

A S 0 9 4 0 3 9 9 2

SEC Registration Number

G L O B A L F E R R O N I C K E L H O L D I N G S I N C

f o r m e r l y :

S O U T H E A S T A S I A C E M E N T H O L D I N G S

I N C

(Company's Full Name)

P E N T H O U S E P L A T I N U M T O W E R A S E A N

A V E N U E C O R F U E N T E S S T A S E A N A

P A R A Ñ A Q U E C I T Y

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

Atty. Noel Lazaro

(Contact Person)

(632) 85118229

(Company Telephone Number)

Month

Day

(Fiscal Year)

1 7 - 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

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

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, 2024**

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 ☐



Global Ferronickel Holdings, Inc.

**17-Q QUARTERLY REPORT
SEPTEMBER 30, 2024**

<u>Table of Contents</u>	<u>Page Number</u>
PART I – FINANCIAL INFORMATION	
Item 1. Consolidated Financial Statements	2 – 4
1.a. Summary Consolidated Statements of Financial Position as at September 30, 2024 and December 31, 2023	
1.b. Summary Consolidated Statements of Comprehensive Income for the Quarter Ended September 30, 2024 and 2023	
1.c. Summary Consolidated Statements of Changes in Equity for the Period Ended September 30, 2024 and 2023	
1.d. Summary Consolidated Statements of Cash Flows for the Period Ended September 30, 2024 and 2023	
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	4 – 9
PART II – FINANCIAL SOUNDNESS INDICATORS	9
PART III – OTHER INFORMATION	10
SIGNATURES	
INDEX TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	

PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

The Unaudited Interim Consolidated Financial Statements as at September 30, 2024 and for the nine-month period ended September 30, 2024 and 2023 (with Comparative Audited Consolidated Statement of Financial Position as at December 31, 2023) are hereto attached.

The following tables set forth the summary financial information for the nine-month period ended September 30, 2024 and 2023 and as at September 30, 2024 and December 31, 2023:

1.a. Summary Consolidated Statements of Financial Position

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	Increase/ (Decrease)	Percent Inc. (Dec.)
	<i>(In Thousand Pesos)</i>			
ASSETS				
Current Assets	3,719,875	3,938,933	(219,058)	-5.6%
Noncurrent Assets	14,060,193	13,475,808	584,385	4.3%
TOTAL ASSETS	17,780,068	17,414,741	365,327	2.1%
LIABILITIES AND EQUITY				
Current Liabilities	2,738,181	2,288,173	450,008	19.7%
Noncurrent Liabilities	2,244,980	2,846,217	(601,237)	-21.1%
Total Liabilities	4,983,161	5,134,390	(151,229)	-2.9%
Equity				
Equity Attributable to the Parent Company	12,650,898	12,126,656	524,242	4.3%
Non-controlling Interests	146,009	153,695	(7,686)	-5.0%
Total Equity	12,796,907	12,280,351	516,556	4.2%
TOTAL LIABILITIES AND EQUITY	17,780,068	17,414,741	365,327	2.1%

1.b. Summary Consolidated Statements of Comprehensive Income

	For the Three Months Ended September 30		For the Nine Months Ended September 30		Increase (Decrease)	
	2024	2023	2024	2023	3 Months	9 Months
<i>(In Thousand Pesos)</i>						
Revenues	2,653,165	3,652,510	5,731,933	6,768,411	(999,345)	(1,036,478)
Cost and Expenses	(2,305,404)	(2,352,471)	(5,109,129)	(4,558,823)	(47,067)	550,306
Finance Costs	(51,164)	(71,201)	(161,789)	(213,916)	(20,037)	(52,127)
Share in Net Income of Investment in Associates	77,848	256,290	191,979	310,299	(178,442)	(118,320)
Finance and other Income - net	38,316	25,986	68,660	85,459	12,330	(16,799)
Income Before Income Tax	412,761	1,511,114	721,654	2,391,430	(1,098,353)	(1,669,776)
Provision for Income Tax - net	119,255	310,767	226,734	565,766	(191,512)	(339,032)
Net Income	293,506	1,200,347	494,920	1,825,664	(906,841)	(1,330,744)
Other Comprehensive Income (Loss)	(28,746)	14,340	21,636	6,372	(43,086)	15,264
Total Comprehensive Income	264,760	1,214,687	516,556	1,832,036	(949,927)	(1,315,480)
Basic and Diluted Income Per Share	0.0577	0.2345	0.0981	0.3021	(0.1769)	(0.2041)
Net Income (Loss) Attributable To:						
Equity Holders of the Parent	295,528	1,202,977	502,606	1,552,476	(907,449)	(1,049,870)
Non-controlling Interests	(2,022)	(2,630)	(7,686)	273,188	608	(280,874)
	293,506	1,200,347	494,920	1,825,664	(906,841)	(1,330,744)

1.c. Summary Consolidated Statements of Changes in Equity

	For the Period Ended September 30		For the Year Ended December 31
	2024	2023	2023
<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	(6,788)	(5,902)	(6,198)
Remeasurement Gain on Retirement Obligation	44,169	35,535	44,276
Cumulative Translation Adjustment	155,134	140,354	132,801
Retained Earnings	7,973,199	7,536,632	7,470,593
Treasury Shares - at cost	(2,129,803)	(2,242,275)	(2,129,803)
Non-controlling Interests	146,009	158,116	153,695
Total Equity	12,796,907	12,237,447	12,280,351

1.d. Summary Consolidated Statements of Cash Flows

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
	<i>(In Thousand Pesos)</i>			
NET CASH FLOWS FROM (USED IN):				
Operating Activities	1,767,518	2,877,588	1,606,260	2,857,325
Investing Activities	(428,205)	(476,944)	(1,256,612)	(1,955,353)
Financing Activities	(537,369)	(444,536)	(847,563)	(1,347,266)
NET INCREASE (DECREASE) IN CASH	801,944	1,956,108	(497,915)	(445,294)
Effect of Exchange Rate Changes on Cash	(3,790)	19,172	80,754	38,287
CASH AT BEGINNING OF PERIOD	1,227,583	798,298	2,442,898	3,180,585
CASH AT END OF PERIOD	2,025,737	2,773,578	2,025,737	2,773,578

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, 2024 and December 31, 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the periods ended September 30, 2024 and 2023 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, 2024, the Group's total assets amounted to ₱17,780.1 million, representing an increase of ₱365.4 million or 2.1% compared to the total assets of ₱17,414.7 million as of December 31, 2023. The net increase is attributed to a reduction in current assets by ₱219.0 million or 5.6%, coupled with a rise in noncurrent assets by ₱584.4 million or 4.3%.

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

- As of September 30, 2024, the Group's cash and cash equivalents declined by ₱417.2 million, representing a decrease of 17.1% from ₱2,442.9 million to ₱2,025.7 million. This reduction primarily resulted from lower net cash generated from operations due to decreased nickel ore prices during the period. Additionally, the decrease was influenced by the settlement of outstanding loans and liabilities, including interest payments, amounting to ₱1,423.3 million.
- Trade and other receivables have increased by ₱292.0 million, representing a 64.3% rise from ₱453.9 million as of December 31, 2023, to ₱745.9 million. Most of the shipments' payment terms were "90 days from the date of Bill of Lading" during the current period, resulting in substantial increase in trade receivables. Additionally, there has been an increase in advances to contractors for future contract billings anticipated to be applied in the fourth quarter of the current year.
- The increase in prepayment and other currents to ₱94.1 million represents a rise of ₱65.7 million or 230.8%, up from ₱28.4 million. This increase is primarily attributed to the following factors:
 - An increase of ₱43.7 million in prepaid taxes and licenses, reflecting advance payments made to the Mines and Geosciences Bureau (MGB) and Bureau of Internal Revenue (BIR) for processing shipments' permits. These payments are anticipated to be utilized within the last quarter.
 - A rise of ₱18.6 million in advances to suppliers, comprising prepayments for goods and services expected to be utilized or applied against future billings in the upcoming quarter.
- Advances to related parties decreased by ₱208.2 million, while inventories increased by ₱48.7 million.

