with PGM's CAGA 5, 6, 7 and limestone areas, which are still in the exploration and evaluation phase.

12. Other Noncurrent Assets

Amount in thousands	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Advances to suppliers	₱1,027,872	₱380,831
Input VAT	868,491	529,349
Mine rehabilitation fund (MRF)	432,279	378,152
Miscellaneous deposit	113,247	68,849
Restricted cash	85,892	84,311
Intangible asset	27,404	30,805
Security deposits	24,697	23,986
Financial asset at FVOCI	2,952	3,036
Computer software	1,687	682
Others	9,118	12,685
	2,593,639	1,512,686
Less allowance for impairment losses	195,986	195,986
	₱2,397,653	₱1,316,700

No dividend income was earned by the Group for the periods ended September 30, 2023 and 2022 from the financial asset at FVOCI.

13. Trade and Other Payables

Amount in thousands	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade	₱459,490	₱337,698
Contract liabilities	357,964	247,992
Accrued expenses and taxes	326,135	335,360
Dividends payable	21,344	20,238
Interest payable	9,826	–
Nontrade	9,422	10,624
	₱1,184,181	₱951,912

Details of the accrued expenses and taxes are summarized below:

Amount in thousands	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Business and other taxes	₱9,077	₱14,217
Provision for Social Development and Management Program (SDMP) and Indigenous Cultural Communities (ICC)	49,818	62,946
Accrued liabilities	197,818	89,386
Excise taxes and royalties payable	63,815	140,761
Accrued payroll	2,251	15,423
Accrued professional fees	98	1,442
Others	3,258	11,185
	₱326,135	₱335,360

14. Loans Payable

Amount in thousands	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Taiwan Cooperative Bank Manila Offshore Banking Branch (TCB) - Long-term loan	₱640,811	₱841,800
Less current portion: TCB	640,811	315,675
Noncurrent portion	₱–	₱526,125

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

Amount in thousands	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning balance	₱841,800	₱899,256
Payments	(207,540)	(137,646)
Effect of changes in foreign currency exchange rates	6,551	80,190
Ending balance	₱640,811	₱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 (4) 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:

- The Group shall maintain a waterfall account with TCB wherein all amounts collected from the buyers of nickel ore shall be deposited.
- The security required by TCB shall consist of only three (3) kinds, as follows:
 - 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
 - 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.
 - Guarantee issued by any individual, juridical person such as corporations or any combination thereof that is acceptable to TCB.
- 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.
- The Group may, at its option, prepay the loan in part or in full, together with accrued interest thereon.
- 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 ₱48.2 million and ₱28.8 million for the periods ended September 30, 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 with the terms and conditions:

- Repayments of the loan in equal semi-annual installments for five (5) years;
- Bears an annual interest rate ranging from 7.12% to 7.21% per annum;
- With MHC's shares of stock as collateral and a continuing suretyship from Seasia Logistics Philippines, Inc; and
- 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.

MHC has fully settled its loan with BOC on May 29, 2022.

Interest expense related to the BOC loan amounted to nil and ₱1.2 million for the periods ended September 30, 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 September 30, 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 ₱3.7 million for the periods ended September 30, 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 September 30, 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	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning balance	₱261,039	₱305,414
Accretion interest	13,378	11,234
Additions	–	63,844
Effect of change in estimate	–	(119,453)
Ending balance	₱274,417	₱261,039

16. Retirement Obligation

The FNI Group of Companies Multiemployer Retirement Plan (the Retirement Plan) is jointly established by PGMCO, 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 September 30, 2023 and December 31, 2022.

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

As at September 30, 2023, the Group's contribution to the pension fund amounted to ₱17.2 million. The Group does not currently employ any asset-liability matching.

