Universal Robina

Navigating Transitions

ANNUAL REPORT 2024

Navigating Transitions

“At URC, we understand that “change is constant.”

It’s why we’ve been able to successfully navigate the transitions that always come with change. Whether it’s fluctuating market conditions, unexpected challenges, or shifts in consumer demand, we’ve always been ready to adapt – and come out on top.

Indeed, in 2024 URC successfully adapted to many business changes. By leveraging our brand strength, capabilities, and human capital we were able to foment dependable and lively growth in local and international markets.

Our agile framework, central to URC’s tactical success for many years now, enabled us to pivot and execute with confidence, driving us towards our goal of a bright future. A future of tangible growth, sustainable solutions, employee satisfaction, and unwavering customer loyalty.

And thanks to URC’s robust operational framework and creativity, we were able to successfully navigate the challenges of 2024 and make this future ever more real.

Innovative products. Broad price points. Abundant choice. By streamlining our offerings and exploring fresh markets, URC expanded both here and overseas.

The result: an aggressively positive year that bodes well for tomorrow.

Transition isn’t always easy. But by leaning into our strengths, we steered through the changes in 2024 with the hallmark determination that has driven URC’s success for more than 65 years.

This is what it means to navigate transitions. This is what it means to thrive. No matter the challenge, URC is here to make a difference, conquer change, and build a future filled with opportunity, growth, and boundless success.

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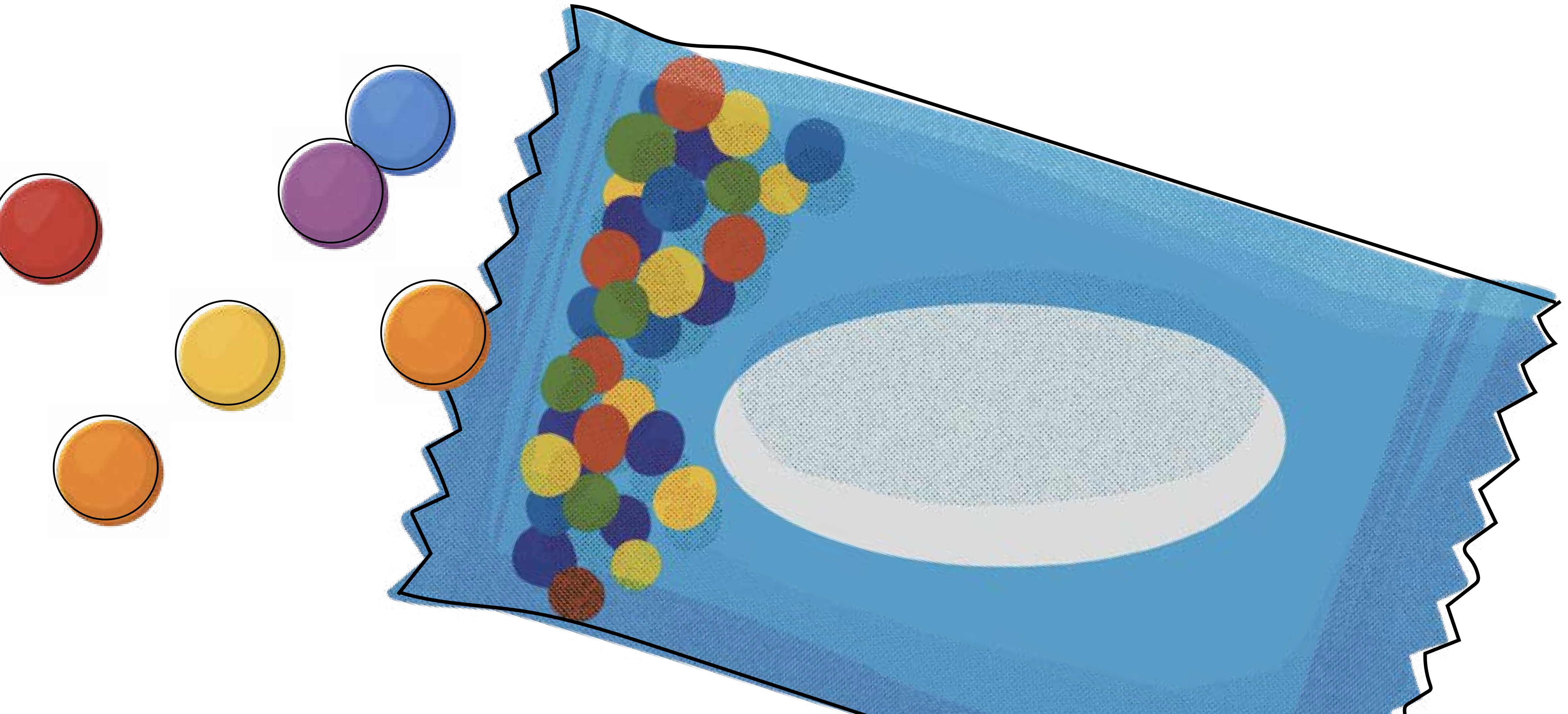


Message from the Chairman

To our valued stakeholders,

In my previous Chairman's Message, I spoke about the VUCA environment ("Volatile, Uncertain, Complex, Ambiguous") and how I expected this would be the "new normal" moving forward, given the dynamic world we live in. Last year's events have shown just how little has changed.

Geopolitical concerns continue to cause worry across the globe, as regional conflicts continue to stew in Europe and the Middle East. Concerns on reliability of crop supply are increasing, as inclement weather and changing climate patterns affect harvests. Commodities such as coffee and cocoa are hitting multi-decade highs – even above the elevated levels I cited last year. And our interconnected world is being unshackled by rising protectionism and trade barriers in an increasingly multipolar world. As I write this, we are a few weeks out from the "Liberation Day" reset of the world's largest economy, with massive tariff announcements on friend and foe alike, which were just as quickly suspended.

Truly, the "new normal" in 2024 still felt very abnormal, with the VUCA environment still very much part of the equation.

But this time we are seeing a small but noticeable return to confidence and growth in the regions where we operate – the bright optimism that comes from being part of a young and diverse market, 600 million strong. Southeast Asia continues to show growth prospects well above the global average, with the Philippines and Vietnam both expected to clock GDP growth above 6% in the coming year, and Indonesia aiming for above 5%.

In the Philippines in particular, the recovery in purchasing power seems to be underway. While there is no single pivot point that can be conclusively highlighted as the start of the turnaround, we are seeing quite a few data points painting a brighter picture for the year ahead.

As of the March 2025 reading, Philippine inflation had fallen to under 2%, well below the high single digit levels in 2023. Prices of key commodities such as sugar, flour, and the all-important rice, have begun to come down on the back of government support and lower importation costs. And wages, running behind the cost inflation of the last two years, have started to catch up. A majority of provincial wage boards have increased local minimum wages by between 5-9% during the 2nd half of 2024, with more announcements in the 1st quarter of 2025.

"*Ultimately, all this preparation today is in service of navigating the transition towards our vision of tomorrow: a strong and resilient URC, creating and providing sustainable value growth for our stakeholders – our employees, consumers, customers, suppliers, and shareholders.*"

These twin reliefs on household budget pressure – lower costs and higher wages – along with general positive sentiment have helped improve consumer confidence as measured by the Bangko Sentral ng Pilipinas. We are transitioning away from a period where households were trading down due to abnormal cost pressures towards a period of moderation and quiet optimism around recovery. While 2024 was tough for the Filipino, 2025 is looking up.

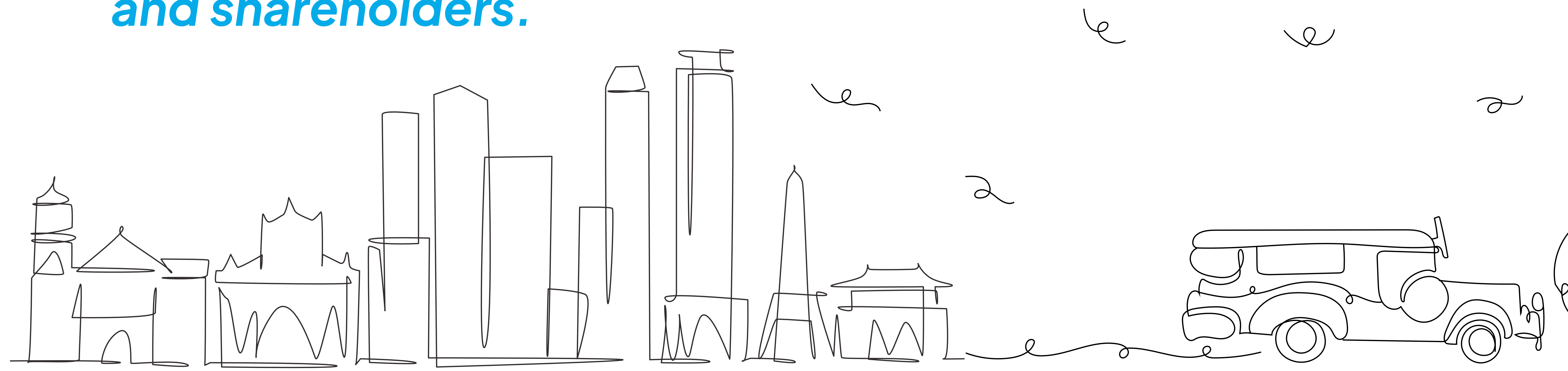
Perhaps it is fitting that the theme of URC's integrated report is **Navigating Transitions.** The last year has seen its fair share of challenges, and the company has had to pivot and adjust to the changing environment. But we have sailed through those choppy waters with aplomb, and reinforced our mission to continue delighting customers with good food choices, running the gamut from value to premium.

With this reminder of what makes URC unique, we will continue investing for the long-term despite short-term bumps along the way. In 2025, both our new flour mill in Sariaya, Quezon and our new megaplant in Malvar, Batangas will be coming online, adding more headroom for growth in the Philippines. We are planning to purchase additional land in Thailand and Malaysia as we prepare for further overseas expansion. And we continue to build capacities and capabilities in our branded businesses, adding more headroom for growth in both our core categories and in adjacent segments.

Ultimately, all this preparation today is in service of navigating the transition towards our vision of tomorrow: a strong and resilient URC, creating and providing sustainable value growth for our stakeholders – our employees, consumers, customers, suppliers, and shareholders.

We welcome you on board, and look forward to your participation.

Lance Gokongwei
Chairman



Message from the President and CEO

To our valued shareholders,

I am delighted to report that URC has successfully navigated another challenging year.

The challenges were plenty. A volatile economic landscape caused in part by ongoing conflicts in the Middle East and Europe, as well as major and unpredictable shifts in international trade. Heightened supply pressures fueled by crop availability concerns and climate change. Shifting consumer behaviors, as people continue to adjust their purchase choices due to inflation.

The changes and transitions pressed hard on us. But URC was characteristically ready and energized in these difficult conditions.

By recognizing that change is truly the one constant – in business and life – we've been able to come out on top by embracing change and strategically navigating transitions.

It's this mindset that has allowed us to respond to change with an attitude of courage. Courage that powers us through hard times, knowing that we've got the talent, creativity, resources, and beloved brands to rise to the occasion.