The net increase in noncurrent assets is primarily due to the following factors:

- An increase of ₱539.1 million or 24.1% in other noncurrent assets. This growth is primarily due to: 1) input value-added tax (VAT) incurred during the period, amounting to ₱390.8 million; 2) advances to suppliers, which rose by ₱117.1 million; and 3) additional deposits into the mine rehabilitation fund, amounting to ₱113.6 million, including interest earned. Additionally, the Group recorded a provision for impairment losses for input VAT of ₱65.1 million, reflecting management's prudent approach to financial management. However, management is also taking steps to ensure the appropriate utilization of its input VAT.
- Share in net income of an associate, GHGC Holdings Ltd. (GHGC) and subsidiaries, amounted to ₱192.0 million.
- Additional mine exploration costs amounting to ₱10.5 million, net contributions to the retirement plan totaling ₱12.8 million, and net decrease in deferred tax assets amounting to ₱13.5 million.
- Net decrease in property and equipment amounted to ₱150.1 million, mainly due to acquisitions totaling ₱285.9 million during the period, offset by depreciation and depletion expenses amounting to ₱437.4 million.

As of September 30, 2024, the total liabilities of the Group amounted to ₱4,983.2 million. This figure reflects a decrease of ₱151.2 million or 2.9% compared to ₱5,134.4 million as at December 31, 2023. The net decrease in total liabilities is primarily attributed to the following factors:

- Payments made towards non-interest bearing liability, loans payable plus interest, other current liabilities, advances from related parties, and lease liabilities during the period, amounting to ₱560.3 million, ₱362.7 million, ₱273.5 million, ₱163.4 million and ₱66.0 million, respectively.
- Increase in trade and other payables amounting to ₱1,212.1 million and decrease in income tax payable amounting to ₱83.5 million.

Results of Operations

For the nine-month period ended September 30, 2024, the Group reported a consolidated net income of ₱494.9 million, reflecting a decrease compared to the consolidated net income of ₱1,825.7 million recorded in the same period of the previous year. After accounting for non-controlling interests, the net income attributable to equity holders of the Parent Company amounted to ₱502.6 million for the same period, down from ₱1,552.5 million in the prior year's period. The decline in performance over the past nine months was primarily due to a drop in nickel ore prices during the current period, which led to decreased revenues.

Revenues

During the nine months ended September 30, 2024, the Group's total revenues amounted to ₱5,731.9 million, which represents a decrease of ₱1,036.5 million or 15.3% compared to ₱6,768.4 million in the same period last year. Approximately 99.8% of the Group's revenues were generated from its mining operations, with the remaining portion derived from services rendered to its customers.

Nickel Ore Export Revenues

For the third quarter of 2024, the Group's mining operations generated total export revenues of ₱2,646.6 million, which represents a decrease of ₱1,004.2 million or 27.5% compared to ₱3,650.8 million in the same period of the previous year. For the overall period ended September 30, 2024, total export ore revenues amounted to ₱5,717.7 million, reflecting a decrease of ₱1,031.3 million or 15.3% compared to ₱6,749.0 million for the same period of the previous year. This decline in export revenues was primarily due to the prevailing lower global market price of nickel ores, which offset the impact of higher sales volume during the period. Various factors affected market prices, including but not limited to: demand fluctuations in China and Indonesia, stainless steel and low-grade nickel pig iron production, supply chain disruptions from maintenance shutdowns of some steel mills, and the supply growth in Indonesia which outweighed production cuts and mine closures in the rest of the world.

Surigao mine

For the period ended September 30, 2024, the Group's Surigao mining operations generated total export revenues of ₱3,658.6 million, including incremental revenues from PIL, a subsidiary. This amount reflects a decrease of ₱50.9 million or 1.4% compared to ₱3,709.5 million in the same period of the previous year.

The net decrease can be attributed to two main factors:

- Higher Volume Shipped: The sale of nickel ore from our Surigao mine for the period ended September 30, 2024, totaled 3.164 million wet metric ton (WMT), marking an increase of 0.453 million WMT or 16.7% compared to 2.711 million WMT in the same period of the previous year. This increase can be attributed to favorable weather conditions that allowed for early start in mining preparation activities at the Surigao mining site and its contractors. The improved

availability of key inputs to production also contributed to volume growth, including chartered landing craft tanks for shipside loading of ores as well as transportation and handling equipment for mine operations and safety.

During the current period, the Group managed to ship 59 vessels of nickel ore, compared to 50 shipments in the previous period. The sales mix for 2024 comprised 88% low-grade ore and 12% medium-grade ore, whereas in 2023, the mix was 94% low-grade ore and 6% medium-grade ore.

These shipments, sold to Chinese and Indonesian customers, included 2.784 million WMT of low-grade nickel ore and 0.380 million WMT of medium-grade nickel ore for the first nine-month of 2024, compared to 2.548 million WMT of low-grade nickel ore and 0.163 WMT of medium-grade nickel ore in the same period of 2023.

- **Lower Averaged Realized Nickel Ore Price:** The overall average realized nickel ore price for the period ended September 30, 2024, decreased by United States dollar (US\$)4.38 per WMT or 17.9%, amounting to US\$20.15/WMT compared to US\$24.53/WMT in the same period of the previous year. Specifically, the price for low-grade ore dropped by US\$4.92/WMT or 20.2%, from US\$24.34/WMT in 2023 to US\$19.42/WMT. Similarly, medium-grade ore saw a decrease of US\$2.07/WMT or 7.5%, declining from US\$27.53/WMT in 2023 to US\$25.46/WMT.

Palawan mine

For the period ended September 30, 2024, the Group's Palawan mining operations generated total export revenues of ₱2,059.1 million. This amount represents a decrease of ₱980.4 million or 32.3% compared to ₱3,039.5 million in the same period of the previous year.

The decrease was primarily due to lower selling prices:

- **Lower Averaged Realized Nickel Ore Price:** The overall average realized nickel ore price for the period ended September 30, 2024, decreased by US\$17.67 per WMT or 35.1%, amounting to US\$32.66/WMT compared to US\$50.33/WMT in the same period of the previous year. Specifically, the price for medium-grade ore declined by US\$18.18/WMT or 35.8%, from US\$50.84/WMT in 2023 to US\$32.66/WMT in 2024. No low-grade ore was shipped in 2024, compared to 2023 when it was sold at US\$38.78/WMT.
- **Higher Volume Shipped:** Nickel ore sales from our Palawan mine for the period ended September 30, 2024, totaled 1.105 million WMT, marking an increase of 0.015 million WMT or 1.4% compared to 1.090 million WMT in the same period of the previous year. This increase can be attributed to improved weather conditions in 2024 as compared to 2023, supported by recently expanded infrastructure, notably mine facilities and causeways, along with optimized processes in the areas of logistics and human resources.

During the current period, the Group's Palawan mine shipped 21 vessels of nickel ore, compared to 20 shipments in the previous period. The sales mix for 2024 consisted entirely of medium-grade ore, whereas in the previous period, 4% was low-grade ore and 96% was medium-grade ore.

These shipments, exclusively to Chinese customers, included no low-grade nickel ore and 1.105 million WMT of medium-grade nickel ore for 2024, compared to 0.046 million WMT of low-grade nickel ore and 1.044 million WMT of medium-grade nickel ore in the same period of 2023.

