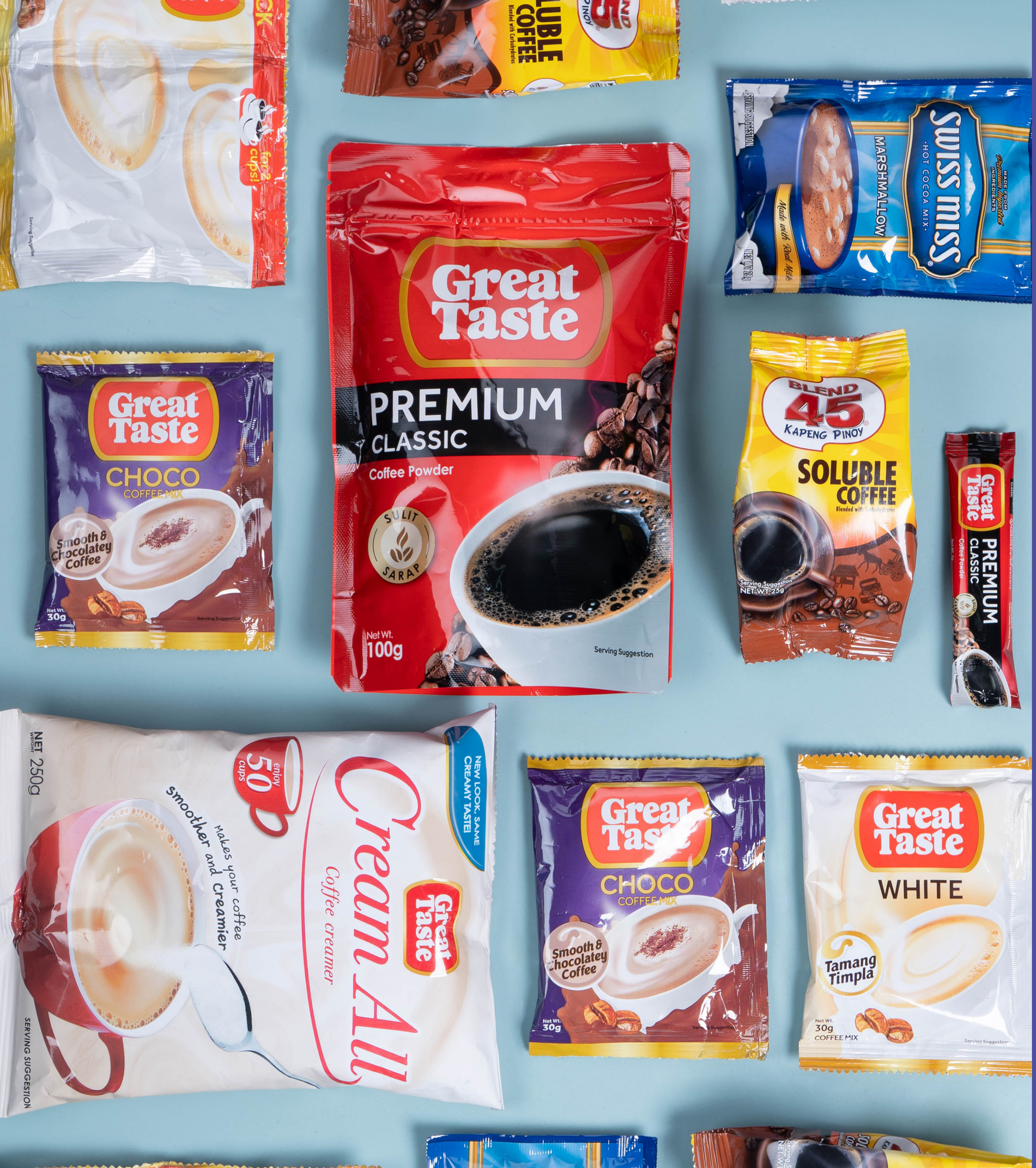

Financial Statements

Universal Robina Corporation and Subsidiaries

Consolidated Financial Statements
As of December 31, 2023 and 2022
and for the years ended December 31, 2023, 2022,
and 2021

and

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Universal Robina Corporation

Opinion

We have audited the consolidated financial statements of Universal Robina Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023 and the notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

A key audit matter is one that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter below was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. The description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Goodwill and Intangible Assets

Under Philippine Accounting Standard (PAS) 36, *Impairment of Assets*, the Group is required to perform annual impairment tests on its goodwill and intangible assets with indefinite useful lives. As of December 31, 2023, the Group's goodwill amounted to ₱18.48 billion. The Group's intangible assets with indefinite useful lives consist of brands and trademarks, trade secrets and product formulation amounting to ₱2.85 billion, ₱1.30 billion and ₱0.43 billion, as of December 31, 2023, respectively. The annual impairment test is significant to our audit because: (a) the balances of goodwill and intangible assets with indefinite useful lives are material to the consolidated financial statements; and (b) the determination of the recoverable amount of the cash-generating units (CGUs) to which goodwill is attributed, and as it relates to the other intangible assets with indefinite useful lives, involves significant management judgment and assumptions about the future results of the business. The significant assumptions used in determining the recoverable amounts of these assets, specifically revenue growth rate, discount rate and the terminal growth rate that are applied to the cash flow forecasts, are subject to higher level of estimation uncertainty due to the current economic conditions.

The Group's disclosures about goodwill and other intangible assets with indefinite lives are included in Notes 3 and 14 to the consolidated financial statements.

Audit response
We obtained an understanding of the management's process for evaluating the impairment of goodwill. We involved our internal specialists in evaluating the methodology and the assumptions used in the value in use calculations. These assumptions include revenue growth rate, discount rate and the terminal growth rate. We compared the key assumptions used against the historical performance of the cash generating unit (CGU), industry/market outlook and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill and intangible assets with indefinite useful lives.

Implementation of new information technology (IT) system

During the year, the Group implemented a new IT system across all business units and operating subsidiaries within Philippines. The implementation of the new IT system required significant data migration of the Parent Company's customers, vendors, materials and fixed assets information file from the legacy system to the new system. It also introduced changes to its order-to-cash process, purchase-to-pay process, fixed assets management, and financial statement close process, among others. The implementation of the new IT system forms a critical component of the Parent Company's financial reporting activities and impacts all account balances. The Parent Company places significant reliance on IT systems and the associated controls. Hence, we considered the implementation of a new IT system as a key audit matter.

Audit response
We considered the Group's processes and project governance over the new system implementation.

We involved IT specialists to test the controls over change management and the migration of key financial data from the legacy IT system to the new IT system. We also tested the general IT control environment in the new IT system, including access controls and segregation of duties as well as relevant automated controls critical to financial accounting and reporting process.

In addition, we tested management's reconciliation of the account balances migrated between the two IT systems.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2023 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2023, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may casts significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Juan Carlo B. Maminta

SYCIP GORRES VELAYO & CO.

Juan Carlo Maminta

Juan Carlo B. Maminta
Partner
CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-132-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10079968, January 6, 2024, Makati City

April 15, 2024

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱12,187,507,197**	₱13,251,218,657
Financial assets at fair value through profit or loss (Note 8)	**1,002,776,456**	834,807,019
Receivables (Note 9)	**22,870,122,822**	21,955,634,905
Inventories (Note 10)	**45,858,673,170**	38,064,661,840
Biological assets (Note 13)	**111,278,386**	205,303,346
Other current assets (Note 11)	**7,476,335,534**	5,843,068,721
	89,506,693,565	80,154,694,488
Noncurrent Assets		
Property, plant and equipment (Note 12)	**62,410,460,542**	60,117,371,432
Right-of-use assets (Note 34)	**1,302,666,055**	2,001,572,293
Biological assets (Note 13)	**160,655,341**	205,740,429
Goodwill (Note 14)	**18,479,756,391**	19,363,084,093
Intangible assets (Note 14)	**5,186,976,216**	4,864,394,301
Investments in joint ventures (Note 15)	**99,348,953**	138,060,136
Deferred tax assets (Note 29)	**969,017,202**	450,002,299
Other noncurrent assets (Note 16)	**2,186,125,453**	2,658,709,936
	90,795,006,153	89,798,934,919
TOTAL ASSETS	**₱180,301,699,718**	₱169,953,629,407

(Forward)

	December 31	
	2023	2022
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other accrued liabilities (Note 18)	**₱29,653,791,359**	₱25,480,972,213
Short-term debts (Notes 17 and 19)	**16,516,814,596**	11,762,287,539
Trust receipts payable (Notes 10 and 19)	**10,172,836,289**	11,457,712,536
Income tax payable	**594,196,429**	426,388,653
Lease liabilities - current portion (Note 34)	**180,306,646**	273,499,481
	57,117,945,319	49,400,860,422
Noncurrent Liabilities		
Deferred tax liabilities (Note 29)	**2,124,257,609**	2,161,335,900
Lease liabilities - net of current portion (Note 34)	**1,262,261,490**	2,001,355,296
Net pension liability (Note 28)	**1,305,372,148**	419,736,694
	4,691,891,247	4,582,427,890
	61,809,836,566	53,983,288,312
Equity		
Equity attributable to equity holders of the parent		
Paid-up capital (Note 19)	**23,422,134,732**	23,422,134,732
Retained earnings (Note 19)	**99,509,790,832**	95,304,192,226
Other comprehensive income (Note 20)	**3,702,389,026**	5,333,718,849
Equity reserve (Note 19)	**(5,077,957,067)**	(5,062,245,488)
Treasury shares (Note 19)	**(3,776,894,316)**	(3,652,109,120)
	117,779,463,207	115,345,691,199
Equity attributable to non-controlling interest (Note 19)	**712,399,945**	624,649,896
	118,491,863,152	115,970,341,095
TOTAL LIABILITIES AND EQUITY	**₱180,301,699,718**	₱169,953,629,407

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2023	2022	2021
CONTINUING OPERATIONS			
SALE OF GOODS AND SERVICES (Notes 21 and 32)	**₱158,366,708,572**	₱149,903,643,832	₱116,954,788,444
COST OF SALES (Note 21)	**115,359,155,729**	110,686,464,075	83,489,653,157
GROSS PROFIT	**43,007,552,843**	39,217,179,757	33,465,135,287
Selling and distribution costs (Note 22)	**20,341,961,847**	18,608,820,271	16,082,615,159
General and administrative expenses (Note 23)	**5,313,363,527**	5,384,755,135	4,666,125,109
OPERATING INCOME	**17,352,227,469**	15,223,604,351	12,716,395,019
Finance costs (Note 27)	**(1,587,829,757)**	(806,175,065)	(573,284,799)
Finance revenue (Note 26)	**330,038,326**	295,018,267	255,372,110
Equity in net losses of joint ventures (Note 15)	**(287,249,905)**	(378,967,690)	(91,077,671)
Net foreign exchange gains	**262,146,849**	383,483,794	346,265,153
Provision for credit and impairment losses (Notes 9 and 12)	**(235,885,792)**	(327,038,490)	(572,219,061)
Market valuation gain on financial assets at fair value through profit or loss - net (Note 8)	**172,313,735**	70,404,256	87,194,548
Other income (losses) - net (Notes 12, 16 and 18)	**(320,993,286)**	3,011,156,673	2,375,334,123
INCOME BEFORE TAX FROM CONTINUING OPERATIONS	**15,684,767,639**	17,471,486,096	14,543,979,422
PROVISION FOR INCOME TAX (Note 29)	**2,980,167,769**	3,000,198,031	1,578,671,226
NET INCOME FROM CONTINUING OPERATIONS	**12,704,599,870**	14,471,288,065	12,965,308,196
DISCONTINUED OPERATIONS			
NET INCOME AFTER TAX FROM DISCONTINUED OPERATIONS (Note 30)	**–**	–	11,280,571,602
NET INCOME	**₱12,704,599,870**	₱14,471,288,065	₱24,245,879,798
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent (Note 31)	**₱12,091,292,370**	₱13,956,141,883	₱23,323,672,422
Non-controlling interests (Notes 15 and 19)	**613,307,500**	515,146,182	922,207,376
	₱12,704,599,870	₱14,471,288,065	₱24,245,879,798
EARNINGS PER SHARE (Note 31)			
Basic/diluted, for income attributable to equity holders of the parent	**₱5.55**	₱6.39	₱10.58

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
NET INCOME	**₱12,704,599,870**	₱14,471,288,065	₱24,245,879,798
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods, net of tax:			
Cumulative translation adjustments (Note 20)	**(1,215,578,084)**	1,929,092,653	1,294,472,221
Gain on cash flow hedge (Note 20)	**–**	–	31,878,965
	(1,215,578,084)	1,929,092,653	1,326,351,186
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on defined benefit plans (Notes 20 and 28)	**(612,915,087)**	230,091,870	644,591,283
Income tax effect	**153,228,771**	(57,522,968)	(207,839,764)
Unrealized gain on financial assets at fair value through other comprehensive income (Notes 16 and 20)	**15,150,000**	24,850,000	5,830,000
	(444,536,316)	197,418,902	442,581,519
OTHER COMPREHENSIVE INCOME (LOSS)	**(1,660,114,400)**	2,126,511,555	1,768,932,705
TOTAL COMPREHENSIVE INCOME	**₱11,044,485,470**	₱16,597,799,620	₱26,014,812,503
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	**₱10,460,971,155**	₱16,023,431,472	₱24,856,084,867
Non-controlling interests	**583,514,315**	574,368,148	1,158,727,636
	₱11,044,485,470	₱16,597,799,620	₱26,014,812,503

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent													
	Paid-up Capital (Note 19)				**Other Comprehensive Income (Loss)** (Note 20)									
	Capital Stock	**Additional Paid-in Capital**	**Total Paid-up Capital**	**Unappropriated Retained Earnings**	**Cumulative Translation Adjustments** (Note 20)	**Net Unrealized Gain (Loss) on Financial Assets at FVOCI** (Note 16)	**Unrealized Gain (Loss) on Cash Flow Hedge**	**Remeasurement Gain (Loss) on Defined Benefit Plans**	**Total Other Comprehensive Income (Loss)**	**Equity Reserve** (Note 19)	**Treasury Shares** (Note 19)	**Total**	**Equity Attributable to Non-controlling Interest** (Notes 15 and 19)	**Total Equity**
Balances as at January 1, 2023	**₱2,230,160,190**	**₱21,191,974,542**	**₱23,422,134,732**	**₱95,304,192,226**	**5,290,601,426**	**₱84,360,000**	**₱–**	**(₱41,242,577)**	**₱5,333,718,849**	**(₱5,062,245,488)**	**(₱3,652,109,120)**	**₱115,345,691,199**	**₱624,649,896**	**₱115,970,341,095**
Net income for the year	**–**	**–**	**–**	**12,091,292,370**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,091,292,370**	**613,307,500**	**12,704,599,870**
Other comprehensive income	**–**	**–**	**–**	**–**	**(1,187,909,063)**	**15,150,000**	**–**	**(457,562,152)**	**(1,630,321,215)**	**–**	**–**	**(1,630,321,215)**	**(29,793,185)**	**(1,660,114,400)**
Total comprehensive income	**–**	**–**	**–**	**12,091,292,370**	**(1,187,909,063)**	**15,150,000**	**–**	**(457,562,152)**	**(1,630,321,215)**	**–**	**–**	**10,460,971,155**	**583,514,315**	**11,044,485,470**
Cash dividends (Note 19)	**–**	**–**	**–**	**(7,885,693,764)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7,885,693,764)**	**(512,050,000)**	**(8,397,743,764)**
Acquisition of additional interest in a subsidiary (Note 19)	**–**	**–**	**–**	**–**	**(1,008,608)**	**–**	**–**	**–**	**(1,008,608)**	**(15,711,579)**	**–**	**(16,720,187)**	**16,285,734**	**(434,453)**
Purchase of treasury shares (Note 19)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(124,785,196)**	**(124,785,196)**	**–**	**(124,785,196)**
Balances as at December 31, 2023	**₱2,230,160,190**	**₱21,191,974,542**	**₱23,422,134,732**	**₱99,509,790,832**	**₱4,101,683,755**	**₱99,510,000**	**₱–**	**(₱498,804,729)**	**₱3,702,389,026**	**(₱5,077,957,067)**	**(₱3,776,894,316)**	**₱117,779,463,207**	**₱712,399,945**	**₱118,491,863,152**
Balances as at January 1, 2022	₱2,230,160,190	₱21,191,974,542	₱23,422,134,732	₱88,907,647,831	₱3,417,686,647	₱59,510,000	₱–	(₱210,767,387)	₱3,266,429,260	(₱5,075,466,405)	(₱1,099,761,235)	₱109,420,984,183	₱346,749,649	₱109,767,733,832
Net income for the year	–	–	–	13,956,141,883	–	–	–	–	–	–	–	13,956,141,883	515,146,182	14,471,288,065
Other comprehensive income	–	–	–	–	1,872,914,779	24,850,000	–	169,524,810	2,067,289,589	–	–	2,067,289,589	59,221,966	2,126,511,555
Total comprehensive income	–	–	–	13,956,141,883	1,872,914,779	24,850,000	–	169,524,810	2,067,289,589	–	–	16,023,431,472	574,368,148	16,597,799,620
Cash dividends (Note 19)	–	–	–	(7,559,597,488)	–	–	–	–	–	–	–	(7,559,597,488)	(295,470,000)	(7,855,067,488)
Acquisition of new subsidiary (Note 19)	–	–	–	–	–	–	–	–	–	13,220,917	–	13,220,917	–	13,220,917
Derecognition of noncontrolling interest	–	–	–	–	–	–	–	–	–	–	–	–	(997,901)	(997,901)
Purchase of treasury shares (Note 19)	–	–	–	–	–	–	–	–	–	–	(2,552,347,885)	(2,552,347,885)	–	(2,552,347,885)
Balances as at December 31, 2022	₱2,230,160,190	₱21,191,974,542	₱23,422,134,732	₱95,304,192,226	₱5,290,601,426	₱84,360,000	₱–	(₱41,242,577)	₱5,333,718,849	(₱5,062,245,488)	(₱3,652,109,120)	₱115,345,691,199	₱624,649,896	₱115,970,341,095
Balances as at January 1, 2021	₱2,230,160,190	₱21,191,974,542	₱23,422,134,732	₱70,448,067,424	₱2,344,845,823	₱53,680,000	(₱19,127,379)	(₱645,381,629)	₱1,734,016,815	(₱2,665,824,256)	(₱679,489,868)	₱92,258,904,847	₱5,525,257,087	₱97,784,161,934
Net income for the year	–	–	–	23,323,672,422	–	–	–	–	–	–	–	23,323,672,422	922,207,376	24,245,879,798
Other comprehensive income	–	–	–	–	1,072,840,824	5,830,000	19,127,379	434,614,242	1,532,412,445	–	–	1,532,412,445	236,520,260	1,768,932,705
Total comprehensive income	–	–	–	23,323,672,422	1,072,840,824	5,830,000	19,127,379	434,614,242	1,532,412,445	–	–	24,856,084,867	1,158,727,636	26,014,812,503
Cash dividends (Note 19)	–	–	–	(7,273,734,164)	–	–	–	–	–	–	–	(7,273,734,164)	(433,650,000)	(7,707,384,164)
Acquisition of new subsidiary (Note 15)	–	–	–	–	–	–	–	–	–	–	–	–	341,291,632	341,291,632
Derecognition of noncontrolling interest (Note 30)	–	–	–	–	–	–	–	–	–	–	–	–	(6,244,876,706)	(6,244,876,706)
Reclass of equity reserves (Note 19)	–	–	–	2,409,642,149	–	–	–	–	–	(2,409,642,149)	–	–	–	–
Purchase of treasury shares (Note 19)	–	–	–	–	–	–	–	–	–	–	(420,271,367)	(420,271,367)	–	(420,271,367)
Balances as at December 31, 2021	₱2,230,160,190	₱21,191,974,542	₱23,422,134,732	₱88,907,647,831	₱3,417,686,647	₱59,510,000	₱–	(₱210,767,387)	₱3,266,429,260	(₱5,075,466,405)	(₱1,099,761,235)	₱109,420,984,183	₱346,749,649	₱109,767,733,832

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax from continuing operations	**₱15,684,767,639**	₱17,471,486,096	₱14,543,979,422
Income before income tax from discontinued operations (Note 30)	**–**	–	11,599,742,265
Income before income tax	**15,684,767,639**	17,471,486,096	26,143,721,687
Adjustments for:			
Depreciation and amortization (Note 24)	**6,403,094,767**	6,288,252,700	6,964,546,747
Finance costs (Notes 27 and 30)	**1,587,829,757**	806,175,065	1,313,541,255
Finance revenue (Notes 26 and 30)	**(330,038,326)**	(295,018,267)	(272,412,394)
Equity in net losses of joint ventures (Note 15)	**287,249,905**	378,967,690	91,077,671
Net foreign exchange gains (Note 30)	**(262,146,849)**	(383,483,794)	(357,418,904)
Provision for credit and impairment losses (Notes 9 and 12)	**235,885,792**	327,038,490	572,219,061
Pension expense (Notes 25 and 28)	**230,779,575**	241,735,564	313,644,955
Market valuation gain on financial assets at fair value through profit or loss (Note 8)	**(172,313,735)**	(70,404,256)	(87,194,548)
Gain on sale/disposals of property, plant and equipment and investment property (Notes 12 and 16)	**(18,396,199)**	(3,281,365,960)	(3,183,838,706)
Gain arising from changes in fair value less estimated costs to sell of biological assets (Note 13)	**(336,172)**	(311,493)	(2,550,156)
Gain on sale of business (Note 30)	**–**	–	(10,100,438,582)
Unamortized debt issue cost recognized as expense on pre- termination of long-term debts	**–**	–	92,120,744
Loss on sale of financial assets at fair value through other comprehensive income	**–**	–	580,000
Operating income before working capital changes	**23,646,376,154**	21,483,071,835	21,487,598,830
Decrease (increase) in:			
Receivables	**(3,219,024,635)**	(2,605,431,253)	(471,993,520)
Inventories	**(7,749,911,815)**	(10,122,658,594)	(4,118,047,111)
Biological assets	**1,687,035**	(228,333,481)	(149,317,080)
Other current assets	**(1,622,365,232)**	(1,866,648,789)	(1,255,115,410)
Increase (decrease) in:			
Accounts payable and other accrued liabilities	**4,467,605,733**	4,184,752,123	342,129,083
Trust receipts payable	**(1,252,489,365)**	3,300,488,410	546,700,633
Net cash generated from operations	**14,271,877,875**	14,145,240,251	16,381,955,425
Income taxes paid	**(3,087,271,189)**	(2,399,394,053)	(1,847,176,445)
Interest paid	**(1,335,871,027)**	(565,663,230)	(925,492,541)
Contributions to retirement plan (Note 28)	**–**	(200,415)	(344,863,044)
Interest received	**266,118,180**	170,897,069	202,061,065
Net cash provided by operating activities	**10,114,853,839**	11,350,879,622	13,466,484,460

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Note 12)	**(₱10,215,347,977)**	(₱9,134,912,018)	(₱13,199,692,100)
Investments in joint ventures (Note 15)	**(250,000,000)**	(80,879,150)	(100,000,000)
Additional interest in a subsidiary (Note 19)	**(434,453)**	–	–
Subsidiary, net of cash acquired (Note 14)	**–**	(486,014,976)	(22,565,594,339)
Financial assets at FVTPL	**–**	(162,665,091)	(77,103,380)
Intangible assets (Note 14)	**–**	(3,101,422)	–
Proceeds from sale/disposal of:			
Property, plant and equipment and investment property (Notes 12 and 16)	**3,689,191,468**	1,827,682,799	1,984,600,073
Business, net of cash disposed (Note 30)	**–**	–	22,292,159,390
Financial assets at fair value through OCI	**–**	–	50,000
Decrease (increase) in other noncurrent assets	**(335,686,284)**	(80,447,447)	3,710,795
Dividends received (Note 8)	**64,605,739**	80,757,174	32,302,870
Net cash used in investing activities	**(7,047,671,507)**	(8,039,580,131)	(11,629,566,691)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Short-term debts (Notes 17 and 35)	**(6,800,000,000)**	(15,740,000,000)	(4,002,001,432)
Principal portion of lease liabilities (Note 34)	**(358,364,833)**	(500,349,782)	(814,968,947)
Availments of short-term debts (Notes 17 and 35)	**11,550,000,000**	19,630,000,000	9,200,000,000
Purchase of treasury shares (Note 19)	**(124,785,196)**	(2,552,347,885)	(420,271,367)
Cash dividends paid (Note 19)	**(7,885,693,763)**	(7,855,067,488)	(7,707,384,164)
Dividends paid by a subsidiary to non-controlling interest	**(512,050,000)**	–	–
Net cash used in financing activities	**(4,130,893,792)**	(7,017,765,155)	(3,744,625,910)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,063,711,460)**	(3,706,465,664)	(1,907,708,141)
CASH AND CASH EQUIVALENTS ATBEGINNING OF YEAR	**13,251,218,657**	16,957,684,321	18,865,392,462
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱12,187,507,197**	₱13,251,218,657	₱16,957,684,321

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Universal Robina Corporation (hereinafter referred to as "the Parent Company" or "URC") was incorporated on September 28, 1954, domiciled in the Republic of the Philippines, and is listed in the Philippine Stock Exchange. On October 28, 2002, the Parent Company's corporate life was extended for another 50 years or until September 28, 2054. The registered office address of the Parent Company is at 8th Floor Tera Tower, Bridgetowne, E. Rodriguez, Jr. Avenue (C5 Road), Ugong Norte, Quezon City, Metro Manila.

