

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  
(Fiscal Year)

Day  
(Fiscal Year)

1 7 - Q

(Form Type)

Month  
(Annual Meeting)

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 - **MARCH 31, 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  
MARCH 31, 2024**

<b><u>Table of Contents</u></b>	<b><u>Page Number</u></b>
<b>PART I – FINANCIAL INFORMATION</b>	
Item 1. Consolidated Financial Statements .....	2 – 4
1.a. Summary Consolidated Statements of Financial Position as at March 31, 2024 and December 31, 2023	
1.b. Summary Consolidated Statements of Comprehensive Income for the Quarter Ended March 31, 2024 and 2023	
1.c. Summary Consolidated Statements of Changes in Equity for the Quarter Ended March 31, 2024 and 2023	
1.d. Summary Consolidated Statements of Cash Flows for the Quarter Ended March 31, 2024 and 2023	
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	4 – 8
<b>PART II – FINANCIAL SOUNDNESS INDICATORS .....</b>	<b>8</b>
<b>PART III – OTHER INFORMATION .....</b>	<b>8</b>
<b>SIGNATURES</b>	
<b>INDEX TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS</b>	

## PART I - FINANCIAL INFORMATION

### Item 1. Consolidated Financial Statements

The Unaudited Interim Consolidated Financial Statements as at March 31, 2024 and for the three-month period ended March 31, 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 three-month period ended March 31, 2024 and 2023 and as at March 31, 2024 and December 31, 2023:

#### 1.a. Summary Consolidated Statements of Financial Position

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	Increase/ (Decrease)	Percent Inc. (Dec.)
	<i>(In Thousand Pesos)</i>			
ASSETS				
Current Assets	2,697,815	3,938,933	(1,241,118)	-31.5%
Noncurrent Assets	13,661,491	13,475,808	185,683	1.4%
<b>TOTAL ASSETS</b>	<b>16,359,306</b>	<b>17,414,741</b>	<b>(1,055,435)</b>	<b>-6.1%</b>
LIABILITIES AND EQUITY				
Current Liabilities	1,782,495	2,288,173	(505,678)	-22.1%
Noncurrent Liabilities	2,270,274	2,846,217	(575,943)	-20.2%
<b>Total Liabilities</b>	<b>4,052,769</b>	<b>5,134,390</b>	<b>(1,081,621)</b>	<b>-21.1%</b>
Equity				
Equity Attributable to the Parent Company	12,155,665	12,126,656	29,009	0.2%
Non-controlling Interests	150,872	153,695	(2,823)	-1.8%
<b>Total Equity</b>	<b>12,306,537</b>	<b>12,280,351</b>	<b>26,186</b>	<b>0.2%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>16,359,306</b>	<b>17,414,741</b>	<b>(1,055,435)</b>	<b>-6.1%</b>

**1.b. Summary Consolidated Statements of Comprehensive Income**

	For the Quarter Ended March 31		Increase (Decrease)	Percent Inc. (Dec.)
	2024	2023		
	<i>(In Thousand Pesos)</i>			
Revenues	589,875	1,128,701	(538,826)	-47.7%
Cost and Expenses	(589,368)	(620,015)	(30,647)	-4.9%
Finance Costs	(51,150)	(69,638)	(18,488)	-26.5%
Share in Net Income of Investment in Associates	22,353	52,777	(30,424)	57.6%
Other Income - net	17,957	34,375	(16,418)	-47.8%
Income (Loss) Before Income Tax	(10,333)	526,200	(536,533)	-102.0%
Provision for Income Tax - net	(18,140)	167,374	(185,514)	-110.8%
<b>Net Income</b>	<b>7,807</b>	<b>358,826</b>	<b>(351,019)</b>	<b>-97.8%</b>
Other Comprehensive Income (Loss)	18,379	(29,830)	48,209	-161.6%
<b>Total Comprehensive Income</b>	<b>26,186</b>	<b>328,996</b>	<b>(302,810)</b>	<b>-92.0%</b>
Basic and Diluted Income Per Share	0.0021	0.0296	(0.0276)	-93.0%
Net Income (Loss) Attributable To:				
Equity Holders of the Parent	10,630	153,849	(143,219)	-93.1%
Non-controlling Interests	(2,823)	204,977	(207,800)	101.4%
	<b>7,807</b>	<b>358,826</b>	<b>(351,019)</b>	<b>-97.8%</b>

**1.c. Summary Consolidated Statements of Changes in Equity**

	For the Period Ended March 31		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	(6,198)	(5,312)	(6,198)
Remeasurement Gain on Retirement Obligation	44,169	35,535	44,276
Cumulative Translation Adjustment	151,287	103,562	132,801
Retained Earnings	7,481,223	6,330,711	7,470,593
Treasury Shares - at cost	(2,129,803)	(1,968,213)	(2,129,803)
Non-controlling Interests	150,872	421,368	153,695
<b>Total Equity</b>	<b>12,306,537</b>	<b>11,532,638</b>	<b>12,280,351</b>

**1.d. Summary Consolidated Statements of Cash Flows**

	<b>For the Quarter Ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
	<i>(In Thousand Pesos)</i>	
<b>NET CASH FLOWS FROM (USED IN):</b>		
Operating Activities	(314,681)	449,913
Investing Activities	(373,288)	(1,121,745)
Financing Activities	(288,192)	(217,296)
<b>NET DECREASE IN CASH</b>	<b>(976,161)</b>	<b>(889,128)</b>
Effect of Exchange Rate Changes on Cash	39,824	(1,800)
<b>CASH AT BEGINNING OF PERIOD</b>	<b>2,442,898</b>	<b>3,180,585</b>
<b>CASH AT END OF PERIOD</b>	<b>1,506,561</b>	<b>2,289,657</b>

**Basis of Preparation of Interim Consolidated Financial Statements**

The unaudited interim consolidated statements of financial position of Global Ferronickel Holdings, Inc. and Subsidiaries (the Group) as at March 31, 2024 and December 31, 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the periods ended March 31, 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 March 31, 2024, the Group's total assets amounted to ₱16,359.3 million, representing a decrease of ₱1,055.4 million or 6.1% 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 ₱1,241.1 million or 31.5%, coupled with a rise in noncurrent assets by ₱185.7 million or 1.4%.

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

- As of March 31, 2024, the Group's cash and cash equivalents decreased by ₱936.3 million or 38.3%, from ₱2,442.9 million to ₱1,506.6 million. This reduction was primarily attributed to lower net cash generated from operations during the period, as well as the settlement of outstanding loans and liabilities, including interest payments, totalling ₱855.3 million.
- Inventories increased to ₱567.6 million, up from ₱453.3 million, representing an increase of 25.2%. This growth is primarily driven by the cost of production in progress at the Group's Cagdianao mine in preparation for the 2024 mining season.
- There was a decrease in advances to related parties and trade and other receivables by ₱421.5 million and ₱13.4 million, respectively, offset by an increase in prepayments and other current assets of ₱15.8 million.