As at September 30, 2023 and December 31, 2022, the retirement plan asset, net of retirement obligation, amounted to ₱23.2 million and ₱16.8 million, respectively. The current service cost amounted to ₱13.2 million and ₱10.4 million for the nine months period ended September 30, 2023 and 2022, respectively. The interest cost on retirement obligation amounted

to ₱4.3 million and ₱2.7 million for the nine months period ended September 30, 2023 and 2022, respectively. The interest income on plan assets amounted to ₱6.7 million and ₱3.9 million for the nine months period ended September 30, 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	September 30, 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	(110,791)	(35,099)
Ending balance	358,383	469,174
Payment	(544,290)	–
Net carrying value	2,044,679	2,478,178
Effect of changes in foreign currency exchange rates	(42,496)	(42,496)
Ending balance	2,002,183	2,435,682
Less: Current portion	671,991	561,200
Non-interest bearing liability - net of current portion	₱1,330,192	₱1,874,482

Other current liabilities

As at September 30, 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	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Previous stockholders of CNMEC	₱97,380	₱378,436
Payable to BNVI	193,743	193,743
Noncurrent portion	₱291,123	₱572,179

Amount in thousands	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning balance	₱572,179	₱521,968
Additions	–	28,177
Payments	(281,056)	(85,446)
Effect of changes in foreign currency exchange rates	–	107,480
Ending balance	₱291,123	₱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 September 30, 2023 and December 31, 2022, discounted using incremental borrowing rate are as follows:

Amount in thousands	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Lease liabilities	₱813,417	₱835,585
Less current portion	68,100	57,823
Noncurrent portion	₱745,317	₱777,762

The rollforward analysis of lease liabilities follows:

Amount in thousands	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning balance	₱835,585	₱824,013
Interest expense	38,057	51,538
Payments	(60,225)	(111,721)
Modification	—	71,755
Ending balance	₱813,417	₱835,585

19. Equity

Capital Stock

The Parent Company has 11,957,161,906 authorized shares at ₱1.05 par value as at September 30, 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 September 30, 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

September 30, 2023

	MHC	PGMC	SPNVI	Total
Percentage of ownership	11.99%	0.02%	0.00%	
Acquisition of SPNVI and MHC	429,936	-	6,503	436,439
Acquisition of NCI	(328,507)	-	(331,464)	(659,971)
Issuance of capital stock	-	446	-	446
Retained earnings, beginning	65,991	437	41,586	108,014
Total comprehensive income (loss)				
attributable to NCI	(10,421)	234	283,375	273,188
Total	156,999	1,117	-	158,116

December 31, 2022

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

Material NCI

As at September 30, 2023, the accumulated balance of material NCI amounted to ₱157.0 million, which represents 11.99% equity interest in MHC. As at December 31, 2022, the accumulated balance of material NCI amounted to ₱544.0 million, which represents 40.63% equity interest in SPNVI and 35.97% equity interest in MHC. Net profit allocated to material NCI amounted to ₱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

On June 1, 2023, the Parent Company, through PGMC, acquired the non-controlling interest in SPNVI through the assignment of the remaining interests previously held by Five Stockholders (see Note 1). This transaction resulted in the Group recognizing retained earnings amounting to ₱331.5 million.

Treasury Stock

The Parent Company has 939,880,464 amounting to ₱2,242.3 million and 882,571,322 shares amounting to ₱1,968.2 million in treasury as at September 30, 2023 and December 31, 2022, respectively.

For the periods ended September 30, 2023 and 2022, the Parent Company purchased a total of 109,207,000 common shares and 10,440,000 common shares at an average price of ₱2.51 per share and ₱3.18 per share, respectively.

20. Earnings Per Share

The following reflects the income and share data used in the earnings per share computation for the nine months period ended September 30:

	2023 (Unaudited)	2022
Net income attributable to equity holders of the Parent Company (amounts in thousands)	₱1,552,475,748	₱1,934,213,121
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	(51,330,478)	(7,872,574)
Adjusted weighted average number of common shares outstanding	5,138,455,351	5,202,440,255
Basic/Diluted Earnings per Share	₱0.3021	₱0.3718

As at September 30, 2023 and 2022, there are no potentially dilutive common shares.

