

DMW's 2021 Core Net Income Jumps 44% yoy to ₱1.88 billion, Higher than Pre-Pandemic Core Net Income; DMW Grows Dividend to ₱0.060945 per Share

Paranaque City, Philippines, March 31, 2022 – D.M. Wenceslao and Associates, Inc.'s (DMW) 2021 core net income jumped 44% yoy to ₱1.88 billion from ₱1.31 billion in 2020 on the back of the company's resilient leasing businesses, improved residential gross margin, and boosted by a land sale transaction closed in the 4Q2021.

To highlight, our 2021 core net income is also 12% higher compared to our 'pre-pandemic' 2019 core net income of Php1.68 billion. Note that DMW booked earnings-bulky land sales amounting to ₱787.6 million and ₱935.9 million in 2021 and 2019, respectively. As such, core earnings in those fiscal years are closely comparable.

Core net income excludes the after-tax impact of one-off gains amounting to ₱850 million in 2019 and ₱1.00 billion in 2020 related to termination of a JV agreement as well the adjustment of tax expense in 2021 due to the effectivity of CREATE Law.

The Company's recurring income consisting of rentals from land, building, and other revenues such as common use service area fees improved 2% to ₱1.99 billion, accounting for 58% of total revenues.

In the fourth quarter of 2021, DMW attained major corporate milestones including 1) A notable 79% yoy increase in commercial building GLA; 2) Advancement of diversification efforts; and 3) Addition of a highly prized land lease tenant in Aseana City.

DMW's commercial building GLA expanded a massive 71,639sqms to 162,351sqms as of end of 2021 from 90,712sqms in 2020. The 8912 Asean Ave -- our largest office development yet -- and the 58 Jupiter mixed-use building were both completed in the 4Q2021. Located along Jupiter Street in Makati City, 58 Jupiter is our first constructed-commercial building outside of Aseana, further advancing our diversification efforts.

Adding to these milestones, Landers signed a 25-year Contract of Lease for a 15,064sqm parcel of land in Aseana City. Landers is a major membership shopping chain that has amassed significant following over the years and is a highly anticipated draw of critical mass to Aseana City.

These developments are expected to contribute markedly to DMW's recurring earnings moving forward.

Meanwhile, residential revenues declined 18% yoy to ₱615 million largely due to revenue recognition timing. Pixel Residences was already fully turned over as of 2021 and most of the residential revenue bookings for the year was accounted for by MidPark Towers. Despite the revenue decline, residential gross profit improved 14% yoy to ₱388 million due to a significantly higher gross profit margin of 63% in 2021 compared to 45% in



2020. The margin improvement resulted from the markedly higher selling price per square meter of MidPark Towers compared to Pixel Residences.

Towards the end of the year, DMW completed a ₱787.6 million land sale transaction, boosting revenues and fortifying our balance sheet. DMW maintained a net cash position of ₱2.4 billion as of end-2021. Current ratio also remained comfortable at 1.67x.

With the company's growing earnings and comfortable balance sheet, DMW was able to grow its cash dividend by 29% to ₱0.060945 per share from ₱0.047116 a year ago. This marks DMW's fourth consecutive year of dividend payout since the company went public and its highest dividend so far.

"We remain in an evolving landscape which while crowded with opportunities is also filled with potential re-emerging risks as well as new risks, including geopolitical conflicts. Amidst precarious circumstances, we remain steadfast in our two-pronged approach anchored on nimbleness. We remain mindful of risks through maintaining a more-than-capable balance sheet, implementing a business continuity plan, and prioritizing the welfare of stakeholders while hand-in-hand remaining on track with our expansion goals to capture opportunities beyond current risks," said Mr. Delfin Angelo 'Buds' Wenceslao, Chief Executive Officer. "Such approach allowed us not only to thread through but thrive during a global pandemic," Mr. Wenceslao highlighted.

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ABOUT D.M. WENCESLAO & ASSOCIATES, INCORPORATED

DMW is an integrated property developer with expertise in land reclamation, construction, and real estate development. It is the master developer and primary owner of Aseana City, a development project with a total land area of 107.5 hectares located along the coastal waters of Manila Bay. Since 1965, DMW has reclaimed more than 2.4 million square meters of land leased or developed 260,000 square meters of land and buildings and completed over 140 construction and infrastructure projects including large, complex government developments throughout the Philippines.

For further information, visit dmwai.com or contact iro@dmwai.com

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2021	2020
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	8	P 5,665,952,194	P 4,429,489,615
Receivables - net	9	3,313,198,467	2,673,656,536
Contract asset	10	33,217,659	92,002,207
Land and land development costs	11	2,080,156,703	2,112,536,724
Property development costs	10	1,589,013,035	1,068,576,685
Other current assets	12	<u>1,367,905,540</u>	<u>1,873,156,315</u>
Total Current Assets		<u>14,049,443,598</u>	<u>12,249,418,082</u>
NON-CURRENT ASSETS			
Receivables	9	3,925,600,540	3,573,191,833
Contract asset	10	110,874,110	-
Investments in associates and a joint venture	13	117,605,994	87,884,681
Property and equipment - net	14	322,642,051	370,166,803
Investment properties - net	15	17,566,285,617	15,539,479,768
Deferred tax assets - net	25	98,757,680	192,274,139
Other non-current assets	17	<u>792,273,813</u>	<u>844,606,196</u>
Total Non-current Assets		<u>22,934,039,805</u>	<u>20,607,603,420</u>
TOTAL ASSETS		<u>P 36,983,483,403</u>	<u>P 32,857,021,502</u>