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

- Increase in other noncurrent assets by ₱102.2 million or 4.6% is mainly attributed to the additional deposit of ₱61.5 million into the mine rehabilitation fund and input value-added tax (VAT) incurred during the period amounting to ₱47.8 million.
- Net increase in deferred tax assets amounting to ₱61.1 million mainly due to net loss carryover during the period.

- Share in net income of an associate, GHGC Holdings Ltd. (GHGC) and subsidiaries, amounted to ₱22.4 million.
- Additional mine exploration costs amounting to ₱8.8 million and net contributions to the retirement plan totaling ₱4.3 million.
- Net decrease in property and equipment amounted to ₱13.0 million, primarily due to acquisitions totaling ₱119.0 million during the period, offset by depreciation and depletion expenses amounting to ₱132.9 million.

As of March 31, 2024, the total liabilities of the Group amounted to ₱4,052.8 million. This figure reflects a decrease of ₱1,081.6 million or 21.1% 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, advances from related parties, and lease liabilities during the period, amounting to ₱564.0 million, ₱104.1 million, ₱162.3 million and ₱21.8 million, respectively.
- Decrease in trade and other payables amounting to ₱328.1 million and increase in income tax payable amounting to ₱53.9 million.

## Results of Operations

For the quarter ending on March 31, 2024, the Group reported a consolidated net income of ₱7.8 million, representing a decrease compared to the consolidated net income of ₱358.8 million recorded in the corresponding period of the previous year. After accounting for non-controlling interests, the net income attributable to equity holders of the Parent Company totaled ₱10.6 million for the period ending on March 31, 2024, down from ₱153.8 million in the same period of the prior year. The decline in first-quarter performance was primarily attributed to the significant decrease in revenues resulting from the decline in nickel ore prices during the current period.

### Revenues

During the three months ending on March 31, 2024, the Group's total revenues amounted to ₱589.9 million, showing a decrease of ₱538.8 million or 47.7% when compared to ₱1,128.7 million in the same period of the previous year. The majority of the Group's revenues, approximately 99.4% of the total, were generated from its mining operations, with the remaining portion of revenues originating from services rendered to its customers.

### Nickel Ore Export Revenues

During the first quarter of 2024, the Group's mining operations generated total nickel ore export revenues of ₱586.2 million, reflecting a significant decrease of ₱527.5 million or 47.4% compared to ₱1,113.7 million in the same period of the previous year. The notable decline in export revenues was primarily attributed to lower prices of nickel ore during the current period. Nickel ore prices were down compared to the prior period amid continued oversupply from Indonesia.

The Group's nickel ore exports consist exclusively of material produced from its Palawan mine. No nickel ore sales were reported from the Group's Surigao mine during this period, as shipment typically occurs during the dry months of each year, specifically from April to October.

During the quarter ended March 31, 2024, nickel ore exports from our Palawan mine totaled 0.381 million wet metric tons (WMT), showing an increase of 0.051 million WMT or 15.3% compared to 0.330 million WMT in the previous quarter. The Group completed seven shipments of nickel ore in the current quarter, compared to six shipments in the preceding quarter. These shipments, exclusively sold to Chinese customers, comprised 100% medium-grade nickel ore for both quarters.

The overall average realized medium-grade nickel ore price for the quarter ended March 31, 2024, was significantly lower by United States dollars (US\$)34.06 per WMT or 55.4%, amounting to US\$27.42 per WMT compared to US\$61.48 per WMT in the same period of the previous year.

The average realized peso to US\$ exchange rate was ₱56.11 for the quarter ended March 31, 2024, compared to ₱54.82 for the same period last year.

### Service Revenues

The Group's service income for the quarter ended March 31, 2024, amounted to ₱3.7 million, reflecting a decrease compared to ₱15.0 million in the same period of 2023. This income is derived from port services provided by MHC, a subsidiary, to its customers. The notable decrease in earnings is attributed to a reduction in service volume. However, management is actively developing strategic initiatives for MHC, including expanding services to encompass warehousing and container terminal operations.



Additionally, the Group earned service income from the charter of LCTs by the Palawan mine from PGMC-CNEP Shipping Services Corp. (PCSSC), a subsidiary, amounting to ₱12.0 million for the three months ended March 31, 2024, compared to ₱21.7 million for the same period in the previous year. This service income is eliminated in full in the consolidated financial statements.

#### Cost and Expenses

Cost and expenses comprise the cost of sales, excise taxes and royalties, general and administrative expenses, and shipping and distribution expenses. During the three months ended March 31, 2024, these costs and expenses amounted to ₱589.4 million, compared to ₱620.0 million for the same period in 2023, representing a decrease of ₱30.6 million or 4.9%. The average cash operating cost per volume sold decreased to ₱1,315.60 per WMT for the period ending March 31, 2024, from ₱1,534.59 per WMT in the previous period, marking a decrease of ₱218.99 per WMT or 14.3%. For the three-month period ending on March 31, 2024, the total aggregate cash costs and total sales volume amounted to ₱501.2 million and 0.381 million WMT, respectively. In comparison, for the three-month period ending on March 31, 2023, the total aggregate cash costs and total sales volume were ₱506.4 million and 0.330 WMT, respectively.

#### Cost of Sales

In the quarter ended March 31, 2024, the cost of sales amounted to ₱309.8 million, showing an increase compared to ₱273.7 million in the previous period, representing a rise of ₱36.1 million or 13.2%. This increase in the cost of sales is primarily attributed to higher contract hire expenses due to the increased volume produced and shipped during the current period compared to the prior period.

#### General and Administrative

In the period ended March 31, 2024, the general and administrative expenses amounted to ₱244.1 million, which showed a decrease compared to ₱266.9 million in the same period in 2023, lower by ₱22.8 million or 8.5%. This reduction was primarily attributed to decreases in taxes and licenses, totaling ₱29.7 million, and marketing and entertainment, totaling ₱11.4 million, partially offset by increases in consultancy fees amounting to ₱6.7 million, and personnel costs, amounting to ₱6.1 million.

#### Shipping and Distribution

During the quarter ended March 31, 2024, shipping and loading costs amounted to ₱10.5 million, which reflects a decrease compared to ₱32.3 million in the same period last year, lower by ₱21.8 million or 67.5%. This reduction was primarily attributed to decrease in stevedoring charges and shipping expenses.