Overall, the Group's total nickel ore export revenues were affected by several factors:

- **Increased Shipments:** The Group completed 80 shipments in the period ended September 30, 2024, compared to 70 shipments in the same period of the previous year.
- **Higher Volume Shipped:** Total volume shipped was 4.269 million WMT, which is an increase of 12.3% from 3.801 million WMT in 2023.
- **Changes in Sales Mix:** The sales mix for 2024 comprised 65% low-grade ore and 35% medium-grade ore, whereas the previous period's mix was 68% low-grade ore and 32% medium-grade ore.
- **Lower Average Realized Nickel Ore prices:** The total average realized nickel ore price for the period ended September 30, 2024, was US\$23.39/WMT, down from US\$31.93/WMT in 2023. Specifically, during the first nine months of 2024, low-grade ore sold for an average of US\$19.42/WMT, a decrease from US\$24.60/WMT in the same period of the previous year. Medium-grade was priced at an average of US\$30.82/WMT in 2024, down from US\$47.68/WMT in the same period of the previous year.
- **Exchange Rate Impact:** The average realized Peso over US\$ exchange rate was ₱57.27, compared to ₱55.60 in the same period last year.

Service Revenues

The Group's service income for the periods ended September 30, 2024 and 2023, amounted to ₱14.3 million and ₱19.5 million respectively. This income is derived from port services provided by Mariveles Harbor Corporation (MHC), a subsidiary, to its customers. The 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 ₱46.2 million for the nine months period ended September 30, 2024 as compared to ₱74.2 million for the same period last 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 expenses. During the nine months ended September 30, 2024, these costs and expenses amounted to ₱4,596.4 million, compared to ₱4,063.1 million for the same period in 2023, representing an increase of ₱533.3 million or 13.1%. The average cash operating cost per volume sold increased to ₱1,076.70 per WMT for the period ending September 30, 2024, from ₱1,068.96 per WMT in the previous period, marking an increase of ₱7.74 per WMT or 0.7%. For the nine-month period ending on September 30, 2024, the total aggregate cash costs and total sales volume amounted to ₱4,596.4 million and 4.269 million WMT, respectively. In comparison, for the nine-month period ending on September 30, 2023, the total aggregate cash costs and total sales volume were ₱4,063.1 million and 3.801 million WMT, respectively.

Cost of Sales

For the period ended September 30, 2024, the cost of sales totaled ₱3,162.4 million, up from ₱2,784.8 million in the previous period. This represents an increase of ₱377.6 million, or 13.6%. The rise in cost of sales is primarily due to the following factors:

- **Contract Hire Expense:** This expense increased by ₱302.2 million, or 17.5%. The higher costs are attributed to increased production and shipping volumes, as well as a rise in effective contract hire rates due to the change in sales mix and higher rates from different sources of nickel ore deposits, where the location affects the hauling distance and ultimately the mining cost, compared to the prior period.
- **Environmental Protection Costs:** These costs increased by ₱43.8 million, or 160.1%, mainly due to the completion of sedimentation ponds at our Palawan mine.
- **Personnel Costs:** Personnel expenses grew by ₱45.7 million, or 16.2%. This increase is due to early vessel arrivals, which required earlier manpower deployment, as well as new opened areas and blocks that needed additional staff. Additionally, there were mandatory increases in minimum wages, salary adjustments, management-approved salary increase averaging 6%, and higher social insurance costs.
- **Assaying and Laboratory Costs:** These costs rose by ₱7.6 million, or 29.7%, driven by a higher volume of shipments compared to the previous period.
- Conversely, there was a reduction in depreciation and depletion by ₱43.1 million.

Excise Taxes and Royalties

For the periods ended September 30, 2024 and 2023, excise taxes and royalties amounted to ₱681.2 million and ₱618.0 million, respectively. These expenses are calculated and paid based on a percentage of revenues. Therefore, the increase in revenues from our operating mines led to higher excise taxes and royalties during the period. Additionally, the increase includes a royalty fee settlement payment of PIL to Baiyin International Investment Ltd. in the amount of US\$1,055,408, with a remaining obligation of US\$1,500,000.00 payable in three equal installments due on December 15, 2024, June 15, 2025, and December 15, 2025.

General and Administrative Expenses

For the period ended September 30, 2024, general and administrative expenses totaled ₱969.2 million, an increase of ₱145.7 million, or 17.7%, compared to ₱823.5 million for the same period in 2023. This rise is primarily due to the following factors:

- **Taxes and Licenses:** This expense increased by ₱45.3 million, or 28.7%. The increase is attributed to the payment of higher business tax and permit fees to the Municipal Government of Brooke's Point for our Palawan mine, as the basis is a full-year operation of our Palawan mine.
- **Outside Services:** Costs for outside services rose by ₱25.0 million, or 18.1%. This increase is mainly due to higher minimum wages for security personnel and an expanded headcount to support operations. Additionally, there were training expenses and costs related to uniforms and clothing in the current period that were not present in the prior period.

- Personnel Costs: Personnel expenses grew by ₱26.0 million, or 12.3%. For details on this increase, please refer to the explanation in the Cost of Sales section.
- Provision for Impairment Losses on Input VAT: The Group recorded a provision for impairment losses for input VAT of ₱65.1 million for the current period, reflecting management's prudent approach to financial management. However, management is also taking steps to ensure the appropriate utilization of its input VAT.
- Conversely, reductions were observed in: 1) Marketing and Entertainment: Decreased by ₱7.5 million, and 2) Travel and Transportation: Reduced by ₱6.6 million.

Shipping and Distribution

For the period ended September 30, 2024, shipping and loading costs amounted to ₱296.3 million, a decrease of ₱36.2 million, or 10.9%, compared to ₱332.5 million for the same period in the previous year. This reduction is primarily attributed to decrease in stevedoring charges and shipping expenses. However, barging charges increased due to a higher volume of shipments.

Finance Costs

Finance costs amounted to ₱161.8 million for the period ended September 30, 2024, compared to ₱213.9 million for the corresponding period last year, representing a decrease of ₱52.1 million or 24.4%. This reduction is primarily due to a decrease in interest expenses resulting from principal payments made on loans and non-interest-bearing liability.

Share in Net Income 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 ended September 30, 2024, the Group's share in the net income from its investment in associates was ₱192.0 million, compared to ₱310.3 million for the same period last year, reflecting a decrease of ₱118.3 million, or 38.1%. This decline is primarily due to a tax refund of HKD107M recorded by GHGC last period, which was adjusted at year-end. For the full year 2023, share in net income totaled ₱158.9M.

Finance and Other Income - net

For the period ended September 30, 2024, finance and net other income amounted to ₱68.7 million, a decrease from ₱85.5 million recorded in the same period last year. This decline of ₱16.8 million, or 19.7%, is primarily due to the impact of foreign exchange transactions and lower interest income. This reduction was partially offset by higher despatch in 2024 compared to 2023.

Provision for Income Tax - net

For the period ended September 30, 2024, the net provision for income tax amounted to ₱226.7 million, a decrease from ₱565.8 million recorded in the same period last year. This change is primarily due to a lower taxable income earned in the current period compared to the prior period.

Total Comprehensive Income - net of tax

Net Income

Due to the factors mentioned above, the consolidated net income for the nine-month period ended September 30, 2024, totaled ₱494.9 million, which is a decrease from the ₱1,825.7 million recorded in the corresponding period of the previous year. This represents a decrease of ₱1,330.8 million or 72.9%. After accounting for non-controlling interests, the net income attributable to equity holders of the Parent Company amounted to ₱502.6 million for the period ended September 30, 2024, in comparison to ₱1,552.5 million in the same period of the preceding year.

Cumulative Translation Adjustment

The Group has recognized cumulative translation adjustments, net of tax, amounting to ₱22.3 million and ₱6.5 million for the periods ending on September 30, 2024 and 2023, 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 ₱1,606.3 million in 2024 and ₱2,857.3 million in 2023. The decrease is primarily attributed to lower cash generated from the Group's mining operations.

Cash Flows from Investing Activities

The net cash outflows utilized in investing activities for the nine months ending on September 30, 2024 and 2023 were ₱1,256.6 million and ₱1,955.4 million, respectively. In 2024, the net cash outflows were primarily driven by: (1) Payment of non-interest bearing liability related to the acquisition of an associate amounting to ₱560.3 million; (2) Acquisition of property and equipment, totaling ₱285.9 million; (3) Additional mine exploration costs, totaling ₱10.5 million; (4) Decrease in advances to related parties amounted to ₱208.3 million; and (5) Increase in other noncurrent assets by ₱608.3 million. 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.