The Parent Company is a majority owned subsidiary of JG Summit Holdings, Inc. ("the Ultimate Parent Company" or "JGSHI").

The Parent Company and its subsidiaries (hereinafter referred to as "the Group") is one of the largest branded food products companies in the Philippines and has a strong presence in ASEAN markets. The Group is involved in a wide range of food-related businesses which are organized into two (2) business segments: branded consumer foods (BCF) and agro-industrial and commodity (AIC) foods.

The BCF group, including the packaging division, manufactures distributes, sells and markets a mix of food and beverage products. The Parent Company also established URC BOPP Packaging and URC Flexible Packaging divisions to engage in the manufacture of bi-axially oriented polypropylene (BOPP) films for packaging companies and flexible packaging materials to cater to various URC branded products

The AIC group is composed of three business segments: (1) Agro-Industrial Group (AIG), which operates three divisions – a) Farms, b) Animal Nutrition and Health and c) Food, Drugs and Disinfectants; (2) Flour Division, and (3) Sugar and Renewable division (SURE), which operates the a) Sugar, b) Distillery, and c) Cogeneration divisions.

The operations of certain subsidiaries are registered with the Board of Investments (BOI) as preferred pioneer and non-pioneer activities. Under the terms of the registrations and subject to certain requirements, the Parent Company and certain subsidiaries are entitled to certain fiscal and non-fiscal incentives, including among others, an income tax holiday (ITH) for a period of three (3) years to seven (7) years from respective start dates of commercial operations (see Note 33).

The Group is also subject to certain regulations with respect to, among others, product composition, packaging, labeling, advertising and safety.

The principal activities of the Group are further described in Note 6.

2. Summary of Material Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), inventories that have been measured at lower of cost and net realizable value (NRV) and biological assets and agricultural produce that have been measured at fair value less estimated costs to sell.

The consolidated financial statements of the Group are presented in Philippine Peso. The functional and presentation currency of the Parent Company and its Philippine subsidiaries is the Philippine Peso. All values are rounded to the nearest peso except when otherwise stated.

The functional currencies of the Group's consolidated foreign subsidiaries follow:

Subsidiaries	Country of Incorporation	Functional Currency
URC Asean Brands Co. Ltd. (UABCL)	British Virgin Islands	US Dollar
Hong Kong China Foods Co. Ltd.	- do -	- do -
URC International Co. Ltd. (URCICL)	- do -	- do -
URC Oceania Company Limited. (UOCL)	- do -	- do -
Shanghai Peggy Foods Co., Ltd. (Shanghai Peggy)	China	Chinese Renminbi
URC China Commercial Co. Ltd. (URCCCL)	- do -	- do -
Xiamen Tongan Pacific Food Co., Ltd.	- do -	- do -
Guangzhou Peggy Foods Co., Ltd.	- do -	- do -
Shantou SEZ Shanfu Foods Co., Ltd.	- do -	- do -
Jiangsu Acesfood Industrial Co., Ltd.	- do -	- do -
Shantou Peggy Co. Ltd.	- do -	- do -
URC Hong Kong Company Limited	Hong Kong	Hong Kong Dollar
PT URC Indonesia	Indonesia	Indonesian Rupiah
URC Snack Foods (Malaysia) Sdn. Bhd. (URC Malaysia)	Malaysia	Malaysian Ringgit
Ricellent Sdn. Bhd.	- do -	- do -
Crunchy Foods Sdn. Bhd (Malaysia)	- do -	- do -
Munchy Food Industries Sdn. Bhd	- do -	- do -
Munchworld Marketing Sdn Bhd	- do -	- do -
URC Foods (Singapore) Pte. Ltd.	Singapore	Singapore Dollar

Subsidiaries	Country of Incorporation	Functional Currency
Advanson International Pte. Ltd. (Advanson)	- do -	- do -
Pan Pacific Investments Co. Limited (PPICL)	- do -	- do -
URC Equity Ventures Pte. Ltd.	- do -	- do -
URC (Thailand) Co., Ltd.	Thailand	Thai Baht
Siam Pattanasin Co., Ltd.	- do -	- do -
URC (Myanmar) Co. Ltd.	Myanmar	Myanmar Kyat
URC Vietnam Co., Ltd.	Vietnam	Vietnam Dong
URC Hanoi Company Limited	- do -	- do -
URC Central Co. Ltd.	- do -	- do -

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation
The consolidated financial statements include the financial statements of the Parent Company and the following wholly and majority owned direct subsidiaries as of December 31, 2023 and 2022.

Subsidiaries	Place of Incorporation	Effective Percentages of Ownership
CFC Corporation	Philippines	100.00
Bio-Resource Power Generation Corporation	- do -	100.00
Najalin Agri-Ventures, Inc.	- do -	95.82
URC Snack Ventures Inc. (USVI)	- do -	100.00
URC Beverage Ventures, Inc.	- do -	100.00
Nissin - URC (NURC)	- do -	51.00
URC Philippines, Ltd.	British Virgin Islands	100.00
URCICL and Subsidiaries*	- do -	100.00
Universal Robina (Cayman), Ltd.	Cayman Islands	100.00
URCCCL and a Subsidiary	China	100.00

**Subsidiaries are located in Vietnam, Thailand, Myanmar, Indonesia, Malaysia, Singapore, China and Hong Kong*

Control
Control is achieved when the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of financial position and consolidated statement of comprehensive income from the date the Parent Company gains control until the date it ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intragroup transactions, balances, income and expenses are eliminated in the consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, non-controlling interests consist of the amount attributed to such interests at initial recognition and the non-controlling interest's share of changes in equity since the date of the combination.

Any changes in the Group’s ownership interest in subsidiary that does not result in a loss of control is accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Parent Company.

If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the related other comprehensive income recorded in equity and recycles the same to profit or loss or retained earnings;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in the consolidated statement of income; and
- reclassifies the Parent Company’s share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. Some of the Group's subsidiaries have a local statutory accounting reference date of April 30 and September 30. These are consolidated using management prepared information on a basis coterminous with the Group's accounting reference date.

Below are the subsidiaries with a different accounting reference date from that of the Parent Company:

Subsidiaries	Year-end
Pan Pacific Investments (Pte.) Limited	April 30
Bio-Resource Power Generation Corporation*	September 30
Najalin Agri-Ventures, Inc.*	-do-

**Dormant/non-operating subsidiaries*

<u>Business Combinations</u>

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. This policy also covers purchase of assets that constitutes acquisition of a business.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are recognized in profit or loss in the consolidated statement of income as incurred.

Where appropriate, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant PFRSs. Changes in the fair value of contingent consideration classified as equity are not recognized.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that if known, would have affected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (the date the Group attains control) and the resulting gain or loss, if any, is recognized in the consolidated statement of income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Combinations of Entities under Common Control
Where there are business combinations involving entities that are ultimately controlled by the same ultimate parent (i.e., Controlling Shareholders) before and after the business combination and that the control is not transitory ("business combinations under common control"), the Group accounts for such business combinations in accordance with the guidance provided by the Philippine Interpretations Committee Q&A No. 2011-02, PFRS 3.2 - *Common Control Business Combinations*. The purchase method of accounting is used if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the non-controlling interest, shall be considered. In cases where the transaction has no commercial substance, the business combination is accounted for using the pooling of interests method.

In applying the pooling of interests method, the Group follows the Philippine Interpretations Committee Q&A No. 2012-01, PFRS 3.2 - *Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements*, which provides the following guidance:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity as other equity reserve, i.e., either contribution or distribution of equity.
- The consolidated statement of income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Goodwill
Goodwill arising from the acquisition of a subsidiary is recognized as an asset at the date the control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held interest, if any, in the entity over the net fair value of the identifiable net assets recognized.

Goodwill acquired in a business combination from the acquisition date is allocated to each of the Group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's operating segments as determined in accordance with PFRS 8, *Operating Segments*.

If after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest, if any, the excess is recognized immediately in the consolidated statement of income as a gain on bargain purchase.

Following initial recognition, goodwill is measured at cost, less any accumulated impairment losses, if any. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (see further discussion under Impairment of nonfinancial assets).

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following PFRSs and Philippine Accounting Standards (PAS) and Philippine Interpretations beginning January 1, 2023. Unless otherwise indicated, the adoption of the new and amended standards and interpretations did not have any impact on the consolidated financial statements of the Group.

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

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

  The amendments to the Practice Statement provide non-mandatory guidance.

  As a result of the adoption, discussions about new standards and amendments adopted but without effect on the 2023 consolidated financial statements or any prior period and those that are forthcoming that do not have, or not expected to have, significant or material impact to the Group have been simplified together with existing policies.

- Amendments to PAS 8, *Definition of Accounting Estimates*
  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.
  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*
  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

Material Accounting Policies

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Group measures certain financial instruments and nonfinancial assets at fair value at each reporting date. Fair values of financial instruments measured at amortized cost and investment properties carried at cost are disclosed in Note 5.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement, and that are subject to insignificant risk of changes in value.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets
Initial recognition and measurement
Financial assets are classified at fair value at initial recognition and subsequently measured at amortized cost, FVOCI, and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows which are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The financial assets of the Group as of December 31, 2023 and 2022 consist of financial assets at amortized cost, financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVTPL (equity and debt instruments).

Financial assets at amortized cost (debt instruments)
Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, receivables and security deposits.

Financial assets designated at FVOCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statements of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investments in club shares under this category.

Financial assets at FVTPL
Debt instruments that do not meet the amortized cost criteria, or meets the criteria but the Group has designated as at FVTPL upon initial recognition, are classified as financial assets at FVTPL. Equity investments are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition.

A financial asset is considered as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- upon initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or financial guarantee.

Financial assets at FVTPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of income.

This category includes equity instruments which the Group had not irrevocably elected to classify at fair value through OCI and currency options.

A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVTPL. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group’s consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of ownership of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime ECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets such nontrade receivables, due from related parties and other receivables, ECLs are recognized in two stages. For credit exposures for which there has not been a SICR in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a SICR since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a SICR since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from reputable credit rating agencies to determine whether the debt instrument has SICR and to estimate ECLs.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables and contract assets in default when contractual payment are 60 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been an SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analyses.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

Staging assessment
PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a SICR since initial recognition. Entities are required to recognize 12-month ECL for Stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. Entities are required to recognize lifetime ECL for Stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial instrument or a portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for financial assets that are in default. The Group considers a financial asset in default when contractual payments are 30-60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statements of income.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

The Group does not have financial liabilities at FVTPL as of December 31, 2023 and 2022.

Financial liabilities at amortized cost
This is the category most relevant to the Group. It pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. These include liabilities arising from operations and borrowings.

After initial recognition, these financial liabilities are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the financial liabilities are derecognized, as well as through the EIR amortization process.

This category applies to the Group's accounts payable and accrued liabilities (excluding advances from customers, advances from third parties, statutory and taxes payables), short-term debts and trust receipts payable.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

c) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of solvency or bankruptcy of the Group and all of the counterparties.

Inventories
Inventories, including goods-in-process, are recorded at cost and subsequently valued at the lower of cost and NRV. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

When the inventories are sold, the carrying amounts of those inventories are recognized under 'Cost of sales' in the consolidated statement of income in the period when the related revenue is recognized.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Finished goods, goods-in-process, raw materials, containers and packaging materials, and spare parts and supplies
Cost is determined using the weighted average method. The cost of raw materials, containers and packaging materials, and spare parts and supplies consist of their purchase cost. The cost of finished goods and goods-in-process include direct materials and labor, and a proportion of manufacturing overhead costs based on actual goods processed and produced, but excluding borrowing costs.

Materials in-transit
Cost is determined on a specific identification basis.

Biological Assets
The biological assets of the Group are divided into two major categories with sub-categories as follows:

Swine livestock
- Breeders (livestock bearer)
- Sucklings (breeders' offspring)
- Weanlings (comes from sucklings intended to be breeders or to be raised as fatteners/finishers)
- Fatteners/finishers (comes from weanlings unfit to become breeders; intended for the production of meat and meat products or to be sold live)

Poultry livestock
- Breeders (livestock bearer)
- Chicks (breeders' offspring intended to be sold as breeders)

Biological assets are measured on initial recognition and at each reporting date at its fair value less estimated costs to sell. The fair values are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

Agricultural produce is the harvested product of the Group's biological assets. A harvest occurs when agricultural produce is either detached from the bearer biological asset or when a biological asset's life processes cease. A gain or loss on initial recognition of agricultural produce at fair value less estimated costs to sell is recognized in the consolidated statement of income in the period in which it arises. The agricultural produce of swine livestock are hog carcasses, while the agricultural produce of poultry livestock are table eggs and hatched chick. These are then subsequently measured following PAS 2, *Inventories*.

A gain or loss on initial recognition of a biological asset at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell of a biological asset in the consolidated statement of income in the period in which it arises.

Property, Plant and Equipment

Property, plant and equipment, except land, are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any.

The initial cost of an item of property, plant and equipment comprises its purchase price and any cost attributable in bringing the asset to its intended location and working condition. Cost also includes interest and other financing charges on borrowed funds used to finance the acquisition of property, plant and equipment to the extent incurred during the period of installation and construction.

Land is stated at cost less any impairment in value.

Subsequent costs are capitalized as part of the 'Property, plant and equipment' in the consolidated statement of financial position, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Cost of repairs and maintenance are expensed when incurred.

Foreign exchange differentials arising from foreign currency borrowings used for the acquisition of property, plant and equipment are capitalized to the extent that these are regarded as adjustments to interest costs.

Depreciation and amortization of property, plant and equipment commence once the property, plant and equipment are available for use and are computed using the straight-line method over the estimated useful life (EUL) of the assets regardless of utilization.

The EUL of property, plant and equipment of the Group follows:

	Years
Land improvements	5 to 10
Buildings and improvements	10 to 30
Machinery and equipment	10
Transportation equipment	5
Furniture, fixtures and equipment	5

Leasehold improvements are amortized over the shorter of their EUL or the corresponding lease terms. The residual values, useful lives and methods of depreciation and amortization of property, plant and equipment are reviewed periodically and adjusted, if appropriate, at each reporting date to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Any change in the expected residual values, useful lives and methods of depreciation are adjusted prospectively from the time the change was determined necessary.

Construction-in-progress and equipment in transit are stated at cost, net of accumulated impairment losses, if any. This includes the cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period. Construction in-progress and equipment in transit are not depreciated until such time as the relevant assets are completed and put into operational use.

Construction in-progress and equipment in transit are transferred to the related ‘Property, plant and equipment’ in the consolidated statement of financial position when the construction or installation and related activities necessary to prepare the property, plant and equipment for their intended use are completed, and the property, plant and equipment are ready for service.

Major spare parts and stand-by equipment items that the Group expects to use over more than one period and can be used only in connection with an item of property, plant and equipment are accounted for as property, plant and equipment. Depreciation and amortization on these major spare parts and stand-by equipment commence once these have become available for use (i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Group).

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use or disposal of the asset. Any gain or loss arising from the derecognition of the property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of income, in the period the item is derecognized.

Fully depreciated property, plant and equipment are retained in the accounts until these are no longer in use.

Investment Properties

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and those which are not occupied by entities in the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment loss, if any. Land is carried at cost less any accumulated impairment loss, if any. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the cost of day-to-day servicing of an investment property.

Investment properties are measured initially at cost, including transaction costs. Transaction costs represent nonrefundable taxes such as capital gains tax and documentary stamp tax that are for the account of the Group. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case, the investment property acquired is measured at the carrying amount of asset given up.

The Group's investment properties consist solely of buildings and building improvements and are depreciated using the straight-line method over their EUL ranging from 10 to 30 years (see Note 16).

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic useful benefits from items of investment properties.

Investment properties are derecognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Intangible Assets
Intangible assets (other than goodwill) acquired separately are measured on initial recognition at cost. The cost of intangible asset acquired in a business combination is its fair value at the acquisition date. Following initial recognition, intangible assets are measured at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The EUL of intangible assets are assessed to be either finite or indefinite.

The useful lives of intangible assets with a finite life are assessed at the individual asset level. Intangible assets with finite lives are amortized on a straight-line basis over the asset's EUL and assessed for impairment, whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the EUL or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level (see further discussion under Impairment of nonfinancial assets). Such intangibles are not amortized. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

A summary of the policies applied to the Group's intangible assets follows:

	EUL	Amortization method used	Internally generated or acquired
Product formulation	Indefinite	No amortization	Acquired
Brands/Trade secrets	Indefinite	No amortization	Acquired
Trademarks	Finite (4 years)	Straight line amortization	Acquired
Software costs	Finite (10 years)	Straight line amortization	Acquired

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the consolidated statement of income when the asset is derecognized.

Investment in Joint Ventures
The Group has interests in joint ventures. A joint venture is a contractual arrangement whereby two or more parties who have joint control over the arrangement have rights to the net assets of the arrangement.

The Group's investment in joint venture is accounted for using the equity method of accounting.

Under the equity method, the investment in a joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the joint venture. The consolidated statement of income reflects the Group's share in the results of operations of the joint venture. Where there has been a change recognized directly in the investees' equity, the Group recognizes its share of any changes and discloses this, when applicable, in the other comprehensive income in the consolidated statement of changes in equity. Profits and losses arising from transactions between the Group and the joint ventures are eliminated to the extent of the interest in the joint ventures.

The Group discontinues applying the equity method when its investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the associates or joint venture. When the investees subsequently report net income, the Group will resume applying the equity method but only after its equity in the net income equals the equity in net losses of associates and joint venture not recognized during the period the equity method was suspended.

The investee company's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Impairment of Nonfinancial Assets
This accounting policy applies primarily to the Group's property, plant and equipment (see Note 12), right-of-use assets (see Note 34), investment properties (see Note 16), investments in joint ventures (see Note 15), goodwill and intangible assets (see Note 14).

Except for goodwill and intangible assets with indefinite useful lives which are tested for impairment annually, the Group assesses at each reporting date whether there is an indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed for the cash-generating unit to which the asset belongs. Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written-down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit). In determining fair value less costs of disposal, recent market transactions are taken into account.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized under 'Provision for credit and impairment losses' in the consolidated statement of income.

The following criteria are also applied in assessing impairment of specific assets:

Property, plant and equipment, right-of-use assets, investment properties, intangible assets with definite useful lives, and investments in joint ventures
For property, plant and equipment, investment properties, intangible assets with definite useful lives, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated and an impairment assessment is performed. For investments in joint ventures, this impairment assessment is done after application of the equity method. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such a reversal, the depreciation and amortization expense are adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill and intangible assets with indefinite useful lives
Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Discontinued Operations
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

The disposal group is excluded from the results of continuing operations and is presented as a single amount as ‘Net income after tax from discontinued operations’ in the consolidated statement of income.

Additional disclosures are provided in Note 30. All other notes to the consolidated financial statements include amounts of disposal group, unless otherwise mentioned.

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

Sale of goods
Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception using the expected value method and is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right to return the goods within a specific period.

Sale of sugar and molasses
Sale of raw sugar is recognized upon (a) endorsement and transfer of quedans for quedan-based sales and (b) shipment or delivery and acceptance by the customers for physical sugar sales. Sale of refined sugar and alcohol is recognized upon shipment or delivery to the customers. Sale of molasses is recognized upon (a) surrendering of molasses certificates (warehouse receipts for molasses) or (b) delivery and acceptance by the customer for physical molasses, whichever comes first.

Rendering of tolling services
Revenue derived from tolling activities is recognized as revenue over time as the related services are being rendered.

Revenue outside the scope of PFRS 15:
Dividend income
Dividend income is recognized when the shareholder's right to receive the payment is established.

Interest income
Interest income is recognized as it accrues using the EIR method under which interest income is recognized at the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Provisions
Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense under 'Finance cost' in the consolidated statement of income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income, net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Pension Costs
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Current service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

<u>Income Taxes</u>
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in countries where the Group operates and generates taxable income.

Deferred tax
Deferred tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from unused minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor future taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilized.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date, and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss in the consolidated statement of comprehensive income. Such deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sale of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sale of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to, the taxation authority by each entity is included as part of 'Other current assets' or 'Accounts payable and other accrued liabilities' in the consolidated statement of financial position.

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Leases
The Group assesses whether a contract is, or contains a lease, at the inception of a contract. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use (ROU) assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and any estimated costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets, which are presented under 'Noncurrent Assets' in the consolidated statement of financial position, are subject to impairment.