#### Finance Costs

Finance costs amounted to ₱51.1 million in the three months ending on March 31, 2024, compared to ₱69.6 million for the corresponding period last year, representing a decrease of ₱18.5 million or 26.5%. This reduction is primarily attributed to the decrease in interest expense resulting from principal payments made on loans payable during the first quarter of 2024 and in 2023.

#### 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 ending on March 31, 2024, the Group's share in the net income of its investment in associates amounted to ₱22.4 million, compared to ₱52.8 million in the corresponding period last year.

#### Other Income - net

For the period ending on March 31, 2024, net other income amounted to ₱13.7 million, representing a decrease from the ₱21.8 million recorded in the corresponding period of the prior year, marking a decline of ₱8.1 million or 37.3%. This decrease is primarily attributed to a decrease in net foreign exchange gains amounting to ₱18.0 million in the current period compared to the prior period. However, this decrease was partially offset by the despatch earned by the Group amounting to ₱4.1 million in the first quarter, compared to the demurrage incurred amounting to ₱6.7 million in the prior quarter.

#### Provision for Income Tax - net

In the three months ending on March 31, 2024, the net provision for income tax amounted to (₱18.1 million), showing a contrast to the ₱167.4 million recorded in the same period of the previous year. This change was mainly due to the lower taxable income in the current period compared to the prior period and benefit from the net loss carryover that can be utilized in the succeeding quarters.

### **Total Comprehensive Income - net of tax**

#### Net Income

Due to the factors mentioned above, the consolidated net income for the period ending on March 31, 2024, totaled ₱7.8 million, which is a decrease from the ₱358.8 million recorded in the corresponding period of the previous year. This represents a decrease of ₱351.0 million or 97.8%. After accounting for non-controlling interests, the net income attributable to equity holders of the Parent Company amounted to ₱10.6 million for the period ending on March 31, 2024, in comparison to ₱153.8 million in the same period of the preceding year.

#### Cumulative Translation Adjustment

The Group has recognized cumulative translation adjustments, net of tax, amounting to ₱18.5 million and (₱30.3 million) for the periods ending on March 31, 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 (used in) operating activities amounted to (₱314.7 million) and ₱446.3 million for the periods ended March 31, 2024 and 2023, respectively. 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 three months ending on March 31, 2024 and 2023 were ₱373.3 million and ₱1,121.7 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 ₱564.0 million; (2) Acquisition of property and equipment, totaling ₱119.0 million; (3) Additional mine exploration costs, totaling ₱8.8 million; (4) Decrease in advances to related parties amounted to ₱421.5 million; and (5) Increase in other noncurrent assets by ₱103.0 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 ₱286.4 million; (4) Decrease in advances to related parties amounted to ₱123.1 million; and (5) Increase in other noncurrent assets by ₱222.2 million.

#### Cash Flows from Financing Activities

For the three-month periods ended March 31, 2024 and 2023, the net cash utilization in financing activities totaled ₱288.2 million and ₱217.3 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 lease obligations, and decrease in advances from related parties, which amounted to ₱104.1 million, ₱21.8 million, and ₱162.3 million, respectively. In 2023, the net cash outflows were mainly driven by the payments made toward loan payable amounting to ₱105.2 million, payments of lease liabilities amounting to ₱18.9 million, acquisition of treasury shares as part of the Parent Company's buyback program, totaling ₱92.5 million, and decrease in advances from related parties amounting to ₱0.7 million.

### **Material Off-balance Sheet Transactions**

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

### **Material Commitments for Capital Expenditures**

The Group does not have any outstanding commitment for capital expenditures as at March 31, 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 March 31, 2024 and 2023:

<b><u>Indicators</u></b>	<b><u>Formula</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Earnings Per Share	Profit for the Period/Weighted Average Number of Shares Outstanding	0.0021	0.0296
Debt-to-Equity Ratio	Total Liabilities/Total Equity	0.33:1	0.50:1
Asset-to-Equity Ratio	Total Assets/Total Equity	1.33:1	1.50:1
Current Ratio	Current Assets/Current Liabilities	1.51:1	1.76:1

## PART III - OTHER INFORMATION

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

Date	Description
March 18, 2024	Press Release: FNI delivers solid 2023 financials with strong growth in revenues and operations


## SIGNATURES

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

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

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

Date: May 15, 2024

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

Date: May 15, 2024

Annex A

**Aging of Trade and Other Receivables**

As at March 31, 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	228,545	-	-	-	243,992	472,537
Advances to Contractors	161,085	-	-	-	79,711	240,796
Advances to Officers, Employees and Others	50,809	-	-	-	-	50,809
Total	<b>440,439</b>	-	-	-	<b>323,703</b>	<b>764,142</b>
Less: Allowance for Expected Credit Losses						<u>323,703</u>
<b>NET RECEIVABLES</b>						<u><b>440,439</b></u>

**GLOBAL FERRONICKEL HOLDINGS, INC.**  
**SEC FORM 17-Q**  
**INDEX TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

Interim Consolidated Statements of Comprehensive Income for the Three-Month Period Ended March 31, 2024 and 2023

Interim Consolidated Statements of Changes in Equity for the Three-Month Period Ended March 31, 2024 and 2023

Interim Consolidated Statements of Cash Flows for the Three-Month Period Ended March 31, 2024 and 2023

Notes to Interim Consolidated Financial Statements

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	₱1,506,561	₱2,442,898
Trade and other receivables (Note 5)	440,439	453,846
Advances to related parties (Note 29)	138,940	560,486
Inventories (Note 6)	567,647	453,253
Prepayments and other current assets (Note 7)	44,228	28,450
<b>Total Current Assets</b>	<b>2,697,815</b>	<b>3,938,933</b>
<b>Noncurrent Assets</b>		
Property and equipment (Note 8)	6,226,029	6,239,057
Investment in associates (Note 9)	4,489,810	4,467,457
Mine exploration costs (Note 11)	246,693	237,857
Mining rights (Note 10)	110,932	110,932
Deferred tax assets - net (Note 30)	197,480	136,390
Retirement plan asset - net (Note 16)	47,812	43,556
Other noncurrent assets (Note 12)	2,342,735	2,240,559
<b>Total Noncurrent Assets</b>	<b>13,661,941</b>	<b>13,475,808</b>
<b>TOTAL ASSETS</b>	<b>₱16,359,306</b>	<b>₱17,414,741</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Note 13)	₱432,768	₱760,907
Non-interest bearing liability (Note 17)	468,145	437,958
Current portion of loans payable (Note 14)	244,613	347,294
Advances from related parties (Note 29)	8,939	171,234
Current portion of lease liabilities (Note 18)	79,245	75,881
Income tax payable	247,086	193,200
Other current liabilities (Note 17)	301,699	301,699
<b>Total Current Liabilities</b>	<b>1,782,495</b>	<b>2,288,173</b>
<b>Noncurrent Liabilities</b>		
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)	301,795	296,814
Lease liabilities - net of current portion (Note 18)	734,908	747,461
Deferred tax liabilities - net	230,617	234,958
Other noncurrent liabilities	232	232
<b>Total Noncurrent Liabilities</b>	<b>2,270,274</b>	<b>2,846,217</b>
<b>Total Liabilities</b>	<b>4,052,769</b>	<b>5,134,390</b>
<b>Equity</b>		
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	151,287	132,801
Fair value reserve of financial asset at fair value through other comprehensive income (Note 12)	(6,198)	(6,198)
Retained earnings	7,481,223	7,470,593
Treasury shares (Note 19)	(2,129,803)	(2,129,803)
Equity attributable to the Parent Company	12,155,665	12,126,656
Non-controlling interests (NCI) (Note 19)	150,872	153,695
<b>Total Equity</b>	<b>12,306,537</b>	<b>12,280,351</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱16,359,306</b>	<b>₱17,414,741</b>