This, bolstered by our strategic agility, operational excellence, and an unwavering commitment to innovation, birthed many opportunities in 2024 --- breaks that we capitalized on and turned into catalysts for growth.

We delivered Php161.9 billion in revenue from continuing operations, marking a 3% increase from the previous year, as our international business continues to drive strong growth, balancing out a more challenging domestic environment. Our operating income of Php16.7 billion reflected a 4% decline year-on-year, an expected result as our Sugar and Renewables segment profits corrected after an unusually high profit in 2023.

More importantly, our core branded food and beverage businesses posted an outstanding 19% increase in operating income, expanding margins by nearly 200 basis points.

This achievement underscores the strength of our beloved brands, our ability to innovate, and our relentless focus on delivering value to our customers.

We were able to successfully navigate change because of our equal commitment to the betterment of our people, partners, and communities.

We've continued to push a range of employee enrichment initiatives, from leadership, technical, and agile learning programs to AI-enhanced tools for real-time employee support.

We've also maintained our focus on sustainability projects, not forgetting the need to protect and preserve the environment which makes so much of our success possible.

As we pivot toward 2025, we remain steadfast in our commitment towards sustainable growth, operational efficiency, and market leadership.

“Our mission to create opportunity has been only possible because of our equal commitment to the betterment of our people, partners, and communities.

Divisional Performance

In 2024, our Branded Consumer Foods (BCF) Philippines division focused on driving volume-based revenue growth.

We prioritized product innovation, value offerings, and competitive marketing strategies. Despite economic headwinds, we observed positive momentum as we closed out 2024. Most brands delivered volume and value growth, with rapid increase seen in value-for-money segments as our initial value interventions launched in the year are also performing well. Overall, this demonstrates an improving consumer landscape as we head into 2025.

Our BCF International business unit continued to be a growth engine, as topline and operating profit from continuing operations grew by 8% and 43%, respectively. Our key brands in the region did exceptionally well as we expanded market shares across key categories in Southeast Asia. C2 is now competing head-to-head with the market leader as the #1 ready-to-drink tea brand in Vietnam; we're also leading the biscuits category in Malaysia, cementing our position as the #1 manufacturer with the integration of Munchy's into our portfolio.

Rounding out URC's international success are our maintained strong market-leading positions in the biscuits and coated wafers categories in Thailand and the significant gains we had in Indonesia in snacks and biscuits. The solid performance of our core products, combined with the new innovative offerings, fueled our growth in these countries.

Our focus on product innovation and localization strategies allowed us to sustain strong performance across the markets in Southeast Asia. Moving forward, our strategy is to scale Munchy's further and build additional growth pillars in each of the countries.

The Agro-Industrial and Commodities (AIC) business unit delivered 5% topline growth for the year, driven by higher volumes across most of its segments.

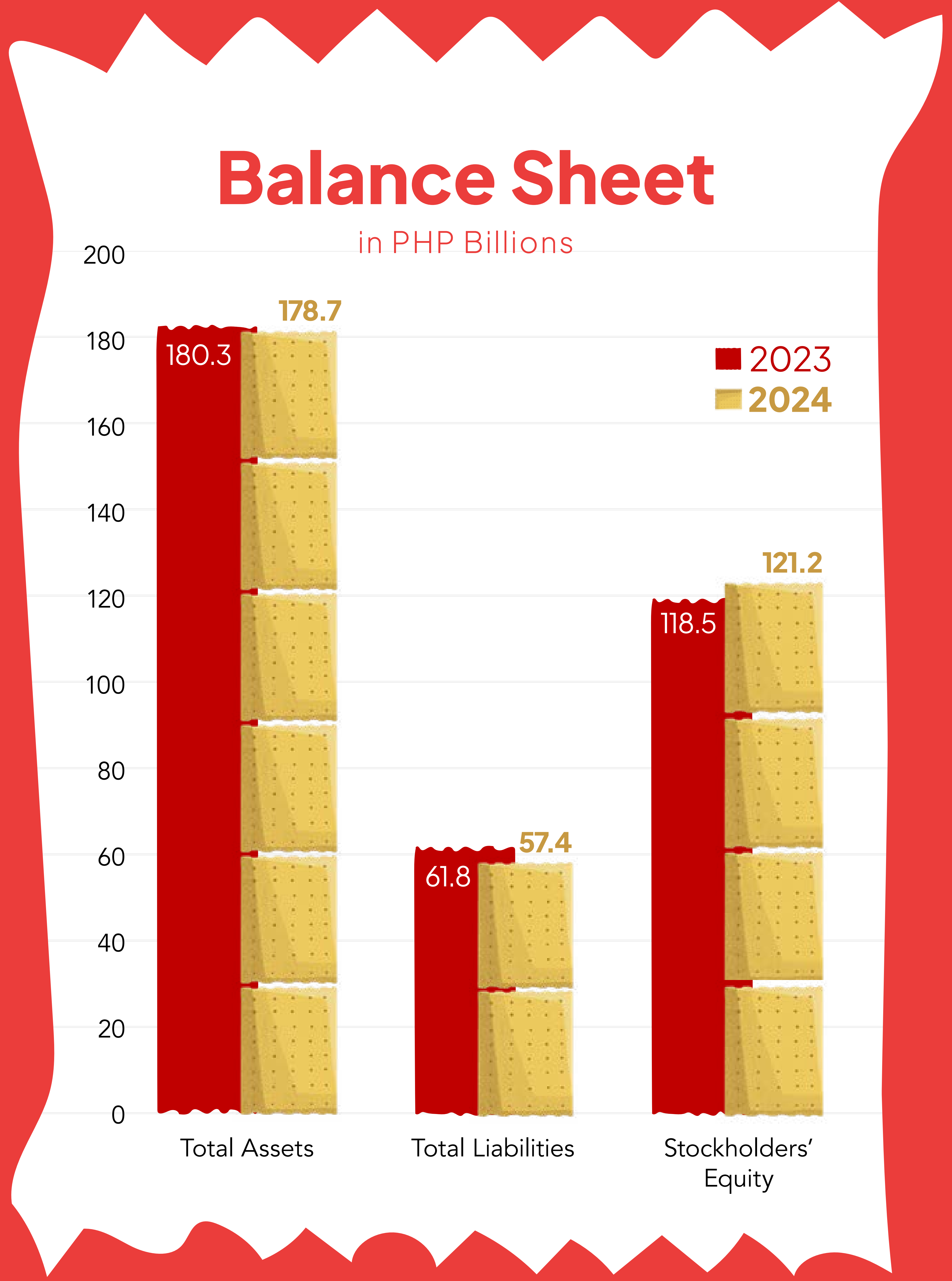
Agro-Industrial Group (AIG) successfully navigated a challenging Philippine market in 2024. Growth in our Animal Nutrition & Health (ANH) remains steady despite a nearly 10% decline in the swine population and price rollbacks by major feed competitors. We also made strides in expanding our pet food business, reinforcing our leadership in dry dog food while actively building our cat food portfolio.

Flour revenues remained steady, with strong volume gains offsetting our competitive pricing adjustments. Meanwhile, Sugar and Renewables (SURE) saw a 13% increase, driven by accelerated sell-through of accumulated inventories.

On the operating income front, both AIG and Flour improved their margins, with a stronger cost base counterbalancing our price adjustments. SURE experienced a correction in 2024 following its record-breaking 2023 performance, with the clearance of high-cost inventories as well as a delayed start to the latest milling season.

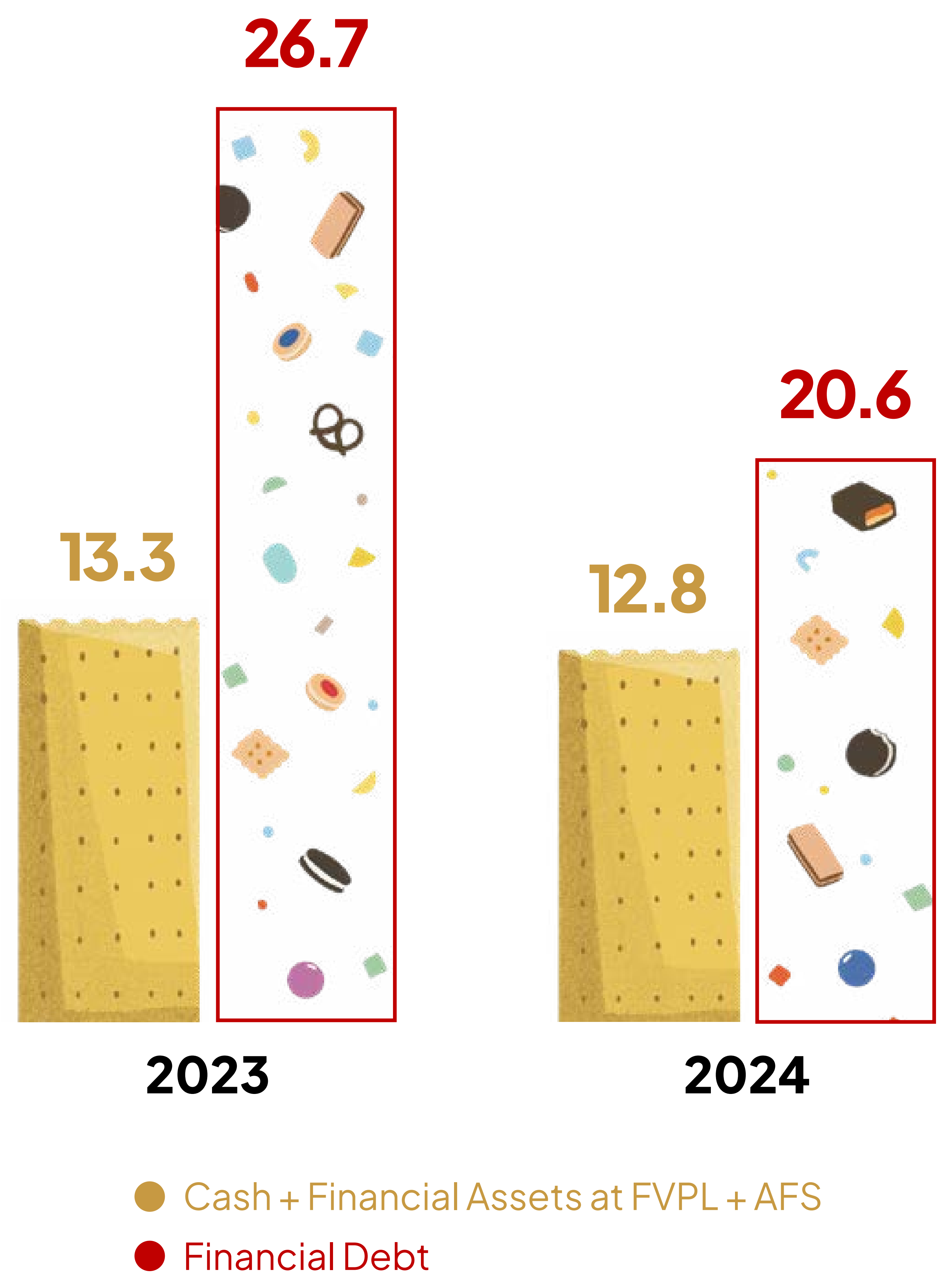
And while the profitability of our Commodities business is normalizing, we are actively focused on sustainable cash generation in 2025.