Cash Flows from Financing Activities

For the nine-month periods ended September 30, 2024 and 2023, the net cash utilization in financing activities totaled ₱847.6 million and ₱1,347.3 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 loan repayments, settlement of other current liabilities, settlement of lease obligations, and decrease in advances from related parties, which amounted to ₱347.3 million, ₱270.9 million, ₱66.0 million, and ₱163.4 million, respectively. In 2023, the net cash outflows were mainly driven by the payments made toward loan payable amounting to ₱207.5 million, payments of lease liabilities amounting to ₱60.2 million, payments of other current liabilities amounting to ₱281.1 million, cash dividends distributed to shareholders amounting to ₱524.2 million, and acquisition of treasury shares as part of the Parent Company's buyback program, totaling ₱274.1 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, 2024.

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:

<u>Indicators</u>	<u>Formula</u>	<u>2024</u>	<u>2023</u>
Earnings Per Share	Profit for the Period/Weighted Average Number of Shares Outstanding	0.0981	0.3021
Debt-to-Equity Ratio	Total Liabilities/Total Equity	0.39:1	0.47:1
Asset-to-Equity Ratio	Total Assets/Total Equity	1.39:1	1.47:1
Current Ratio	Current Assets/Current Liabilities	1.36:1	1.49:1

PART III - OTHER INFORMATION

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

Date	Description
August 9, 2024	Press Release: FNI reports strong half-year operational and cost performance
September 17, 2024	<p>Regular Board Meeting approving to continue the company's previously approved buyback program and to acquire up to 2% of its outstanding common shares at market price over the next three years. It will be funded from internally generated funds, subject to the availability of sufficient undistributed retained earnings.</p> <p>This initiative is part of the company's ongoing commitment to enhance shareholder value and reflects the Board's confidence in the company's long-term growth prospects.</p>


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: November 8, 2024

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

Date: November 8, 2024

Annex A

Aging of Trade and Other Receivables

As at September 30, 2024

(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	409,169	-	-	-	243,992	653,161
Advances to Contractors	269,908	-	-	-	79,711	349,619
Advances to Officers, Employees and Others	66,799	-	-	-	-	66,799
Total	745,876	-	-	-	323,703	1,069,579
Less: Allowance for Expected Credit Losses						323,703
NET RECEIVABLES						745,876

GLOBAL FERRONICKEL HOLDINGS, INC.
SEC FORM 17-Q
INDEX TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim Consolidated Statements of Financial Position as at September 30, 2024 and December 31, 2023

Interim Consolidated Statements of Comprehensive Income for the Three-Month Period Ended September 30, 2024 and 2023

Interim Consolidated Statements of Comprehensive Income for the Nine-Month Period Ended September 30, 2024 and 2023

Interim Consolidated Statements of Changes in Equity for the Nine-Month Period Ended September 30, 2024 and 2023

Interim Consolidated Statements of Cash Flows for the Nine-Month Period Ended September 30, 2024 and 2023

Notes to Interim Consolidated Financial Statements

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱2,025,737	₱2,442,898
Trade and other receivables (Note 5)	745,876	453,846
Advances to related parties (Note 29)	352,195	560,486
Inventories (Note 6)	501,950	453,253
Prepayments and other current assets (Note 7)	94,117	28,450
Total Current Assets	3,719,875	3,938,933
Noncurrent Assets		
Property and equipment (Note 8)	6,088,991	6,239,057
Investment in associates (Note 9)	4,659,436	4,467,457
Mine exploration costs (Note 11)	248,359	237,857
Mining rights (Note 10)	104,564	110,932
Deferred tax assets - net (Note 30)	122,898	136,390
Retirement plan asset - net (Note 16)	56,321	43,556
Other noncurrent assets (Note 12)	2,779,624	2,240,559
Total Noncurrent Assets	14,060,193	13,475,808
TOTAL ASSETS	₱17,780,068	₱17,414,741
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 13)	₱1,973,024	₱760,907
Non-interest bearing liability (Note 17)	529,861	437,958
Current portion of loans payable (Note 14)	–	347,294
Advances from related parties (Note 29)	7,840	171,234
Current portion of lease liabilities (Note 18)	86,896	75,881
Income tax payable	109,735	193,200
Other current liabilities (Note 17)	30,825	301,699
Total Current Liabilities	2,738,181	2,288,173
Noncurrent Liabilities		
Non-interest bearing liability - net of current portion (Note 17)	1,002,722	1,566,752
Loans payable - net of current portion (Note 14)	–	–
Provision for mine rehabilitation and decommissioning (Note 15)	311,755	296,814
Lease liabilities - net of current portion (Note 18)	707,836	747,461
Deferred tax liabilities - net	222,435	234,958
Other noncurrent liabilities	232	232
Total Noncurrent Liabilities	2,244,980	2,846,217
Total Liabilities	4,983,161	5,134,390
Equity		
Capital stock (Note 19)	6,375,975	6,375,975
Additional paid-in capital	239,012	239,012
Remeasurement gain on retirement obligation	44,169	44,276
Cumulative translation adjustment	155,134	132,801
Fair value reserve of financial asset at fair value through other comprehensive income (Note 12)	(6,788)	(6,198)
Retained earnings	7,973,199	7,470,593
Treasury shares (Note 19)	(2,129,803)	(2,129,803)
Equity attributable to the Parent Company	12,650,898	12,126,656
Non-controlling interests (NCI) (Note 19)	146,009	153,695
Total Equity	12,796,907	12,280,351
TOTAL LIABILITIES AND EQUITY	₱17,780,068	₱17,414,741

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, 2024 AND 2023
(Amounts in Thousands, Except Earnings per Share)

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
REVENUE FROM CONTRACTS WITH CUSTOMERS	P2,653,165	P3,652,510	P5,731,933	P6,768,411
COST OF SALES (Note 21)	1,427,054	1,498,575	3,162,431	2,784,809
GROSS PROFIT	1,226,111	2,153,935	2,569,502	3,983,602
OPERATING EXPENSES				
Excise taxes and royalties (Note 22)	360,692	407,009	681,180	618,028
General and administrative (Note 23)	356,122	293,113	969,196	823,458
Shipping and distribution (Note 24)	161,536	153,774	296,322	332,528
	878,350	853,896	1,946,698	1,774,014
SHARE IN NET INCOME OF INVESTMENT IN ASSOCIATES (Note 9)	77,848	256,290	191,979	310,299
FINANCE COSTS (Note 27)	(51,164)	(71,201)	(161,789)	(213,916)
FINANCE INCOME	2,772	3,169	11,043	21,644
OTHER INCOME - net (Note 28)	35,544	22,817	57,617	63,815
INCOME BEFORE INCOME TAX	412,761	1,511,114	721,654	2,391,430
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)				
Current	50,225	235,131	233,316	535,630
Deferred	69,030	75,636	(6,582)	30,136
	119,255	310,767	226,734	565,766
NET INCOME	293,506	1,200,347	494,920	1,825,664
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Currency translation adjustment	(37,765)	19,400	29,777	8,608
Income tax effect	9,441	(4,850)	(7,444)	(2,152)
	(28,324)	14,550	22,333	6,456
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>				
Remeasurement loss on retirement obligation	—	—	(143)	—
Income tax effect	—	—	36	—
	—	—	(107)	—
Fair value reserve of financial asset at fair value through other comprehensive income (Note 12)	(422)	(210)	(590)	(84)
	(28,746)	(210)	21,636	(84)
TOTAL COMPREHENSIVE INCOME	P264,760	P1,214,687	P516,556	P1,832,036
Net Income (Loss) Attributable To:				
Equity holders of the Parent Company	P295,528	P1,202,977	P502,606	P1,552,476
Non-controlling interests in consolidated subsidiaries	(2,022)	(2,630)	(7,686)	273,188
	P293,506	P1,200,347	P494,920	P1,825,664
Total Comprehensive Income (Loss) Attributable To:				
Equity holders of the Parent Company	P266,782	P1,217,317	P524,242	P1,558,848
Non-controlling interests in consolidated subsidiaries	(2,022)	(2,630)	(7,686)	273,188
	P264,760	P1,214,687	P516,556	P1,832,036
Basic/Diluted Earnings Per Share on Net Income Attributable to Equity Holders of the Parent Company (Note 20)	P0.0577	P0.2345	P0.0981	P0.3021