The depreciation period for each class of ROU assets follows:

	Period
Land and land improvements	10 years
Buildings and improvements	2-20 years
Machinery and equipment	2 years
Transportation equipment	2 years
Furniture and fixtures	2 years

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflected the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the commencement date if the interest rate implicit to the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases
The Group applies the short-term lease recognition exemption to its short-term leases of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Group as a lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Rent income
Rent income arising from investment properties is accounted for on a straight-line basis over the lease term on ongoing leases and is included in other loss in the consolidated statement of income.

Cost and Expenses
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized when incurred.

Foreign Currency Translation/Transactions
The functional and presentation currency of the Parent Company and its Philippine subsidiaries is the Philippine Peso. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the reporting date. Differences arising from settlement or translation of monetary items are recognized in the consolidated statement of income. Tax charges and credits attributable to exchange differences are also dealt with in statement of income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising from translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Group companies
As of reporting date, the assets and liabilities of the subsidiaries are translated into the presentation currency of the Group at the rate of exchange prevailing at reporting date and their respective statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity as ‘Cumulative translation adjustments’ under ‘Other comprehensive income’. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation shall be recognized in the consolidated statement of income.

The Group has determined that the cumulative translation adjustments will not be realized in the foreseeable future. Therefore, the Group does not recognize deferred tax liabilities on its cumulative translation adjustments.

Common Stock
Capital stocks are classified as equity and are recorded at par. Proceeds in excess of par value are recorded as 'Additional paid-in capital' in the consolidated statement of changes in equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Retained Earnings
Retained earnings represent the cumulative balance of periodic net income (loss), dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Other Comprehensive Income
Other comprehensive income comprises items of income and expenses (including items previously presented under the consolidated statements of changes in equity) that are not recognized in the consolidated statement of income for the year in accordance with PFRSs.

Treasury Shares
Treasury shares are recorded at cost and are presented as a deduction from equity. Any consideration paid or received in connection with treasury shares are recognized directly in equity.

When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given: (a) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued, and (b) retained earnings. When shares are sold, the treasury share account is credited and reduced by the weighted average cost of the shares sold. The excess of any consideration over the cost is credited to additional paid-in capital.

Transaction costs incurred such as registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties (net of any related income tax benefit) in relation to issuing or acquiring the treasury shares are accounted for as reduction from equity, which is disclosed separately.

No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Equity Reserves
Equity reserves arise from transactions in which the proportion of equity held by non-controlling interests changes. These are initially measured as the difference between the amount by which the non-controlling interests were adjusted and the fair value of the consideration paid or received. Equity reserves are attributed to the owners of the Parent Company.

Dividends on Common Stocks
Dividends on common shares are recognized as a liability and deducted from equity when approved by the Board of Directors (BOD) of the Parent Company in the case of cash dividends, and the BOD and shareholders of the Parent Company in the case of stock dividends.

Earnings Per Share (EPS)
Basic EPS is computed by dividing consolidated net income attributable to equity holders of the Parent Company (consolidated net income less dividends on preferred shares) by the weighted average number of common stocks issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

Diluted EPS amounts are calculated by dividing the consolidated net income attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Segment Reporting
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. Financial information on business segments is presented in Note 6 to the consolidated financial statements.

Events after Reporting Date
Any post year-end event up to the date of approval of the BOD of the consolidated financial statements that provides additional information about the Group's position at reporting date (adjusting event) is reflected in the consolidated financial statements. Any post year-end event that is not an adjusting event is disclosed in the notes to the consolidated financial statements, when material.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

- 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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*
The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7*, Disclosures: Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)

- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21*, Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

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 amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRSs requires the Group to make 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 assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates 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.

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

a. *Revenue recognition on sale of goods and services*
   Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the Group will collect the consideration from the buyer; (c) determining method to estimate variable consideration and assessing the constraint; and (d) recognition of revenue as the Group satisfies the performance obligation.

   i. *Existence of a contract*
      The Group enters into a contract with customer through an approved purchase order which constitutes a valid contract as specific details such as the quantity, price, contract terms and their respective obligations are clearly identified. In the case of sales to key accounts and distributors, the combined approved purchase order and trading terms agreement/exclusive distributorship agreement constitute a valid contract.

   ii. *Identifying performance obligation*
       The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

       Based on management assessment, other than the sale of goods and services, no other performance obligations were identified except in the case of milling revenue.

iii. *Recognition of revenue as the Group satisfies the performance obligation*
The Group recognizes its revenue for sale of goods at a point in time, when the goods are sold and delivered and for tolling activities, overtime as services are being rendered. In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the goods sold that will be transferred to the customer.

iv. *Method to estimate variable consideration and assess constraint*
The Group uses historical experience with key accounts and distributors from the past 12 months to determine the expected value of rights of return and constrain the consideration under the contract accordingly.

v. *Recognition of milling revenue under output sharing agreement and cane purchase agreement*
The Group applies both output sharing agreement and cane purchase agreement in relation to milling operations. Under output sharing agreement, milling revenue is recognized based on the fair value of the millshare at average raw sugar selling price on the month with sugar production after considering in-purchase, which represents cane purchase agreement. Under cane purchase agreement, the Group purchases raw sugar from the traders and/or planters. The in-purchase rate is derived by determining the total raw sugar purchases and the total planters' share. Raw production costs are allocated systematically based on the output sharing and cane purchase agreement rates.

b. *Determining whether it is reasonably certain that a renewal and termination option will be exercised - the Group as a lessee*
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to renew the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include renewal and termination options. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or terminate (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases, together with any periods covered by an option to renew the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

c. *Discontinued operations*
The Group determined that the sale of the Oceania businesses will qualify for presentation as discontinued operations in 2021 since it represents a separate line of business for which the operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group (see Note 30).

Estimates
The key assumptions concerning the future and other sources of estimation uncertainty at the financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. *Assessment of ECL on trade receivables*
The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for ECL on trade receivables is sensitive to changes in assumptions about forecasted economic conditions.

The Group recognized provision for credit losses amounting to ₱9.3 million and ₱4.1 million for the years ended December 31, 2023 and 2022, respectively. The carrying amount of trade receivables is ₱17.9 billion and ₱15.3 billion as at December 31, 2023 and 2022, respectively (see Note 9).

b. *Assessment for ECL on other financial assets at amortized cost*
The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of other financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been an SICR since initial recognition in which case lifetime ECLs are provided.

When determining if there has been a SICR, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets that are more than 60 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent an SICR such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks and companies with good credit standing and relatively low risk of defaults.

The carrying amount of other financial assets at amortized cost is ₱5.0 billion and ₱6.8 billion as at December 31, 2023 and 2022, respectively (see Note 9).

c. *Determination of fair values less estimated costs to sell of biological assets*
The fair values of biological assets are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market. The fair values are reviewed and updated if expectations differ from previous estimates due to changes brought by both physical change and price changes in the market. It is possible that future results of operations could be materially affected by changes in these estimates brought about by the changes in factors mentioned.

As of December 31, 2023 and 2022, the Group's biological assets carried at fair values less estimated costs to sell amounted to ₱271.9 million and ₱411.0 million, respectively (see Note 13). For the years ended December 31, 2023, 2022 and 2021, the Group recognized gain arising from changes in the fair value less costs to sell of biological assets amounting to₱0.3 million, ₱0.3 million, and ₱2.6 million, respectively (see Note 13). Changes in fair value of biological assets are recognized in the consolidated statements of income.

d. *Impairment of goodwill and intangible assets with indefinite useful lives*
The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of reporting date. The recoverable amounts of the intangible assets were determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

The following assumptions were also used in computing value in use:

Growth rate estimates - growth rates include revenue growth and terminal growth rates that are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates.

Discount rates - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

Value-in-use is most sensitive to changes in discount rate and growth rate.

As of December 31, 2023 and 2022, the balance of the Group's goodwill and intangible assets with indefinite useful lives and accumulated impairment losses follow:

	2023	2022
Goodwill (Note 14)	**₱18,479,756,391**	₱19,363,084,093
Intangible assets (Note 14)	**4,516,565,574**	4,718,436,268

e. *Assessment of impairment of nonfinancial assets*
The Group assesses the impairment of its nonfinancial assets (i.e., property, plant and equipment, right-of-use assets, investment properties, investments in joint venture and intangible assets with finite useful lives) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business such as plans to discontinue or restructure the operation to which an asset belongs; and
- Significant negative industry or economic trends.

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from recent, binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

For the years ended December 31, 2023, 2022 and 2021 the Group recognized impairment losses on its property, plant and equipment amounting to ₱226.5 million, ₱323.0 million and ₱432.6 million, respectively (see Note 12).

For the years ended December 31, 2023, 2022 and 2021, the Group did not recognize any impairment losses on its right-of-use assets (see Note 34), investment properties (see Note 16), goodwill and its other intangible assets (see Note 14).

As of December 31, 2023 and 2022, the balances of the Group's nonfinancial assets with finite useful lives, excluding biological assets, net of accumulated depreciation, amortization and impairment losses follow:

	2023	2022
Property, plant and equipment (Note 12)	**₱32,332,995,898**	₱37,601,271,282
Right-of-use assets (Note 34)	**1,302,666,055**	2,001,572,293
Intangible assets (Note 14)	**670,410,642**	145,958,033
Investment properties (Note 16)	**1,705,506**	1,958,173

f. *Determination of the fair value of intangible assets and property, plant and equipment acquired in a business combination*
The Group measures the identifiable assets and liabilities acquired in a business combination at fair value at the date of acquisition.

The fair value of the intangible assets acquired in a business combination is determined based on the net sales forecast attributable to the intangible assets, growth rate estimates and royalty rates using comparable license agreements. Royalty rates are based on the estimated arm's length royalty rate that would be paid for the use of the intangible assets. Growth rate estimate includes long-term growth rate and terminal growth rate applied to future cash flows beyond the projection period.

The fair value of property, plant and equipment acquired in a business combination is determined based on comparable properties after adjustments for various factors such as location, size and shape of the property (see Note 12). Cost information and current prices of comparable equipment are also utilized to determine the fair value of equipment.

g. *Estimation of pension and other benefits costs*
The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates (see Note 28). Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting date.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future salary increase rates of the Group.

As of December 31, 2023 and 2022, the balance of the Group's present value of defined benefit obligations and other benefits is shown in Note 28 to the consolidated financial statements.

h. *Recognition of deferred tax assets*
The Group reviews the carrying amounts of its deferred income taxes at each reporting date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no guarantee that the Group will generate sufficient taxable income to allow all or part of the deferred tax assets to be utilized. As of December 31, 2023 and 2022, the Group recognized net deferred tax assets amounting to ₱969.0 million and ₱450.0 million, respectively (see Note 29), as the Group believes sufficient taxable income will allow these deferred tax assets to be utilized.

Net deferred tax liabilities amounted to ₱2.1 billion and ₱2.2 billion as of December 31, 2023 and 2022, respectively (see Note 29).

The recognized and unrecognized deferred tax assets for the Group are disclosed in Note 29.

i. *Valuation of ROU assets and lease liabilities*
The application of PFRS 16 requires the Group to make assumptions that affect the valuation of its ROU assets and lease liabilities. These include determining the length of the lease term and determining the interest rate to be used for discounting future cash flows.

Lease term. The lease term determined by the Group comprises non-cancellable period of lease contracts, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Discount rate. The Company cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is determined using risk-free rates applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Group's rating, observed in the period when the lease contract commences or is modified. The discount rates applied range from 7.00% to 7.98% for the years ended December 31, 2023 and 2022.

j. *Estimation of useful life of intangible assets*
The Group determines the EUL of its intangible assets based on the period over which the assets are expected to be available for use. The Group reviews annually the EUL of these intangible assets based on factors that include asset utilization, internal technical evaluation, and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of intangible assets would increase the recorded amortization expense.

With more than 30 product brands listed under its umbrella, Munchy’s is considered to be a well-known brand in Malaysia. Trademarks pertain to signs, designs, or expressions that identify products related to Munchy’s brand which set them apart from others. Munchy's has improved the technology, manufacturing procedures, and design of its production lines. All of these are regarded as trade secrets. Management determined the useful life of these intangible assets to be indefinite since there is no foreseeable limit to the period over which the brands, trademarks, and trade secrets is likely to generate net cash inflows to Munchy’s.

The said assessment is based on the track record of stability for the biscuit manufacturing industry and the Munchy’s brand. Added to this is the commitment of management to continue to invest for the long term, to extend the period over which the intangible asset is expected to continue to provide economic benefits.

The carrying values of intangible assets are disclosed in Note 14 of the consolidated financial statements.

k. *Contingencies*
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group’s consolidated financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

4. Financial Risk Management Objectives and Policies

The Group’s principal financial instruments, other than derivative financial instruments, comprise cash and cash equivalents, financial assets at FVTPL, financial assets at FVOCI, and interest-bearing loans and other borrowings. The main purpose of these financial instruments is to finance the Group’s operations and related capital expenditures. The Group has various other financial assets and financial liabilities, such as trade receivables and payables which arise directly from its operations. One of the Group’s subsidiaries is a counterparty to derivative contracts. These derivatives are entered into as a means of reducing or managing their respective foreign exchange exposures.

The BOD of the Parent Company and its subsidiaries review and approve policies for managing each of these risks and they are summarized below, together with the related risk management structure.

Risk Management Structure
The Group's risk management structure is closely aligned with that of the Ultimate Parent Company. The BOD of the Parent Company and the respective BODs of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring of risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

The BOD has created the board-level Board Risk and Oversight Committee (BROC) to spearhead the managing and monitoring of risks.

BROC
The purpose of the Board Risk Oversight Committee is to oversee the establishment of an Enterprise Risk Management (ERM) framework that will effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. The Committee shall be responsible for defining the Group's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control or manage risks or possible threats to its operational and financial viability.

Corporate Governance Compliance Officer
Compliance with the principles of good corporate governance is also one of the primary objectives of the BOD. To assist the BOD in achieving this purpose, the BOD has designated a Compliance Officer who shall be responsible for:

- Monitoring, reviewing, evaluating and ensuring the compliance by the Group, its Officers and Directors with the provisions and requirements of the Corporate Governance Manual and the relevant laws, the Code of Corporate Governance, rules, regulations and all governance issuances of regulatory agencies; and
- Assisting the Board and the Corporate Governance Committee in the performance of their governance functions, including their duties to oversee the formulation or review and implementation of the Corporate Governance structure and policies of the Group, and to assist in the conduct of self-assessment of the performance and effectiveness of the Board, the Board Committees and individual Board members in carrying out their functions as set out in the Corporate Governance Manual and the respective charters of the Board Committees.

Enterprise Resource Management (ERM) Framework
The ERM framework revolves around the following activities:

1. Risk Identification. This involves the identification of key business drivers that influence the operability and performance of the business units. Each business driver is assigned strategic and operational objectives that are owned by risk champions and risk owners. Each risk champion and owner conduct their risk identification process using different tools such as risk factor analysis, megatrends analysis, and systems dynamics analysis.
2. Risk Assessment. Each identified risk is assessed to determine if they pose significant impact to the business unit's ability to implement strategy and deliver business objectives. This process involves grouping similar risks into categories such as Reputational Risk, Strategic Risk, Financial Risk, Compliance Risk, Operations Risk, and Emerging Risk. For each risk category, a risk assessment scale provides an objective criterion to evaluate the impact to the business - insignificant, minor, moderate, major, or extreme impact. The impact severity of the risk is rated based on their nature, regardless of the organization's circumstances and capability to manage them.
3. Risk Prioritization. This process enables the organization to focus the implementation of risk responses into certain high and medium severity risks based on the organization's risk profile.
4. Risk Response, Monitoring, and Evaluation. Appropriate risk responses are put in place for each priority risk, both at the level of the risk champions and risk owners and at the enterprise and Group level. Risk champions continually monitor and evaluate the effectiveness of the risk responses. Material residual risks are assessed for improvement of risk response and identification of recovery measures.
5. Risk Reporting. At the Group level, top risks are reviewed, updated and reported to the Board Risk Oversight Committee twice a year.

<u>Risk Management Policies</u>
The main risks arising from the use of financial instruments are credit risk, liquidity risk and market risks such as foreign currency risk, equity price risk and interest rate risk. The Group's policies for managing the aforementioned risks are summarized below.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Credit Management Division (CMD) of the Group continuously provides credit notification and implements various credit actions, depending on assessed risks, to minimize credit exposure. Receivable balances of trade customers are being monitored on a regular basis and appropriate credit treatments are executed for overdue accounts. Generally, trade receivables are written off when deemed unrecoverable. Likewise, other receivable balances are also being monitored and subjected to appropriate actions to manage credit risk.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

a. Credit risk exposure

With respect to credit risk arising from financial assets of the Group, which comprise cash and cash equivalents and receivables, the Group's maximum exposure to credit risk is equal to its carrying amount as of December 31, 2023 and 2022, except for the Group's trade receivables as of December 31, 2023 and 2022 with carrying value of ₱17.9 billion and ₱15.3 billion, respectively, and collateral or credit enhancements with fair value amounting to ₱3.0 billion and ₱2.6 billion as of December 31, 2023 and 2022, respectively, resulting to net exposure of ₱14.8 billion and ₱12.6 billion, respectively.

The collateral securities related to the Group's trade receivables consist of standby letters of credit. The Group holds no other collateral or guarantee that would reduce the maximum exposure to credit risk.

b. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

In order to avoid excessive concentrations of risk, identified concentrations of credit risks are controlled and managed in accordance with the Group's policies and procedures.

i. Concentration by geographical location

The Group's credit risk exposures as of December 31, 2023 and 2022 before taking into account any collateral held or other credit enhancements are categorized by geographic location follow:

	2023		
	Philippines	**Asia**	**Total**
Cash and cash equivalents* (Note 7)	**₱3,868,338,169**	**₱8,250,398,796**	**₱12,118,736,965**
Receivables (Note 9):			
Trade receivables	**13,625,648,893**	**4,223,217,669**	**17,848,866,562**
Due from related parties	**2,346,993,831**	**116,476,777**	**2,463,470,608**
Interest receivable	**2,069,851**	**20,089,051**	**22,158,902**
Non-trade and other receivables	**2,505,956,363**	**29,670,387**	**2,535,626,750**
	₱22,349,007,107	**₱12,639,852,680**	**₱34,988,859,787**

** Excludes cash on hand*

	2022		
	Philippines	Asia	Total
Cash and cash equivalents* (Note 7)	₱5,418,032,169	₱7,784,642,538	₱13,202,674,707
Receivables (Note 9):			
Trade receivables	11,379,724,485	3,805,971,525	15,185,696,010
Due from related parties	1,821,450,615	–	1,821,450,615
Interest receivable	3,132,333	19,712,162	22,844,495
Non-trade and other receivables	4,901,302,462	24,341,323	4,925,643,785
	₱23,523,642,064	₱11,634,667,548	₱35,158,309,612

** Excludes cash on hand*

ii. Concentration by industry

The tables below show the industry sector analysis of the Group's financial assets as of December 31, 2023 and 2022 before taking into account any collateral held or other credit enhancements.

	2023					
	Manufacturing/ Retail	**Financial Intermediaries**	**Petrochemicals**	**Tele-Communication**	**Others***	**Total**
Cash and cash equivalents** (Note 7)	**₱–**	**₱12,118,736,965**	**₱–**	**₱–**	**₱–**	**₱12,118,736,965**
Receivables (Note 9):						
Trade receivables	**15,745,366,465**	**–**	**–**	**–**	**2,103,500,097**	**17,848,866,562**
Due from related parties	**295,390,767**	**31,602,091**	**211,883,154**	**–**	**1,924,594,596**	**2,463,470,608**
Interest receivable	**–**	**22,158,902**	**–**	**–**		**22,158,902**
Non-trade and other receivables	**2,427,662,777**	**21,206,144**	**–**	**–**	**86,757,829**	**2,535,626,750**
	₱18,468,420,009	**₱12,193,704,102**	**₱211,883,154**	**₱–**	**₱4,114,852,522**	**₱34,988,859,787**

**Includes real estate, agriculture, automotive, mining and electrical industries*
***Excludes cash on hand*

	2022					
	Manufacturing/ Retail	Financial Intermediaries	Petrochemicals	Tele-Communication	Others*	Total
Cash and cash equivalents** (Note 7)	₱–	₱13,202,674,707	₱–	₱–	₱–	₱13,202,674,707
Receivables (Note 9):						
Trade receivables	14,710,826,856	–	–	–	474,869,154	15,185,696,010
Due from related parties	217,801,094	38,835,562	–	–	1,564,813,959	1,821,450,615
Interest receivable	–	22,844,495	–	–		22,844,495
Non-trade and other receivables	4,483,260,676	13,268,229	185,783,422	7,497,686	235,833,772	4,925,643,785
	₱19,411,888,626	₱13,277,622,993	₱185,783,422	₱7,497,686	₱2,275,516,885	₱35,158,309,612

**Includes real estate, agriculture, automotive, mining and electrical industries*
***Excludes cash on hand*

iii. Credit risk under general approach and simplified approach

	2023			
	General Approach			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified Approach**
Cash and cash equivalents* (Note 7)	**₱12,118,736,965**	**₱–**	**₱–**	**₱–**
Receivables (Note 9):				
Trade receivables	**–**	**–**	**–**	**17,927,965,761**
Due from related parties	**2,463,470,608**	**–**	**–**	**–**
Interest receivable	**–**	**–**	**–**	**–**
Non-trade and other receivables	**2,174,960,853**	**382,824,799**	**157,169,779**	**–**
Total financial assets at amortized cost	**₱16,757,168,426**	**₱382,824,799**	**₱157,169,779**	**₱17,927,965,761**

**Excludes cash on hand*

	2022			
	General Approach			
	Stage 1	Stage 2	Stage 3	Simplified Approach
Cash and cash equivalents* (Note 7)	₱13,202,674,707	₱–	₱–	₱–
Receivables (Note 9):				
Trade receivables	–	–	–	15,255,487,783
Due from related parties	1,821,450,615	–	–	–
Interest receivable	22,844,495	–	–	–
Non-trade and other receivables	4,212,035,430	713,608,355	157,169,779	–
Total financial assets at amortized cost	₱19,259,005,247	₱713,608,355	₱157,169,779	₱15,255,487,783

**Excludes cash on hand*

iv. Aging analysis

Set out below is the information about the credit risk exposure on the Group's receivables:

	2023					
		Past Due but Not Impaired				
	Current	**Less than 30 Days**	**30 to 60 Days**	**60 to 90 Days**	**Over 90 Days**	**Total**
Gross carrying amount of trade receivables	**₱13,123,646,865**	**₱3,373,412,675**	**₱511,648,501**	**₱304,648,370**	**₱614,609,350**	**₱17,927,965,761**
Expected credit losses	**₱–**	**₱–**	**₱–**	**₱–**	**₱79,099,200**	**₱79,099,200**

	2022					
		Past Due but Not Impaired				
	Current	Less than 30 Days	30 to 60 Days	60 to 90 Days	Over 90 Days	Total
Gross carrying amount of trade receivables	₱11,605,224,165	₱2,923,346,044	₱105,863,673	₱146,920,922	₱474,132,980	₱15,255,487,784
Expected credit losses	₱–	₱–	₱–	₱–	₱69,791,773	₱69,791,773

Liquidity risk

Liquidity risk is the risk of not being able to meet funding obligation such as the repayment of liabilities or payment of asset purchases as they fall due. The Group's liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital and financial market conditions. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. It also maintains a portfolio of highly marketable and diverse financial assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities. Fund raising activities may include obtaining bank loans and capital market issues both onshore and offshore.