2024 **Financial Highlights**



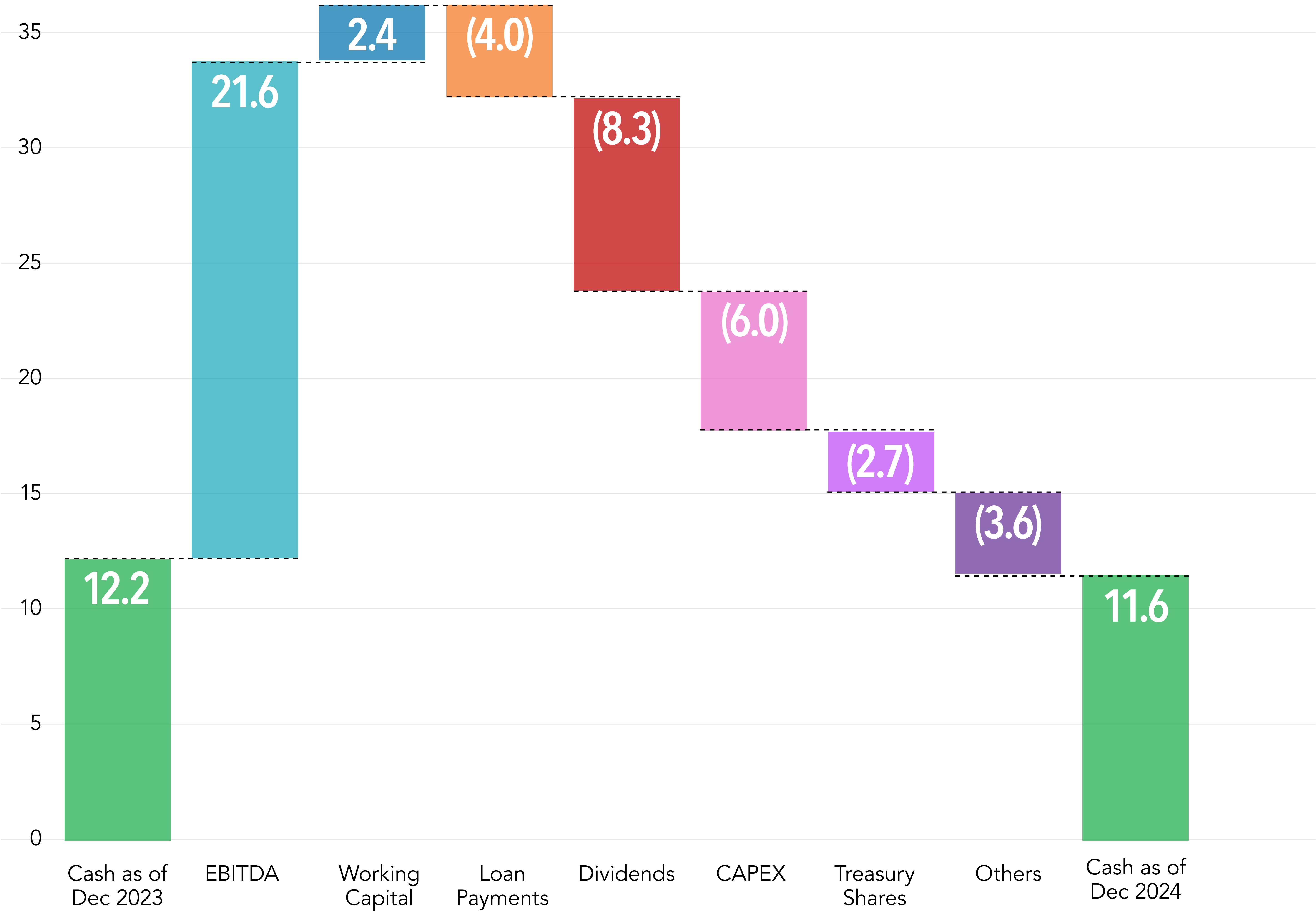
Cash & Financial Debt

in PHP Billions

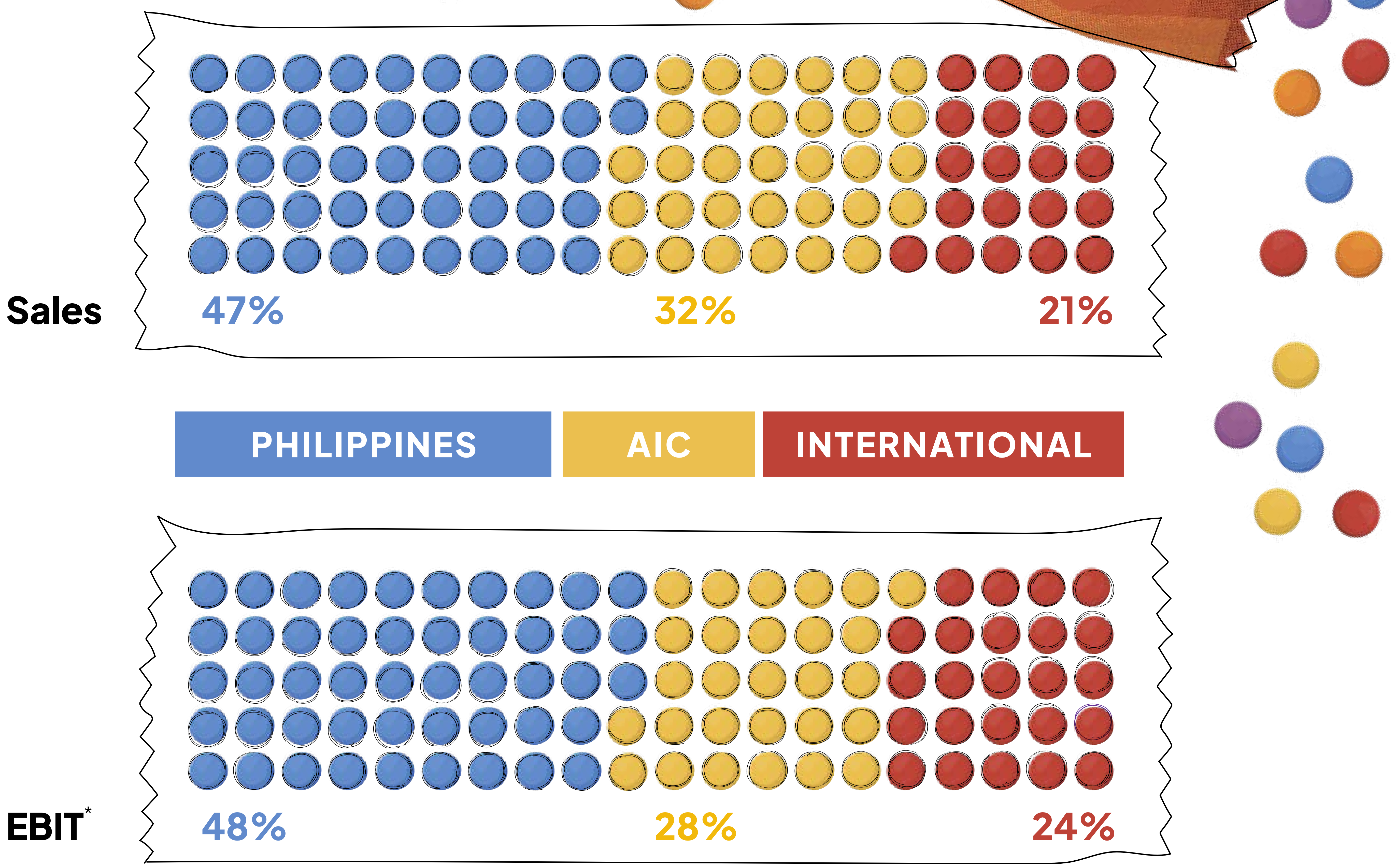


Cash Position

in PHP Billions



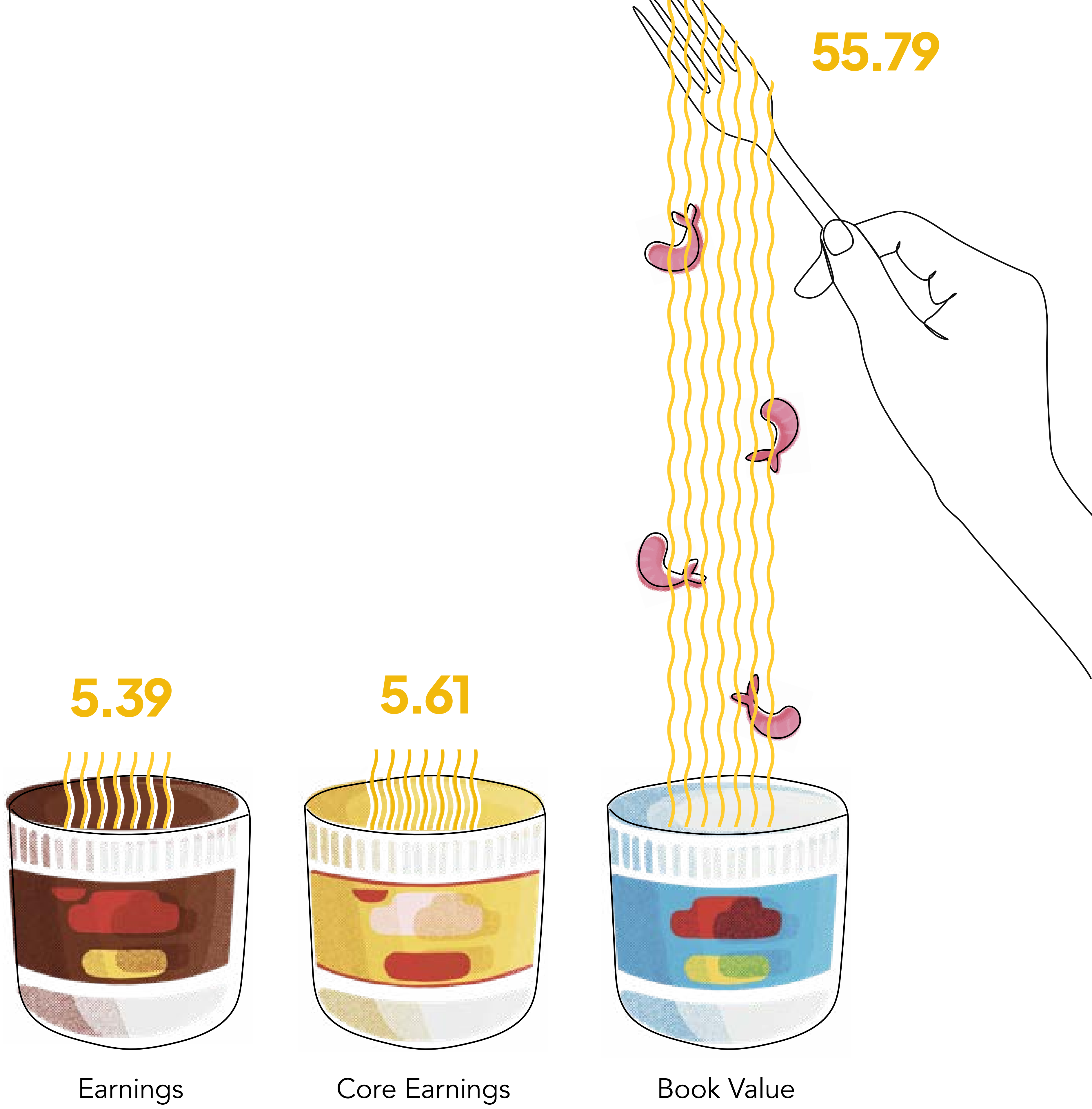
% Contribution 2024



*excludes corporate expenses

Per Share 2024

in PHP



Other Updates

Beyond financial performance, 2024 was a year of strategic growth and organizational transformation.