21. Cost of Sales

Amount in thousands	For the nine months period ended September 30	
	2023	2022
	(Unaudited)	
Contract hire	₱1,731,536	₱1,341,466
Depreciation and depletion (see Note 26)	378,644	235,836
Personnel costs (see Note 25)	282,165	155,244
Fuel, oil and lubricants	127,490	116,296
Community relations	63,550	39,504
Operation overhead	55,663	21,003
Repairs and maintenance	43,948	32,571
Environmental protection costs	27,345	16,161
Assaying and laboratory	25,666	13,173
Manning services	19,271	18,246
Others	29,531	31,075
	₱2,784,809	₱2,020,575

22. Excise Taxes and Royalties

Amount in thousands	For the nine months period ended September 30	
	2023	2022
	(Unaudited)	
Royalties to:		
Government	₱172,508	₱243,764
Claim-owners	143,171	221,328
Indigenous people (IP)	34,127	48,753
Excise taxes	268,222	195,011
	₱618,028	₱708,856

23. General and Administrative

Amount in thousands	For the nine months period ended September 30	
	2023	2022
	(Unaudited)	
Personnel costs (see Note 25)	₱211,505	₱191,487
Taxes and licenses	157,928	96,863
Outside services	138,152	59,826
Depreciation and amortization (see Note 26)	116,144	99,291
Marketing and entertainment	61,211	32,557
Consultancy fees	37,261	47,212
Repairs and maintenance	22,783	24,547
Travel and transportation	20,311	14,247
Fuel, oil and lubricants	10,694	14,356
Membership and subscription	7,403	5,343
Power and utilities	4,539	4,878
Communication	4,214	4,207
Other charges	31,313	61,938
	₱823,458	₱656,752

24. Shipping and Distribution

Amount in thousands	For the nine months period ended September 30	
	2023	2022
	(Unaudited)	
Stevedoring charges and shipping expenses	₱144,024	₱38,696
Barging charges	128,351	167,830
Fuel, oil and lubricants	20,549	36,348
Government fees	19,943	22,376
Personnel costs (see Note 25)	17,418	23,519
Repairs and maintenance and others	1,482	1,094
Supplies	761	1,836
	₱332,528	₱291,699

25. Personnel Costs

Amount in thousands	For the nine months period ended September 30	
	2023	2022
	(Unaudited)	
Salaries and wages	₱447,411	₱317,844
Retirement benefits costs (see Note 16)	13,220	8,026
Other employee benefits	50,457	44,380
	₱511,088	₱370,250

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 nine months period ended September 30	
	2023	2022
	(Unaudited)	
Cost of sales (see Note 21)	₱282,165	₱155,244
General and administrative (see Note 23)	211,505	191,487
Shipping and distribution (see Note 24)	17,418	23,519
	₱511,088	₱370,250

26. Depreciation, Depletion and Amortization

Amount in thousands	For the nine months period ended September 30	
	2023	2022
	(Unaudited)	
Cost of sales (see Note 21)	₱378,644	₱235,836
General and administrative (see Note 23)	116,144	99,291
	₱494,788	₱335,127

27. Finance Costs

Amount in thousands	For the nine months period ended September 30	
	2023	2022
	(Unaudited)	
Interest expense	₱86,292	₱76,746
Accretion interest on non-interest bearing liability	110,791	–
Accretion interest on provision for mine rehabilitation and decommissioning	13,378	8,426
Bank charges	3,455	1,928
	₱213,916	₱87,100

28. Other Income - net

Amount in thousands	For the nine months period ended September 30	
	2023	2022
	(Unaudited)	
Foreign exchange gains - net	₱46,570	₱43,036
Despatch (demurrage) - net	15,997	(450)
Gain on disposals of property and equipment	4	–
Others	1,244	1,187,571
	₱63,815	₱1,230,157

Others include the final and full settlement received by MHC, a subsidiary, from its case against Holcim, net of reimbursements, amounting to ₱680.0 million; and day 1 gain recognized by the Group, amounting to ₱504.3 million, applicable to the present value of the non-interest- bearing liability in relation to the purchase of GHGC, an associate, discounted using the prevailing market interest rate.