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, 2024 AND 2023
(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, 2023 (Audited)	P 6,375,975	P 239,012	P (2,129,803)	P (6,198)	P 44,276	P 132,801	P 7,470,593	P 12,126,656	P 153,695	P 12,280,351
Net income for the period	-	-	-	-	-	-	502,606	502,606	(7,686)	494,920
Other comprehensive income (loss) - net of tax	-	-	-	(590)	(107)	22,333	-	21,636	-	21,636
Total comprehensive income (loss) - net of tax	-	-	-	(590)	(107)	22,333	502,606	524,242	(7,686)	516,556
Balances at September 30, 2024 (Unaudited)	P 6,375,975	P 239,012	P (2,129,803)	P (6,788)	P 44,169	P 155,134	P 7,973,199	P 12,650,898	P 146,009	P 12,796,907
Balances at December 31, 2022 (Audited)	P 6,375,975	P 239,012	P (1,968,213)	P (5,818)	P 35,535	P 133,898	P 6,040,354	P 10,850,743	P 544,899	P 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
Acquisition of non-controlling interest in MHC	-	-	-	-	-	-	467,971	467,971	(659,971)	(192,000)
Declaration of cash dividend	-	-	-	-	-	-	(524,169)	(524,169)	-	(524,169)
Purchase of treasury shares	-	-	(274,062)	-	-	-	-	(274,062)	-	(274,062)
Balances at September 30, 2023 (Unaudited)	P 6,375,975	P 239,012	P (2,242,275)	P (5,902)	P 35,535	P 140,354	P 7,536,632	P 12,079,331	P 158,116	P 12,237,447

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, 2024 AND 2023
(Amounts in Thousands)

	2024	2023
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱721,654	₱2,391,430
Adjustments for:		
Depreciation, depletion and amortization (Note 26)	447,568	494,788
Interest expense (Note 27)	57,391	86,292
Unrealized foreign exchange losses (gains) - net	(52,326)	(23,151)
Share in net income of investment in associates (Note 9)	(191,979)	(310,299)
Current service cost (Note 16)	6,916	13,220
Accretion interest expense on:		
Non-interest bearing liability	91,903	110,791
Provision for mine rehabilitation and decommissioning (Note 27)	14,941	13,378
Provision for impairment losses on other noncurrent assets (Note 12)	65,127	—
Interest income	(10,332)	(21,644)
Accretion interest income on security deposit under		
"Other noncurrent assets" (Note 27)	(711)	(711)
Gain on disposals of property and equipment	(9)	(4)
Operating income before changes in working capital	1,150,143	2,754,090
Decrease (increase) in:		
Trade and other receivables	(295,519)	693,020
Inventories	(48,697)	(117,287)
Prepayments and other current assets	(65,667)	(26,313)
Increase in trade and other payables	1,212,561	254,721
Net cash generated from operations	1,952,821	3,558,231
Income taxes paid	(317,212)	(578,617)
Interest paid	(15,432)	(120,052)
Contributions (Note 16)	(17,182)	(17,181)
Interest received	3,265	14,944
Net cash flows from operating activities	1,606,260	2,857,325
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property and equipment	(285,915)	(249,576)
Mine exploration costs	(10,502)	(5)
Decrease (increase) in:		
Advances to related parties	208,291	114,558
Other noncurrent assets	(608,303)	(1,084,041)
Payment of non-interest bearing liability related to the acquisition of an associate	(560,300)	(544,290)
Acquisition of non-controlling interest in MHC	—	(192,000)
Proceeds from disposals of property and equipment	117	1
Net cash flows used in investing activities	(1,256,612)	(1,955,353)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Loans	(347,294)	(207,540)
Lease Liabilities	(66,001)	(60,225)
Cash dividends	—	(524,169)
Other current liabilities	(270,874)	(281,056)
Purchase of treasury shares (Note 19)	—	(274,062)
Decrease in advances from related parties	(163,394)	(214)
Net cash flows used in financing activities	(847,563)	(1,347,266)
NET DECREASE IN CASH	(497,915)	(445,294)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	80,754	38,287
CASH AT BEGINNING OF PERIOD	2,442,898	3,180,585
CASH AT END OF PERIOD	₱2,025,737	₱2,773,578

See accompanying Notes to Unaudited Consolidated Financial Statements.

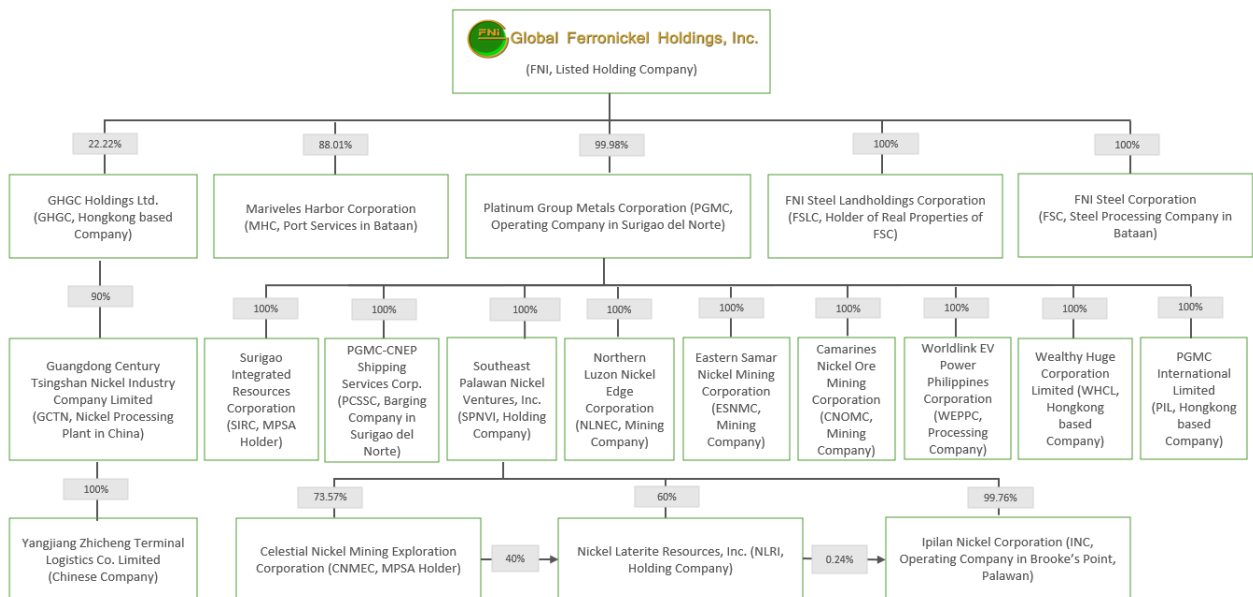
GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2024 are as follows:

List of Top 20 Stockholders

Name	Citizenship	Holdings	Percentage
PCD NOMINEE CORP. - FILIPINO	Filipino	2,326,912,812	45.40%
PCD NOMINEE CORP. - NON-FILIPINO	Foreign	1,605,180,445	31.32%
REGULUS BEST NICKEL HOLDINGS INC.	Filipino	523,154,668	10.21%
BLUE EAGLE ELITE VENTURE INC.	Filipino	348,769,779	06.81%
SOHOTON SYNERGY, INC.	Filipino	233,156,767	04.55%
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 September 30, 2024.

SPNVI

SPNVI is 99.98% owned by the Parent Company through PGMC 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.