Product Innovations

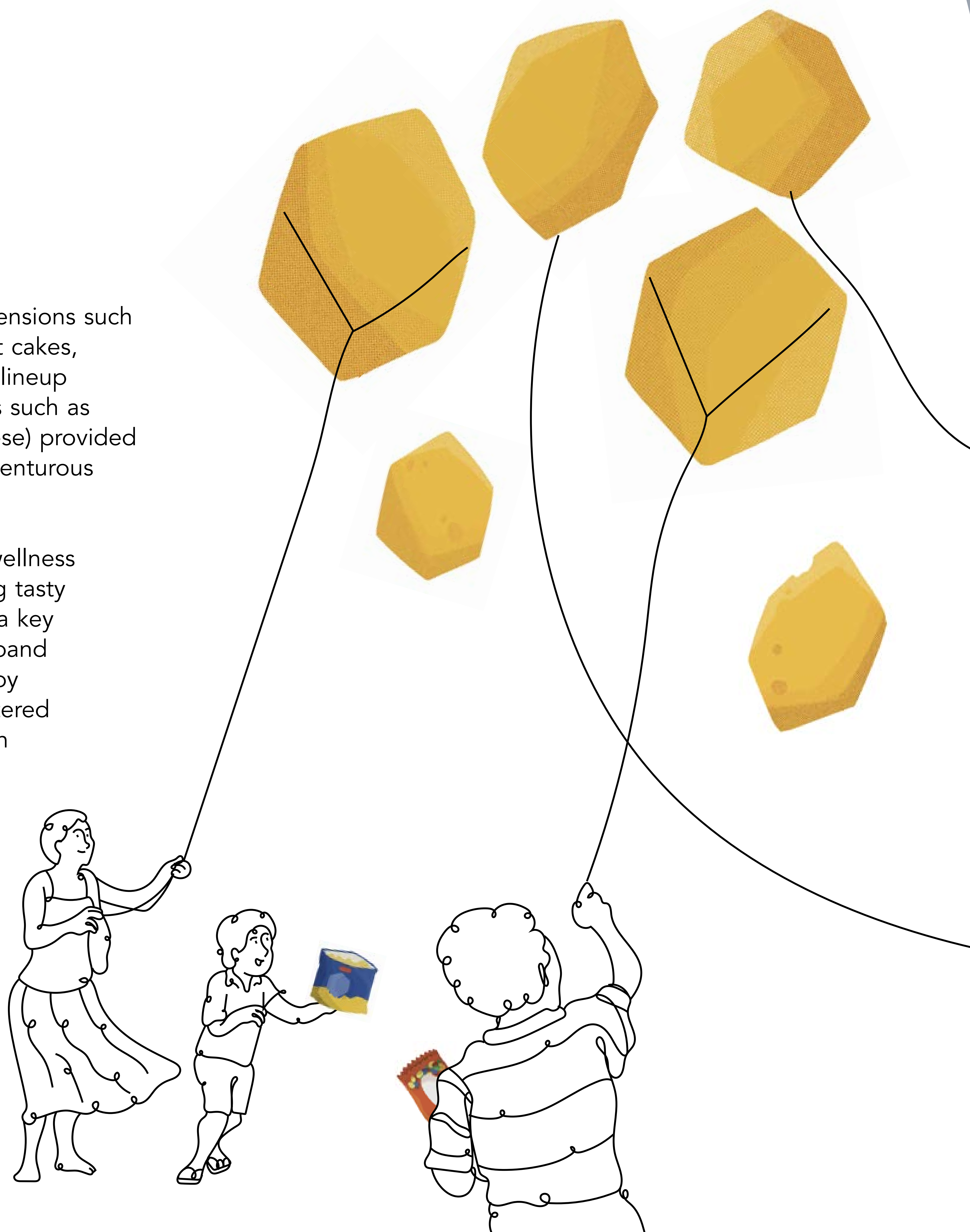
We pursued a number of product innovations that have generated success in both domestic and international markets. Our innovation pipeline continues to drive development of consumer- serving products, addressing key consumption moments and preference.

Over the last few years, with the growing demand for value-for-money options, we have developed quality products at affordable price points. In the Philippines, we launched Payless Sakto and Piattos Fun Pack – the same brand quality in smaller-sized options and a lower cost to entry.

Other innovations addressed changing consumer behavior, such as the rise of on-the-go consumption moments. Lush Sour, a soft candy in a convenient stand-up pouch. Great Taste Iced Coffee Dark Latte expanded our ready-to-drink coffee options, with café quality in a convenient out-of-home format.

Unique flavor and segment extensions such as C2 Peach, Dewberry yoghurt cakes, and the Piattos Special Edition lineup (with limited-availability variants such as Truffle, Bulgogi, and Four Cheese) provided new taste opportunities for adventurous gourmets.

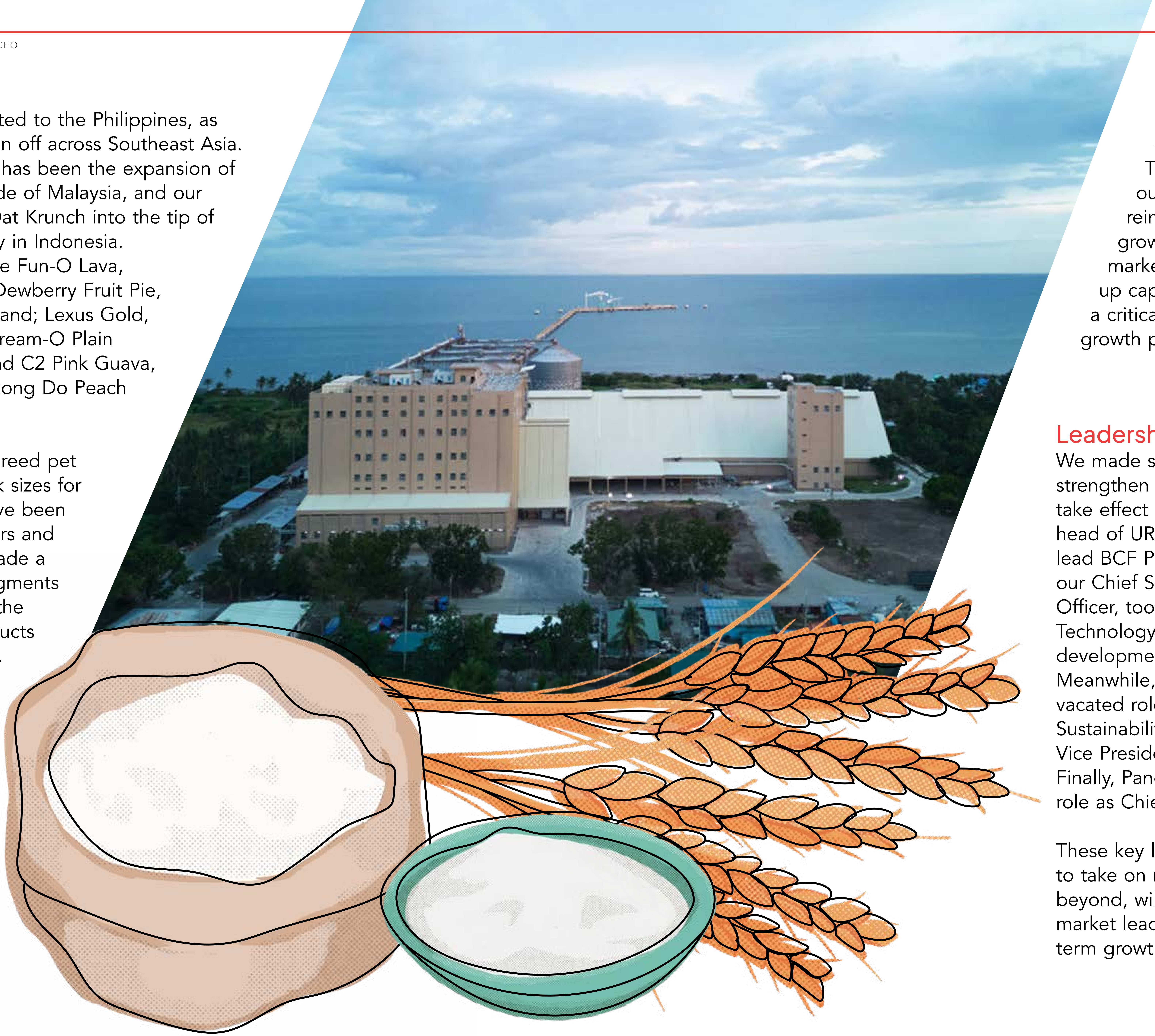
Finally, reinforcing health and wellness was a priority, while still offering tasty products. By using moringa as a key ingredient, we were able to expand the country's #1 healthy snack by launching Nova Green, and entered the healthy coffee segment with Blend 45 Malunggay.
We also excited the cultured milk drink market by distributing Goodday, and transforming that immunity-boosting product into a credible market challenger.



Developments were not limited to the Philippines, as new products have also taken off across Southeast Asia. Key among these successes has been the expansion of the Munchy's portfolio outside of Malaysia, and our success turning Lexus and Oat Krunch into the tip of the spear of our biscuits play in Indonesia. Other innovative wins include Fun-O Lava, Roller Coaster Corn Snack, Dewberry Fruit Pie, and Tivoli Big Bomb in Thailand; Lexus Gold, Roller Coaster Crisps, and Cream-O Plain Sweet Biscuit in Malaysia; and C2 Pink Guava, C2 Green Tea Lychee, and Rong Do Peach Yuzu in Vietnam.

We also expanded our TopBreed pet food portfolio with new pack sizes for the modern trade, which have been received well by both retailers and consumers. We have also made a concerted push into new segments such as cat food, providing the same quality TopBreed products – now formulated for felines.

The reception to these products has been very positive and we're excited to continue building more innovations in the years to come. As always, we follow vibrant market signals where they lead us; watch this space for more.



Sariaya Flour Mill Opening

This milestone will enhance our supply chain efficiency and reinforce our ability to meet growing demand and cater untapped markets. It's important that we shore up capacity in this segment as flour is a critical product, with ever-expanding growth potential.