See accompanying Notes to Unaudited Consolidated Financial Statements.

**GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024 AND 2023**  
**(Amounts in Thousands, Except Earnings per Share)**

	2024	2023
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	<b>₱589,875</b>	<b>₱1,128,701</b>
<b>COST OF SALES</b> (Note 21)	<b>309,803</b>	<b>273,745</b>
<b>GROSS PROFIT</b>	<b>280,072</b>	<b>854,956</b>
<b>OPERATING EXPENSES</b>		
Excise taxes and royalties (Note 22)	24,969	47,112
General and administrative (Note 23)	244,105	266,908
Shipping and distribution (Note 24)	10,491	32,250
	<b>279,565</b>	<b>346,270</b>
<b>SHARE IN NET INCOME OF INVESTMENT IN ASSOCIATES</b> (Note 9)	<b>22,353</b>	<b>52,777</b>
<b>FINANCE COSTS</b> (Note 27)	<b>(51,150)</b>	<b>(69,638)</b>
<b>FINANCE INCOME</b>	<b>4,307</b>	<b>12,590</b>
<b>OTHER INCOME - net</b> (Note 28)	<b>13,650</b>	<b>21,785</b>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>(10,333)</b>	<b>526,200</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 30)		
Current	53,560	169,076
Deferred	(71,700)	(1,702)
	<b>(18,140)</b>	<b>167,374</b>
<b>NET INCOME</b>	<b>7,807</b>	<b>358,826</b>
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>		
Currency translation adjustment	24,648	(40,448)
Income tax effect	(6,162)	10,112
	<b>18,486</b>	<b>(30,336)</b>
<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	—
	<b>(107)</b>	<b>—</b>
Fair value reserve of financial asset at fair value through other comprehensive income (Note 12)	—	506
	<b>18,379</b>	<b>(29,830)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱26,186</b>	<b>₱328,996</b>
<b>Net Income (Loss) Attributable To:</b>		
Equity holders of the Parent Company	₱10,630	₱153,849
Non-controlling interests in consolidated subsidiaries	(2,823)	204,977
	<b>₱7,807</b>	<b>₱358,826</b>
<b>Total Comprehensive Income (Loss) Attributable To:</b>		
Equity holders of the Parent Company	₱29,009	₱124,019
Non-controlling interests in consolidated subsidiaries	(2,823)	204,977
	<b>₱26,186</b>	<b>₱328,996</b>
<b>Basic/Diluted Earnings Per Share on Net Income Attributable to Equity Holders of the Parent Company</b> (Note 20)	<b>₱0.0021</b>	<b>₱0.0296</b>

See accompanying Notes to Unaudited Consolidated Financial Statements.



**GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024 AND 2023**  
**(Amounts in Thousands)**

					Fair Value Reserve of Financial Asset at Fair Value through Other								
	Capital Stock (Note 19)	Additional Paid-in Capital	Treasury Shares (Note 19)	Comprehensive Income (Note 12)	Remeasurement Gain on Retirement Obligation	Cumulative Translation Adjustment	Retained Earnings	Total	NCI	Total Equity			
Balances at December 31, 2023 (Audited)	₱ 6,375,975	₱ 239,012	₱ (2,129,803)	₱ (6,198)	₱ 44,276	₱ 132,801	₱ 7,470,593	₱ 12,126,656	₱ 153,695	₱ 12,280,351			
Net income (loss) for the period	-	-	-	-	-	-	10,630	10,630	(2,823)	7,807			
Other comprehensive income (loss) - net of tax	-	-	-	-	(107)	18,486	-	18,379	-	18,379			
Total comprehensive income (loss) - net of tax	-	-	-	-	(107)	18,486	10,630	29,009	(2,823)	26,186			
Balances at March 31, 2024 (Unaudited)	₱ 6,375,975	₱ 239,012	₱ (2,129,803)	₱ (6,198)	₱ 44,169	₱ 151,287	₱ 7,481,223	₱ 12,155,665	₱ 150,872	₱ 12,306,537			
Balances at December 31, 2022 (Audited)	₱ 6,375,975	₱ 239,012	₱ (1,968,213)	₱ (5,818)	₱ 35,535	₱ 133,898	₱ 6,040,354	₱ 10,850,743	₱ 544,899	₱ 11,395,642			
Net income for the period	-	-	-	-	-	-	153,849	153,849	204,977	358,826			
Other comprehensive income (loss) - net of tax	-	-	-	506	-	(30,336)	-	(29,830)	-	(29,830)			
Total comprehensive income (loss) - net of tax	-	-	-	506	-	(30,336)	153,849	124,019	204,977	328,996			
Acquisition of non-controlling interest in MHC	-	-	-	-	-	-	136,508	136,508	(328,508)	(192,000)			
Balances at March 31, 2023 (Unaudited)	₱ 6,375,975	₱ 239,012	₱ (1,968,213)	₱ (5,312)	₱ 35,535	₱ 103,562	₱ 6,330,711	₱ 11,111,270	₱ 421,368	₱ 11,532,638			

See accompanying Notes to Unaudited Consolidated Financial Statements.

**GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024 AND 2023**  
**(Amounts in Thousands)**

	2024	2023
	(Unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	(P10,333)	P526,200
Adjustments for:		
Depreciation, depletion and amortization (Note 26)	88,125	113,600
Interest expense (Note 27)	15,751	29,834
Unrealized foreign exchange gains - net	(15,657)	(49,371)
Share in net income of investment in associates (Note 9)	(22,353)	(52,777)
Current service cost (Note 16)	1,185	7,570
Accretion interest expense on:		
Non-interest bearing liability	30,187	36,391
Provision for mine rehabilitation and decommissioning (Note 27)	4,981	1,651
Interest income	(4,070)	(12,590)
Accretion interest income on security deposit under		
"Other noncurrent assets" (Note 27)	(237)	(237)
Operating income before changes in working capital	87,579	600,271
Decrease (increase) in:		
Trade and other receivables	14,554	145,792
Inventories	(67,231)	(117,450)
Prepayments and other current assets	(15,778)	15,329
Decrease in trade and other payables	(328,139)	(161,103)
Net cash generated from operations	(309,015)	482,829
Interest paid	(3,113)	(39,751)
Contributions (Note 16)	(5,728)	(5,727)
Interest received	3,175	8,952
Net cash flows from operating activities	(314,681)	446,313
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to:		
Property and equipment	(118,955)	(286,374)
Mine exploration costs	(8,836)	—
Decrease (increase) in:		
Advances to related parties	421,550	123,086
Other noncurrent assets	(103,017)	(222,167)
Payment of non-interest bearing liability related to the acquisition of an associate	(564,030)	(544,290)
Acquisition of non-controlling interest in MHC	—	(192,000)
Net cash flows used in investing activities	(373,288)	(1,121,745)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of:		
Loans	(104,132)	(105,225)
Lease Liabilities	(21,765)	(18,854)
Purchase of treasury shares (Note 19)	—	(92,525)
Decrease in advances from related parties	(162,295)	(692)
Net cash flows used in financing activities	(288,192)	(217,296)
NET DECREASE IN CASH	(976,161)	(892,728)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	39,824	1,800
<b>CASH AT BEGINNING OF PERIOD</b>	<b>2,442,898</b>	<b>3,180,585</b>
<b>CASH AT END OF PERIOD</b>	<b>P1,506,561</b>	<b>P2,289,657</b>

See accompanying Notes to Unaudited Consolidated Financial Statements.

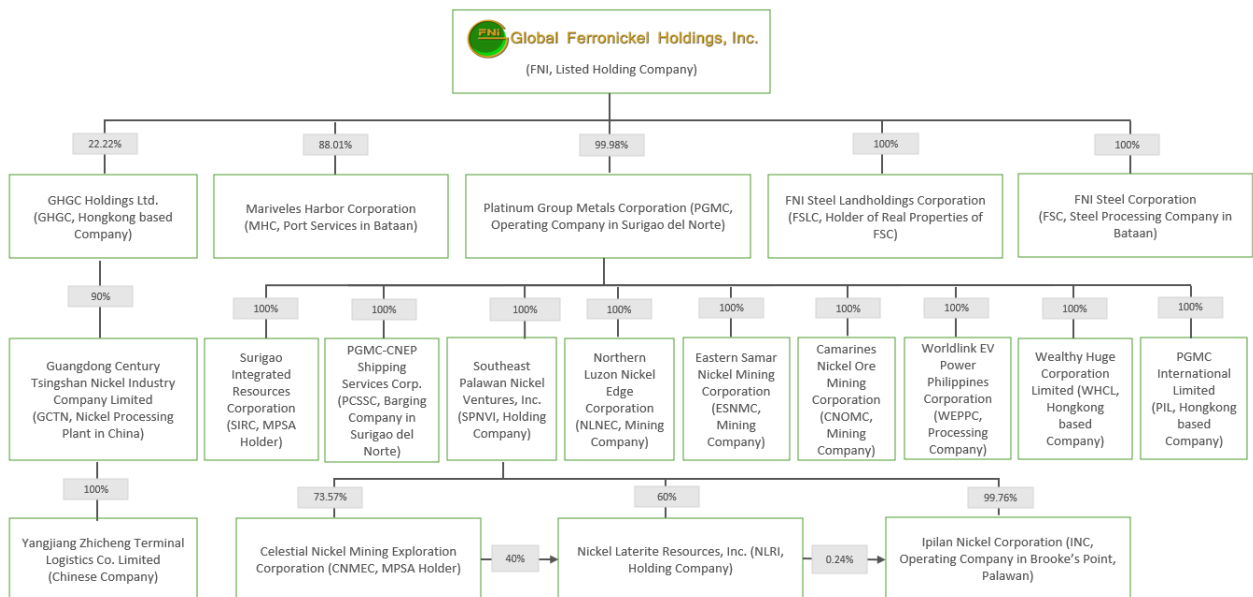
## GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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 March 31, 2024 are as follows:

List of Top 20 Stockholders

Name	Citizenship	Holdings	Percentage
PCD NOMINEE CORP. - FILIPINO	Filipino	2,273,231,159	44.35%
PCD NOMINEE CORP. - NON-FILIPINO	Foreign	1,658,858,337	32.37%
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, availment of offshore banking services, and such other services as will aid PGMC's strategic growth in the ASEAN region. WHCL's principal office address is at Room 804, 8/F, LAP FAI Building, 6-8 Pottinger Street, Central Hong Kong. WHCL has not started its operations as at March 31, 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 Ipilan, Mambalot, Municipality of Brooke's Point, Province of Palawan, consisting of 2,835 hectares and covered by MPSA No. 017-93-IV, Amended 2000, by the Government of the Republic of the Philippines through the Secretary of the Department of Environment and Natural Resources (DENR). INC's principal office address is the same as that of the Parent Company.

*CNMEC*

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

*NLRI*

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

*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 March 31, 2024 and for the three months period ended March 31, 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	
			March 31, 2024	December 31, 2023
PGMC	Philippines	Mining	99.98%	99.98%
SIRC <sup>(1)</sup>	Philippines	Mining	99.98%	99.98%
PCSSC <sup>(1)</sup>	Philippines	Services	99.98%	99.98%
PIL <sup>(1)</sup>	Hong Kong	Marketing, Trading and Services	99.98%	99.98%
WHCL <sup>(1)</sup>	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 <sup>(2)</sup>	Philippines	Mining	99.96%	99.96%
CNMEC <sup>(2)</sup>	Philippines	Holding/Mining	83.98%	83.98%
NLRI <sup>(2)</sup>	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 <sup>(3)</sup>	Philippines	Processing	99.98%	—
<b>Associates</b>				
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	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash on hand	₱1,810	₱1,557
Cash with banks	1,482,282	2,418,872
Short-term cash investments	22,469	22,469
	<u>₱1,506,561</u>	<u>₱2,442,898</u>

#### **5. Trade and Other Receivables**

Amount in thousands	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade	₱472,537	₱509,632
Advances to:		
Contractors	240,796	225,474
Officers, employees and others	50,809	42,443
	<u>764,142</u>	<u>777,549</u>
Less allowance for expected credit losses (ECL)	323,703	323,703
	<u>₱440,439</u>	<u>₱453,846</u>

There was no provision for ECL on trade and other receivables for the periods ended March 31, 2024 and 2023.