Maturity Profile of Financial Assets and Liabilities

The tables below summarize the maturity profile of the Group's financial assets as of December 31, 2023 and 2022 based on the remaining undiscounted contractual cash flows.

	2023					
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More than 5 years**	**Total**
Cash and cash equivalents* (Note 7)	**₱10,010,599,434**	**₱2,108,137,531**	**₱–**	**₱–**	**₱–**	**₱12,118,736,965**
Financial assets at FVTPL	**1,002,776,456**	–	–	–	–	**1,002,776,456**
Receivables (Note 9):						
Trade receivables	**1,430,906,221**	**16,497,059,540**	–	–	–	**17,927,965,761**
Due from related parties	**2,463,470,608**	–	–	–	–	**2,463,470,608**
Non-trade and other receivables	**2,714,955,431**	–	–	–	–	**2,714,955,431**
Financial assets at FVOCI	–	–	–	**120,600,000**		**120,600,000**
Deposits (Note 16)	–	–	–	**232,082,689**	**1,029,286,957**	**1,261,369,646**
	₱17,622,708,150	**₱18,605,197,071**	**₱–**	**₱352,682,689**	**₱1,029,286,957**	**₱37,609,874,867**

Excludes cash on hand

	2022					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 years	Total
Cash and cash equivalents* (Note 7)	₱8,897,029,367	₱4,305,645,340	₱–	₱–	₱–	₱13,202,674,707
Financial assets at FVTPL	834,807,019	–	–	–	–	834,807,019
Receivables (Note 9):						
Trade receivables	726,917,575	14,528,570,209	–	–	–	15,255,487,784
Due from related parties	1,821,450,615	–	–	–	–	1,821,450,615
Non-trade and other receivables	5,105,658,059	–	–	–	–	5,105,658,059
Financial assets at FVOCI	–	–	–	105,450,000	–	105,450,000
Deposits (Note 16)	–	–	–	201,313,737	721,845,480	923,159,217
	₱17,385,862,635	₱18,834,215,549	₱–	₱306,763,737	₱721,845,480	₱37,248,687,401

Excludes cash on hand

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2023 and 2022 based on the remaining undiscounted contractual cash flows.

	2023					
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More than 5 years**	**Total**
Accounts payable and other accrued liabilities:						
Trade payables, accrued expenses and other payables*	**₱12,121,605,240**	**₱13,611,834,204**	**₱2,747,951,895**	**₱12,231,070**	**₱–**	**₱28,493,622,409**
Due to related parties	**568,396,994**	**–**	**–**	**–**	**–**	**568,396,994**
Short-term debts**	**–**	**16,553,049,910**	**–**	**–**	**–**	**16,553,049,910**
Trust receipts payable**	**–**	**10,210,942,546**	**–**	**–**	**–**	**10,210,942,546**
Lease liabilities**	**–**	**104,806,356**	**318,078,212**	**637,741,087**	**1,511,435,564**	**2,572,061,219**
	₱12,690,002,234	**₱40,480,633,016**	**₱3,066,030,107**	**₱649,972,157**	**₱1,511,435,564**	**₱58,398,073,078**

**Excludes statutory liabilities*
***Includes future interest*

	2022					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 years	Total
Accounts payable and other accrued liabilities:						
Trade payables, accrued expenses and other payables*	₱9,526,364,834	₱14,652,549,424	₱710,771,205	₱25,880,412	₱59,581,745	₱24,975,147,620
Due to related parties	204,199,106	–	–	–	–	204,199,106
Short-term debts**	–	11,796,258,215	–	–	–	11,796,258,215
Trust receipts payable**	–	11,485,977,034	–	–	–	11,485,977,034
Lease liabilities**	–	134,902,584	288,468,536	1,152,560,695	1,809,101,854	3,385,033,669
	₱9,730,563,940	₱38,069,687,257	₱999,239,741	₱1,178,441,107	₱1,868,683,599	₱51,846,615,644

**Excludes statutory liabilities*
***Includes future interest*

Market risk
Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The three types of market risk are interest rate risk, foreign currency exchange risk and equity price risk.

Foreign currency risk
Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured.

The Group has transactional currency exposures. Such exposures arise from sales and purchases in currencies other than the entities' functional currency. For the years ended December 31, 2023, 2022, and 2021, approximately 20.7%, 21.5%, and 19.0% of the Group's total sales, respectively, are denominated in currencies other than the functional currency. In addition, 2.2% and 2.6% of the Group's debts are denominated in various currencies as of December 31, 2023 and 2022, respectively.

The Group estimates a reasonably possible change of +5.00 in the US Dollar to Philippine Peso exchange rate would have an impact of approximately ₱60.1 million and ₱3.1 million on income before income tax, and equity for the years ended December 31, 2023 and 2022, respectively. An equal change in the opposite direction would have decreased income before income tax by the same amount.

The impact of the range of reasonably possible changes in the exchange rates of the other currencies against the Philippine Peso on the Group's income before income tax as of December 31, 2023 and 2022 are not significant.

The exchange rates used to restate the US dollar-denominated financial assets and liabilities were ₱55.37 to US$1.00 and ₱55.76 to US$1.00 as of December 31, 2023 and 2022, respectively.

Equity price risk
Equity price risk is the risk that the fair values of equities will change as a result of changes in the levels of equity indices and the value of individual stocks.

The table below shows the effect on equity as a result of a change in the fair value of equity instruments held as financial assets at FVTPL investments due to reasonably possible changes in equity indices:

	2023		2022	
Changes in PSEi	**13.97%**	**-13.97%**	20.55%	-20.55%
Change in trading gain (loss) at equity portfolio	**₱28,316,718**	**(₱28,316,718)**	₱54,017,188	(₱54,017,188)
As a percentage of the Parent Company's trading gain for the year	**597.66%**	**(597.66%)**	130.34%	(130.34%)

The Group's investment in golf shares designated as financial assets at FVOCI are susceptible to market price risk arising from uncertainties about future values of the investment security. The Group estimates an increase of 1.00% would have an impact of approximately ₱1.2 million and ₱1.1 million on equity for the years ended December 31, 2023 and 2022. An equal change in the opposite direction would have decreased equity by the same amount.

Interest rate risk
As of December 31, 2023 and 2022, the Group has no interest rate risk exposure since there are no outstanding interest rate-sensitive assets and liabilities.

5. Fair Value Measurement

The following methods and assumptions were used to estimate the fair value of each asset and liability for which it is practicable to estimate such value:

Cash and cash equivalents, receivables (except amounts due from and due to related parties), accounts payable and other accrued liabilities, short-term debts and trust receipts payable
Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

Amounts due from and due to related parties
Carrying amounts of due from and due to related parties, which are payable and due on demand, approximate their fair values.

Financial assets at FVTPL and financial assets at FVOCI
Fair values of quoted equity securities are based on quoted prices published in markets while fair values of private equity funds are based on capital statements.

Deposits
The fair values are determined based on the present value of estimated future cash flows using prevailing market rates.

Biological assets
Biological assets are measured at their fair values less costs to sell. The fair values of Level 2 biological assets are determined based on current market prices of livestock of similar age, breed and genetic merit while Level 3 are determined based on adjusted commercial farmgate prices. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

The Group has determined that the highest and best use of the sucklings and weanlings is finishers while for other biological assets is their current use.

Investment properties
Fair value of investment properties is based on market data (or direct sales comparison) approach. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property.

The fair values of the Group's investment properties have been determined by appraisers in 2023, including independent external appraisers, on the basis of the recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time of the valuations are made.

The Group has determined that the highest and best use of the property used for the land and building is its current use.

Fair Value Measurement Hierarchy for Assets and Liabilities

	December 31, 2023				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets measured at fair value					
Financial assets					
Financial assets at FVTPL (Note 8):					
Quoted equity securities	**₱1,002,776,456**	**₱753,346,917**	**₱–**	**₱–**	**₱753,346,917**
Private equity, bonds and unquoted equity securities	**–**	**–**	**249,429,539**	**–**	**249,429,539**
Financial assets at FVOCI					
Quoted equity securities (Note 16)	**120,600,000**	**–**	**120,600,000**	**–**	**120,600,000**
Deposits (Note 16)	**1,261,369,646**	**–**	**–**	**1,227,975,725**	**1,227,975,725**
	₱2,384,746,102	**₱753,346,917**	**₱370,029,539**	**₱1,227,975,725**	**₱2,351,352,181**
Nonfinancial assets					
Biological assets (Note 13)	**₱271,933,727**	**₱–**	**₱20,311,419**	**₱251,622,308**	**₱271,933,727**
Assets for which fair values are disclosed					
Investment properties (Note 16)	**₱1,705,506**	**₱–**	**₱–**	**₱47,823,000**	**₱47,823,000**

	December 31, 2022				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets measured at fair value					
Financial assets					
Financial assets at FVTPL (Note 8):					
Quoted equity securities	₱834,807,019	₱834,807,019	₱–	₱–	₱834,807,019
Financial assets at FVOCI					
Quoted equity securities (Note 16)	105,450,000	–	105,450,000	–	105,450,000
Deposits (Note 16)	923,159,218	–	–	923,159,218	923,159,218
	₱1,863,416,237	₱834,807,019	₱105,450,000	₱923,159,218	₱1,863,416,237
Nonfinancial assets					
Biological assets (Note 13)	₱411,043,775	₱–	₱26,191,503	₱384,852,272	₱411,043,775
Assets for which fair values are disclosed					
Investment properties (Note 16)	₱1,958,173	₱–	₱–	₱47,823,000	₱47,823,000

For the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements. Nonfinancial assets determined under Level 3 include investment properties and biological assets. No transfers between any level of the fair value hierarchy took place in the equivalent comparative period.

Descriptions of significant unobservable inputs to valuation of biological assets, investment properties, and deposits under Level 3 of the fair value category follow:

Account	Valuation Technique	Significant Unobservable Inputs
Biological assets	Adjusted commercial farmgate prices	Commercial farmgate prices
Investment properties	Market data approach and cost approach	Price per square meter, size, shape, location, time element, replacement cost and depreciation for improvements
Deposits	Discounted cash flow method	Credit spread

Significant increases (decreases) in reasonable profit margin applied would result in a significantly higher (lower) fair value of the biological assets. Significant increases (decreases) in credit spreads would result in a significantly lower (higher) fair value of the deposits.

Significant unobservable inputs

Adjusted commercial farmgate prices	Fair value based on commercial farmgate prices, adjusted by considering the age, breed and genetic merit
Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.

Time element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time. In which case, the current data is superior to historic data.
Replacement cost	Estimated amount of money needed to replace in like kind and in new condition an asset or group of assets, taking into consideration current prices of materials, labor, contractor's overhead, profit and fees, and all other attendant costs associated with its acquisition and installation in place without provision for overtime or bonuses for labor, and premiums for materials.
Depreciation	Depreciation as evidenced by the observed condition in comparison with new units of like kind tempered by consideration given to extent, character, and utility of the property which is to be continued in its present use as part of a going concern but without specific relations to earnings.
Credit spread	Determined by reference to internal data and used to arrive at a discount rate by adding to the risk-free rate

6. Business Segment Information

The Group's operating segments 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 has three (3) reportable operating segments as follows:

- The BCF group manufactures, distributes, sells and markets a diverse mix of food and beverage products . This segment also includes the packaging division, which manufactures BOPP films primarily used in packaging; and its subsidiary, which manufactures flexible packaging materials for the packaging requirements of various branded food products. Its revenues are in their peak during the opening of classes and Christmas season.

- The AIC group segment operates three divisions: (1) AIG, which operates three divisions – a) Farms, b) Animal Nutrition and Health and c) Food, Drugs and Disinfectants with peak season during summer and before Christmas season; (2) Flour Division engages in flour milling and pasta manufacturing with peak season before and during the Christmas season; and (3) SURE, which operates the a) Sugar, b) Distillery, and c) Cogeneration divisions with peak season during its crop season, which normally starts in November and ends in April.
- The corporate business segment engages in bonds and securities investment and fund sourcing activities.

No operating segments have been aggregated to form the above reportable operating business segments.

Management monitors the operating results of business segments separately for the purpose of making decisions about resource allocation and performance assessment. The measure presented to manage segment performance is the segment operating income (loss). Segment operating income (loss) is based on the same accounting policies as consolidated operating income (loss) except that intersegment revenues are eliminated only at the consolidation level. Group financing (including finance costs and revenues), market valuation gain and loss, foreign exchange gains or losses, other revenues and expenses and income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

The following tables present the financial information of each of the operating segments in accordance with PFRSs except for Earnings before interest, income taxes and depreciation/ amortization (EBITDA) and Earnings before interest and income taxes (EBIT) as of and for the years ended December 31, 2023, 2022, and 2021.

The Group's business segment information follows (amounts in thousands):

	As of and for the year ended December 31, 2023				
	Branded Consumer Food	Agro-Industrial and Commodity Food	Corporate Business	Eliminations	Total
Sale of Goods and Services					
Third party	**₱109,615,321**	**₱48,751,388**	**₱–**	**₱–**	**₱158,366,709**
Inter-segment	**22,998,991**	**13,094,660**	**–**	**(36,093,651)**	**–**
	₱132,614,312	**₱61,846,048**	**₱–**	**(₱36,093,651)**	**₱158,366,709**
Result					
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	**₱16,251,353**	**₱10,364,021**	**(₱2,860,052)**	**₱–**	**₱23,755,322**
Depreciation and amortization (Note 24)	**(4,342,358)**	**(1,826,947)**	**(233,790)**	**–**	**(6,403,095)**
Earnings before interest and income tax (EBIT)	**₱11,908,995**	**₱8,537,074**	**(₱3,093,842)**	**₱–**	**₱17,352,227**
Finance costs (Note 27)	**(₱149,920)**	**(₱680,914)**	**(₱756,996)**	**₱–**	**(1,587,830)**
Finance revenue (Note 26)	**₱230,742**	**₱50**	**₱99,246**	**₱–**	**330,038**
Equity in net loss of joint ventures (Note 15)	**₱20,962**	**₱–**	**(₱308,211)**	**₱–**	**(287,249)**
Provision for credit and impairment losses (Notes 9 and 12)	**(₱30,399)**	**(₱205,487)**	**₱–**	**₱–**	**(235,886)**
Market valuation gain on financial assets and liabilities at FVTPL (Note 8)	**₱3,077**	**₱–**	**₱169,237**	**₱–**	**172,314**
Other expenses*					**(58,845)**
Income before income tax					**15,684,769**
Provision for income tax (Note 29)					**(2,980,168)**
Net income					**₱12,704,600**
Other Information					
Total assets	**₱114,894,756**	**₱63,905,437**	**₱1,501,507**		**₱180,301,700**
Total liabilities	**₱27,456,610**	**₱17,561,702**	**₱16,791,525**		**₱61,809,837**
Capital expenditures	**₱4,772,656**	**₱5,017,717**	**₱424,975**	**₱–**	**₱10,215,348**
Non-cash expenses other than depreciation and amortization:					
Impairment losses on:					
Receivables (Note 9)	**(₱9,338)**	**₱–**	**₱–**	**₱–**	**(₱9,338)**
Property, plant and equipment (Note 12)	**(21,061)**	**(205,487)**	**–**	**–**	**(226,548)**
	(₱30,399)	**(₱205,487)**	**₱–**	**₱–**	**(₱235,886)**

**Includes net foreign exchange losses and other income (expenses)*

	As of and for the year ended December 31, 2022				
	Branded Consumer Food	Agro-Industrial and Commodity Food	Corporate Business	Eliminations	Total
Sale of Goods and Services					
Third party	₱107,767,325	₱42,136,319	₱–	₱–	₱149,903,644
Inter-segment	24,696,963	11,851,292	–	(36,548,255)	–
	₱132,464,288	₱53,987,611	₱–	(₱36,548,255)	₱149,903,644
Result					
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱15,311,132	₱8,892,328	(₱2,691,603)	₱–	₱21,511,857
Depreciation and amortization (Note 24)	(4,196,537)	(1,762,844)	(328,872)	–	(6,288,253)
Earnings before interest and income tax (EBIT)	₱11,114,595	₱7,129,484	(₱3,020,475)	₱–	₱15,223,604
Finance revenue (Note 26)	₱199,948	₱982	₱94,088	₱–	295,018
Finance costs (Note 27)	(₱194,551)	(₱267,862)	(₱343,762)	₱–	(806,175)
Equity in net loss of joint ventures (Note 15)	₱1,350	₱–	(₱380,317)	₱–	(378,967)
Market valuation gain on financial assets and liabilities at FVTPL (Note 8)	₱–	₱–	₱70,404	₱–	70,404
Provision for credit and impairment losses (Notes 9 and 12)	(₱33,845)	(₱293,193)	₱–	₱–	(327,038)
Other income*					3,394,640
Income before income tax					17,471,486
Provision for income tax (Note 29)					(3,000,198)
Net income					₱14,471,288
Other Information					
Total assets	₱113,352,380	₱51,272,556	₱5,328,693	₱–	₱169,953,629
Total liabilities	₱27,082,074	₱14,900,584	₱12,000,630	₱–	₱53,983,288
Capital expenditures	₱5,389,404	₱3,489,206	₱256,302	₱–	₱9,134,912
Non-cash expenses other than depreciation and amortization:					
Impairment losses on:					
Receivables (Note 9)	(₱4,054)	₱–	₱–	₱–	(₱4,054)
Property, plant and equipment (Note 12)	(29,791)	(293,193)	–	–	(322,984)
	(₱33,845)	(₱293,193)	₱–	₱–	(₱327,038)

**Includes net foreign exchange losses and other income (expenses)*

	As of and for the year ended December 31, 2021				
	Branded Consumer Food	Agro-Industrial and Commodity Food	Corporate Business	Eliminations	Total
Sale of Goods and Services					
Third party	₱83,522,784	₱33,432,004	₱–	₱–	₱116,954,788
Inter-segment	17,959,755	9,149,538	–	(27,109,293)	–
	₱101,482,539	₱42,581,542	₱–	(₱27,109,293)	₱116,954,788
Result					
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱13,187,380	₱7,220,822	(₱1,928,931)	₱–	₱18,479,271
Depreciation and amortization (Note 24)	(3,789,211)	(1,704,790)	(268,875)	–	(5,762,876)
Earnings before interest and income tax (EBIT)	₱9,398,169	₱5,516,032	(₱2,197,806)	₱–	₱12,716,395
Finance revenue (Note 26)	₱197,998	₱1,808	₱55,566	₱–	255,372
Finance costs (Note 27)	(₱205,306)	(₱178,969)	(₱189,010)	₱–	(573,285)
Equity in net loss of joint ventures (Note 15)	₱–	₱–	(₱91,078)	₱–	(91,078)
Market valuation gain on financial assets and liabilities at FVTPL (Note 8)	₱–	₱–	₱87,195	₱–	87,195
Provision for credit and impairment losses (Notes 9, 10 and 12)	(₱549,736)	(₱22,483)	₱–	₱–	(572,219)
Other income*					2,721,599
Income before income tax					14,543,979
Provision for income tax (Note 29)					(1,578,671)
Net income from continuing operations					₱12,965,308
Net income from discontinued operations					11,280,572
Net income					₱24,245,880
Other Information					
Total assets	₱104,116,200	₱43,147,695	₱6,182,577	₱–	₱153,446,472
Total liabilities	₱ 25,048,014	₱10,811,157	₱7,819,567	₱–	₱43,678,738
Capital expenditures	₱7,776,376	₱4,997,180	₱426,136	₱–	₱13,199,692
Non-cash expenses other than depreciation and amortization:					
Impairment losses on:					
Receivables (Note 9)	(₱30,420)	₱–	₱–	₱–	(₱30,420)
Inventories (Note 10)	(87,540)	(21,628)	–	–	(109,168)
Property, plant and equipment (Note 12)	(431,776)	(855)	–	–	(432,631)
	(₱549,736)	(₱22,483)	₱–	₱–	(₱572,219)

**Includes net foreign exchange losses and other income (expenses)*

Inter-segment Revenues
Inter-segment revenues are eliminated at the consolidation level.

Segment Results
Segment results pertain to the net income (loss) of each of the operating segments excluding the amounts of market valuation gains and losses on financial assets at FVTPL, foreign exchange gains and losses and other revenues and expenses which are not allocated to operating segments.

Segment Assets
Segment assets are resources owned by each of the operating segments excluding significant inter-segment transactions.

Segment Liabilities
Segment liabilities are obligations incurred by each of the operating segments excluding significant inter-segment transactions. The Group also reports to the chief operating decision maker the breakdown of the short-term and long-term debts of each of the operating segments.

Capital Expenditures
The components of capital expenditures reported to the chief operating decision maker are the additions to investment property and property plant and equipment during the period.

Geographic Information
The Group operates in the Philippines, Vietnam, Thailand, Myanmar, Indonesia, Malaysia, Singapore, China and Hong Kong. As of December 31, 2021, the Group has discontinued its operations in New Zealand and Australia (see Note 30).

The following table shows the distribution of the Group's consolidated revenues to external customers by geographical market, regardless of where the goods were produced (in thousands):

	2023	2022	2021
Domestic	**₱125,575,194**	₱117,606,850	₱94,784,394
Foreign	**32,791,515**	32,296,794	22,170,394
	₱158,366,709	₱149,903,644	₱116,954,788

The Group has no customer which contributes 10% or more of the consolidated revenues of the Group.

The table below shows the Group's carrying amounts of noncurrent assets per geographic location excluding noncurrent financial assets, deferred tax assets and pension assets (in thousands):

	2023	2022
Domestic	**₱55,634,044**	₱52,934,837
Foreign	**34,071,345**	36,308,646
	₱89,705,389	₱89,243,483

7. **Cash and Cash Equivalents**

This account consists of:

	2023	2022
Cash on hand	**₱68,770,232**	₱48,543,950
Cash in banks (Note 32)	**10,010,599,434**	8,897,029,367
Short-term investments (Note 32)	**2,108,137,531**	4,305,645,340
	₱12,187,507,197	₱13,251,218,657

Cash in banks consist of savings and current accounts that earn interest at the prevailing bank deposit rates. Short-term investments represent money market placements that are made for varying periods depending on the immediate cash requirements of the Group and earn interest ranging from 0.10% to 7.30%, 0.35% to 7.30%, and from 0.03% to 5.30% for foreign currency-denominated money market placements for the years ended December 31, 2023, 2022, and 2021, respectively. Peso-denominated money market placements, on the other hand, earn interest of 4.00% for the year ended December 31, 2023 and interest ranging from 3.40% to 4.60%, and from 0.50% to 0.74% for the years ended December 31, 2022, and 2021, respectively.