Leadership Reorganization

We made strategic leadership shifts to strengthen our core business, which will take effect in 2025. Mian David, previously head of URC International, transitioned to lead BCF Philippines. David Lim, previously our Chief Supply Chain and Sustainability Officer, took on the role of Chief Technology Officer, overseeing research & development and corporate engineering. Meanwhile, Jess Panis stepped into David's vacated role as Chief Supply Chain and Sustainability Officer; Jess was most recently Vice President for Integrated Supply Chain. Finally, Pancho Del Mundo expanded his role as Chief Finance and Strategy Officer.

These key leaders, accomplished and ready to take on new challenges in 2025 and beyond, will drive innovation, strengthen market leadership, and sustain URC's long-term growth.

Opportunities Ahead

Looking to 2025, we remain focused on volume-driven revenue growth and market share expansion in the Philippines. We're also very bullish about our international business. We foresee a strong growth trajectory in Southeast Asia, particularly with the further scaling of Munchy's. Our Commodities business will center on profit recovery and sustainable cash generation, ensuring long-term stability.

We will also deepen our investments in branded products, including Animal Nutrition and Health, reinforcing our leadership in a variety of categories. We remain committed to brand-building, value innovations, and enhanced marketing investments to support greater growth in the coming years.

All of these efforts emphasize our dedication to navigate the transitions that so readily come with change. This includes an eager willingness to drive new success, no matter the challenge.

We need to rise above the changes at hand and build, shape, and cultivate success with purpose and precision. We have laid the groundwork, and now, with our best talent, strongest brands, and most ambitious strategies in play, we are poised to seize every new opportunity in the years ahead.

Thank you for your continued trust and support.

Irwin C. Lee
President & CEO

"We need to rise above the changes at hand and build, shape, and cultivate success with purpose and precision.

About URC

Business Highlights

For over 65 years, Universal Robina Corporation (URC) has brought joy to millions of consumers.

Founded in 1954 by John Gokongwei, Jr., URC has grown to become one of the largest branded food and beverage companies in the Philippines. From snacks and sweets to refreshing drinks, our products have become a staple in households across the country and in Southeast Asia where we've expanded our footprint over the years.

As a company, we're always evolving, but our goal remains the same: to create delicious, high-quality products that people love.

We've built a dominant Branded Consumer business in the Philippines, with instantly recognizable biscuits, powdered coffee, noodles, ready-to-drink (RTD) tea, along with other well-loved food and snack brands.

We also have a strong presence outside the Philippines, with a portfolio of market-leading products across the ASEAN.

Alongside our Branded Consumer goods, our Animal Nutrition and Health division continues to grow, driven by the expansion of our pet food business, augmenting our core animal feeds. In our Commodities business, URC remains to be the country's largest sugar miller and one of the top flour millers in the Philippines.

At the heart of everything we do is a commitment to delighting our customers, offering them high-quality, great-value, healthier products. As we look to the future, URC remains focused on strengthening our brands, exploring new opportunities, and staying ahead in an ever-changing market.

We're not just a leading player in food, beverages, animal nutrition & health, and commodities – we're a future-focused company driven by purpose, innovation, and a passion for creating meaningful experiences that uplift lives and inspire trust across generations to come.

3%
Net Sales Growth
₱161.9 billion
in CY2024

URC brands are still top picks among Filipino homes

Strategic expansion into e-commerce enhancing consumer interaction and experience

URC Named Among Asia-Pacific's Best 500 Companies of 2025 by TIME and Statista

Fun-O and Tivoli landed in Thailand's most influential brands list by Influential Brands Singapore

URC Munchy's named top global brand, among Asia's best workplaces

URC Vietnam Strengthens Corporate Sustainability with Faslink Collaboration

URC Indonesia Awarded Best Company to Work for in Asia and Most Caring Company by HR Asia 2024

Largest Sugar Miller in the Philippines in terms of capacity

Second largest bioethanol producer

Top 3 flour miller in the Philippines

Top Breed has received the Brand of the Year Award in the Dry Kibble Category, National Tier by World Branding Awards for the 4th consecutive year

6 STRATEGIC PARTNERSHIPS with large international snack foods and beverage players

Asahi Beverages Philippines, Inc.
Calbee-URC, Inc.
ConAgra Brands | Universal Robina
Danone Universal Robina Beverages
Nissin-Universal Robina Corporation
Vitasoy-URC Inc.

Key markets within Southeast Asia

Brand Architecture

Branded Consumer Foods (BCF)

BCF is recognized for being our largest business segment. It is comprised of strong household brands from the snack foods and beverages. With a growing presence within the ASEAN markets, each category has grown to become a staple on every family's shopping list.

READY-TO-DRINK BEVERAGES

RTD MILK
- Jack 'n Jill Cloud 9 Chocolate Milk Drink
- Jack 'n Jill Cream-O Ready-to-Drink

CULTURED MILK
- Goodday Cultured Milk Drink

RTD COFFEE
- Great Taste Iced Coffee Drink

TEA
- C2

ENERGY DRINK
- Rồng Đỏ

WATER
- Refresh Mineral Water
- B'lue

PLANT-BASED
- Vitasoy

POWDERED BEVERAGES

COFFEE
- Blend 45
- Great Taste

CHOCOLATE
- Swiss Miss

CREAMER
- Great Taste Cream All Coffee creamer

SNACK FOODS

BISCUITS
- Captain Munch
- Choco
- Jack 'n Jill Cream-O
- Jack 'n Jill Dewberry
- Jack 'n Jill Fun-O
- Jack 'n Jill Knots
- Jack 'n Jill Lausanne
- Lexus
- Jack 'n Jill Magic
- Munchy's
- Müzic
- Jack 'n Jill Tivoli
- Jack 'n Jill Presto
- Jack 'n Jill Chocolate Pretzels
- Oat Krunch
- Jack 'n Jill Wafrets

SNACKS
- Jack 'n Jill Calbee
- Jack 'n Jill Jigs
- Jack 'n Jill Mang Juan
- Jack 'n Jill Chikki Snack đùi gà
- Jack 'n Jill Roller Coaster
- Jack 'n Jill Mr. Chips
- Jack 'n Jill Chippy
- Jack 'n Jill Pic-A
- Jack 'n Jill Nova
- Jack 'n Jill Chiz Curls
- Jack 'n Jill Piattos
- Jack 'n Jill Tivoli
- Jack 'n Jill Fun Bites
- Jack 'n Jill Poppins
- Granny Goose Tortillos
- Jack 'n Jill King
- Jack 'n Jill Potato Chips
- Jack 'n Jill Tostillas
- Granny Goose Krrrunch!
- Jack 'n Jill Puff Corn
- Jack 'n Jill Vcut Potato Chips

CANDIES
- Jack 'n Jill Dynamite
- Lush
- Jack 'n Jill Maxx
- Jack 'n Jill X.O

CHOCOLATES
- Jack 'n Jill Choey
- Jack 'n Jill Cloud 9
- Jack 'n Jill Hello!
- Jack 'n Jill Nips
- Jack 'n Jill Wiggles

CAKES
- Jack 'n Jill Cream-O Cake Bar
- Jack 'n Jill Dewberry Yogurt Cake
- Jack 'n Jill Fun-O
- Jack 'n Jill Quake

CUP NOODLES
- Nissin Cup Noodles

POUCH NOODLES
- Nissin
- Payless

PASTA
- El Real

Brand Architecture
Animal Nutrition & Health and Commodities

Alongside our Branded Consumer Goods, our Animal Nutrition and Health division continues its strong growth, fueled by the expansion of our pet food portfolio alongside our core animal feeds business. In our Commodities segment, URC remains the country's largest sugar miller and one of the top flour millers in the Philippines, with the bulk of these commodities vertically integrated.

ANIMAL NUTRITION AND HEALTH

FEEDS

ANIMAL HEALTH

DISINFECTANTS

FARMS

Commercial Table Eggs (Fresh & Specialty Eggs)