#### **6. Inventories**

Amount in thousands	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Beneficiated nickel ore	₱479,150	₱370,914
Materials and supplies	88,497	82,339
	<u>₱567,647</u>	<u>₱453,253</u>

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

## 7. Prepayments and Other Current Assets

Amount in thousands	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Input VAT	₱16,671	₱16,753
Advances to suppliers	13,811	5,312
Prepaid insurance	12,848	12,674
Creditable withholding taxes (CWT)	10,543	10,303
Prepaid taxes and licenses	5,469	1,411
Prepaid rent	3,363	258
Others	1,960	2,176
	64,665	48,887
Less allowance for impairment losses	20,437	20,437
	₱44,228	₱28,450

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

## 8. Property and Equipment

As at March 31, 2024 and December 31, 2023, property and equipment amounted to ₱6,226.0 million and ₱6,239.0 million, respectively. During the three-month period ended March 31, 2024 and 2023, the Group acquired assets with a cost of ₱119.0 million and ₱285.2 million, respectively, including construction in-progress.

Depreciation and depletion expenses for the three-month period ended March 31, 2024 and 2023 amounted to ₱132.9 million and ₱162.4 million, respectively. As at March 31, 2024 and December 31, 2023, total accumulated depreciation and depletion amounted to ₱3,974.6 million and ₱3,870.7 million, respectively.

The property and equipment includes right-of-use assets amounted to ₱696.0 million and ₱716.6 million as at March 31, 2024 and December 31, 2023, respectively. As at March 31, 2024 and December 31, 2023, accumulated depreciation of the right-of-use assets amounted to ₱286.3 million and ₱263.7 million, respectively. Depreciation expense of right-of-use assets for the three-month period ended March 31, 2024 and 2023 amounted to ₱21.1 million and ₱22.9 million, respectively.

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

## 9. Investment in Associates

As at March 31, 2024 and December 31, 2023, investment in associates amounted to ₱4,489.8 million and ₱4,467.4 million, respectively.

The Group recognized total share in net income of investment in associates amounted to ₱22.4 million for the three months ended March 31, 2024 and ₱52.8 million in the same period last year.

## 10. Mining Rights

Amount in thousands	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost	₱396,500	₱396,500
Accumulated amortization:		
Beginning balance	285,568	279,196
Amortization	–	6,372
Ending balance	285,568	285,568
Net book value	₱110,932	₱110,932

No provision for impairment losses on mining rights was recognized for the periods ended March 31, 2024 and 2023.

## 11. Mine Exploration Costs

Amount in thousands	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning balance	₱237,857	₱179,030
Exploration expenditures incurred	8,836	58,827
Ending balance	₱246,693	₱237,857

## 12. Other Noncurrent Assets

Amount in thousands	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Input VAT	₱965,754	₱903,188
Advances to suppliers	796,964	803,326
Mine rehabilitation fund (MRF)	494,423	432,946
Deferred input VAT	86,033	100,792
Restricted cash	85,343	83,898
Miscellaneous deposit	28,340	28,577
Security deposits	25,176	24,939
Financial asset at FVOCI	2,656	2,656
Computer software	1,666	1,699
Others	53,288	55,446
	2,539,643	2,437,467
Less allowance for impairment losses	196,908	196,908
	₱2,342,735	₱2,240,559

No dividend income was earned by the Group for the periods ended March 31, 2024 and 2023 from the financial asset at FVOCI.

### 13. Trade and Other Payables

Amount in thousands	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade	₱74,728	₱248,879
Accrued expenses and taxes	213,551	431,682
Contract liabilities	109,943	45,218
Dividends payable	24,847	24,968
Interest payable	180	180
Nontrade	9,519	9,980
	<b>₱432,768</b>	<b>₱760,907</b>

Details of the accrued expenses and taxes are summarized below:

Amount in thousands	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Accrued liabilities	₱133,600	₱299,780
Provision for Indigenous Cultural Communities (ICC)	45,023	45,353
Business and other taxes	22,546	18,998
Accrued payroll	7,434	11,575
Excise taxes and royalties payable	—	51,372
Others	4,948	4,604
	<b>₱213,551</b>	<b>₱431,682</b>

### 14. Loans Payable

As at March 31, 2024 and December 31, 2023, the carrying amount of the loan amounted to US\$4.4 million or ₱244.6 million and US\$6.2 million or ₱347.3 million, respectively.

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

Amount in thousands	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning balance	₱347,294	₱841,800
Payments	(104,132)	(491,180)
Effect of changes in foreign currency exchange rates	1,451	(3,326)
Ending balance	<b>₱244,613</b>	<b>₱347,294</b>

#### 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:

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

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

Interest expense related to the TCB loan amounted to ₱3.1 million and ₱15.6 million for the periods ended March 31, 2024 and 2023, respectively.

The Group has complied with the terms of the loan as at March 31, 2024 and December 31, 2023.

## 15. Provision for Mine Rehabilitation and Decommissioning

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and demolition of infrastructures, removal of residual materials and remediation of disturbed areas.

Amount in thousands	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning balance	₱296,814	₱261,039
Accretion interest	4,981	17,542
Effect of change in estimate	—	18,233
Ending balance	₱301,795	₱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 March 31, 2024 and December 31, 2023.

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

As at March 31, 2024, the Group's contribution to the pension fund amounted to ₱5.7 million. The Group does not currently employ any asset-liability matching.

As at March 31, 2024 and December 31, 2023, the retirement plan asset, net of retirement obligation, amounted to ₱47.8 million and ₱43.6 million, respectively. The current service cost amounted to ₱2.3 million and ₱7.6 million for the three months period ended March 31, 2024 and 2023, respectively. The interest cost on retirement obligation amounted to ₱1.5 million and ₱1.4 million for the three months period ended March 31, 2024 and 2023, respectively. The interest income on plan assets amounted to ₱2.4 million and ₱2.2 million for the three months period ended March 31, 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	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning balance	₱2,004,710	₱2,435,682
Payments	(564,030)	(558,895)
Accretion of interest	30,187	142,266
Effect of changes in foreign currency exchange rates	–	(14,343)
Ending balance	1,470,867	2,004,710
Less: Current portion	468,145	437,958
Non-interest bearing liability - net of current portion	₱1,002,722	₱1,566,752

Other current liabilities

As at March 31, 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	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Previous stockholders of CNMEC	₱62,368	₱62,368
Payable to BNVI	239,331	239,331
	₱301,699	₱301,699