Interest earned on cash and cash equivalents amounted to ₱259.6 million, ₱214.3 million, and ₱240.1 million for the years ended December 31, 2023, 2022, and 2021, respectively (see Notes 26 and 30).

8. Financial Assets at Fair Value Through Profit or Loss

This account consists of investments held-for-trading amounting to ₱1.0 billion and ₱834.8 million as of December 31, 2023 and 2022, respectively. Investments held-for-trading consist of bonds, private equity funds, and quoted and unquoted equity securities issued by certain domestic and foreign entities.

Market valuation gain on financial assets at FVTPL amounted to ₱172.3 million, ₱70.4 million and ₱87.2 million for the years ended December 31, 2023, 2022, and 2021, respectively.

The Group received dividends from its quoted equity securities amounting to ₱64.6 million, ₱80.8 million and ₱32.3 million for the years ended December 31, 2023, 2022, and 2021, respectively (see Note 26).

Interest earned on financial assets at FVTPL amounted to ₱5.8 million for the year ended December 31, 2023 (see Note 26).

9. Receivables

This account consists of:

	2023	2022
Trade receivables (Note 32)	**₱17,927,965,761**	₱15,255,487,783
Due from related parties (Note 32)	**2,463,470,608**	1,821,450,615
Non-trade receivables (Notes 32 and 35)	**1,661,444,980**	4,498,419,672
Interest receivable	**22,158,902**	22,844,495
Others	**1,031,351,549**	584,393,892
	23,106,391,800	22,182,596,457
Less: allowance for credit losses	**236,268,978**	226,961,552
	₱22,870,122,822	₱21,955,634,905

Non-trade and other receivables are noninterest-bearing and are due and demandable.

In 2022, the Group's non-trade receivables include receivable from an affiliate amounting to ₱2.4 billion which was collected in 2023 (see Notes 16 and 32).

Others include claims for insurance amounting to ₱120.0 million and ₱115.4 million as of December 31, 2023 and 2022, respectively.

Allowance for ECLs on Receivables

Changes in allowance for impairment losses on receivables follow:

	2023			
	Individual Assessment		**Collective Assessment**	
	Trade Receivables	**Other Receivables**	**Trade Receivables**	**Total**
Balances at beginning of period	**₱50,651,246**	**₱157,169,779**	**₱19,140,527**	**₱226,961,552**
Provision for credit losses	**9,337,591**	**–**	**–**	**9,337,591**
Write-off/others	**(30,164)**	**–**	**–**	**(30,164)**
Balances at end of period	**₱59,958,673**	**₱157,169,779**	**₱19,140,527**	**₱236,268,979**

	2022			
	Individual Assessment		Collective Assessment	
	Trade Receivables	Other Receivables	Trade Receivables	Total
Balances at beginning of the period	₱149,037,894	₱208,970,376	₱19,140,527	₱377,148,797
Provision for credit losses	4,053,837	–	–	4,053,837
Write-off/others	(102,440,485)	(51,800,597)	–	(154,241,082)
Balances at end of the period	₱50,651,246	₱157,169,779	₱19,140,527	₱226,961,552

Allowance for ECLs on other receivables includes credit losses on nontrade receivables, advances to officers and employees and other receivables. Allowance for ECLs on advances to officers and employees amounted to ₱19.6 million as of December 31, 2023 and 2022. Allowance for credit losses on nontrade and other receivables amounted to ₱137.5 million as of December 31, 2023 and 2022.

10. **Inventories**

This account consists of inventories as follows:

	2023	2022
At cost:		
Raw materials	**₱18,535,605,992**	₱19,641,664,542
Finished goods	**17,608,709,032**	8,565,466,907
Goods in-process	**2,406,182,236**	2,596,807,505
	38,550,497,260	30,803,938,954
At NRV:		
Spare parts and supplies	**₱5,145,383,384**	₱4,652,204,726
Containers and packaging materials	**2,162,792,526**	2,608,518,160
	7,308,175,910	7,260,722,886
	₱45,858,673,170	₱38,064,661,840

The total cost of inventories stated at NRV is at ₱7.5 billion and ₱7.4 billion as at December 31, 2023 and 2022, respectively.

Under the terms of the agreements covering interest-bearing liabilities under trust receipts totaling ₱10.2 billion and ₱11.5 billion as of December 31, 2023 and 2022, respectively, certain inventories which approximate the trust receipts payable have been released to the Group under trust receipt agreements with the banks. The Group is accountable to these banks for the trusteed merchandise. Interest expense from trust receipts payable amounted to ₱677.4 million, ₱266.1 million and ₱176.3 million for the years ended December 31, 2023, 2022, and 2021, respectively (see Note 27). Accrued interest payable on the Group's trust receipts liabilities amounted to ₱16.0 million and ₱18.8 million as of December 31, 2023 and 2022, respectively (see Note 18).

Inventory obsolescence included in 'Cost of sales' amounted to ₱1.2 billion, ₱808.3 million, and ₱798.9 million for the years ended December 31, 2023, 2022, and 2021, respectively.

11. **Other Current Assets**

This account consists of:

	2023	2022
Advances to suppliers	**₱5,105,797,597**	₱3,658,040,852
Input value-added tax (VAT)	**1,552,553,311**	1,591,655,015
Prepaid taxes	**376,209,257**	359,545,691
Prepaid insurance	**202,565,608**	94,617,315
Prepaid rent	**48,097,995**	74,284,606
Other prepaid expenses	**191,111,766**	64,925,242
	₱7,476,335,534	₱5,843,068,721

Advances to suppliers are generally applied to purchase of inventories and fixed assets, and availment of services within the next financial year.

Prepaid rent pertains to short-term leases of the Group that are paid in advance. Prepaid rent, taxes, and insurance are normally utilized within the next financial year.

Others include prepayments of advertising, office supplies and income tax credits that can be applied in the following quarter against the corporate income tax due or can be claimed as tax refund (whichever is applicable).

12. Property, Plant and Equipment

The rollforward of this account follows:

	As of and for the year ended December 31, 2023				
	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Sub-total
Cost					
Balance at beginning of year	**₱8,306,498,154**	**₱2,368,030,502**	**₱20,456,911,142**	**₱85,417,288,506**	**₱116,548,728,304**
Additions	**3,383,868**	**–**	**153,629,781**	**791,454,269**	**948,467,918**
Disposals, reclassifications and other adjustments	**(33,500,053)**	**60,029,567**	**274,934,644**	**(904,687,862)**	**(603,223,704)**
Balance at end of year	**8,276,381,969**	**2,428,060,069**	**20,885,475,567**	**85,304,054,913**	**116,893,972,518**
Accumulated Depreciation and Impairment Losses					
Balance at beginning of year	**–**	**917,065,868**	**10,445,754,681**	**60,579,015,318**	**71,941,835,867**
Depreciation and amortization (Note 24)	**–**	**82,883,527**	**1,013,160,639**	**4,410,440,411**	**5,506,484,577**
Provision for impairment losses	**–**	**15,544,461**	**210,693,430**	**–**	**226,237,891**
Disposals, reclassifications and other adjustments	**–**	**56,275,610**	**242,971,337**	**(607,245,876)**	**(307,998,929)**
Balance at end of year	**–**	**1,071,769,466**	**11,912,580,087**	**64,382,209,853**	**77,366,559,406**
Net Book Value	**₱8,276,381,969**	**₱1,356,290,603**	**₱8,972,895,480**	**₱20,921,845,060**	**₱39,527,413,112**

	As of and for the year ended December 31, 2023				
	Transportation Equipment	Furniture, Fixtures and Equipment	Construction In-progress	Equipment In-transit	Total
Cost					
Balance at beginning of year	**₱3,288,509,955**	**₱5,947,891,475**	**₱10,193,647,505**	**₱4,015,954,491**	**₱139,994,731,730**
Additions	**33,510,790**	**165,312,575**	**8,380,398,883**	**687,657,811**	**10,215,347,977**
Disposals, reclassifications and other adjustments	**(25,319,428)**	**(112,879,108)**	**2,539,378,476**	**(4,015,954,491)**	**(2,217,998,255)**
Balance at end of the year	**3,296,701,317**	**6,000,324,942**	**21,113,424,864**	**687,657,811**	**147,992,081,452**
Accumulated Depreciation and Impairment Losses					
Balance at beginning of year	**2,685,073,739**	**5,250,450,692**	**–**	**–**	**79,877,360,298**
Depreciation and amortization (Note 24)	**143,977,427**	**270,325,086**	**–**	**–**	**5,920,787,090**
Provision for impairment losses	**–**	**302,250**	**–**	**–**	**226,540,141**
Disposals, reclassifications and other adjustments	**(20,222,046)**	**(114,845,644)**	**–**	**–**	**(443,066,619)**
Balance at end of year	**2,808,829,120**	**5,406,232,384**	**–**	**–**	**85,581,620,910**
Net Book Value	**₱487,872,197**	**₱594,092,558**	**₱21,113,424,864**	**₱687,657,811**	**₱62,410,460,542**

	As of and for the year ended December 31, 2022				
	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Sub-total
Cost					
Balance at beginning of year (As Restated)	₱6,861,222,506	₱2,321,603,730	₱19,718,971,502	₱80,475,325,824	₱109,377,123,562
Additions	1,102,498,947	92,263,812	940,275,928	3,380,048,599	5,515,087,286
Additions from acquisition of subsidiaries (Note 14)	237,190,722	–	–	–	237,190,722
Disposals, reclassifications and other adjustments	105,585,979	(45,837,040)	(202,336,288)	1,561,914,083	1,419,326,734
Balance at end of year	8,306,498,154	2,368,030,502	20,456,911,142	85,417,288,506	116,548,728,304
Accumulated Depreciation and Amortization					
Balance at beginning of year	–	903,593,766	9,751,331,034	56,603,346,770	67,258,271,570
Depreciation and amortization (Note 24)	–	77,982,797	923,429,818	4,234,312,391	5,235,725,006
Disposals, reclassifications and other adjustments	–	(64,510,695)	(229,006,171)	(258,643,843)	(552,160,709)
Balance at end of year	–	917,065,868	10,445,754,681	60,579,015,318	71,941,835,867
Net Book Value	₱8,306,498,154	₱1,450,964,634	₱10,011,156,461	₱24,838,273,188	₱44,606,892,437

	As of and for the year ended December 31, 2022				
	Transportation Equipment	Furniture, Fixtures and Equipment	Construction In-progress	Equipment In-transit	Total
Cost					
Balance at beginning of year (As Restated)	₱3,196,798,731	₱5,801,194,125	₱7,648,126,607	₱5,136,687,997	₱131,159,931,022
Additions	137,317,274	246,583,976	2,421,653,105	814,270,377	9,134,912,018
Additions from acquisition of subsidiaries (Note 14)	–	–	–	–	237,190,722
Disposals, reclassifications and other adjustments	(45,606,050)	(99,886,626)	123,867,793	(1,935,003,883)	(537,302,032)
Balance at end of the year	3,288,509,955	5,947,891,475	10,193,647,505	4,015,954,491	139,994,731,730
Accumulated Depreciation and Amortization					
Balance at beginning of year	2,619,590,654	4,899,025,588	–	–	74,776,887,812
Depreciation and amortization (Note 24)	154,290,180	352,504,768	–	–	5,742,519,954
Disposals, reclassifications and other adjustments	(88,807,095)	(1,079,664)	–	–	(642,047,468)
Balance at end of year	2,685,073,739	5,250,450,692	–	–	79,877,360,298
Net Book Value	₱603,436,216	₱697,440,783	₱10,193,647,505	₱4,015,954,491	₱60,117,371,432

The Group entered into an agreement with Central Azucarera de Don Pedro, Inc. (CADPI) for the acquisition of its machineries and equipment used in the sugar milling plant operations. On June 6, 2023, the Parent Company and CADPI proceeded to close the sale transaction, with the signing and delivery of definitive sales agreements as well as performance of all conditions necessary for the closing of the transaction on June of the same year. The Group recognized property, plant and equipment amounting to ₱892.9 million from the transaction under the 'Construction-in-progress' account.

In May 2021, CFC Corporation executed a Memorandum of Agreement and Deed of Absolute Sale with a related party, selling its parcel of land costing ₱8.0 million at ₱3.1 billion selling price, net of ₱132.9 million unamortized discounts on long-term receivable (see Note 16). Gain on disposal attributable to sale amounted to ₱3.1 billion, which was recognized under 'Other income (losses) - net' in the consolidated statements of income.

In January 2021, the Parent Company executed a Memorandum of Agreement and Deed of Absolute Sale with a third party for the sale of its Tolong millsite with a selling price amounting to ₱1.2 billion. Gain on disposal attributable to sale amounted to ₱18.9 million, which was recognized under 'Other income (losses) - net' in the consolidated statements of income.

Borrowing Costs

For the years ended December 31, 2023, 2022, and 2021, no borrowing costs have been incurred related to property, plant and equipment under construction.

Depreciation

The breakdown of consolidated depreciation and amortization of property, plant and equipment follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Cost of sales (Note 21)	**₱5,373,826,246**	₱5,082,358,368	₱4,701,076,968
Selling and distribution costs (Note 22)	**254,914,658**	89,633,478	95,725,887
General and administrative expenses (Note 23)	**292,046,186**	570,528,108	526,676,490
Discontinued operations	–	–	825,235,341
	₱5,920,787,090	₱5,742,519,954	₱6,148,714,686

Impairment Losses

The Group recognized impairment losses on property, plant and equipment amounting to ₱226.5 million, ₱323.0 million and ₱432.6 million in 2023, 2022 and 2021, respectively. The impairment losses pertain to (a) property and equipment in non-operational plants; (b) office space leasehold improvements and furniture and fixtures; and (c) discontinued production line and hog farms.

Collateral
As of December 31, 2023 and 2022, the Group has no property and equipment that are pledged as collateral.

13. Biological Assets

Total biological assets shown in the consolidated statements of financial position follow:

	2023	2022
Current portion	**₱111,278,386**	₱205,303,346
Noncurrent portion	**160,655,341**	205,740,429
	₱271,933,727	₱411,043,775

These biological assets consist of:

	2023	2022
Swine livestock:		
Commercial	**₱90,750,402**	₱180,766,167
Breeder	**54,032,600**	94,745,595
Poultry livestock:		
Commercial	**20,527,984**	24,537,179
Breeder	**106,622,741**	110,994,834
	₱271,933,727	₱411,043,775

The rollforward analysis of this account follows:

	2023	2022
Balances at beginning of year	**₱411,043,775**	₱298,250,510
Additions	**472,987,816**	744,579,361
Disposals	**(612,434,036)**	(632,097,589)
Gain arising from changes in fair value less estimated costs to sell	**336,172**	311,493
Balances at end of year	**₱271,933,727**	₱411,043,775

The Group has 20,709 and 28,067 heads of swine livestock and 489,819 and 653,657 heads of poultry livestock as of December 31, 2023 and 2022, respectively.

14. Goodwill and Intangible Assets

The movement of the goodwill is as follows:

	2023	2022
Cost		
Balance at beginning of year	**₱19,628,803,384**	₱19,017,429,187
Translation adjustment	**(883,327,702)**	611,374,197
Balance at end of year	**18,745,475,682**	19,628,803,384
Accumulated Impairment Losses		
Balance at beginning and end of year	**265,719,291**	265,719,291
Net Book Value	**₱18,479,756,391**	₱19,363,084,093

The composition of the Group's goodwill is as follows:

	2023	2022
Acquisition of Munchy's Group in December 2021	**₱17,691,511,167**	₱18,574,838,869
The excess of the acquisition cost over the fair values of the net assets acquired by UABCL in 2000	**775,835,598**	775,835,598
Acquisition of Balayan Sugar Mill in February 2016	**12,409,626**	12,409,626
	₱18,479,756,391	₱19,363,084,093

The composition and movements of intangible assets follow:

	As of and for the year ended December 31, 2023				
	Trademarks/ Brands	**Product Formulation**	**Software Costs**	**Trade Secrets**	**Total**
Cost					
Balances at beginning of period	**₱3,183,803,505**	**₱425,000,000**	**₱151,221,059**	**₱1,363,305,068**	**₱5,123,329,632**
Additions	**966,072**	**–**	**605,555,134**	**–**	**606,521,206**
Translation adjustments	**(137,770,229)**	**–**	**–**	**(64,100,464)**	**(201,870,693)**
	3,046,999,348	**425,000,000**	**756,776,193**	**1,299,204,604**	**5,527,980,145**
Accumulated Amortization and Impairment Losses					
Balances at beginning of period	**201,551,877**	**–**	**57,383,454**	**–**	**258,935,331**
Amortization during the period (Note 24)	**125,498**	**–**	**81,735,831**	**–**	**81,861,329**
Translation adjustments	**97,935**	**–**	**109,334**	**–**	**207,269**
	201,775,310	**–**	**139,228,619**	**–**	**341,003,929**
Net Book Value at End of Year	**₱2,845,224,038**	**₱425,000,000**	**₱617,547,574**	**₱1,299,204,604**	**₱5,186,976,216**

	As of and for the year ended December 31, 2022				
	Trademarks/ Brands	Product Formulation	Software Costs	Trade Secrets	Total
Cost					
Balances at beginning of period	₱3,086,710,140	₱425,000,000	₱–	₱1,318,433,102	₱4,830,143,242
Additions	650,719	–	151,221,059	–	151,871,778
Translation adjustments	96,442,646	–	–	44,871,966	141,314,612
	3,183,803,505	425,000,000	151,221,059	1,363,305,068	5,123,329,632
Accumulated Amortization and Impairment Losses					
Balances at beginning of period	201,524,581	–	–	–	201,524,581
Amortization during the period (Note 24)	76,585	–	57,383,872	–	57,460,457
Disposal/translation adjustments	(49,289)	–	(418)	–	(49,707)
	201,551,877	–	57,383,454	–	258,935,331
Net Book Value at End of Year	₱2,982,251,628	₱425,000,000	₱93,837,605	₱1,363,305,068	₱4,864,394,301

Trademarks, brands and trade secrets were recognized as a result of acquisition of Munchys' Group in 2021. There were also trademarks and product formulation from the acquisition of General Milling Corporation in 2008.

The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of December 31, 2023 and 2022. In 2023 and 2022, the recoverable amounts of goodwill and other intangible assets were determined based on value in use calculations.

Value in use calculations used cash flow projections from financial budgets approved by management covering a five-year period.

Growth rate estimates - growth rates include revenue growth and terminal growth rates that are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates. Terminal growth rates used in computing the projected future cash flows ranged from 2.00% to 4.61% and 4.20% to 5.00% as of December 31, 2023 and 2022, respectively.

Discount rates - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio. The discount rates applied to cash flow projections range from 8.59% to 12.86% and 9.30% to 10.54% for the years ended December 31, 2023 and 2022, respectively.

Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying values of goodwill and intangible assets arising from the Group's acquisitions to materially exceed their recoverable amounts.

15. Investments in Joint Ventures

The rollforward analysis of this account follows:

	2023	2022
Acquisition Cost		
Balance at beginning of year	**₱1,489,262,362**	₱1,028,262,362
Additional investments	**250,000,000**	461,000,000
Balance at end of year	**1,739,262,362**	1,489,262,362
Accumulated Equity in Net Losses		
Balance at beginning of year	**(1,351,171,873)**	(972,204,183)
Equity in net losses of joint ventures	**(287,249,905)**	(378,967,690)
Balance at end of year	**(1,638,421,778)**	(1,351,171,873)
Cumulative Translation Adjustments	**(1,491,631)**	(30,353)
Net Book Value at End of Year	**₱99,348,953**	₱138,060,136

Vitasoy-URC, Inc.
On October 4, 2016, the Parent Company entered into a joint venture agreement with Vita International Holdings Limited, a corporation duly organized in Hong Kong to form Vitasoy - URC (VURCI), a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the "Vitasoy" brand name, which is under exclusive license to VURCI in the Philippines.

On May 19, 2022, the Parent Company made additional subscriptions to the unissued authorized capital stock of VURCI consisting of 46.1 million common shares for a total cost of ₱461.0 million, which includes, ₱80.9 million cash and receivables amounting to ₱380.1 million converted to equity.

On April 28, 2023, the Parent Company made additional subscriptions to the unissued authorized capital stock of VURCI consisting of 7.5 million common shares for a total cost of ₱75.0 million which has been fully paid in cash.

Danone Universal Robina Beverages, Inc.
On May 23, 2014, the Parent Company entered into a joint venture agreement with Danone Asia Holdings Pte. Ltd., a corporation duly organized in the Republic of Singapore to form Danone Universal Robina Beverages, Inc. (DURBI), a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the "B'lue" brand name, which is under exclusive license to DURBI in the Philippines.

On April 19, 2021, the Parent Company made additional subscriptions to the unissued authorized capital stock of DURBI consisting of 5.0 million common shares for a total cost of ₱100.0 million.

On October 23, 2023, the Parent Company made additional subscriptions to the unissued authorized capital stock of DURBI consisting of 8.8 million common shares for a total cost of ₱175.0 million which has been fully paid in cash.

Calbee-URC Malaysia
On August 23, 2017, URC Malaysia entered into a joint venture agreement with Calbee, Inc., a corporation duly organized in Japan to form Calbee-URC Malaysia Sdn Bhd (CURM), a corporation registered with the Companies Commission of Malaysia organized to manufacture savory snack products.

Proper Snack Foods Ltd.
On June 30, 2017, Griffin's Food Limited (Griffin's) purchased 50.1% of the shares in Proper Snack Foods Ltd. (PSFL) for approximately NZ$7.8 million (₱275.3 million).

In January 2021, the Shareholders' Agreement was amended that resulted to Griffin's gaining ultimate control of the Board with no change in equity interest, which is still at 50.1%. No consideration was paid for the transaction and PSFL net assets at the time of business combination amounted to US$4.6 million (₱226.0 million).

Goodwill and non-controlling interest arising from the business combination amounted to ₱461.6 million and ₱341.3 million, respectively. PSFL is derecognized as part of Oceania business sale in October 2021 (see Note 30).

As of December 31, 2023 and 2022, the Parent Company has the following percentage of ownership of shares in its joint ventures and its related equity in the net assets as summarized below:

	Place of Business	Percentage of Ownership
VURCI	Philippines	50.00
DURBI	-do-	50.00
CURM	Malaysia	50.00

Summarized financial information in respect of the Group's joint ventures as of December 31, 2023 and 2022 are presented below (in thousands).