Live Hogs, Fresh Carcass & Meat Cuts

Processed Meats

Ready to Eat

COMMODITIES

FLOUR

SUGAR & RENEWABLES

Raw Sugar

Refined Sugar

Molasses

Bioethanol

Power Export

Liquid CO2

Extra Neutral Alcohol

Rectified Spirit

Geographic Presence

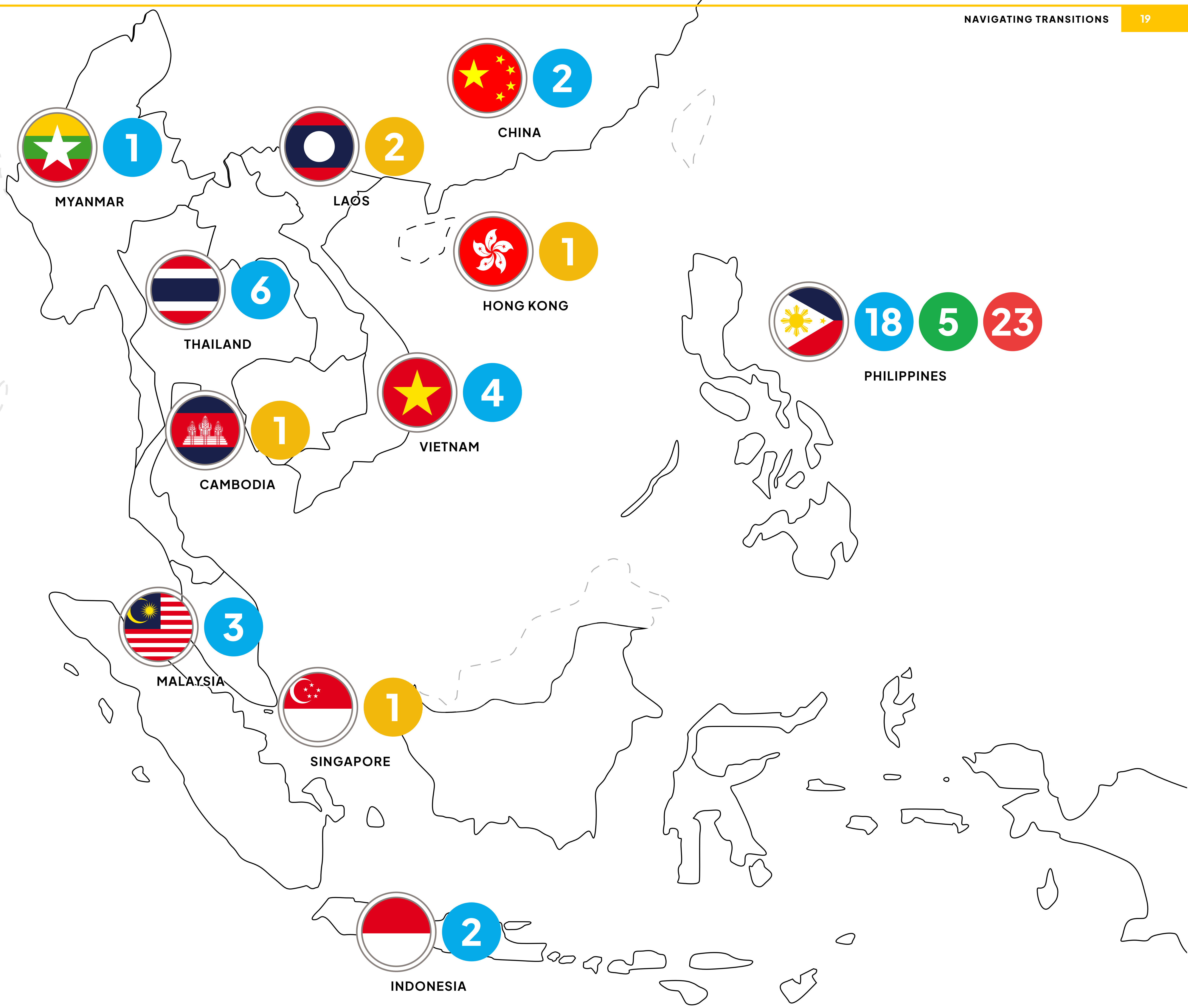
Total URC Facililities

5 International Sales Offices/ Exclusive Distribution Presence

36 Branded Consumer Foods Group/ Warehouse and Manufacturing

5 Animal Nutrition & Health Facilities

23 Commodities Facilities



Geographic Presence

Philippines

BOPP / Flexible Packaging Plant 3

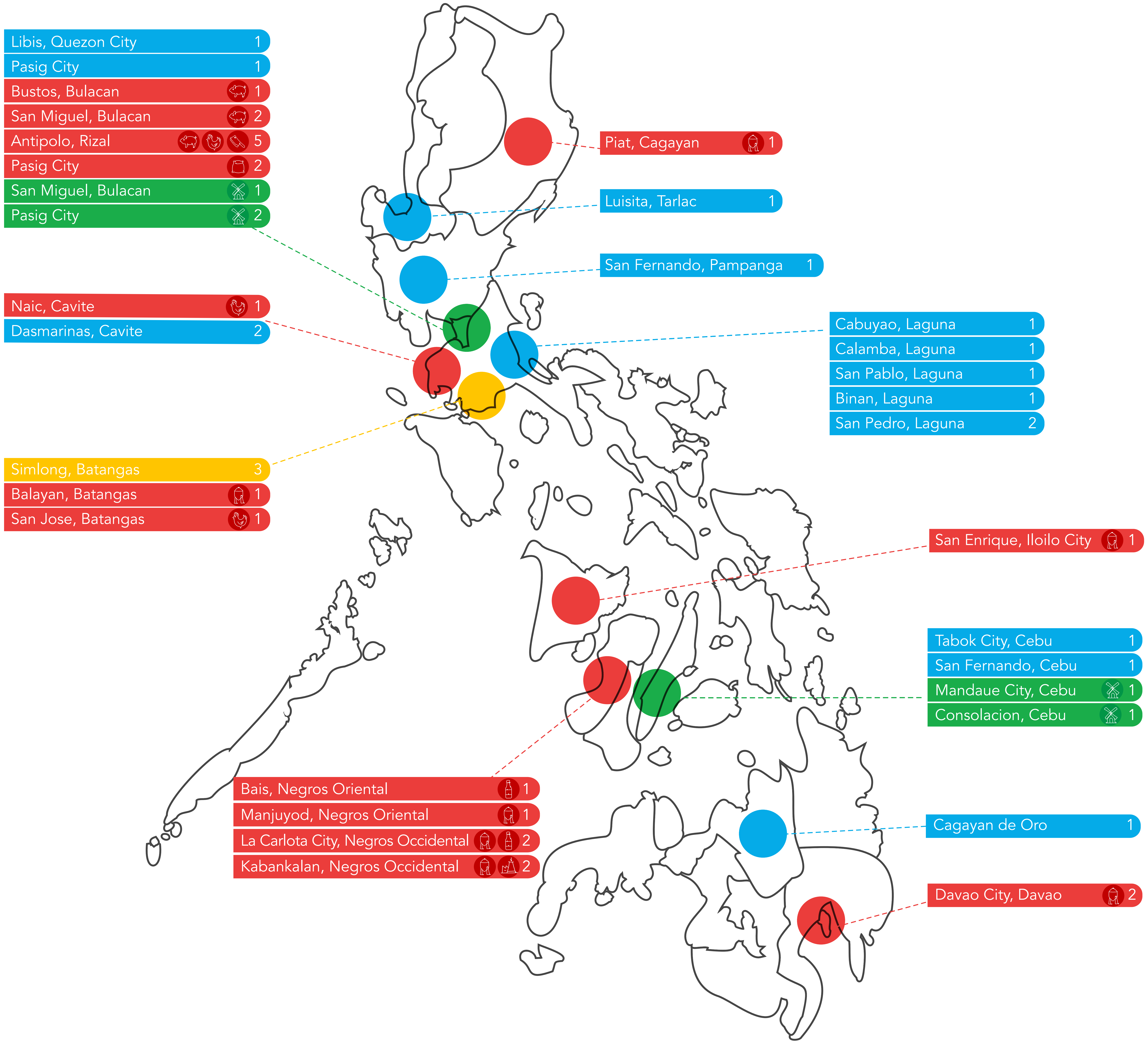
Branded Consumer Foods Group/ Warehouse and Manufacturing 15

Animal Nutrition & Health Facilities 5

- Feed Mill

Commodities Facilities 23

- Flour Mill
- Distillery Plant
- Piggery
- Poultry Farm
- Slaughterhouse
- Sugar Mill
- Biomass-Fired Power Cogeneration Plant



Geographic Presence

Global Exports

Our Branded Consumer Foods' single global export team helped us introduce a diverse portfolio of high-quality products to customers in over 50 countries worldwide. The expansion helped us maximize sales resources and manufacturing capabilities while supporting our international distributors and retail partners. Together, we hope to break through to new markets and create more win-win opportunities for our network.

Special Features

Flour Power

To successfully navigate challenging business transitions, you need to make some bold moves.

And bold it was in 2024 when URC launched its PHP 5.4 billion, state-of-the-art flour milling facility in Sariaya, Quezon Province. More than just an expansion, this facility raises the bar for efficiency, sustainability, and innovation in the industry.

"We're looking at a significant step forward," says URC President & CEO Irwin C. Lee. "The company's flour production capacity will now rise from 2,180 metric tons per day to an impressive 3,500 MT. That moves the needle in terms of business growth and positive impact on our customers and communities."

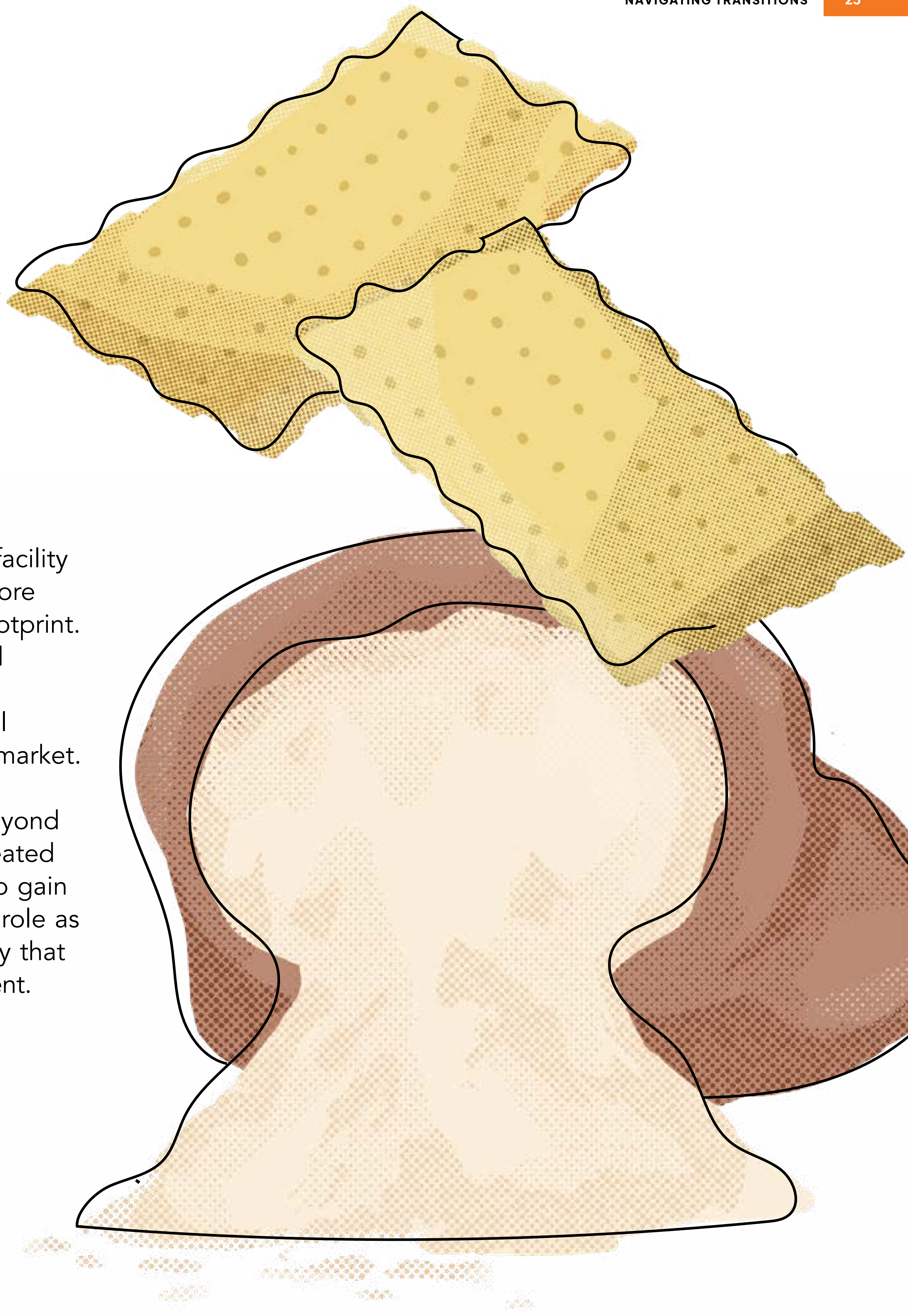
But the Sariaya plant isn't just bigger – it's smarter. It features the latest technology to streamline and optimize operations, with a centralized station for control and monitoring. On top of that, the facility boasts fully automated packing operations, speeding up production while minimizing waste.

The result? Greater precision, better quality control, and a seamless milling process that cuts down inefficiencies. In an industry where consistency is key, this technological leap ensures that URC can meet growing consumer demand while maintaining the high quality its customers expect.

Sustainability is also a priority. The Sariaya facility is designed to use energy and resources more efficiently, ultimately reducing its carbon footprint. By cutting waste and improving operational efficiency, URC aligns itself with global sustainability efforts – an increasingly crucial factor for companies competing in today's market.

The benefits of the Sariaya plant extend beyond URC's bottom line. With new jobs to be created at the facility, the local community stands to gain as well. This investment underscores URC's role as not just a market leader but also a company that actively contributes to economic development.