Amount in thousands	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning balance	₱301,699	₱572,179
Payments	–	(312,944)
Effect of changes in foreign currency exchange rates	–	42,464
Ending balance	₱301,699	₱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 March 31, 2024 and December 31, 2023, discounted using incremental borrowing rate are as follows:

Amount in thousands	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Lease liabilities	₱814,153	₱823,342
Less current portion	79,245	75,881
Noncurrent portion	₱734,908	₱747,461

The rollforward analysis of lease liabilities follows:

Amount in thousands	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning balance	₱823,342	₱835,585
Interest expense	12,576	50,741
Payments	(21,765)	(62,984)
Ending balance	₱814,153	₱823,342

## 19. Equity

### Capital Stock

The Parent Company has 11,957,161,906 authorized shares at ₱1.05 par value as at March 31, 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 March 31, 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

#### **March 31, 2024**

	<b>MHC</b>	<b>PGMC</b>	<b>SPNVI</b>	<b>Total</b>
<b>Percentage of ownership</b>	<b>11.99%</b>	<b>0.02%</b>	<b>0.02%</b>	
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
<b>Total comprehensive income (loss)</b>				
attributable to NCI	(2,831)	(24)	32	(2,823)
<b>Total</b>	<b>149,891</b>	<b>949</b>	<b>32</b>	<b>150,872</b>

#### **December 31, 2023**

	<b>MHC</b>	<b>PGMC</b>	<b>SPNVI</b>	<b>Total</b>
<b>Percentage of ownership</b>	<b>11.99%</b>	<b>0.02%</b>	<b>0.02%</b>	
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
<b>Total comprehensive income (loss)</b>				
attributable to NCI	(14,698)	320	283,375	268,997
Cash dividend	-	(230)	-	(230)
<b>Total</b>	<b>152,722</b>	<b>973</b>	<b>-</b>	<b>153,695</b>

### Material NCI

As at March 31, 2024 and December 31, 2023, the accumulated balance of material NCI amounted to ₱149.9 million and ₱152.7 million, respectively, which represents 11.99% equity interest in MHC. Net loss allocated to material NCI amounted to ₱2.8 million and ₱14.7 million for the periods ended March 31, 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 March 31, 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 three months period ended March 31:

	2024	2023
	(Unaudited)	
Net income attributable to common shareholders (amounts in thousands)	₱10,630	₱153,849
Weighted average number of common shares outstanding for basic EPS	5,125,175,687	5,189,785,829
Basic/diluted EPS	₱0.0021	₱0.0296

As at March 31, 2024 and 2023, there are no potentially dilutive common shares.

## 21. Cost of Sales

	For the three months period ended March 31	
Amount in thousands	2024	2023
	(Unaudited)	
Contract hire	₱173,894	₱114,907
Depreciation and depletion (see Note 26)	51,156	74,951
Personnel costs (see Note 25)	43,405	44,976
Fuel, oil and lubricants	11,260	7,638
Operation overhead	7,071	5,158
Manning services	6,709	6,256
Community relations	5,546	5,775
Environmental protection costs	3,814	3,237
Assaying and laboratory	2,227	3,728
Repairs and maintenance	1,316	1,537
Others	3,405	5,582
	₱309,803	₱273,745

## 22. Excise Taxes and Royalties

Excise taxes amounted to ₱25.0 million and ₱47.1 million for the periods ended March 31, 2024 and 2023, respectively.

## 23. General and Administrative

	For the three months period ended March 31	
Amount in thousands	2024	2023
	(Unaudited)	
Personnel costs (see Note 25)	₱70,334	₱64,189
Outside services	48,620	41,297
Depreciation and amortization (see Note 26)	36,969	38,649
Taxes and licenses	32,759	62,464
Consultancy fees	17,316	10,562
Marketing and entertainment	10,546	21,936
Repairs and maintenance	5,801	5,667
Travel and transportation	5,789	6,586
Fuel, oil and lubricants	2,366	2,466
Membership and subscription	2,338	2,775
(Forward)		

	For the three months period ended March 31	
Amount in thousands	2024	2024
Communication	1,414	1,292
Power and utilities	1,338	1,470
Other charges	8,515	7,555
	<b>₱244,105</b>	<b>₱266,908</b>

## 24. Shipping and Distribution

	For the three months period ended March 31	
Amount in thousands	2024	2023
	(Unaudited)	
Stevedoring charges and shipping expenses	<b>₱5,185</b>	<b>₱30,887</b>
Barging charges	3,696	–
Fuel, oil and lubricants	818	493
Personnel costs (see Note 25)	356	301
Repairs and maintenance and others	247	87
Supplies	159	449
Government fees	30	33
	<b>₱10,491</b>	<b>₱32,250</b>

## 25. Personnel Costs

	For the three months period ended March 31	
Amount in thousands	2024	2023
	(Unaudited)	
Salaries and wages	<b>₱99,233</b>	<b>₱91,895</b>
Retirement benefits costs (see Note 16)	1,185	7,570
Other employee benefits	13,677	10,001
	<b>₱114,095</b>	<b>₱109,466</b>

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

The personnel costs were distributed as follows:

	For the three months period ended March 31	
Amount in thousands	2024	2023
	(Unaudited)	
Cost of sales (see Note 21)	<b>₱43,405</b>	<b>₱44,976</b>
General and administrative (see Note 23)	70,334	64,189
Shipping and distribution (see Note 24)	356	301
	<b>₱114,095</b>	<b>₱109,466</b>

## 26. Depreciation, Depletion and Amortization

	For the three months period ended March 31	
Amount in thousands	2024	2023
	(Unaudited)	
Cost of sales (see Note 21)	<b>₱51,156</b>	<b>₱74,951</b>
General and administrative (see Note 23)	36,969	38,649
	<b>₱88,125</b>	<b>₱113,600</b>

## 27. Finance Costs

Amount in thousands	For the three months period ended March 31	
	2024	2023
	(Unaudited)	
Interest expense	₱15,751	₱29,834
Accretion interest on non-interest bearing liability	30,187	36,391
Accretion interest on provision for mine rehabilitation and decommissioning	4,981	1,651
Bank charges	231	1,762
	₱51,150	₱69,638

## 28. Other Income - net

Amount in thousands	For the three months period ended March 31	
	2024	2023
	(Unaudited)	
Foreign exchange gains - net	₱10,344	₱28,375
Despatch (demurrage) - net	4,108	(6,736)
Others	(802)	146
	₱13,650	₱21,785

Breakdown of net foreign exchange gains is as follows:

Amount in thousands	For the three months period ended March 31	
	2024	2023
	(Unaudited)	
Net realized foreign exchange losses	(₱5,313)	(₱59,832)
Unrealized foreign exchange gains (losses) on:		
Cash and cash equivalents	15,787	33,685
Trade and other receivables	1,147	24,148
Other noncurrent assets	174	—
Loans payable	(1,451)	15,686
Trade and other payables	—	14,688
	₱10,344	₱28,375

## 29. Related Party Disclosures

Set out below are the Group's transactions with related parties for the three-month periods ended March 31, 2024, including the corresponding assets and liabilities arising from the said transactions as at March 31, 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							
March 31, 2024	₱—	₱—	₱130,389	₱—	₱1,470,867	On demand; noninterest- bearing; collectible or payable in cash	Secured; with guarantee
December 31, 2023	₱—	—	₱434	₱—	₱2,004,710		

(Forward)

Amount in thousands			Advances to	Advances from	Non-interest		
Category	Amount/Volume	Sale of Ore	related parties	related parties	bearing liability	Terms	Conditions
<i>Affiliates with common officers, directors and stockholders</i>							
March 31, 2024	—	—	8,551	8,939	—	On demand;	
December 31, 2023	551,824	—	560,052	171,234	—	noninterest-bearing; collectible or payable in cash	Secured; with guarantee
<i>Associate</i>							
March 31, 2024	274,413	274,413	—	—	—	On demand;	
December 31, 2023	4,960,861	4,960,861	—	—	—	noninterest-bearing; collectible in cash	Secured; with guarantee
Total		₱274,413	₱138,940	₱8,939	₱1,470,867		
Total		₱4,960,861	₱560,486	₱171,234	₱2,004,710		

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 ₱274.4 million and ₱742.1 million for the periods ended March 31, 2024 and 2023, respectively.
- Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The compensation of the key management personnel of the Group for the three months period ended March 31, 2024 and 2023 amounted to ₱15.6 million.

### 30. Income Taxes

The Group recognized net benefit from income tax amounted to ₱18.1 million for the period ending on March 31, 2024 and net provision for income tax amounted to ₱167.4 million for the period ending on March 31, 2023, 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 three months ended March 31, 2024 and 2023.

As at March 31, 2024 and December 31, 2023, the Group's net deferred income tax assets amounted to ₱197.5 million and ₱136.4 million, respectively. As at March 31, 2024 and December 31, 2023, the Group's net deferred income tax liabilities amounted to ₱230.6 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 March 31, 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 March 31, 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 99.4% and 98.7% of the Group's total revenue for the periods ended March 31, 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 three months period ended March 31	
	2024	2023
Country of Domicile	(Unaudited)	
China	₱586,171	₱1,113,662
Local	3,704	15,039
	₱589,875	₱1,128,701

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	March 31, 2024 (Unaudited)				
	Mining	Services	Manufacturing	Elimination	Total
External customers	₱586,171	₱3,704	₱-	₱-	₱589,875
Intersegment revenues	-	12,000	1,200	(13,200)	-
Total revenues	586,171	15,704	1,200	(13,200)	589,875
Cost of sales	271,355	36,206	-	2,242	309,803
Excise taxes and royalties	24,969	-	-	-	24,969
Shipping and distribution	22,491	-	-	(12,000)	10,491
Segment operating earnings	267,356	(20,502)	1,200	(3,442)	244,612
General and administrative	229,284	12,953	1,868	-	244,105
Finance income	4,295	11	1	-	4,307
Finance costs	(44,768)	(6,382)	-	-	(51,150)
Share in net income of investment in associates	22,353	-	-	-	22,353
Other income - net	31,624	-	-	(17,974)	13,650
Benefit from income tax - net	(17,581)	(320)	300	(539)	(18,140)
Net income (loss)	69,157	(39,506)	(967)	(20,877)	7,807
Net income (loss) attributable to NCI	8	(2,831)	-	-	(2,823)
Net income (loss) attributable to equity holders of FNI	₱69,149	(₱36,675)	(₱967)	(₱20,877)	₱10,630
Segment assets	₱31,024,647	₱2,047,142	₱1,061,425	(₱17,971,388)	₱16,161,826
Deferred tax assets - net	195,182	2,298	-	-	197,480
Total assets	₱31,219,829	₱2,049,440	₱1,061,425	(₱17,971,388)	₱16,359,306
Segment liabilities	₱7,021,536	₱434,676	₱485,414	(₱4,119,474)	₱3,822,152
Deferred tax liabilities - net	92,886	(4,970)	5,398	137,303	230,617
Total liabilities	₱7,114,422	₱429,706	₱490,812	(3,982,171)	4,052,769
Capital expenditures	₱81,939	₱108	₱36,908	₱-	₱118,955
Depreciation and depletion	₱107,940	₱26,098	₱130	₱-	₱134,168

Amount in thousands	March 31, 2023 (Unaudited)				
	Mining	Services	Manufacturing	Elimination	Total
External customers	P1,113,662	P15,039	P-	P-	P1,128,701
Intersegment revenues	-	21,745	1,200	(22,945)	-
Total revenues	1,113,662	36,784	1,200	(22,945)	1,128,701
Cost of sales	228,888	44,857	-	-	273,745
Excise taxes and royalties	47,112	-	-	-	47,112
Shipping and distribution	53,995	-	-	(21,745)	32,250
Segment operating earnings	783,667	(8,073)	1,200	(1,200)	775,594
General and administrative	254,036	11,177	1,695	-	266,908
Finance income	(63,466)	(6,172)	-	-	(69,638)
Finance costs	12,545	29	16	-	12,590
Share in net income of investment in associates	52,777	-	-	-	52,777
Other income (charges) - net	35,355	-	5,396	(18,966)	21,785
Provision for income tax - net	166,577	(53)	850	-	167,374
Net income (loss)	400,265	(25,340)	4,067	(20,166)	358,826
Net income (loss) attributable to NCI	209,429	(4,452)	-	-	204,977
Net income (loss) attributable to equity holders of FNI	P190,836	(P20,888)	P4,067	(P20,166)	P153,849
Segment assets	P32,612,892	P1,905,802	P1,020,542	(P18,333,642)	P17,205,594
Deferred tax assets - net	151,147	2,298	(3,677)	-	149,768
Total assets	P32,764,039	P1,908,100	P1,016,865	(P18,333,642)	P17,355,362
Segment liabilities	P9,836,516	P525,373	P963,040	(P5,633,384)	P5,691,545
Total liabilities	P9,836,516	P656,553	P963,040	(5,633,384)	5,822,724
Capital expenditures	P29,681	P12,496	P243,002	P-	P285,179
Depreciation and depletion	P125,285	P36,999	P131	P-	P162,415

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