	VURCI		DURBI		CURM	
	2023	2022	**2023**	2022	**2023**	2022
Revenue	**₱403,489**	₱288,035	**₱407,828**	₱346,140	**₱462,239**	₱436,018
Costs and expenses	**390,564**	304,788	**408,273**	367,423	**414,442**	430,983
Net income (loss)	**(255,397)**	(324,430)	**3,196**	(25,867)	**36,776**	4,302
Current assets	**987,871**	594,380	**479,878**	358,119	**157,640**	₱170,215
Noncurrent assets	**482,759**	569,971	**5,025**	6,042	**37,570**	28,846
Current liabilities	**1,071,026**	834,849	**576,827**	805,526	**41,504**	75,816
Noncurrent liabilities	**9,470**	16,105	**1,982**	3,227	**–**	–
Equity	**₱390,134**	₱313,397	**(93,906)**	(₱444,593)	**₱153,707**	₱123,245
Group share in equity	**₱22,816**	₱80,682	**₱–**	₱–	**₱76,533**	₱57,378
Carrying amount of investment	**₱22,816**	₱80,682	**₱–**	₱–	**₱76,533**	₱57,378

The summarized financial information presented above represents amounts shown in the joint ventures' financial statements prepared in accordance with PFRSs.

The joint venture companies are private companies and there are no quoted prices available for their shares.

No dividends were declared by and received from the joint ventures for the years ended December 31, 2023 and 2022.

As of December 31, 2023 and 2022, there were no agreements entered into by the joint ventures that may restrict dividends and other capital distributions to be paid, or loans and advances to be made or repaid to or from the Group. In addition, the Group has no share on commitments and contingencies of its joint ventures.

16. **Other Noncurrent Assets**

This account consists of:

	2023	2022
Deposits	**₱1,261,369,646**	₱923,159,218
Input VAT	**475,107,948**	473,049,635
Financial assets at FVOCI	**120,600,000**	105,450,000
Investment properties	**1,705,506**	1,958,173
Others	**327,342,353**	1,155,092,910
	₱2,186,125,453	₱2,658,709,936

Deposits
The Group's deposits pertain to the installation of power and water meters, returnable containers and security deposits for operating leases of plants, warehouses and office buildings. The security deposits are recoverable from the lessors at the end of the lease terms, which range from 2 to 30 years.

Input VAT
Input tax pertains to VAT from purchases and/or importations of various parts, supplies, equipment, machineries and or capital goods, which will be claimed as credit against output tax liabilities in a manner prescribed by pertinent revenue regulations.

Financial Assets at FVOCI
As of December 31, 2023 and 2022, financial assets at FVOCI consists of equity securities with the following movements:

	2023	2022
Balance at beginning of year	**₱105,450,000**	₱157,703,381
Reclassification/disposal	–	(77,103,381)
Changes in fair value during the year (Note 20)	**15,150,000**	24,850,000
Balance at end of year	**₱120,600,000**	₱105,450,000

Fair value changes of financial assets at FVOCI are presented as components of 'Other comprehensive income' in Equity.

Investment Properties
The rollforward analysis of investment properties follows:

	2023	2022
Cost		
Balance at beginning and end of year	**₱6,588,020**	₱94,554,666
Disposals	**–**	(87,966,646)
Balance at end of year	**6,588,020**	6,588,020
Accumulated depreciation		
Balance at beginning of year	**4,629,847**	67,803,878
Depreciation (Note 24)	**252,667**	3,211,360
Disposals	**–**	(66,385,391)
Balance at end of year	**4,882,514**	4,629,847
Net book value at end of year	**₱1,705,506**	₱1,958,173

Investment properties consist of buildings and building improvements which are leased out to related and third parties (see Notes 32 and 34).

In December 2022, the Parent Company executed a Deed of Absolute Sale with a related party for the sale of investment properties at ₱3.3 billion selling price. Gain on disposal attributable to the sale amounted to ₱3.3 billion, which was recognized under 'Other income (losses) - net' in the consolidated statements of income.

Total rental income earned from investment properties included under 'Other income (losses) - net' in the consolidated statements of income amounted to ₱41.8 million, ₱84.4 million, and ₱81.4 million for years ended December 31, 2023, 2022, and 2021, respectively.

Direct operating expenses (included under 'General and administrative expenses' in the consolidated statements of income) arising from investment properties amounted to ₱0.4 million, ₱0.9 million, and ₱0.8 million for the years ended December 31, 2023, 2022, and 2021.

As of December 31, 2023 and 2022, the Group has no investment properties that are pledged as collateral.

Others
Other noncurrent assets as of December 31, 2022 include noncurrent receivable from an affiliate amounting to ₱823.2 million, which was reclassified to current nontrade receivable as of December 31, 2023 as collection is expected to happen in 2024 per terms of the sale.

17. Short-term Debts

This account consists of:

	2023	2022
Peso-denominated loan - unsecured with interest ranging from 6.30% to 6.40% and 5.10% to 5.70% for the years ended December 31, 2023 and 2022, respectively	**₱15,140,000,000**	₱10,390,000,000
Thai Baht-denominated loans - unsecured with interest ranging from 2.80% to 2.95% and from 1.80% to 1.97% for the years ended December 31, 2023 and 2023, respectively	**1,376,814,596**	1,372,287,539
	₱16,516,814,596	₱11,762,287,539

Accrued interest payable on the Group's short-term debts amounted to ₱119.2 million and ₱23.5 million as of December 31, 2023 and 2022, respectively (see Note 18). Interest expense from the short-term debts amounted to ₱744.4 million, ₱324.2 million and ₱156.8 million for the years ended December 31, 2023, 2022, and 2021, respectively (see Note 27).

18. **Accounts Payable and Other Accrued Liabilities**

This account consists of:

	2023	2022
Trade payables (Note 32)	**₱17,116,344,577**	₱15,097,599,464
Accrued expenses	**9,517,795,726**	7,911,839,895
Customers' deposits	**1,587,268,656**	1,613,432,305
Advances from stockholders (Note 32)	**267,241,952**	298,274,368
Due to related parties (Note 32)	**568,396,994**	204,199,106
VAT payable	**401,972,940**	125,115,362
Others	**194,770,514**	230,511,713
	₱29,653,791,359	₱25,480,972,213

Trade payables are noninterest-bearing and are normally settled on 30-60 day terms. Trade payables mainly arise from purchases of inventories which include raw materials and indirect materials (i.e., packaging materials) and supplies, for use in manufacturing and other operations.

Customers' deposits represent downpayments for the sale of goods or performance of services which will be applied against accounts receivables upon delivery of goods or rendering of services.

The accrued expenses account consists of:

	2023	2022
Advertising and promotions	**₱5,261,032,114**	₱4,186,309,791
Contracted services	**701,889,217**	584,962,038
Personnel costs	**914,683,089**	457,908,472
Freight and handling costs	**183,295,507**	340,281,970
Rent	**334,371,515**	280,995,742
Utilities	**302,925,758**	261,685,875
Professional and legal fees	**181,784,148**	172,601,985
Interest (Notes 10 and 17)	**135,180,599**	42,270,323
Others	**1,502,633,779**	1,584,823,699
	₱9,517,795,726	₱7,911,839,895

Accrued professional and legal fees include fees or services rendered by third party consultants to review the Group's new business and channel entry opportunities within the food and beverage space to drive additional growth. The related expense recognized under 'Other income (losses) – net' in the 2023, 2022 and 2021 consolidated statements of income amounted to ₱57.9 million, ₱43.2 million and ₱257.6 million, respectively.

Others include accruals for taxes and licenses, commission, royalties, and other benefits.

19. Equity

The details of the Parent Company's common stock as of December 31 follow:

	2023	2022
Authorized shares	**2,998,000,000**	2,998,000,000
Par value per share	**₱1.00**	₱1.00
Issued shares:		
Balance at beginning and end of year	**2,230,160,190**	2,230,160,190
Outstanding shares	**2,177,422,968**	2,178,507,618

The paid-up capital of the Parent Company consists of the following as of December 31, 2023 and 2022:

Common stock	₱2,230,160,190
Additional paid-in capital	21,191,974,542
Total paid-up capital	₱23,422,134,732

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

The Group monitors its use of capital structure using a financial debt-to-equity ratio which is total financial debt divided by total equity. The Group includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity.

Following is a computation of the Group's financial debt-to-equity ratio:

	2023	2022
(a) Short-term debts (Note 17)	**₱16,516,814,596**	₱11,762,287,539
Trust receipts payable (Note 10)	**10,172,836,289**	11,457,712,536
	₱26,689,650,885	₱23,220,000,075
(b) Equity	**₱118,491,863,152**	₱115,970,341,095
(c) Financial debt-to-equity ratio (a/b)	**0.23:1**	0.20:1

The Group's policy is to not exceed a financial debt-to-equity ratio of 2:1. The Group considers its total equity as capital.

Cumulative Redeemable Preferred Shares

The Group's authorized preferred shares of stock are 12.00% cumulative, nonparticipating, and nonvoting. In case of dissolution and liquidation of the Parent Company, the holders of the preferred shares shall be entitled to be paid an amount equal to the par value of the shares or ratably insofar as the assets of the Parent Company may warrant, plus accrued and unpaid dividends thereon, if any, before the holders of the common shares of stock can be paid their liquidating dividends. The authorized preferred stock is 2,000,000 shares at par value of ₱1.00 per share. There have been no issuances of preferred stock as of December 31, 2023 and 2022.

Retained Earnings

Accumulated equity in net earnings of the subsidiaries

A portion of the Group's retained earnings corresponding to the undistributed net earnings of the subsidiaries and joint ventures amounting to ₱83.3 billion and ₱80.6 billion as of December 31, 2023 and 2022, respectively, is not available for dividend declaration. This becomes available for dividend declaration upon dividend distribution by the investees.

Dividends
Details of the Group's dividend declarations follow:

Parent Company

Year	Date of declaration	Dividend per share	Total dividends	Date of record	Date of payment
2023	**March 28, 2023**	**₱1.50**	**₱3.3 billion**	**March 31, 2023**	**April 28, 2023**
2023	**August 31, 2023**	**₱2.12**	**₱4.6 billion**	**September 1, 2023**	**September 27, 2023**
2022	March 4, 2022	₱1.50	₱3.3 billion	April 03, 2022	April 29, 2022
2022	March 4, 2022	₱1.95	₱4.3 billion	April 03, 2022	April 29, 2022
2021	April 29, 2021	₱1.50	₱3.3 billion	May 20, 2021	June 15, 2021
2021	July 30, 2021	₱1.80	₱4.0 billion	August 19, 2021	September 15, 2021

NURC

Year	Date of declaration	Dividend per share	Total dividends	Date of record	Date of payment
2023	**July 20, 2023**	**₱5.53**	**₱1,045.0 million**	**December 31, 2022**	**September 29, 2023**
2022	June 21, 2022	₱3.19	₱603.0 million	December 31, 2021	September 30, 2022
2021	June 10, 2021	₱4.68	₱885.0 million	June 10, 2021	December 31, 2021

The Group intends to maintain an annual cash dividend payment ratio of 50.0% of the Group's consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. The BOD may, at any time, modify such dividend payment ratio.

Treasury Shares
The Parent Company has outstanding treasury shares of 52.7 million shares (₱3.8 billion) and 51.7 million shares (₱3.7 billion) as of December 31, 2023 and 2022, respectively, restricting the Parent Company from declaring an equivalent amount from unappropriated retained earnings as dividends.

Equity Reserve
In August 2012, the Parent Company acquired 23.0 million common shares of URCICL from International Horizons Investment Ltd for ₱7.2 billion. The acquisition of shares represented the remaining 23.00% interest in URCICL. As a result of the acquisition, the Parent Company now holds 100.00% interest in URCICL. The Group charged equity reserve from the acquisition amounting to about ₱5.6 billion presented under 'Equity reserve' in the consolidated statements of financial position.

In December 2014, URC entered into a share purchase agreement with Nissin Foods (Asia) Pte. Ltd. to sell 14.0% of its equity interest in NURC for a total consideration of ₱506.7 million. As a result of the sale, the equity interest of URC changed from 65.0% to 51.0%. The excess of the consideration received over the carrying amount of the equity transferred to NCI amounting to ₱481.1 million is presented under 'Equity reserve' in the consolidated statements of financial position.

In December 2019, Intersnack bought 40% of the Group's equity interest in the Oceania businesses for a total consideration of ₱7.7 billion. As a result of the sale, the equity interest of URC changed from 100.0% to 60.0%. The excess of the total consideration received over the carrying amount of the equity transferred to NCI amounting to ₱2.4 billion was presented under 'Equity reserve' in the consolidated statements of financial position.

In October 2021, the Group sold its remaining 60.0% equity interest in Oceania businesses to Intersnack (see Note 30). As a result, the Group derecognized the assets and liabilities related to its Oceania businesses. The Group is of the view that the Equity Reserve can be reclassified to Retained Earnings to present more useful information about its equity. The Group evaluated the nature of the Equity Reserve, and if there are specific requirements on its derecognition. Management also considered nature of equity and the applicability of the requirements of PFRSs and definitions, recognition criteria and measurement concepts in the Framework.

On February 8, 2022, the Group requested for the Philippine SEC's opinion on the reclassification and subsequent treatment of the Equity Reserve. On February 22, 2022, the SEC confirmed that the reclassification of the Equity Reserve to Retained Earnings does not counter any principles in PFRSs, and would allow for more understandable financial information for users. Accordingly, the Group reclassified Equity Reserve amounting to ₱2.4 billion to Retained Earnings.

In February 2022, URC Foods (Singapore) Pte. Ltd. acquired 23,805 common shares of PPICL from Hong Kong Peggy Foods Company Limited for ₱ 214.9 million. The acquisition of shares represented 100.00% interest in PPICL. The Group charged equity reserve from the acquisition amounting to about ₱13.2 million presented under 'Equity reserve' in the consolidated statements of financial position.

In October 2023, UABCL acquired 2,000,000 common shares of URC Malaysia from a non-controlling interest for ₱0.4 million (MYR 36,000). The acquisition of additional shares resulted to an increase of the equity interest of URC from 91.5% to 95.6%. The Group charged equity reserve from the acquisition amounting to about ₱15.7 million presented under 'Equity reserve' in the consolidated statements of financial position.

Non-controlling Interest

The equity interest held by non-controlling interest in NURC, a subsidiary with material non-controlling interest, is 49.0% as of December 31, 2023 and 2022.

The summarized financial information (before inter-company eliminations) of NURC, a subsidiary with material non-controlling interest follows (in thousands):

	2023	2022
Current assets	**₱2,750,445**	₱3,087,614
Noncurrent assets	**1,904,365**	1,484,820
Current liabilities	**2,733,488**	2,821,929
Noncurrent liabilities	**114,835**	129,530
Revenue	**10,169,120**	9,891,350
Costs and expenses	**8,524,454**	8,488,123
Net income	**1,234,847**	1,070,666

The accumulated non-controlling interest of material non-controlling interest as of December 2023 and 2022 amounted to ₱875.8 million and ₱784.9 million, respectively.

The profit allocated to non-controlling interest for the years ended December 31, 2023, 2022, and 2021, amounted to ₱613.3 million, ₱515.1 million, and ₱922.2 million, respectively.

Record of Registration of Securities with SEC

Summarized below is the Parent Company's track record of registration of securities under the Securities Registration Code:

Date of offering	Type of offering	No. of shares offered	Par value	Offer price	Authorized number of shares	Issued and outstanding shares
February 17, 1994	Registration of authorized capital stock	–	₱1.00	₱–	1,998,000,000 common shares 2,000,000 preferred shares	–
February 23, 1994	Initial public offering					
	Subscribed and fully paid common shares	929,890,908	1.00	1.00	–	929,890,908
	New common shares	309,963,636	1.00	21.06	–	309,963,636
July 21, 1995	20.00% stock dividend	247,970,907	–	–	–	247,970,907
October 15, 2001	10.00% stock dividend	148,782,542	–	–	–	148,782,542
June 20, 2003	Property-for-share swap [the Parent Company shares in exchange for property of Robinsons Supermarket Corporation (RSC)]	49,871,556	–	–	–	49,871,556
December 16, 2005	Increase in authorized capital stock (payment by way of 15.00% stock dividend)	–	–	–	1,000,000,000 common shares	252,971,932

(Forward)

Date of offering	Type of offering	No. of shares offered	Par value	Offer price	Authorized number of shares	Issued and outstanding shares
February 7, 2006	New share offering for common shares:					
	a. Primary shares	282,400,000	₱1.00	₱17.00	–	282,400,000
	b. Secondary shares	352,382,600				
	c. Over-allotment shares	95,217,400				
November 14, 2007 to October 20, 2008	Acquisition of Parent Company's shares under the share buy-back program	–	–	–	–	(75,104,200)
April 21, 2009	Issuance of shares to JGSHI	–	–	–	–	5,787,452
December 8, 2009 to January 27, 2011	Acquisition of Parent Company's shares under the share buy-back Program	–	–	–	–	(91,032,800)
June 14, 2012	Sale of treasury shares	–	–	–	–	120,000,000
September 30, 2016	Sale of treasury shares	–	–	–	–	22,659,935
April 24, 2018	Issuance of shares to stockholders	–	–	–	–	2,521,257
April 24, 2018	Re-purchase of shares issued to stockholders	–	–	–	–	(2,521,257)
November 8, 2021 to December 13, 2021	Acquisition of Parent Company's shares under the share buy-back program	–	–	–	–	(3,178,490)
January 17, 2022 to August 22, 2022	Acquisition of Parent Company's shares under the share buy-back program	–	–	–	–	(22,475,760)
August 16, 2023 to December 22, 2023	Acquisition of Parent Company's shares under the share buy-back program	–	–	–	–	(1,084,650)
						2,177,422,968

The table below provides information regarding the number of stockholders of the Parent Company:

	2023	2022	2021
Common shares	**995**	996	1,002

20. Components of Other Comprehensive Income

The breakdown and movement of other comprehensive income attributable to equity holders of the Parent Company follow:

	2023	2022	2021
Items to be reclassified to profit or loss in subsequent periods, net of tax:			
Cumulative translation adjustments*	**₱4,101,683,755**	₱5,290,601,426	₱3,417,686,647
Net unrealized loss on cash flow hedges:			
Balance at beginning of year	**–**	–	(19,127,379)
Change in fair value during the year	**–**	–	19,127,379
Balance at end of year	**–**	–	–
	4,101,683,755	5,290,601,426	3,417,686,647
Item not to be reclassified to profit or loss in subsequent periods:			
Net unrealized gain on financial assets at FVOCI			
Balance at beginning of year	**84,360,000**	59,510,000	53,680,000
Change in fair value during the year (Note 16)	**15,150,000**	24,850,000	5,830,000
Balance at end of year	**99,510,000**	84,360,000	59,510,000
Remeasurement losses on defined benefit plans, gross of tax:			
Balance at beginning of year	**(54,989,150)**	(281,022,230)	(921,973,756)
Remeasurement gain (loss) on defined benefit plans during the year (Note 28)	**(610,082,870)**	226,033,080	640,951,526
Balance at end of year	**(665,072,020)**	(54,989,150)	(281,022,230)
Income tax effect	**166,267,291**	13,746,573	70,254,843
Balance at end of year	**(498,804,729)**	(41,242,577)	(210,767,387)
	(399,294,729)	43,117,423	(151,257,387)
	₱3,702,389,026	₱5,333,718,849	₱3,266,429,260

**All movements in cumulative translation adjustments arise from translation of foreign operations. No foreign operations were disposed of in 2023.*

The movement of other comprehensive income attributable to non-controlling interests follow:

	2023	2022	2021
Items to be reclassified to profit or loss in subsequent periods, net of tax:			
Cumulative translation adjustments	**(₱27,669,021)**	₱56,177,875	₱221,631,397
Change in fair value of cash flow hedges	**–**	–	12,751,586
	(27,669,021)	56,177,875	234,382,983
Item not to be reclassified to profit or loss in subsequent periods:			
Remeasurement loss (gain) on defined benefit plans (Note 28)	**(2,832,217)**	4,058,790	3,639,757
Income tax effect	**708,053**	(1,014,699)	(1,502,480)
	(2,124,164)	3,044,091	2,137,277
	(₱29,793,185)	₱59,221,966	₱236,520,260

21. Sale of Goods and Services/Cost of Sales

Sale of goods and services include revenue from tolling services amounting to ₱3.9 billion, ₱2.9 billion, and ₱1.8 billion for the years ended December 31, 2023, 2022, and 2021, respectively.

Cost of sales account consists of:

	2023	2022	2021
Raw materials used	**₱93,901,297,558**	₱84,065,603,708	₱56,052,221,111
Direct labor	**5,150,423,199**	5,620,993,801	4,893,555,266
Overhead costs	**25,160,051,833**	24,106,514,070	21,190,780,475
Total manufacturing costs	**124,211,772,590**	113,793,111,579	82,136,556,852
Goods in-process	**190,625,264**	(1,072,149,488)	58,176,006
Cost of goods manufactured	**124,402,397,854**	112,720,962,091	82,194,732,858
Finished goods	**(9,043,242,125)**	(2,034,498,016)	1,294,920,299
	₱115,359,155,729	₱110,686,464,075	₱83,489,653,157

Raw materials used include the Group's usage of both raw materials, and containers and packaging materials inventory.

Overhead costs are broken down as follows:

	2023	2022	2021
Utilities	**₱9,368,477,474**	₱9,408,867,224	₱8,008,784,020
Depreciation and amortization (Note 24)	**5,540,493,873**	5,321,911,921	4,906,407,621
Repairs and maintenance	**3,549,773,892**	3,363,144,332	3,158,280,693
Personnel expenses (Note 25)	**3,238,781,419**	2,994,780,805	2,749,398,308
Security and other contracted services	**1,093,492,053**	730,333,437	774,033,037
Rental expense (Note 34)	**320,376,886**	146,003,048	110,406,717
Insurance	**147,926,491**	126,706,180	131,450,588
Research and development	**36,451,537**	49,459,163	90,452,181
Handling and delivery charges	**69,832,879**	59,033,194	45,708,852
Others	**1,794,445,329**	1,906,274,766	1,215,858,458
	₱25,160,051,833	₱24,106,514,070	₱21,190,780,475

Others include excise taxes amounting to ₱1.5 billion, ₱1.5 billion, and ₱1.1 billion for the years ended December 31, 2023, 2022, and 2021, respectively.

22. Selling and Distribution Costs

This account consists of:

	2023	2022	2021
Freight and other selling expenses	**₱9,474,702,386**	₱8,802,249,988	₱6,676,963,507
Advertising and promotions	**7,925,678,920**	7,136,990,134	7,027,100,301
Personnel expenses (Note 25)	**2,130,300,401**	2,019,942,114	1,779,396,237
Depreciation and amortization (Note 24)	**406,561,310**	238,669,977	227,587,008
Repairs and maintenance	**166,565,240**	157,235,466	131,120,649
Others	**238,153,590**	253,732,592	240,447,457
	₱20,341,961,847	₱18,608,820,271	₱16,082,615,159

Others include research and development, communication, travel and transportation, rent and concessionaire’s fee.