	Notes	<u>2021</u>	<u>2020</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Loans and borrowings	18	P 1,094,850,000	P 1,114,670,000
Trade and other payables	19	1,994,093,514	1,732,954,569
Contract liability	10	246,577,141	486,576,915
Advances from and due to related parties	26	4,034,868,945	4,033,118,154
Deposits and advances	20	791,435,455	921,641,564
Lease liability	16	46,564,508	11,282,400
Income tax payable		199,140,295	56,357,206
		<u>8,407,529,858</u>	<u>8,356,600,808</u>
Total Current Liabilities			
NON-CURRENT LIABILITIES			
Loans and borrowings	18	2,187,500,000	282,350,000
Contract liability	10	205,956,339	204,234,787
Deposits and advances	20	453,260,827	473,332,036
Deferred tax liabilities - net	25	989,064,014	1,056,709,662
Lease liability	16	487,471,404	154,244,514
Retirement benefit obligation - net	24	28,522,844	45,264,808
		<u>4,351,775,428</u>	<u>2,216,135,807</u>
Total Non-current Liabilities			
Total Liabilities		<u>12,759,305,286</u>	<u>10,572,736,615</u>
EQUITY			
Equity attributable to shareholders of the parent company			
Capital stock	28	3,395,864,100	3,395,864,100
Additional paid-in capital	28	6,964,649,807	6,964,649,807
Revaluation reserves - net	28	(52,292,139)	(61,251,333)
Other reserves	2, 28	(275,974,845)	(275,974,845)
Retained earnings	28	13,590,761,227	11,681,066,379
		<u>23,623,008,150</u>	<u>21,704,354,108</u>
Total equity attributable to shareholders of the parent company			
Noncontrolling interest	2	601,169,967	579,930,779
		<u>24,224,178,117</u>	<u>22,284,284,887</u>
Total Equity			
TOTAL LIABILITIES AND EQUITY		<u>P 36,983,483,403</u>	<u>P 32,857,021,502</u>

See Notes to Consolidated Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES				
Rentals:				
Land	4, 15, 26, 29	P 967,938,663	P 978,480,504	P 979,051,345
Building	4, 15, 26, 29	811,036,957	809,094,738	793,491,115
Other revenues	2	209,575,542	172,690,275	186,239,052
		<u>1,988,551,162</u>	<u>1,960,265,517</u>	<u>1,958,781,512</u>
Sale of condominium units	2, 4	615,411,761	749,297,294	547,652,588
Construction contracts	2, 4	51,509,315	24,802,115	71,107,851
Land sales	2, 4	787,600,000	-	935,850,000
		<u>3,443,072,238</u>	<u>2,734,364,926</u>	<u>3,513,391,951</u>
COSTS OF SERVICES AND SALES				
Sale of condominium units	2, 10, 21	227,588,283	409,473,489	314,461,056
Rentals	21	275,832,932	237,283,824	267,201,442
Construction contracts	21	39,719,448	16,372,838	45,901,447
Land sales	11	55,212,604	-	66,743,881
		<u>598,353,267</u>	<u>663,130,151</u>	<u>694,307,826</u>
GROSS PROFIT		<u>2,844,718,971</u>	<u>2,071,234,775</u>	<u>2,819,084,125</u>
OTHER OPERATING INCOME (EXPENSES)				
General and administrative	23	(436,340,082)	(465,582,990)	(473,632,491)
Selling	23	(31,119,300)	(36,385,809)	(128,823,478)
Other operating income	22	109,110,971	138,072,368	54,255,794
		<u>(358,348,411)</u>	<u>(363,896,431)</u>	<u>(548,200,175)</u>
OPERATING PROFIT		<u>2,486,370,560</u>	<u>1,707,338,344</u>	<u>2,270,883,950</u>
OTHER INCOME (CHARGES)				
Finance costs	18, 22, 24	(54,245,821)	(41,061,721)	(98,524,967)
Finance income	8, 22	16,006,787	91,468,484	297,338,273
Share in net earnings of associates and joint ventures	13	29,721,312	26,013,531	6,036,685
Dividend income		3,034,360	2,940,008	1,470,004
Other income	4, 13, 22	-	1,000,000,000	850,000,000
		<u>(5,483,362)</u>	<u>1,079,360,302</u>	<u>1,056,319,995</u>
PROFIT BEFORE TAX		2,480,887,198	2,786,698,646	3,327,203,945
TAX EXPENSE	25	389,953,629	622,489,507	1,075,233,429
NET PROFIT		<u>P 2,090,933,569</u>	<u>P 2,164,209,139</u>	<u>P 2,251,970,516</u>
Net profit attributable to:				
Equity shareholders of the parent company		P 2,069,694,381	P 2,130,725,241	P 2,374,037,110
Noncontrolling interest		<u>21,239,188</u>	<u>33,483,898</u>	<u>(122,066,594)</u>
		<u>P 2,090,933,569</u>	<u>P 2,164,209,139</u>	<u>P 2,251,970,516</u>
Earnings Per Share - Basic and Diluted	27	<u>P 0.609</u>	<u>P 0.627</u>	<u>P 0.699</u>

See Notes to Consolidated Financial Statements.