> ***"The Sariaya plant isn't just bigger – it's smarter.***



> **"*Sustainability is also a priority. The Sariaya facility is designed to use energy and resources more efficiently, ultimately reducing its carbon footprint.*"**

URC has been a dominant force in the Philippine flour industry since opening its first plant in Pasig in 1970, followed by its Davao facility in 1991. With the addition of the Sariaya mill, the company is fortifying its position at the forefront of flour production, setting new benchmarks for technology, efficiency, and sustainability.

For the wider flour industry, URC's latest investment signals a shift towards modernization and environmental responsibility. As competition grows and consumer expectations evolve, companies that prioritize innovation, efficiency, and sustainability – like URC – are the ones that will thrive.

"With this new plant, URC isn't just expanding," says Lee. "It's redefining the future of flour production in the Philippines."

Innovation and Growth

To successfully navigate the transitions of 2024, URC went back to its deep well of established brands for some creative innovation.

This was essential to the company's sustained success, especially when facing economic headwinds and rising inflation.

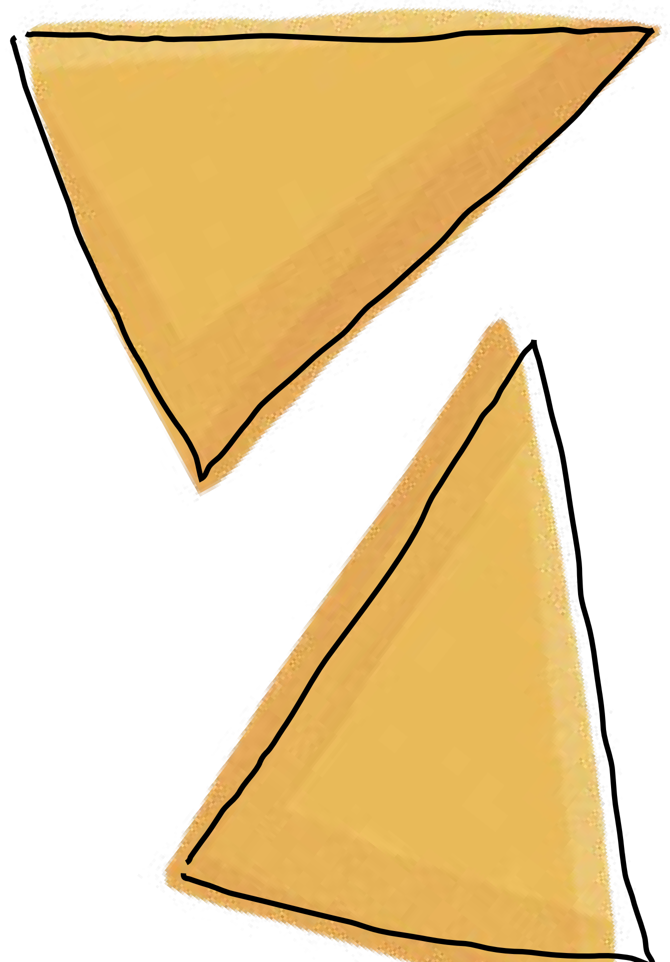
By leaning into its strengths — strong consumer understanding, robust research and development capabilities, and a dynamic innovation engine that responds quickly to shifting market needs — URC developed exciting new products that drove both customer acquisition and brand loyalty in the Philippines, and across Southeast Asia.

Many of URC's snack innovations were also designed to appeal to both parents and kids, making them ideal choices for baon (the snacks children bring to school). Launched at friendlier price points, these new offerings greatly appealed to families managing tighter budgets.

In the Philippines, where cheesy snacks are a mainstay among Filipinos, Piattos remained a top brand among consumers. We further expanded its reach by launching Piattos Cheese in an 18g pack – giving consumers a more affordable option of their beloved snack. In the noodles category, we launched Payless Sakto Pancit Canton, an even more affordable version of the cherished instant noodle brand.

Flavor and format offerings were also expanded across categories. The Piattos Special Edition lineup featured limited-availability variants such as Truffle, Bulgogi, and Four Cheese. Dewberry yoghurt cakes marked a successful entry into a new segment, with the product well received in its new format. Additionally, we introduced Lush Sour, a fun, fruity and chewy snack with a crunchy outer shell, adding variety to our confectionery category.

Then, with beverages, our Great Taste Iced Coffee Dark Latte addressed the growing demand for stronger café-style coffee in an affordable ready-to-drink format, making it accessible even amid constrained consumer spending. URC also introduced C2 Black Tea Peach, a vibrant and refreshing take on bottled tea, which perfectly matched Filipino consumers' preference for fruity, lighter refreshment options.



"URC developed exciting new products that drove both customer acquisition and brand loyalty.

And then, of course, we continued pursuing Health and Wellness with Nova Green and Blend 45 Malunggay, both of which continued positive traction this year.

In Thailand, URC's approach to innovation was equally strategic with the launch of Fun-O Lava Chocolate cookies and the expansion of the Roller Coaster snack range with Roasted Corn and Barbecue Corn flavors. Dewberry's expanded fruit pie line also banked on consumers' general love for fruity snacks.

In Indonesia, we accelerated the expansion of Munchy's beyond Malaysia, building a new leg of growth as we entered the biscuit category in this market. Lexus and Oat Krunch anchored our biscuit presence, complemented by our core brands, Piattos and Cloud 9, together driving growth and brand recognition across categories.

Meanwhile in Malaysia we launched Lexus Choco Coated biscuits and the new Munchy's Lexus Gold — a premium, multi-textured treat combining savory biscuit, creamy filling, and rich chocolate. The Roller Coaster Mega Crunch Hot & Spicy variant and the expanded Cream-O lineup resonated well with Malaysian consumers, offering familiar comfort with bold new flavors that fit perfectly into both everyday snacking and sharing moments.

In Vietnam, beverage innovation took center stage. The country's market responded well to C2's Pink Guava Passionfruit and Green Tea Lychee Black Tea flavors, both lighter, fruitier, and refreshingly different. URC also tapped into Vietnam's growing energy drink segment with Rong Do Peach Yuzu, offering a more natural, fruity alternative to traditional energy drinks — again balancing innovation with affordability to meet evolving consumer expectations.

"Accessible pricing helps ensure we remain an everyday indulgence even amid inflationary pressures.

Powering these successful launches was URC's Innovation Process Management (IPM) system, which combined robust customer-centric discovery and insights with the entrepreneurial speed and agility needed to develop new products and refresh existing brands.

URC's strong commitment to develop products that delight consumers, even during times of economic uncertainty, is what really helped advance the business through another challenging year. The company doubled down on giving its customers what they craved: food and drink satisfaction at the right price points - all of which reaffirm URC's place as a beloved, trusted brand across Southeast Asia.

Sustainability

Sustainability

Over the years, sustainability at URC has become more than just compliance, but a responsibility to protect and create lasting value for our people, communities, and planet.

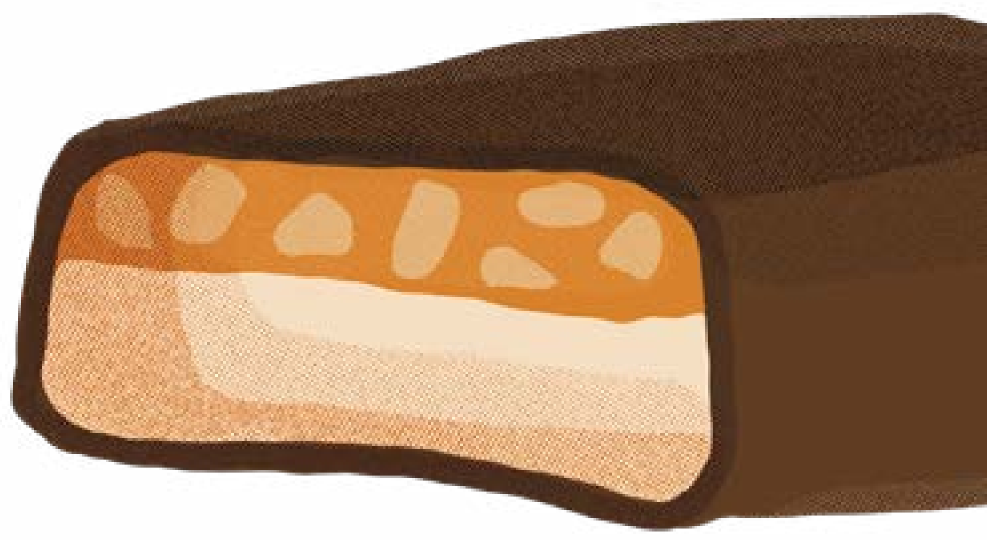
With our commitment centered on our stakeholders, we actively listen and engage with our employees, consumers, partners and suppliers to identify what key sustainability issues matter to them the most. These conversations have helped us refine and improve our strategies across our Focus Areas:

- **Natural Resources –** embedding resource efficiency into our operations, optimizing energy and water use while minimizing waste.
- **Products –** ensuring food safety, innovation, and alignment with URC's strong wellness criteria.
- **People –** fostering a safe, supportive, and growth-oriented environment for employees while effecting positive change in the communities where we operate.
- **Supply Chain –** focusing on responsible sourcing, promoting transparency, and strengthening supplier relationships.
- **Economic Performance –** embracing business practices that create shared success, ensuring long-term growth that benefits both URC's stakeholders and the environment.

From baseline exercises and awareness campaigns in 2018 to the refinement of the "Live Sustainability, Live URC" framework in 2024, we have been hard at work developing a sustainability approach that is sharp and truly in sync with URC values.