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 Ipilán, Mambalot, Municipality of Brooke's Point, Province of Palawan, consisting of 2,835 hectares and covered by MPSA No. 017-93-IV, Amended 2000, by the Government of the Republic of the Philippines through the Secretary of the Department of Environment and Natural Resources (DENR). INC's principal office address is the same as that of the Parent Company.

CNMEC

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

NLRI

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

NLNEC

NLNEC is a wholly-owned subsidiary of the Parent Company through PGMC 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 wholly-owned subsidiary of the Parent Company through PGMC 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 wholly-owned subsidiary of the Parent Company through PGMC 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 88.01% owned by the Parent Company 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.

WEPPC

WEPPC is a newly incorporated processing company. It is a wholly-owned subsidiary of the Parent Company through PGMCO and was registered with the Philippine SEC on February 5, 2024. Its primary purpose is to engage generally in the business of, and/or to invest in the development, manufacturing, production, sale, invention, export, processing, and use of battery-grade materials, technologies, software, hardware, systems, applications, processes, machines, parts, appurtenances, facilities, stations, products, devices, equipment which are needed to allow the corporation to venture into the construction, assembly, commission, marketing, installation, sale, operation, maintenance, rehabilitation, management, repair, commission, recycling and/or distribution of batteries, battery systems, battery energy storage systems, electric vehicle charging stations and docks, energy supply equipment, and other renewable energy components for residential, commercial, and industrial purposes. WEPPC's principal office address is the same as that of the Parent Company.

The Associates

GHGC

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

GHGC owns 90% shareholding in Guangdong Century Tsingshan Nickel Industry Company Limited (GCTN). GCTN is a nickel alloy enterprise in China that is processing laterite nickel ore and is selling nickel pig iron. It operates a 33-hectare area and 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, 2024 and for the nine months period ended September 30, 2024 and 2023 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, 2023.

Statement of Compliance

The accompanying unaudited interim consolidated financial statements of the Group have been prepared in compliance with PFRS.

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	Principal Place of Business	Principal Activities	Effective Ownership	
			September 30, 2024	December 31, 2023
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	Philippines	Port Operations	88.01%	88.01%
SPNVI	Philippines	Holding/Mining	99.98%	99.98%
INC ⁽²⁾	Philippines	Mining	99.96%	99.96%
CNMEC ⁽²⁾	Philippines	Holding/Mining	83.98%	83.98%
NLRI ⁽²⁾	Philippines	Holding/Mining	93.58%	93.58%
NLNEC	Philippines	Mining	99.98%	99.98%
ESNMC	Philippines	Mining	99.98%	99.98%
CNOMC	Philippines	Mining	99.98%	99.98%
WEPPC ⁽³⁾	Philippines	Processing	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) This represents the indirect ownership of the Parent Company to the subsidiaries of SPNVI.

(3) This is a newly incorporated subsidiary.

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 in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

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

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
 - Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

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.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred effectivity

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

The revised, amended, and additional disclosures or accounting changes provided by the standards and interpretations will be included in the consolidated financial statements in the year of adoption, if applicable.

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, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash on hand	₱1,821	₱1,557
Cash with banks	2,001,447	2,418,872
Short-term cash investments	22,469	22,469
	<u>₱2,025,737</u>	<u>₱2,442,898</u>

5. Trade and Other Receivables

Amount in thousands	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade	₱653,161	₱509,632
Advances to:		
Contractors	349,619	225,474
Officers, employees and others	66,799	42,443
	<u>1,069,579</u>	<u>777,549</u>
Less allowance for expected credit losses (ECL)	323,703	323,703
	<u>₱745,876</u>	<u>₱453,846</u>

There was no provision for ECL on trade and other receivables for the periods ended September 30, 2024 and 2023.

6. Inventories

Amount in thousands	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Beneficiated nickel ore	₱420,252	₱370,914
Materials and supplies	81,698	82,339
	<u>₱501,950</u>	<u>₱453,253</u>

No provision for inventory losses was recognized for the periods ended September 30, 2024 and 2023. The balance of the allowance for inventory losses on materials and supplies amounted to ₱13.5 million as at September 30, 2024 and December 31, 2023.

7. Prepayments and Other Current Assets

Amount in thousands	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Advances to suppliers	₱23,866	₱5,312
Prepaid taxes and licenses	45,069	1,411
Input VAT	13,264	16,753
Prepaid insurance	17,128	12,680
Creditable withholding taxes (CWT)	11,226	10,303
Prepaid rent	1,548	258
Others	2,453	2,170
	114,554	48,887
Less allowance for impairment losses	20,437	20,437
	₱94,117	₱28,450

No provision for impairment losses on other current assets was recognized in 2024 and 2023.

8. Property and Equipment

As at September 30, 2024 and December 31, 2023, property and equipment amounted to ₱6,089.0 million and ₱6,239.0 million, respectively. During the nine-month period ended September 30, 2024 and 2023, the Group acquired assets with a cost of ₱285.9 million and ₱256.6 million, respectively, including construction in-progress.

Depreciation and depletion expenses for the nine-month period ended September 30, 2024 and 2023 amounted to ₱437.4 million and ₱485.3 million, respectively. As at September 30, 2024 and December 31, 2023, total accumulated depreciation and depletion amounted to ₱4,300.2 million and ₱3,870.7 million, respectively.

The property and equipment includes right-of-use assets amounted to ₱654.0 million and ₱716.6 million as at September 30, 2024 and December 31, 2023, respectively. As at September 30, 2024 and December 31, 2023, accumulated depreciation of the right-of-use assets amounted to ₱329.0 million and ₱263.7 million, respectively. Depreciation expense of right-of-use assets for the nine-month period ended September 30, 2024 and 2023 amounted to ₱63.5 million and ₱68.8 million, respectively.

No property and equipment were pledged as at September 30, 2024 and December 31, 2023.

9. Investment in Associates

As at September 30, 2024 and December 31, 2023, investment in associates amounted to ₱4,659.4 million and ₱4,467.4 million, respectively.

The Group recognized total share in net income of investment in associates amounted to ₱192.0 million for the nine months ended September 30, 2024 and ₱310.3 million in the same period last year.

10. Mining Rights

Amount in thousands	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost	₱396,500	₱396,500
Accumulated amortization:		
Beginning balance	285,568	279,196
Amortization	6,368	6,372
Ending balance	291,936	285,568
Net book value	₱104,564	₱110,932

No provision for impairment losses on mining rights was recognized for the periods ended September 30, 2024 and 2023.

11. Mine Exploration Costs

Amount in thousands	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning balance	₱237,857	₱179,030
Exploration expenditures incurred	10,502	58,827
Ending balance	₱248,359	₱237,857

12. Other Noncurrent Assets

Amount in thousands	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Input VAT	₱1,294,035	₱903,188
Advances to suppliers	892,985	775,912
Mine rehabilitation fund (MRF)	546,589	432,946
Restricted cash	85,227	83,898
Deferred input VAT	86,522	100,792
Miscellaneous deposit	56,445	55,991
Security deposits	25,650	24,939
Financial asset at FVOCI	2,066	2,656
Computer software	1,623	1,699
Others	50,517	55,446
	3,041,659	2,437,467
Less allowance for impairment losses	262,035	196,908
	₱2,779,624	₱2,240,559

No dividend income was earned by the Group for the periods ended September 30, 2024 and 2023 from the financial asset at FVOCI.

Provision for impairment losses on input VAT amounted to ₱65.1 million for the period ended September 30, 2024 and nil for the same period in 2023.

13. Trade and Other Payables

Amount in thousands	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade	₱543,307	₱248,879
Accrued expenses and taxes	558,875	431,682
Contract liabilities	751,646	45,218
Dividends payable	24,847	24,968
Nontrade	94,169	9,980
Interest payable	180	180
	₱1,973,024	₱760,907

Details of the accrued expenses and taxes are summarized below:

Amount in thousands	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accrued liabilities	₱352,919	₱299,780
Provision for Indigenous Cultural Communities (ICC)	74,813	45,353
Business and other taxes	40,470	18,998
Excise taxes and royalties payable	72,081	51,372
Accrued payroll	3,321	11,575
Others	15,271	4,604
	₱558,875	₱431,682

14. Loans Payable

As at September 30, 2024 and December 31, 2023, the carrying amount of the loan amounted to nil and US\$6.2 million or ₱347.3 million, respectively.