23. General and Administrative Expenses

This account consists of:

	2023	2022	2021
Personnel expenses (Note 25)	**₱2,936,466,479**	₱2,702,824,066	₱2,238,063,374
Repairs and maintenance	**543,047,695**	533,053,484	533,162,399
Depreciation and amortization (Note 24)	**456,039,584**	727,670,802	628,881,017
Security and contractual services	**374,266,193**	338,977,721	337,130,022
Taxes, licenses and fees	**210,158,854**	200,951,003	220,362,252
Professional and legal fees	**179,663,814**	151,973,328	148,528,802
Travel and transportation	**103,868,429**	125,059,380	68,231,263
Communication	**69,654,574**	92,320,278	76,294,217
Rental expense (Note 34)	**20,132,649**	87,901,734	67,320,560
Utilities	**24,348,703**	34,110,266	32,360,452
Stationery and office supplies	**19,639,467**	21,576,731	20,107,363
Others	**376,077,086**	368,336,342	295,683,388
	₱5,313,363,527	₱5,384,755,135	₱4,666,125,109

Others include insurance, memberships, bank charges, and representation and entertainment related to general and administrative functions.

24. Depreciation and Amortization

The breakdown of consolidated depreciation and amortization follows:

	2023	2022	2021
Cost of sales (Notes 12, 21 and 34)	**₱5,540,493,873**	₱5,321,911,921	₱4,906,407,621
Selling and distribution costs (Notes 12, 22 and 34)	**406,561,310**	238,669,977	227,587,008
General and administrative expenses (Notes 12, 16, 23 and 34)	**456,039,584**	727,670,802	628,881,017
Discontinued operations (Notes 12, 14, 30 and 34)	**–**	–	1,201,671,101
	₱6,403,094,767	₱6,288,252,700	₱6,964,546,747

25. **Personnel Expenses**

This account consists of:

	2023	2022	2021
Salaries and wages	**₱5,783,598,564**	₱5,531,771,986	₱4,630,470,962
Other employee benefits	**2,291,170,160**	1,944,039,435	1,822,742,002
Pension expense (Note 28)	**230,779,575**	241,735,564	313,644,955
	₱8,305,548,299	₱7,717,546,985	₱6,766,857,919

The breakdown of personnel expenses follows:

	2023	2022	2021
Cost of sales (Note 21)	**₱3,238,781,419**	₱2,994,780,805	₱2,749,398,308
Selling and distribution costs (Note 22)	**2,130,300,401**	2,019,942,114	1,779,396,237
General and administrative expenses (Note 23)	**2,936,466,479**	2,702,824,066	2,238,063,374
	₱8,305,548,299	₱7,717,546,985	₱6,766,857,919

26. **Finance Revenue**

This account consists of:

	2023	2022	2021
Bank interest income (Notes 7 and 30)	**₱259,634,381**	₱214,261,093	₱223,069,240
Dividend income (Note 8)	**64,605,739**	80,757,174	32,302,870
Interest income from financial assets at FVTPL	**5,798,206**	–	–
	₱330,038,326	₱295,018,267	₱255,372,110

27. Finance Costs

This account consists of finance costs arising from:

	2023	2022	2021
Short-term debts (Note 17)	**₱744,405,338**	₱324,236,395	₱156,785,297
Trust receipts (Note 10)	**677,369,640**	266,115,272	176,269,762
Interest expense on lease liabilities (Note 34)	**117,107,665**	189,697,980	203,442,993
Net interest on net pension liability (Note 28)	**41,940,792**	25,086,626	36,755,458
Others	**7,006,322**	1,038,792	31,289
	₱1,587,829,757	₱806,175,065	₱573,284,799

28. Pension Costs

The Group has a funded, noncontributory defined benefit retirement plan covering all its employees. The pension funds are being administered and managed through JG Summit Multi-Employer Retirement Plan, with Robinsons Bank Corporation (RBC) as Trustee. The plan provides for retirement, separation, disability and death benefits to its members. The Group, however, reserves the right to discontinue, suspend or change the rates and amounts of its contributions at any time on account of business necessity or adverse economic conditions. The retirement plan has an Executive Retirement Committee that is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the Plan. Certain members of the BOD of the Ultimate Parent Company are represented in the Executive Retirement Committee. RBC manages the funds based on the mandate as defined in the trust agreement.

Under the existing regulatory framework, RA 7641, *the Philippine Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under law. The law does not require minimum funding of the plan. The Parent Company and all of its subsidiaries meet the minimum retirement benefit under RA 7641.

As of December 31, 2023 and 2023, the Group recognized net pension liability amounting to ₱1.3 billion and ₱419.7 million, respectively.

Changes in net defined benefit liability of funded funds and fair value of plan assets of the Group are as follows:

2023

		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income (Note 20)						
	January 1, 2023	**Current service cost (Note 25)**	**Finance cost (Note 27)**	**Subtotal**	**Benefits paid**	**Return on plan assets (excluding amount included in net interest cost)**	**Actuarial changes arising from changes in experience adjustments**	**Actuarial changes arising from demographic assumptions**	**Actuarial changes arising from changes in financial assumptions**	**Subtotal**	**Contributions**	**December 31, 2023**
Present value of defined benefit obligation	**₱2,644,170,500**	**₱230,779,575**	**₱192,237,713**	**₱423,017,288**	**(₱314,173,986)**	**₱–**	**₱246,102,156**	**(₱26,784,963)**	**₱374,490,575**	**₱593,807,768**	**₱–**	**₱3,346,821,570**
Fair value of plan assets	**(2,224,433,806)**	**–**	**(150,296,921)**	**(150,296,921)**	**314,173,986**	**19,107,319**	**–**	**–**	**–**	**19,107,319**	**–**	**(2,041,449,422)**
	₱419,736,694	**₱230,779,575**	**₱41,940,792**	**₱272,720,367**	**₱–**	**₱19,107,319**	**₱246,102,156**	**(₱26,784,963)**	**₱374,490,575**	**₱612,915,087**	**₱–**	**₱1,305,372,148**

2022

		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income (Note 20)						
	January 1, 2022	Current service cost (Note 25)	Finance cost (Note 27)	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest cost)	Actuarial changes arising from changes in experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions	December 31, 2022
Present value of defined benefit obligation	₱2,761,648,244	₱241,735,564	₱140,560,972	₱382,296,536	(₱219,741,409)	₱–	(₱99,942,442)	(₱13,406,415)	(₱166,684,014)	(₱280,032,871)	₱–	₱2,644,170,500
Fair value of plan assets	(2,378,441,455)	–	(115,474,346)	(115,474,346)	219,741,409	49,941,001	–	–	–	49,941,001	(200,415)	(2,224,433,806)
	₱383,206,789	₱241,735,564	₱25,086,626	₱266,822,190	₱–	₱49,941,001	(₱99,942,442)	(₱13,406,415)	(₱166,684,014)	(₱230,091,870)	(₱200,415)	₱419,736,694

The fair values of net plan assets of the Group by class as at the end of the reporting period are as follows:

	2023	2022
Assets		
Cash and cash equivalents (Note 32)	**₱176,852,438**	₱48,981,077
Loans receivable	**–**	240,570,000
Financial assets at FVOCI	**46,833,611**	65,616,796
Financial assets at FVTPL	**136,155,749**	–
Held to collect	**211,275,401**	253,596,206
UITF investments	**1,541,496,051**	1,573,367,141
Interest receivable	**7,671,554**	3,276,672
Prepaid tax	**595**	136
Land	**143,201,000**	143,201,000
	2,263,486,399	2,328,609,028
Liabilities		
Accounts payable, accrued trust and management fees	**49,840**	52,704
Due to Universal Robina Corporation	**221,987,137**	104,122,418
	₱2,041,449,422	₱2,224,433,906

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for defined benefit plans are as follows:

	Parent Company		NURC	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
Discount rate	**6.11%**	7.27%	**6.12%**	7.28%
Salary increase	**5.70%**	5.50%	**5.70%**	5.50%

	Parent Company		NURC	
	January 1, 31, 2023	January 1, 31, 2022	**January 1, 31, 2023**	January 1, 31, 2022
Discount rate	7.27%	5.09%	7.28%	5.08%
Salary increase	5.50%	4.00%	5.50%	4.00%

The overall expected rate of return on assets is determined based on the market expectation prevailing on that date, applicable to the period over which the obligation is to be settled.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the reporting period, assuming all other assumptions were held constant:

		Parent Company		NURC	
	Increase (Decrease)	**2023**	2022	**2023**	2022
Discount rate	1.00%	**(₱275,512,016)**	(₱207,298,546)	**(₱6,287,793)**	(₱5,456,570)
	(1.00%)	**320,002,031**	240,453,888	**7,338,968**	6,376,289
Salary increase	1.00%	**₱318,093,773**	₱242,329,425	**₱7,295,826**	₱6,426,865
	(1.00%)	**(278,955,603)**	(212,397,251)	**(6,366,778)**	(5,590,791)

The Group expects to contribute ₱242.5 million in the pension fund in 2024.

Shown below is the maturity analysis of the Group's expected (undiscounted) benefit payments:

	2023	2022
Less than one year	**₱257,664,019**	₱290,515,662
More than one year to five years	**1,220,507,774**	1,082,867,017
More than five years to 10 years	**2,291,891,965**	1,744,812,861
More than 10 years to 15 years	**2,780,080,896**	2,359,752,343
More than 15 years to 20 years	**3,381,469,664**	2,909,200,675
More than 20 years	**8,056,787,071**	8,292,797,208

Shown below is the average duration of the defined benefit obligation at the end of the reporting period:

	2023	2022
	(Years)	
Parent Company	9	9
NURC	8	9

29. **Income Taxes**

Provision for income tax consists of:

	2023	2022	2021
Current	**₱3,255,921,696**	₱2,947,016,428	₱1,680,592,982
Deferred	**(275,753,927)**	53,181,603	(101,921,756)
	₱2,980,167,769	₱3,000,198,031	₱1,578,671,226

Components of the Group's net deferred tax assets and liabilities follow:

	Net deferred tax assets		**Net deferred tax liabilities**	
	2023	2022	**2023**	2022
Deferred tax assets on:				
Pension liabilities	**₱343,285,916**	₱137,107,670	**₱–**	₱–
Accrued expenses	**182,136,113**	93,379,906	**361,951,293**	112,119,158
Leases	**124,409,021**	110,179,941	–	–
Impairment losses on trade receivables and property and equipment	**178,741,739**	123,423,925	**3,441,568**	3,164,094
Inventory write-downs	**96,532,565**	63,088,146	**2,026,484**	3,250,757
NOLCO	**138,206,779**	65,649,764	**–**	–
	1,063,312,133	592,829,352	**367,419,345**	118,534,009
Deferred tax liabilities on:				
Gain arising from changes in fair value less estimated point-of-sale costs of swine stocks	**1,658,136**	1,574,093	–	–
Accelerated depreciation	**–**	–	**523,699,019**	189,894,873
Intangibles	**–**	–	**981,975,745**	1,030,428,235
Undistributed income of subsidiaries	**59,055,164**	58,734,976	**986,002,190**	1,059,546,801
Accrued revenue	**6,586,472**	48,557,395	–	–
Net unrealized foreign exchange gain	**26,995,159**	33,960,589	–	–
	94,294,931	142,827,053	**2,491,676,954**	2,279,869,909
Net deferred tax assets (liabilities)	**₱969,017,202**	₱450,002,299	**(₱2,124,257,609)**	(₱2,161,335,900)

As of December 31, 2023 and 2022, the Group's subsidiaries did not recognize deferred tax assets amounting to ₱624.5 million and ₱392.1 million, respectively, since management believes that future taxable income will not be available to allow all or part of the deferred tax assets to be utilized. The unrecognized deferred tax assets consists mainly of unutilized losses, reinvestment and capital allowances from the Group's foreign subsidiaries.

Reconciliation between the Group's statutory income tax rate and the effective income tax rate follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Statutory income tax rate	**25.00%**	25.00%	25.00%
Increase (decrease) in tax rate resulting from:			
Net income of subsidiaries with different tax rate	**(4.51)**	(9.17)	(17.53)
Income subject to lower tax rate	**(1.20)**	(0.93)	(0.24)
Equity in net income of a joint venture	**0.46**	0.54	0.09
Change in value of financial assets at FVTPL	**(0.27)**	(0.10)	(0.08)
Income exempt from tax	**(0.01)**	(0.06)	(1.04)
Interest income subjected to final tax	**(0.09)**	(0.04)	(0.04)
Nondeductible interest expense	**0.14**	0.03	0.01
CREATE Act adjustment	**–**	–	(0.12)
Others	**(0.52)**	1.90	1.21
Effective income tax rate	**19.00%**	17.17%	7.26%

Under Philippine tax laws, the Group is subject to income taxes, as well as other taxes. Other taxes paid consist principally of documentary stamp taxes, real estate taxes and municipal taxes.

Corporate Recovery and Tax Incentives for Enterprises or "CREATE" Act

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law on March 26, 2021. This aimed to attract more investments and maintain fiscal prudence and stability in the Philippines. RA 11534 of the CREATE Act introduced reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in the Official Gazette on April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact to the Group:

- Effective July 1, 2020, Regular Corporate Income Tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%. Furthermore, effective July 1, 2020, interest expense allowed as a deductible expense is reduced by 20% from 33% of interest income subject to final tax.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Applying the provisions of the CREATE Act, the Company is subject to lower RCIT rate of 25% effective July 1, 2020.
- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated corporate income tax rate of the Company for the year 2020 is 27.5%. Consequently in 2021, the Company reversed a portion of its 2020 income tax payable and provision for current income tax accounts amounting to ₱93.8 million. Also, it derecognized its deferred tax assets amounting to ₱84.0 million, provision for deferred income tax for ₱37.3 million, and other comprehensive income for ₱46.7 million.

Current tax regulations further provides that an Optional Standard Deduction (OSD) equivalent to 40.0% of gross income may be claimed as an alternative deduction in computing for the RCIT. For the years ended December 31, 2023, 2022, and 2021, the Group did not claim the OSD in lieu of the itemized deductions.

Entertainment, Amusement and Recreation (EAR) Expenses
Current tax regulations define expenses to be classified as EAR expenses and set a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1.0% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling on such expenses. The Group recognized EAR expenses (included under ‘General and administrative expenses’ in the consolidated statements of income) amounting to ₱76.2 million, ₱41.5 million, and ₱44.5 million for the years ended December 31, 2023, 2022, and 2021, respectively.

MCIT
An MCIT on modified gross income is computed and compared with the RCIT. Any excess of the MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years.

30. Discontinued Operations and Disposal of Businesses

Sale of Oceania businesses
In July 2019, Intersnack, agreed to buy 40% of Oceania businesses of URC, to leverage on the Group’s and Intersnack’s know-how from their respective markets. This transaction is expected to yield better manufacturing, supply chain and sustainability practices and will set the groundwork for an even larger and more efficient Oceania operations. On December 23, 2019, the Australian Foreign Investment Review Board (FIRB) approved the transaction. Following the approval, the transaction was completed on the same date. Considerations received for the transaction consisted of cash and Yarra Valley net assets amounting to US$142.0 million (₱7.2 billion) and US$10.1 million (₱0.5 billion), respectively. As part of the agreement, Intersnack was also given an option to acquire an additional 9% equity share in Unisnack Holding Company Ltd. (UHC).

As a result of the sale, the equity interest of URC changed from 100.0% to 60.0%, and gave rise to 40% non-controlling interest in the consolidated financial statements. As the Group continued to exercise control over UHC, the partial disposal was accounted for as a transaction between owners in their capacity as owners, or an equity transaction, in accordance with the requirements of PFRS 3, *Business Combinations*. Accordingly, the excess of the total consideration received over the carrying amount of the equity transferred and call option issued to NCI amounting to ₱2.4 billion is presented under 'Equity reserve' in the consolidated statement of financial position.

On July 29, 2021, URC Oceania executed a share purchase agreement to sell its remaining 60% ownership interest in its Australia and New Zealand businesses (held under UHC) to Intersnack Group. The first tranche was the exercise of the call option from the 2019 transaction by Intersnack, which allowed it to acquire an additional 9% ownership interest (38,700 ordinary shares) in UHC at a pre-determined exercise price. This was immediately followed by the sale for cash of the remaining 51% ownership interest (219,300 ordinary shares) in UHC. The total cash received by URC Oceania from the 2021 disposal amounted to ₱24.0 billion.

The closing conditions were met, and the transaction was approved by the Australian Foreign Investment Review Board and New Zealand Overseas Investment Office on October 29, 2021. As a result of this transaction, the Group has relinquished control and ownership over UHC and its subsidiaries.

Cumulative translation adjustments related to UHC amounting to ₱214.8 million were also reclassified to profit and loss.

PFRS 5 requires income and expenses from disposal groups to be presented separately from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the consolidated statements of income. Accordingly, the results of operations of UHC is presented as 'Net income after tax from discontinued operations' in the consolidated statements of income for the year ended December 31, 2021.

The results of operations of UHC in the consolidated statements of income are presented below:

	2021
Sale of goods and services	₱18,837,246,465
Cost of sales	12,856,083,612
Gross profit	5,981,162,853
Selling and distribution costs	2,862,499,842
General and administrative expenses	1,077,497,034
Operating income	2,041,165,977
Finance revenue	17,040,284
Finance costs	(740,256,456)
Foreign exchange gain - net	11,153,751
Other income (expense) - net	170,200,127
Income before income tax	1,499,303,683
Provision for income tax	319,170,663
Net income	1,180,133,020
Gain on deconsolidation	10,100,438,582
Net income from discontinued operations	₱11,280,571,602

	2021
Attributable to Parent Company	₱10,808,518,394
Attributable to non-controlling interest	472,053,208
	₱11,280,571,602

Other comprehensive income (losses) from discontinued operations consists of the following:

	2021
Attributable to Parent Company	(₱214,775,311)
Attributable to non-controlling interest	11,044,781
	(₱203,730,530)

Total gain on deconsolidation amounted to ₱10.1 billion, which is the difference between the consideration received and the carrying value of the Group's investment in UHC.

31. Earnings Per Share

The following reflects the income and share data used in the basic/dilutive EPS computations:

	2023	2022	2021
Net income attributable to equity holders of the parent	**₱12,091,292,370**	₱13,956,141,883	₱23,323,672,422
Weighted average number of common shares	**2,178,351,440**	2,185,417,208	2,203,752,076
Basic/dilutive EPS	**₱5.55**	₱6.39	₱10.58

The weighted average number of common shares excludes the treasury shares. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

There were no potential dilutive shares for the years ended December 31, 2023, 2022, and 2021.

32. Related Party Transactions

The Group, in the regular conduct of its business, has entered into transactions with JGSHI, its ultimate parent, and other related parties principally consisting of sales, purchases, advances and reimbursement of expenses, regular banking transactions, leases and, management and administrative service agreements. Transactions with related parties are generally settled in cash.

Intercompany transactions with subsidiaries are eliminated in the accompanying consolidated financial statements. Details of related party transactions are as follows:

				December 31, 2023				
Related Party	**Category/ Transaction**	**Amount/ Volume**	**Cash and Cash Equivalents** (Note 7)	**Lease Liability** (Note 34)	**Trade Receivable (Payable) - net** (Notes 9 and 18)	**Non-trade Receivable (Payable) - net** (Notes 9 and 18)	**Terms**	**Conditions**
Ultimate Parent Company	Rental expense	**₱117,630,799**	**₱–**	**(₱550,008,074)**	**₱–**	**₱34,814,238**	On demand	Unsecured
	Management services	**69,608,176**	–	–	**(57,173,992)**	**66,885,524**	On demand	Unsecured
	Advances	**37,992,715**	–	–	**1,739,838**	**587,506,134**	On demand	Unsecured
Entities under common control								
Due from related parties	Sale of goods	**802,753,828**	–	–	–	–	On demand; non-interest bearing	Unsecured; no impairment
	Management services	**133,025,261**	–	–	**146,099,493**	**1,055,986,365**	On demand; non-interest bearing	Unsecured; no impairment
	Advances	**2,024,488**	–	–	–	**247,587,622**	On demand; non-interest bearing	Unsecured; no impairment
Due to related parties	Rental expense	**216,423,873**	–	**(1,270,034,354)**	–	–	On demand	Unsecured
	Purchases	**3,661,596**	–	–	**(282,743,497)**	**(695,471,094)**	On demand	Unsecured
	Electricity and utilities	**66,056,006**	–	–	–	–	On demand	Unsecured
	Contracted services	**160,432,958**	–	–	–	–	On demand	Unsecured
Cash and cash equivalents	Cash in bank	**(975,852,652)**	**2,295,984,877**	–	–	–	Interest-bearing at prevailing market rate; due and demandable	Unsecured; no impairment
	Short-term investments	**(156,725,733)**	**660,669,978**	–	–	–	Interest-bearing at prevailing market rate; due from 30 to 32 days; with interest of 3.4%	Unsecured; no impairment
	Interest income	**31,678,608**	–	–	–	–	Due from 30 to 70 days	Unsecured
Subsidiaries								
Due from related parties	Sale of goods	**2,703,042,476**	–	–	**754,888,972**	–	On demand; non-interest bearing	Unsecured; no impairment
	Dividend income	**2,703,512,516**	–	–	**873,000,000**	–		
Due to related parties	Purchases	**18,261,360,672**	–	–	**(3,799,977,925)**	–	On demand	Unsecured
	Rent expense	–	–	–	**(25,044,537)**	–	On demand	Unsecured
Joint Venture								
Due from related parties	Sale of goods	**9,018,919**	–	–	**1,312,153,118**	**197,495,837**	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	**11,658,711**	–	–	–	–	On demand; non-interest bearing	Unsecured; no impairment
Due to related parties	Purchases	**109,699,142**	–	–	–	**(506,874,778)**	1 to 30 days; non-interest bearing	Unsecured

December 31, 2022								
Related Party	Category/ Transaction	Amount/ Volume	Cash and Cash Equivalents (Note 7)	Lease Liability (Note 34)	Trade Receivable (Payable) - net (Notes 9 and 18)	Non-trade Receivable (Payable) - net (Notes 9 and 18)	Terms	Conditions
Ultimate Parent Company	Rental expense	₱134,023,567	₱–	(₱637,984,654)	₱–	(₱1,695,832)	On demand	Unsecured
	Management services	188,151,605	–	–	–	(12,293,950)	On demand	Unsecured
	Advances	520,713,170	–	–	–	583,283,379	On demand	Unsecured
Entities under common control								
Due from related parties	Sale of property	3,303,354,600	–	–	–	2,383,354,600	Payable until 2023	Unsecured; no impairment
	Sale of goods	1,288,787,045	–	–	166,329,194	–	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	44,670,092	–	–	–	40,752,773	On demand; non-interest bearing	Unsecured; no impairment
	Management services	331,276,803	–	–	(44,102,715)	771,071,003	On demand; non-interest bearing	Unsecured; no impairment
	Advances	102,523,371	–	–	–	655,700,729	On demand; non-interest bearing	Unsecured; no impairment
Due to related parties	Rental expense	352,821,049	–	(1,288,505,152)	–	(90,688,462)	On demand	Unsecured
	Purchases	1,266,873,883	–	–	(6,526,298)	(56,894,020)	On demand	Unsecured
	Electricity and utilities	144,926,143	–	–	–	(24,128,321)	On demand	Unsecured
	Contracted services	155,690,895	–	–	–	(79,039,936)	On demand	Unsecured
Cash and cash equivalents	Cash in bank	(893,393,503)	3,271,837,529	–	–	–	Interest-bearing at prevailing market rate; due and demandable	Unsecured; no impairment
	Short-term investments	(882,151,142)	817,395,711	–	–	–	Interest-bearing at prevailing market rate; due from 30 to 70 days; with interest of 3.4% to 4.6%	Unsecured; no impairment
	Interest income	18,092,887	–	–	4,456,210	–	Due from 30 to 70 days	Unsecured
Subsidiaries								
Due from related parties	Sales	3,209,443,761	–	–	472,516,808	–	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	28,396,810	–	–	–	5,891,647	On demand; non-interest bearing	Unsecured; no impairment
	Dividend income	4,178,119,363	–	–	–	–		
Due to related parties	Purchases	18,641,411,355	–	–	(3,066,378,316)	–	On demand	Unsecured
	Rent expense	17,589,486	–	–	(25,044,537)	–	On demand	Unsecured
Joint Venture								
Due from related parties	Sale of goods	62,161,426	–	–	52,052,816	–	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	11,208,733	–	–	–	739,234,216	On demand; non-interest bearing	Unsecured; no impairment
Due to related parties	Purchases	738,296,411	–	–	(192,058,291)	–	1 to 30 days; non-interest bearing	Unsecured