Breakdown of net foreign exchange gains is as follows:

Amount in thousands	For the nine months period ended September 30	
	2023	2022
	(Unaudited)	
Net realized foreign exchange gains (losses)	(₱14,424)	₱74,238
Unrealized foreign exchange gains (losses) on:		
Cash and cash equivalents	29,702	90,274
Trade and other receivables	22,287	25,773
Other noncurrent assets	331	529
Loans payable	(6,551)	(122,040)
Trade and other payables	15,225	(25,738)
	₱46,570	₱43,036

29. Related Party Disclosures

Set out below are the Group's transactions with related parties for the nine-month periods ended September 30, 2023 and 2022, including the corresponding assets and liabilities arising from the said transactions as at September 30, 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
<i>Stockholders</i>							
September 30, 2023	P—	P—	P90,765	P—	P2,002,183	On demand;	
December 31, 2022	P111,827	—	P205,498	P—	P2,435,682	noninterest- bearing; collectible or payable in cash	Secured; with guarantee
<i>Affiliates with common officers, directors and stockholders</i>							
September 30, 2023	175	—	8,604	227,469	—	On demand;	
December 31, 2022	892	—	8,429	227,683	—	noninterest- bearing; collectible or payable in cash	Secured; with guarantee
<i>Associate</i>							
September 30, 2023	4,050,606	4,050,606	—	—	—	On demand;	
December 31, 2022	2,146,342	2,146,342	—	—	—	noninterest- bearing; collectible in cash	Secured; with guarantee
Total		P4,050,606	P99,369	P227,469	P2,002,183		
Total		P2,146,342	P213,927	P227,683	P2,435,682		

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

- GCTN entered into ore supply sales agreements with the Group for the purchase of nickel ore amounting to P3,777.9 million and P1,439.3 million for the periods ended September 30, 2023 and 2022, respectively.
- PIL entered into ore supply sales agreements with PGMCI and INC for the purchase of nickel ore amounting to P1,764.3 million and P642.8 million for the periods ended September 30, 2023 and 2022, respectively.
- 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 nine months period ended September 30, 2023 and 2022 amounted to P56.0 million and P52.5 million, respectively.

30. Income Taxes

For the periods ending on September 30, 2023 and 2022, the Group's current provision for income tax amounted to P535.6 million and P421.7 million, respectively, representing regular corporate income tax (RCIT) and special corporate income tax (5% tax on gross income). The Group has availed of the itemized deductions method in claiming its deductions for the six months ended September 30, 2023 and 2022.

As at September 30, 2023 and December 31, 2022, the Group's net deferred income tax assets amounted to P117.3 million and P143.2 million, respectively. As at September 30, 2023 and December 31, 2022, the Group's net deferred income tax liabilities amounted to P137.6 million and P131.2 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 September 30, 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 September 30, 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 99.7% of the Group's total revenue. Accordingly, the Group's mining segment operates in two (2) geographical locations within the Philippines: Surigao and Palawan. 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:

Amount in thousands	For the nine months period ended September 30	
	2023	2022
Country of Domicile	(Unaudited)	
China	₱6,748,950	₱4,993,757
Local	19,461	92,492
	₱6,768,411	₱5,086,249

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:

Amount in thousands	September 30, 2023 (Unaudited)				
	Mining	Services	Manufacturing	Elimination	Total
External customers	₱6,748,950	₱19,461	₱-	₱-	₱6,768,411
Intersegment revenues	1,764,276	74,193	3,600	(1,842,069)	-
Total revenues	8,513,226	93,654	3,600	(1,842,069)	6,768,411
Cost of sales	4,413,718	119,517	-	(1,748,426)	2,784,809
Excise taxes and royalties	618,028	-	-	-	618,028
Shipping and distribution	406,721	-	-	(74,193)	332,528
Segment operating earnings	3,074,759	(25,863)	3,600	(19,450)	3,033,046
General and administrative	790,443	27,609	5,406	-	823,458
Finance income	21,562	65	17	-	21,644
Finance costs	(195,181)	(18,735)	-	-	(213,916)
Share in net income of investment in associates	310,299	-	-	-	310,299
Other income - net	660,795	30	4,333	(601,343)	63,815
Provision for income tax - net	565,513	(931)	1,184	-	565,766
Net income (loss)	2,516,278	(71,181)	1,360	(620,793)	1,825,664
Net income (loss) attributable to NCI	283,609	(10,421)	-	-	273,188
Net income (loss) attributable to equity holders of FNI	₱2,232,669	(₱60,760)	₱1,360	(₱620,793)	₱1,552,476
Segment assets	₱33,273,977	₱1,998,315	₱1,021,014	(₱18,378,558)	₱17,914,748
Deferred tax assets - net	115,035	2,298	(4,277)	4,277	117,333
Total assets	₱33,273,977	₱2,000,613	₱1,016,737	(₱18,374,281)	₱18,032,081
Segment liabilities	₱9,513,148	₱668,392	₱960,373	(₱5,484,919)	₱5,656,994
Deferred tax liabilities - net	102,348	(4,666)	5,845	34,113	137,640
Total liabilities	₱9,615,496	₱663,726	₱966,218	(5,450,806)	5,794,634
Capital expenditures	₱247,901	₱4,779	₱3,914	₱-	₱256,594
Depreciation and depletion	₱417,502	₱76,894	₱392	₱-	₱494,788

Amount in thousands	September 30, 2022 (Unaudited)				
	Mining	Services	Manufacturing	Elimination	Total
External customers	P4,993,757	P92,492	P-	P-	P5,086,249
Intersegment revenues	642,829	50,407	3,852	(697,088)	-
Total revenues	5,636,586	142,899	3,852	(697,088)	5,086,249
Cost of sales	2,510,048	167,832	-	(657,305)	2,020,575
Excise taxes and royalties	708,856	-	-	-	708,856
Shipping and distribution	342,106	-	-	(50,407)	291,699
Segment operating earnings	2,075,576	(24,933)	3,852	10,624	2,065,119
General and administrative	569,977	74,548	12,227	-	656,752
Finance income	8,299	188	17	-	8,504
Finance costs	(62,352)	(24,748)	-	-	(87,100)
Share in net loss of investment in associates	(18,450)	-	-	-	(18,450)
Other income (charges) - net	562,692	681,941	-	(14,476)	1,230,157
Provision for (benefit from) income tax	378,749	28,511	-	-	408,223
Net income (loss) attributable to equity holders of GFNI	P1,616,815	P330,572	(P9,321)	(P3,852)	P1,934,214
Segment assets	P29,401,106	P1,974,163	P793,746	(P13,286,026)	P18,882,989
Deferred tax assets - net	117,290	5,592	(4,340)	(72,312)	46,230
Total assets	P29,518,396	P1,979,755	P789,406	(P13,358,338)	P18,929,219
Segment liabilities	P8,072,750	P554,265	P736,969	(P2,175,545)	P7,188,439
Capital expenditures	P334,137	P20,755	P233,323	(P3,386)	P584,849
Depreciation and depletion	P256,288	P74,070	P397	P-	P330,755

Amount in thousands	December 31, 2022 (Audited)				
	Mining	Services	Manufacturing	Elimination	Total
Segment assets	P32,246,473	P1,990,089	P804,598	(P7,211,614)	P17,829,546
Deferred tax assets - net	189,552	2,298	-	(48,635)	143,215
Total assets	P32,436,025	P1,992,387	P804,598	(P7,260,249)	P17,972,761
Segment liabilities	P9,676,392	P719,288	P746,501	(P4,565,062)	P6,577,119
Capital expenditures	P344,664	P29,754	P236,904	P-	P611,322