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

Amount in thousands	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning balance	₱347,294	₱841,800
Payments	(347,294)	(491,180)
Effect of changes in foreign currency exchange rates	–	(3,326)
Ending balance	₱–	₱347,294

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 ₱15.2 million and ₱48.2 million for the periods ended September 30, 2024 and 2023, respectively.

The TCB loan was paid in full on July 30, 2024.

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, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning balance	₱296,814	₱261,039
Accretion interest	14,941	17,542
Effect of change in estimate	—	18,233
Ending balance	₱311,755	₱296,814

16. Retirement Obligation

The FNI Group of Companies Multiemployer Retirement Plan (the Retirement Plan) is jointly established by PGM, 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, 2024 and December 31, 2023.

The latest actuarial valuation report of the retirement plan is as at December 31, 2023.

As at September 30, 2024, 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, 2024 and December 31, 2023, the retirement plan asset, net of retirement obligation, amounted to ₱56.3 million and ₱43.6 million, respectively. The current service cost amounted to ₱6.9 million and ₱13.2 million for the nine months period ended September 30, 2024 and 2023, respectively. The interest cost on retirement obligation amounted to ₱4.6 million and ₱4.3 million for the nine months period ended September 30, 2024 and 2023, respectively. The interest income on plan assets amounted to ₱7.1 million and ₱6.7 million for the nine months period ended September 30, 2024 and 2023, 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:

	2022
Balance at the date of acquisition, undiscounted	₱2,947,352
Discount on non-interest bearing liability:	
Day 1 gain	504,273
Accretion of interest	(35,099)
Ending balance	469,174
Net carrying value	₱2,478,178

Movements in the carrying value of the non-interest bearing liability are as follows:

Amount in thousands	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning balance	₱2,004,710	₱2,435,682
Payments	(560,300)	(558,895)
Accretion of interest	91,903	142,266
Effect of changes in foreign currency exchange rates	(3,730)	(14,343)
Ending balance	1,532,583	2,004,710
Less: Current portion	529,861	437,958
Non-interest bearing liability - net of current portion	₱1,002,722	₱1,566,752

Other current liabilities

As at September 30, 2024 and December 31, 2023, the Group's payable to previous stockholders of Celestial Nickel Mining Exploration Corporation (CNMEC) and Brooks Nickel Ventures Inc. (BNVI), as follows:

Amount in thousands	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Previous stockholders of CNMEC	₱2,649	₱62,368
Payable to BNVI	28,176	239,331
	₱30,825	₱301,699

Amount in thousands	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning balance	₱301,699	₱572,179
Payments	(270,874)	(312,944)
Effect of changes in foreign currency exchange rates	–	42,464
Ending balance	₱30,825	₱301,699

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, 2024 and December 31, 2023, discounted using incremental borrowing rate are as follows:

Amount in thousands	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Lease liabilities	₱794,732	₱823,342
Less current portion	86,896	75,881
Noncurrent portion	₱707,836	₱747,461

The rollforward analysis of lease liabilities follows:

Amount in thousands	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning balance	₱823,342	₱835,585
Interest expense	37,391	50,741
Payments	(66,001)	(62,984)
Ending balance	₱794,732	₱823,342

19. Equity

Capital Stock

The Parent Company has 11,957,161,906 authorized shares at ₱1.05 par value as at September 30, 2024 and December 31, 2023. 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, 2024 and December 31, 2023.

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

NCI

September 30, 2024

	MHC	PGMC	SPNVI	Total
Percentage of ownership	11.99%	0.02%	0.02%	
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	51,293	527	324,961	376,781
Total comprehensive income (loss)				
attributable to NCI	(7,773)	27	60	(7,686)
Total	144,949	1,000	60	146,009

December 31, 2023

	MHC	PGMC	SPNVI	Total
Percentage of ownership	11.99%	0.02%	0.02%	
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	(14,698)	320	283,375	268,997
Cash dividend	-	(230)	-	(230)
Total	152,722	973	-	153,695

Material NCI

As at September 30, 2024 and December 31, 2023, the accumulated balance of material NCI amounted to ₱144.9 million and ₱152.7 million, respectively, which represents 11.99% equity interest in MHC. Net loss allocated to material NCI amounted to ₱7.8 million and ₱14.7 million for the periods ended September 30, 2024 and December 31, 2023, respectively.

Treasury Stock

The Parent Company has 947,181,464 shares amounting to ₱2,129.8 million in treasury as at September 30, 2024 and December 31, 2023.

20. Earnings Per Share

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

	2024	2023
	(Unaudited)	
Net income attributable to common shareholders (amounts in thousands)	₱502,606	₱1,552,476
Weighted average number of common shares outstanding for basic EPS	5,125,175,687	5,138,455,351
Basic/diluted EPS	₱0.0981	₱0.3021

As at September 30, 2024 and 2023, there are no potentially dilutive common shares.

21. Cost of Sales

	For the nine months period ended September 30	
Amount in thousands	2024	2023
	(Unaudited)	
Contract hire	₱2,033,742	₱1,731,536
Depreciation and depletion (see Note 26)	335,497	378,644
Personnel costs (see Note 25)	327,912	282,181
Fuel, oil and lubricants	122,481	127,490
Operation overhead	72,192	55,663
Environmental protection costs	71,114	27,345
Community relations	63,765	63,550
Repairs and maintenance	48,410	43,948
Assaying and laboratory	33,286	25,666
Manning services	23,297	19,271
Power and utilities	14,118	12,620
Health and safety	8,097	6,101
Others	8,520	10,794
	₱3,162,431	₱2,784,809

22. Excise Taxes and Royalties

	For the nine months period ended September 30	
Amount in thousands	2024	2023
	(Unaudited)	
Royalties to:		
Claim-owners and others	₱196,210	₱143,171
Government	187,962	172,508
Indigenous people (IP)	56,833	34,127
Excise taxes	240,175	268,222
	₱681,180	₱618,028

Royalty to claim-owners and others include a royalty fee of ₱60.1 million associated with an agreement in 2016.

23. General and Administrative

Amount in thousands	For the nine months period ended September 30	
	2024	2023
	(Unaudited)	
Personnel costs (see Note 25)	₱237,487	₱211,505
Taxes and licenses	203,261	157,928
Outside services	163,141	138,152
Depreciation and amortization (see Note 26)	112,071	116,144
Provision for impairment losses on input VAT	65,127	916
Marketing and entertainment	53,751	61,244
Consultancy fees	46,351	37,261
Repairs and maintenance	20,681	22,783
Travel and transportation	13,694	20,311
Fuel, oil and lubricants	12,378	10,694
Membership and subscription	5,394	7,403
Office supplies	4,715	3,989
Communication	4,646	4,214
Insurance	3,925	6,177
Rentals	731	975
Provision for ECL on trade receivables	–	4
Other charges	21,843	23,758
	₱969,196	₱823,458

24. Shipping and Distribution

Amount in thousands	For the nine months period ended September 30	
	2024	2023
	(Unaudited)	
Barging charges	₱163,498	₱128,351
Stevedoring charges and shipping expenses	60,755	144,024
Fuel, oil and lubricants	25,043	20,549
Government fees	23,315	19,943
Personnel costs (see Note 25)	21,884	17,418
Supplies and others	1,214	761
Repairs and maintenance	613	1,482
	₱296,322	₱332,528

25. Personnel Costs

Amount in thousands	For the nine months period ended September 30	
	2024	2023
	(Unaudited)	
Salaries and wages	₱531,322	₱447,797
Retirement benefits costs (see Note 16)	6,916	13,220
Other employee benefits	49,045	50,087
	₱587,283	₱511,104