December 31, 2021

Related Party	Category/ Transaction	Amount/ Volume	Cash and Cash Equivalents (Note 7)	Short-term debt (Note 17)	Lease Liability (Note 34)	Trade Receivable (Payable) - net (Notes 9 and 18)	Non-trade Receivable (Payable) - net (Notes 9 and 18)	Terms	Conditions
Ultimate Parent Company	Rental expense	₱118,469,789	₱–	₱–	(₱706,413,557)	₱–	(₱9,341,133)	On demand	Unsecured
	Management services	47,994,974	–	–	–	–	(111,375,780)	On demand	Unsecured
Entities under common control									
Due from related parties	Sale of goods	1,379,110,949	–	–	–	113,588,779	–	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	50,028,712	–	–	–	–	66,939,815	On demand; non-interest bearing	Unsecured; no impairment
	Management services	350,682,817	–	–	–	–	1,842,463,521	On demand; non-interest bearing	Unsecured; no impairment
	Advances	–	–	–	–	–	572,508,369	On demand; non-interest bearing	Unsecured; no impairment
Due to related parties	Rental expense	227,831,704	–	–	(1,491,469,151)	–	–	On demand	Unsecured
	Purchases	1,298,087,872	–	–	–	(117,955,615)	–	On demand	Unsecured
	Electricity and utilities	346,722,292	–	–	–	–	(77,533,427)	On demand	Unsecured
	Contracted services	163,608,143	–	–	–	–	(41,116,399)	On demand	Unsecured
Cash and cash equivalents	Cash in bank	3,191,256,651	4,165,231,032	–	–	–	–	Interest-bearing at prevailing market rate; due and demandable	Unsecured; no impairment
	Short-term investments	53,898,037	1,699,546,853	–	–	–	–	Interest-bearing at prevailing market rate; due from 21 to 56 days; with interest ranging from 0.1% to 0.2%	Unsecured; no impairment
	Interest income	4,299,202	–	–	–	866,393	–	Due from 21 to 56 days	Unsecured
Short-term debt	Short-term debt	200,000,000	–	–	–	–	–		
	Interest expense	2,776,111	–	–	–	–	–		
Subsidiaries									
Due from related parties	Sale of goods	2,646,671,031	–	–	–	520,965,116	–	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	26,516,110	–	–	–	–	2,995,831	On demand; non-interest bearing	Unsecured; no impairment
	Dividend income	9,095,145,203	–	–	–	–	–		
Due to related parties	Purchases	14,185,149,708	–	–	–	(3,498,836,584)	–	On demand	Unsecured
Joint Venture									
Due from related parties	Sale of goods	40,898,498	–	–	–	29,193,435	–	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	2,896,927	–	–	–	3,137,399	–	On demand; non-interest bearing	Unsecured; no impairment
Due to related parties	Purchases	938,156,041	–	–	–	(137,124,921)	–	1 to 30 days; non-interest bearing	Unsecured

The Group maintains savings and current accounts and time deposits with an entity under common control which is a local commercial bank. Cash and cash equivalents earn interest at the prevailing bank deposit rates.

As of December 31, 2023 and 2022, the Group has advances from stockholders amounting to ₱267.2 million and ₱298.3 million, respectively (see Note 18). These advances are non-interest bearing and payable on demand.

Transactions with the retirement plan
The Parent Company entered into an agreement to lease the land of the retirement plan for a period of one (1) year, renewable annually. Rentals incurred amounted to ₱25.3 million for the years ended December 31, 2023 and 2022. Terms are unsecured, noninterest-bearing and payable on demand.

<u>Compensation of Key Management Personnel</u>
The compensation of the Group's key management personnel by benefit type follows:

	2023	2022	2021
Short-term employee benefits	**₱395,089,323**	₱370,640,770	₱359,557,483
Post-employment benefits	**143,395,882**	136,134,954	37,335,668
	₱538,485,205	₱506,775,724	₱396,893,151

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plans.

Approval Requirements and Limits on the Amount and Extent of Related Party Transactions
Material related party transactions (MRPT) refers to any related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited financial statements.

All individual MRPT's shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the Independent Directors voting to approve the MRPT. In case that a majority of the Independent Directors' vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

Aggregate RPT transactions within a 12-month period that meets or breaches the materiality threshold shall require the same BOD approval mentioned above.

33. **Registration with the BOI**

Certain operations of the Parent Company are registered with the BOI as preferred pioneer and non-pioneer activities. As a registered enterprise, the Parent Company is subject to some requirements and is entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

Sugar Millsite - Sonedco
On June 29, 2018, Sugar Millsite - Sonedco was registered with the BOI as an expanding producer of refined sugar and its by-product (molasses).

Under the terms of the registration and subject to certain requirements, Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of three (3) years from September 2018 (as an expanding producer of refined sugar and its by-product) or actual start of commercial operation, whichever is earlier, but availment shall in no case be earlier than the date of registration; (b) importation of capital equipment, spare parts and accessories at zero (0) duty under EO No. 22 and its Implementing Rules and Regulations. Only capital equipment, spare parts and accessories directly needed and exclusively used in its operation shall be entitled to zero duty; (c) exemption from taxes and duties on imported spare parts and consumable supplies for export producers with Customs Bonded Manufacturing Warehouse (CBMW) exporting at least seventy percent (70%) of production; (d) additional deduction for labor expense for a period of five (5) years from registration an amount equivalent to fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH; (e) importation of consigned equipment for a period of ten (10) years from date of registration, subject to posting of re-export bond; (f) employment of foreign nationals. This may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration; (g) simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies; (h) exemption from wharfage dues, and export tax, duty, impost and fee for a period of ten (10) years from the date of registration; (i) access to CBMW subject to the Customs rules and regulations, and (j) additional deduction from taxable income equivalent to 100% of expenses incurred in the development of necessary and major infrastructure facilities.

The said expansion started commercial operation on November 27, 2018.

Sugar Millsite - Balayan
On September 8, 2017, Sugar Millsite - Balayan was registered with the BOI as an expanding producer of raw sugar and its by-product (molasses).

Under the terms of the registration and subject to certain requirements, Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of three (3) years from November 2018 (as an expanding producer of raw sugar and its by-product) or actual start of commercial operation, whichever is earlier but in no case be earlier than the date of registration; (b) importation of capital equipment, spare parts and accessories at zero (0) duty under EO No. 22 and its Implementing Rules and Regulations. Only equipment directly needed and exclusively use in its operation shall be entitled to capital equipment incentives; (c) additional deduction from taxable income of fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH; (d) importation of consigned equipment for a period of ten (10) years from date of registration, subject to posting of re-export bond; (e) employment of foreign nationals. This may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration; and (f) simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.

The said expansion started commercial operation early of 2019.

Sugar Millsite – URSUMCO

On April 29, 2021, Sugar Millsite - URSUMCO was registered with the BOI as an expanding producer of refined sugar and its by-product (molasses).

Under the terms of the registration and subject to certain requirements, Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of three (3) years from April 2021 (as an expanding producer of refined sugar and its by-product) or actual start of commercial operation, whichever is earlier but availment shall in no case be earlier that the date of registration; (b) importation of capital equipment, spare parts and accessories at zero (0) duty under EO No. 85 and its Implementing Rules and Regulations. Only capital equipment, spare parts and accessories directly needed and exclusively use in its operation shall be entitled zero (0) duty; (c) additional deduction for labor expense for a period of five (5) years from registration an amount equivalent to fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH; (d) importation of consigned equipment for a period of ten (10) years from date of registration, subject to posting of re-export bond; (e) employment of foreign nationals. This may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration; (f) simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies; (g) exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten (10) years from date of registration; (h) access to Custom Bonded Manufacturing Warehouse (CBMW) subject to Custom rules and regulations; (i) tax and duty exemption on imported breeding stocks and genetic materials within ten (10) years from date of registration; and (j) tax credit on tax and duty portion of domestic breeding stocks and genetic materials within ten (10) years from date of registration.

The said expansion started commercial operation on April 1, 2021. For calendar year 2023, URSUMCO did not meet baseline figures for sales volume; hence not qualified to avail ITH benefits.

Cogeneration
On September 26, 2014, Cogeneration was registered with the BOI as a Renewable Energy (RE) developer of Bagasse-fired power plant.

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of seven (7) years reckoned from the state at which the RE Plant generated the first kilowatt-hour of energy after commissioning or testing, or two (2) months from date of commissioning or testing, whichever is earlier, as certified by Department of Energy (DOE); (b) duty-free importation of RE machinery, equipment, and materials including control and communication equipment; within the first ten (10) years from the issuance of the DOE certificate of registration; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery, (e) NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from the gross income as defined in the National Internal Revenue Code (NIRC) for the next seven (7) years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower power rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development, and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH; (h) the sale of fuel or power generated by the enterprise from renewable sources of energy such as biomass as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) tax credit equivalent to 100% of the value of VAT and custom duties that would have been paid on the purchase of RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

Liquefied Carbon Dioxide (LCO2)
On May 16, 2023, the Parent Company was registered with the BOI as a new domestic producer of LCO2.

Under the general terms and conditions of the registration, the Parent Company is eligible to the grant of the following incentives under Tier I of R.A. No. 11534: (a) Income Tax Holiday (ITH) for six (6) years from October 2023 or actual start of commercial operations, whichever is earlier but availment shall be in no case earlier than the date of registration; (b) after ITH, enhanced deductions for five (5) years; and lastly, (c) duty exemption on the importation of capital equipment, raw materials, spare parts and accessories for a maximum of twelve (12) years.

Distillery

Producer of bioethanol (anhydrous) under RA 9513

On September 30, 2020, the Parent Company took over the operations of the Distillery from Roxol Bioenergy Corporation (RBC) after executing a Deed of Sale on the purchase of RBC's land and assets. The Distillery operations was registered with the BOI on October 24, 2008 as new producer of bioethanol (anhydrous) and potable (hydrous) ethanol under E.O. 226.

Per BOI letter dated October 22, 2014, the BOI registration as new producer of bioethanol (anhydrous) was transferred from E.O. 226 to R.A. 9513 (Renewable Energy Act of 2008) subject to new terms and conditions.

On February 24, 2021, the Certificate of Accreditation No. DOE-COA-2021-BE003A and Certificate of Registration No. RE-B2013-11-077A were both awarded by the Department of Energy (DOE) to the Parent Company. In addition, on March 24, 2021, the DOE issued a letter of endorsement to the BIR in relation to the Parent Company's application of 10% Corporate Tax Rate for income generated from the Distillery operations.

Under the new terms of the registration under RA 9513, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for seven (7) years reckoned from the date of actual commercial operations, as certified by the DOE; (b) duty-free importation of RE machinery, equipment and materials including control and communication equipment, within the first ten (10) years from the issuance of BOI certificate of registration or until October 23, 2018; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery; (e) the NOLCO during the first three years from the start of commercial operation shall be carried over as deduction from the gross income as defined in the NIRC for the next seven consecutive taxable years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH; (h) the sale of power generated by the enterprise as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) the enterprise may be entitled to a cash generation-based incentive per kilowatt-hour rate generated, equivalent to fifty percent (50%) of the universal charge of power needed to service missionary areas, chargeable against the universal charge for missionary electrification; (j) tax credit equivalent to 100.0% of the value of VAT and custom duties that would have been paid on the RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

Renewable energy developer of biomass resources
On August 28, 2013, Distillery was registered with the BOI as a manufacturer of bio-ethanol (fuel grade ethanol).

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of seven (7) years from March 2014 or date of commissioning, whichever is earlier; (b) duty-free importation of RE machinery, equipment, and materials including control and communication equipment; within the first ten (10) years from the issuance of the BOI certificate of registration; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery, (e) NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from the gross income as defined in the NIRC for the next seven (7) years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower power rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development, and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH; (h) the sale of fuel or power generated by the enterprise from renewable sources of energy such as biomass as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) tax credit equivalent to 100% of the value of VAT and custom duties that would have been paid on the purchase of RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

Robina Farms (RF) - Hogs
Producer of processed meat products
On October 28, 2019, RF - Hogs was registered with the BOI as a new producer of processed meat products, with a non-pioneer status.

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of four (4) years from October 2019 or actual start of commercial operations, whichever is earlier, but availment shall not be earlier than the date of registration. The income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from registered project. The enterprise can avail of bonus year subject to certain terms and conditions provided that the aggregate ITH availment (regular and bonus years) shall not exceed eight (8) years. The ITH bonus year shall not be applicable to expansion and modernization project; (b) importation of capital equipment, spare parts and accessories at zero (0) duty under Executive Order No. 85 and its Implementing Rules and Regulation; (c) exemption from taxes and duties on imported spare parts and consumable supplies for export producers with CBMW exporting at least seventy percent (70%) of production; (d) additional deduction for labor expense for a period of five (5) years from registration an amount equivalent to fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH; (e) importation of consigned equipment for a period of ten (10) years from date of registration subject to posting of re-export bond; (f) employment of foreign nationals. This may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration; (g) simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies; (h) exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten (10) years from date of registration; (i) access to CBMW subject to the Customs rules and regulations; (j) tax and duty exemption on imported breeding stocks and genetic materials within ten (10) years from the date of registration; and (k) tax credit on tax and duty portion of domestic breeding stocks and genetic materials within ten (10) years from date of registration.

URC Flour
On July 7 2023, URC Flour was registered with the BOI as an new producer of wheat flour.

Under the general terms and conditions of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) Income Tax Holiday (ITH) for six (6) years; the income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from the registered project (URC Flour Milling Plant located in Sariaya, Quezon; (b) after ITH, enhanced deductions for five (5) years; and lastly, (c) duty exemption on the importation of capital equipment, raw materials, spare parts and accessories for a maximum of eleven (11) years.

No commercial operations has started in calendar year 2023.

34. Commitments and Contingencies

Milling Contracts
Milling contracts with various planters provide for a 60%-70% share to the planters (including related parties) and 30%-40% share to the Group of sugar and molasses produced from sugar canes milled. The Sugar Industry Development Act of 2015 provides that, to ensure the immediate payment of farmers and secure their income from sugarcane, farmers may enter into any payment method with the sugar mill.

Sugar under Custody but Not Owned
As of December 31, 2023 and 2022, the Group has in its custody sugar owned by several quedan holders amounting to ₱2.3 billion (913,415 Lkg) and ₱3.9 billion (1,098,275 Lkg), respectively. The said volume of sugar is not reflected in the consolidated statements of financial position since this is not owned by the Group. The Group is accountable to both quedan holders and sugar traders for the value of these trusteed sugar or their sales proceeds.

Leases
The Group's leases mostly pertain to land, office spaces, warehouses, machinery and equipment, transportation equipment and furniture and fixtures. Leases of land, office spaces, warehouses, machinery and equipment, transportation equipment and furniture and fixtures generally have terms ranging from two (2) to thirty (30) years.

Right-of-use Assets
Set out below are the carrying amounts of ROU assets recognized and the movements during the year ended December 31, 2023 and 2022:

	As of and for the year ended December 31, 2023					
	Land and Land improvements	**Buildings and Improvements**	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Total**
Cost						
Balance at beginning of year, as restated	**₱1,060,056,088**	**₱2,092,569,968**	**₱–**	**₱–**	**₱292,032**	**₱3,152,918,088**
Additions	**106,211,189**	**–**	**–**	**–**	**–**	**106,211,189**
Derecognition	**(837,145,671)**	**(75,964,257)**	**–**	**–**	**–**	**(913,109,928)**
Other adjustments	**(123,005,279)**	**109,229,294**	**–**	**–**	**5,565,034**	**(8,210,951)**
Balance at end of year	**206,116,327**	**2,125,835,005**	**–**	**–**	**5,857,066**	**2,337,808,398**
Accumulated Depreciation						
Balance at beginning of year	**215,851,788**	**935,469,657**	**–**	**–**	**24,350**	**1,151,345,795**
Depreciation (Note 24)	**19,611,521**	**241,846,404**	**–**	**–**	**976,572**	**262,434,497**
Derecognition	**(324,846,514)**	**(44,832,085)**	**–**	**–**	**–**	**(369,678,599)**
Other adjustments	**187,791,371**	**(196,760,281)**	**–**	**–**	**9,560**	**(8,959,350)**
Balance at end of year	**98,408,166**	**935,723,695**	**–**	**–**	**1,010,482**	**1,035,142,343**
Net Book Value at End of Year	**₱107,708,161**	**₱1,190,111,310**	**₱–**	**₱–**	**₱4,846,584**	**₱1,302,666,055**

	As of and for the year ended December 31, 2022					
	Land and Land improvements	**Buildings and Improvements**	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Total**
Cost						
Balance at beginning of year, as restated	₱1,058,715,816	₱2,248,946,430	₱30,891,009	₱1,100,448	₱–	₱3,339,653,703
Additions	–	441,393,255	–	–	292,032	441,685,287
Derecognition	–	(615,423,097)	(30,891,009)	(1,100,448)	–	(647,414,554)
Other adjustments	1,340,272	17,653,380	–	–	–	18,993,652
Balance at end of year	1,060,056,088	2,092,569,968	–	–	292,032	3,152,918,088
Accumulated Depreciation						
Balance at beginning of year	213,675,560	878,819,639	30,891,009	1,100,448	–	1,124,486,656
Depreciation (Note 24)	1,842,547	367,343,541	–	–	23,126	369,209,214
Derecognition	–	(333,932,655)	(30,891,009)	(1,100,448)	–	(365,924,112)
Other adjustments	333,681	23,239,132	–	–	1,224	23,574,037
Balance at end of year	215,851,788	935,469,657	–	–	24,350	1,151,345,795
Net Book Value at End of Year	₱844,204,300	₱1,157,100,311	₱–	₱–	₱267,682	₱2,001,572,293

Lease Liabilities

The rollforward analysis of the Group's lease liabilities as at December 31, 2023 and 2022 follow:

	2023	2022
As at January 1	**₱2,274,854,777**	₱2,480,767,596
Additions	**103,131,143**	376,395,049
Accretion from continued operations (Note 27)	**117,107,665**	189,697,980
Payments	**(358,364,833)**	(500,349,782)
Derecognition	**(692,690,596)**	(273,046,732)
Other adjustments	**(1,470,020)**	1,390,666
As at December 31	**₱1,442,568,136**	₱2,274,854,777

Derecognitions arose from disposal of business (see Note 30) and lease terminations during the period.

The maturity analysis of lease liabilities is disclosed in Note 4, *Financial Risk Management Objectives and Policies.*

Summarized below are the amounts recognized in the 2023 and 2022 consolidated statements of comprehensive income in relation to the Group's leases:

	2023	2022	2021
Cost of Sales			
Cost of services - depreciation of ROU assets (Note 21)	**₱28,908,442**	₱123,701,844	₱117,462,530
Rent expense - short term leases	**320,376,886**	146,003,048	190,368,277
	349,285,328	269,704,892	307,830,807
Operating Expenses			
Selling and distribution costs:			
Depreciation of ROU assets (Note 22)	**₱151,646,652**	₱149,036,499	₱131,861,122
Rent expense - short term leases	**289,872,297**	122,436,798	367,951,289
General and administrative expenses:			
Depreciation of ROU assets (Note 23)	**81,879,403**	96,470,872	98,993,166
Rent expense - short term leases	**20,132,649**	87,901,734	74,375,388
	543,531,001	455,845,903	673,180,965
Finance Cost and Other Charges - Accretion of Lease Liabilities (Note 27)	**₱117,107,665**	₱189,697,980	₱337,715,936
Rent Income	**₱2,905,749**	₱111,263,169	₱58,792,660

Operating Lease Commitments - Group as a Lessor

The Group has entered into (1) one-year renewable, noncancellable leases with various related parties covering certain land and buildings where office spaces are located. Future minimum rentals receivable under noncancellable operating leases amounted to ₱50.2 million, ₱40.2 million, and ₱70.6 million for the years ended December 31, 2023, 2022, and 2021, respectively.

Operating Lease Commitments - Group as a Lessee

The Group leases land where certain of its facilities are located. The operating lease agreements are for periods ranging from one to twenty years from the date of the contracts and are renewable under certain terms and conditions.

Future minimum rentals payable under noncancellable operating leases follow:

	2023	2022	2021
Within one year	**₱422,884,568**	₱423,371,120	₱473,308,116
After one year but not more than five years	**637,741,087**	1,152,560,695	1,441,900,057
More than five years	**1,511,435,564**	1,809,101,854	2,110,381,626
	₱2,572,061,219	₱3,385,033,669	₱4,025,589,799

Others

The Group has various contingent liabilities arising in the ordinary conduct of business which are under either pending decision by the courts, arbitration or being contested, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims, arbitration and assessments.

35. Supplemental Disclosure to Cash Flow Statements

The Group's noncash activities are as follows:

	2023	2022	2021
Cumulative translation adjustment (Note 20)	**(₱1,188,917,671)**	₱1,872,914,779	₱507,763,509

In 2023, acquisitions of property, plant and equipment on account amounted to ₱1.0 billion.

The table below provides for the changes in liabilities arising from financing activities:

	January 1	Availment	Settlement	CTA/Others	December 31
2023	**₱11,762,287,539**	**₱11,550,000,000**	**(₱6,800,000,000)**	**₱4,527,057**	**₱16,516,814,596**
2022	₱7,808,029,451	₱19,630,000,000	(₱15,740,000,000)	₱64,258,088	₱11,762,287,539

As of December 31, 2023, part of the proceeds from disposal of property, plant and equipment and investment properties is recognized under current and noncurrent receivables from an affiliate (see Notes 12 and 16).

36. Approval for the Release of the Financial Statements

The accompanying consolidated financial statements of the Group were authorized for issue by the Audit Committee and the BOD on April 15, 2024.