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	
	2024	2023
	(Unaudited)	
Cost of sales (see Note 21)	₱327,912	₱282,181
General and administrative (see Note 23)	237,487	211,505
Shipping and distribution (see Note 24)	21,884	17,418
	₱587,283	₱511,104

26. Depreciation, Depletion and Amortization

Amount in thousands	For the nine months period ended September 30	
	2024	2023
	(Unaudited)	
Cost of sales (see Note 21)	₱335,497	₱378,644
General and administrative (see Note 23)	112,071	116,144
	₱447,568	₱494,788

27. Finance Costs

Amount in thousands	For the nine months period ended September 30	
	2024	2023
	(Unaudited)	
Interest expense	₱52,823	₱86,292
Accretion interest on non-interest bearing liability	91,903	110,791
Accretion interest on provision for mine rehabilitation and decommissioning	14,941	13,378
Bank charges	2,122	3,455
	₱161,789	₱213,916

28. Other Income - net

Amount in thousands	For the nine months period ended September 30	
	2024	2023
	(Unaudited)	
Despatch - net	₱26,246	₱15,997
Foreign exchange gains - net	31,339	46,570
Gain on disposals of property and equipment	9	4
Others	23	1,244
	₱57,617	₱63,815

Breakdown of net foreign exchange gains is as follows:

Amount in thousands	For the nine months period ended September 30	
	2024	2023
	(Unaudited)	
Net realized foreign exchange losses	(P20,987)	(P14,424)
Unrealized foreign exchange gains (losses) on:		
Cash and cash equivalents	52,495	29,702
Trade and other receivables	(3,507)	22,287
Other noncurrent assets	(406)	331
Non-interest bearing liability	3,730	—
Loans payable	—	(6,551)
Trade and other payables	14	15,225
	P31,339	P46,570

29. Related Party Disclosures

Set out below are the Group's transactions with related parties for the nine-month periods ended September 30, 2024, including the corresponding assets and liabilities arising from the said transactions as at September 30, 2024 (Unaudited) and December 31, 2023 (Audited):

Amount in thousands			Advances to related parties	Advances from related parties	Non-interest bearing liability	Terms	Conditions
Category	Amount/Volume	Sale of Ore					
Stockholders							
September 30, 2024	P—	P—	P130,589	P—	P1,532,583	On demand; noninterest- bearing; collectible or payable in cash	Secured; with guarantee
December 31, 2023	P—	—	P434	P—	P2,004,710		
Affiliates with common officers, directors and stockholders							
September 30, 2024	—	—	221,606	7,840	—	On demand; noninterest- bearing; collectible or payable in cash	Secured; with guarantee
December 31, 2023	551,824	—	560,052	171,234	—		
Associate							
September 30, 2024	1,365,157	1,365,157	—	—	—	On demand; noninterest- bearing; collectible in cash	Secured; with guarantee
December 31, 2023	4,960,861	4,960,861	—	—	—		
Total		P1,365,157	P352,195	P7,840	P1,532,583		
Total		P4,960,861	P560,486	P171,234	P2,004,710		

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 P1,365.2 million and P3,777.9 million for the periods ended September 30, 2024 and 2023, respectively.
- PIL entered into ore supply sales agreements with PGMC and INC for the purchase of nickel ore amounting to P487.5 million and P1,764.3 million for the periods ended September 30, 2024 and 2023, respectively. These sales are eliminated in full in the consolidated financial statements.

- c. 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, 2024 and 2023 amounted to ₱56.0 million.

30. Income Taxes

For the periods ended September 30, 2024 and 2023, the Group's current provision for income tax amounted to ₱226.7 million and ₱565.8 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 nine months ended September 30, 2024 and 2023.

As at September 30, 2024 and December 31, 2023, the Group's net deferred income tax assets amounted to ₱122.9 million and ₱136.4 million, respectively. As at September 30, 2024 and December 31, 2023, the Group's net deferred income tax liabilities amounted to ₱222.4 million and ₱234.9 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 current 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, 2024 and December 31, 2023, the Group's financial asset at FVOCI is classified under Level 1, its non-interest bearing liabilities and other current liabilities are classified under Level 2, 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, 2024 and December 31, 2023.

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 99.8% and 99.7% of the Group's total revenue for the periods ended September 30, 2024 and 2023, respectively. 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	
	2024	2023
Country of Domicile	(Unaudited)	
China	₱5,330,035	₱6,748,950
Indonesia	387,272	–
Local	14,626	19,461
	₱5,731,933	₱6,768,411

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, 2024 (Unaudited)				
	Mining	Services	Manufacturing	Elimination	Total
External customers	P5,717,652	P14,281	P-	P-	P5,731,933
Intersegment revenues	487,499	46,167	3,600	(537,266)	-
Total revenues	6,205,151	60,448	3,600	(537,266)	5,731,933
Cost of sales	3,556,655	92,675	-	(486,899)	3,162,431
Excise taxes and royalties	681,180	-	-	-	681,180
Shipping and distribution	342,489	-	-	(46,167)	296,322
Segment operating earnings	1,624,827	(32,227)	3,600	(4,200)	1,592,000
General and administrative	935,526	28,848	4,822	-	969,196
Finance income	11,013	29	1	-	11,043
Finance costs	(142,511)	(19,278)	-	-	(161,789)
Share in net income of investment in associates	191,979	-	-	-	191,979
Other income - net	113,182	-	-	(55,565)	57,617
Provision for income tax - net	227,770	(1,397)	900	(539)	226,734
Net income (loss)	635,194	(78,927)	(2,121)	(59,226)	494,920
Net income (loss) attributable to NCI	88	(7,774)	-	-	(7,686)
Net income (loss) attributable to equity holders of FNI	P635,106	(P71,153)	(P2,121)	(P59,226)	P502,606
Segment assets	P32,799,057	P2,163,977	P1,063,751	(P18,369,615)	P17,657,170
Deferred tax assets - net	120,600	2,298	-	-	122,898
Total assets	P32,919,657	P2,166,275	P1,063,751	(P18,369,615)	P17,780,068
Segment liabilities	P8,192,578	P592,009	P488,292	(P4,512,153)	P4,760,726
Deferred tax liabilities - net	83,899	(6,047)	5,998	138,585	222,435
Total liabilities	P8,276,477	P585,962	P494,290	(4,373,568)	4,983,161
Capital expenditures	P231,924	P17,083	P36,908	P-	P285,915
Depreciation and depletion	P392,164	P55,088	P316	P-	P447,568

Amount in thousands	September 30, 2023 (Unaudited)				
	Mining	Services	Manufacturing	Elimination	Total
External customers	P6,748,950	P19,461	P-	P-	P6,768,411
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	P2,232,669	(P60,760)	P1,360	(P620,793)	P1,552,476
Segment assets	P33,273,977	P1,998,315	P1,021,014	(P18,378,558)	P17,914,748
Deferred tax assets - net	115,035	2,298	(4,277)	4,277	117,333
Total assets	P33,273,977	P2,000,613	P1,016,737	(P18,374,281)	P18,032,081
Segment liabilities	P9,513,148	P668,392	P960,373	(P5,484,919)	P5,656,994
Deferred tax liabilities - net	102,348	(4,666)	5,845	34,113	137,640
Total liabilities	P9,615,496	P663,726	P966,218	(5,450,806)	5,794,634
Capital expenditures	P247,901	P4,779	P3,914	P-	P256,594
Depreciation and depletion	P417,502	P76,894	P392	P-	P494,788

Amount in thousands	December 31, 2023 (Audited)				
	Mining	Services	Manufacturing	Elimination	Total
Segment assets	P31,961,768	P2,072,306	P989,019	(P17,744,742)	P17,278,351
Deferred tax assets - net	134,092	2,298	-	-	136,390
Total assets	P32,095,860	P2,074,604	P989,019	(P17,744,742)	P17,414,741
Segment liabilities	P8,058,771	P415,256	P417,438	(P3,757,075)	P5,134,390
Capital expenditures	P510,146	P15,020	P353,605	P-	P878,771