Live Sustainability, Live URC Framework

Live Up: Uplift People's Lives	People	Occupational Health & Safety
		Employee Training
	Communities	Corporate Social Responsibility
Live Right: Robust Portfolio	Responsible Sourcing	RSPO Certification
		GAP Certification
	Product	FSSC Certification
		Nutritional Quality
	Packaging	Plastic Footprint
		Recycle-ready Design
Live Clean: Care for the Planet	Climate Action	Energy Efficiency
		GHG Emissions
	Water Management	Water Efficiency
	Waste Management	Solid Waste Reduction
		Plastic Waste Diversion

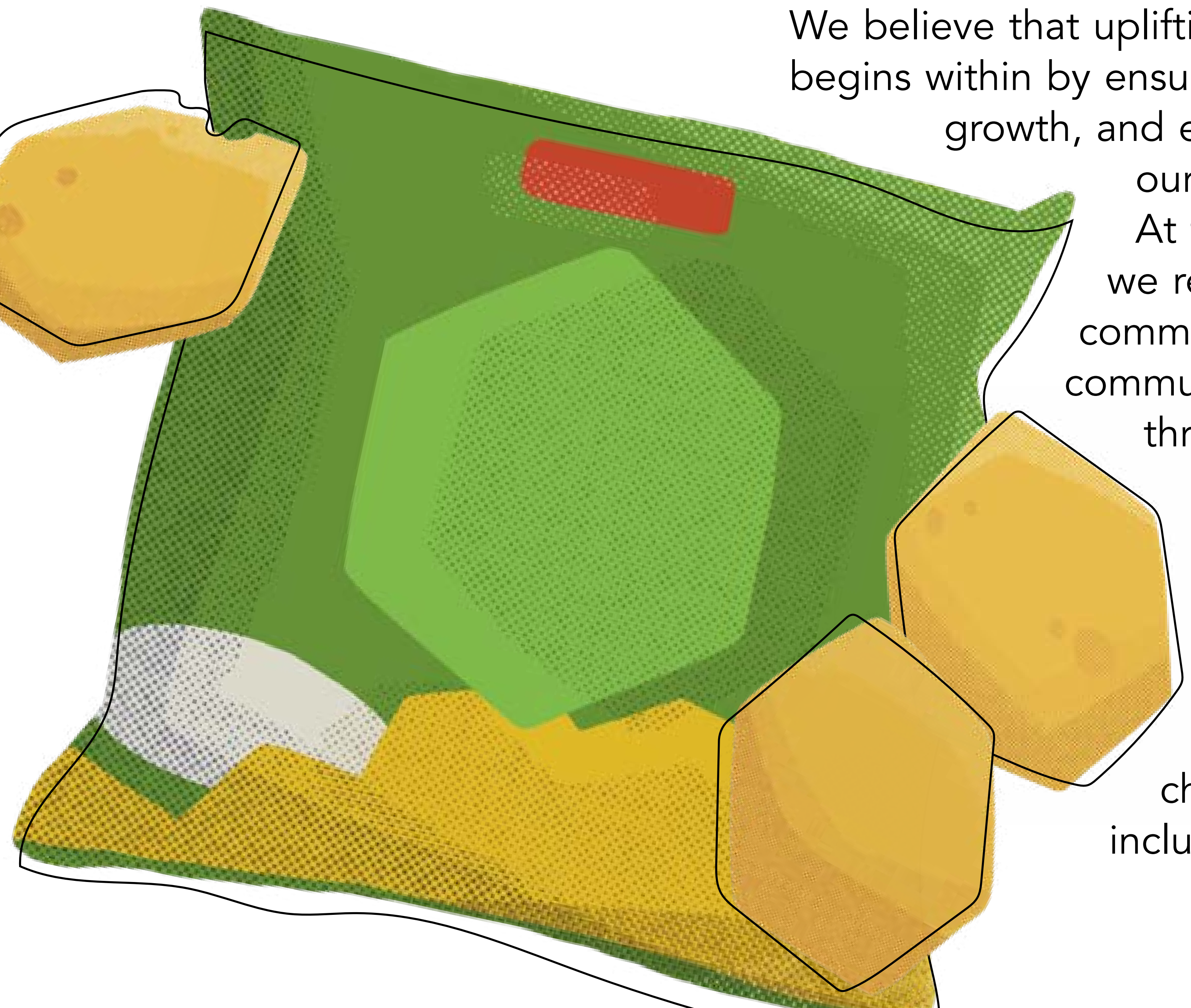


LIVE UP Uplift People's Lives

At URC, our journey has always been anchored on our people and the communities we serve.

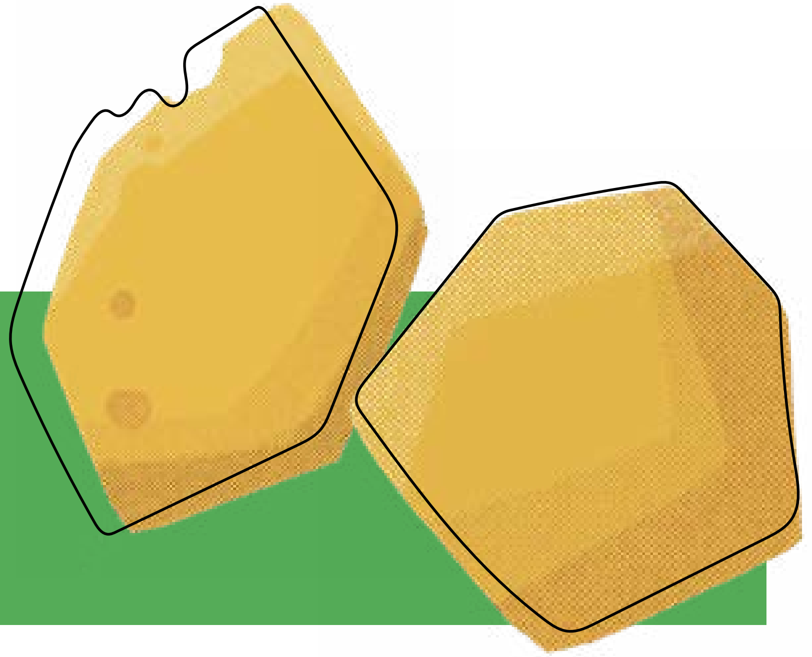
We recognize that our workforce is not just a part of the organization, they are the driving force behind everything we do. With 13,952 individuals making up our diverse team, we continue to build a strong, purpose-driven company. Across locations and generations, we come together with a shared purpose to delight consumers, create value, and contribute meaningfully to society.

We believe that uplifting communities begins within by ensuring the well-being, growth, and empowerment of our own people. At the same time, we remain deeply committed to the communities around us through our Corporate Social Responsibility programs, which are thoughtfully designed to help address shared sustainability challenges and foster inclusive progress.



People

Employee Data



13,952

Total No. of Employees as of 2024

Disclosure	Quantity	Units
By Gender		
a. Number of female employees	4,397	#
b. Number of male employees	9,555	#
By Age Group		
a. 26 and below	3,098	#
b. 27-41	7,291	#
c. 42-56	3,363	#
d. 57 and up	200	#
By Contract Type		
a. Regular	12,405	#
b. Consultant, FTE & Project based	787	#
c. Probationary	760	#
By Length of Tenure		
a. < 1 years	1,507	#
b. 1-3 years	3,153	#
c. 3-5 years	1,512	#
d. 5-7 years	1,545	#
e. 7+ years	6,235	#

Disclosure	Quantity	Units
By Rank		
a. Executive/Senior Management	78	#
b. Rank & File	8,285	#
c. Supervisor	1,737	#
d. Manager	1,167	#
e. Seasonal	368	#
f. Professional / Technical	368	#
By Business Unit		
a. BCF PH	4,061	#
b. BCF International	5,437	#
c. AIG	669	#
d. Flour	455	#
e. SURE	2,246	#
f. Main	486	#
g. Packaging	598	#
Attrition rate[1]	9.2	%
Ratio of lowest paid employee against minimum wage[2]	1:1	ratio

Note: Data covers the total number of URC regular employees as of December 31, 2024

1 *Attrition rate is the total voluntary turnover of current year over average total no. of employees of current year (including new hires for the year)*

2 *The ratio is based on the comparison between the wage of the lowest paid employee (base fare) and the minimum wage on the specific region. URC is compliant with the minimum wage requirement. Other compensation provided to regular employees are indicated in the table below.*

Occupational Health & Safety

Ensuring a safe and healthy workplace for our employees is central to how we operate at URC. We are deeply committed to providing a safe, healthy, and supportive environment where every employee feels protected and empowered.

Guided by our Safety Policy, we actively promote the identification and management of risks, integrate Occupational Health and Safety (OHS) into all aspects of facility operations. To strengthen this foundation, we established the Safety and Labor Relations Council which is a cross-functional body dedicated to addressing safety concerns, driving strategic interventions, and ensuring compliance across all sites.

"We are deeply committed to providing a safe, healthy, and supportive environment where every employee feels protected and empowered.

73,815,426
Total Man-Hours in 2023

74,988,084
Total Man-Hours in 2024[1]

Disclosure	2023	2024	Units
No. of work-related injuries[2]	286	231	#
No. of work-related fatalities	3	1	#
No. of work-related ill-health	-	-	#
No. of safety drills	130	159	#
LTIFR[3]	1.02	0.67	
AIFR	3.87	3.08	

Note: Data covers information of total URC (BCF-PH, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines and BCF-INT excl China)

1 *Total man-hours is the number of hours worked in the reporting period. These includes regular employees and third-party employees that are performing work in the workplace that is controlled by the organization*

2 *Number of work-related injuries include First-Aid Treatment Injury (FTI), Medical Treatment Injury (MTI), and Lost-time*

3 *Lost Time Injury Frequency Rate (LTIFR) is measured as the total number of work-related lost time injury cases occurring at the workplace across the whole Organization over the past month reported as an average for each 1,000,000 hours worked.*

Reinforce Safety Program

Through our Reinforce Safety Program, we have instilled a culture of awareness, ownership, and accountability. Initiatives such as safety moments, mandatory localized trainings, and the Occupational Health & Safety Summit have built employee capability, while the introduction of structured supervisor routines and supplier checklists extended safety practices beyond our walls. To uphold discipline and reward excellence, we implemented clear safety violation protocols, expanded third-party compliance, and launched recognition programs that celebrate proactive safety leadership. These efforts, taken together, reinforce our deep commitment to a culture where safety is everyone's responsibility.

Through this program, we have decreased our number of safety incidents from 286 to 231 and bolstered our culture of safety for all employees and partners.

Process Safety

Process Safety is the disciplined approach to managing hazards in industrial operations, preventing fires, explosions, and toxic releases through engineering, design, and management systems that protect people, property, and environment. At URC, we take process safety very seriously, as emphasized in our new company-wide Process Safety Management program.

To lay a strong foundation, we piloted a structured baseline study at BCFG Philippines. This assessment informed the implementation of immediate corrective actions and systemic improvements in safety protocols. As we scale this initiative across other business units, tailored assessments will help uncover unique safety challenges and build site-specific strategies. This year, we supported this rollout through 11 on-site coaching sessions, 4 awareness trainings, and knowledge-sharing activities. Learnings from these engagements continue to enrich our risk management practices, empowering teams to act decisively and collectively safeguard our people, operations, and communities.

Health & Wellness Caravan

At URC, we recognize that employee wellness and mental health are essential to build a strong organization. URC is proud to prioritize employee well-being with its Health & Wellness Caravans, bringing free medical tests, treatments, and health education directly to our workforce. From eye exams to therapeutic massages, we have helped countless employees benefit from better physical, mental, and emotional health. We held a total of 17 caravans in 2024, reinforcing our belief that a healthy workforce is the foundation of a strong, thriving organization.

Safety Recognition Program

The LIFE Excellence in Safety Award celebrates the operations who exemplify outstanding safety performance and a strong culture of care, awarded to URC Thailand Plant 3 for its exemplary safety performance, alongside category wins for Leadership and People Engagement, Facilities and Infrastructure Safety Improvement, and Effective Safety Processes and Systems. Its Safety Officer, Siriporn Somchinda, was also named Best Safety Officer for her outstanding leadership. URC Pampanga 1 received the Best in Information, Education, and Communication Award, recognizing its commitment to empowering employees through safety awareness and training—reflecting URC's continued dedication to a safe and resilient workplace.

Employee Training

Employee Training and Development

Disclosure	2023	2024	Units
Total training hours provided to employees	351,724.76	422,362.54	hours
Average training hours provided to employees	26.5	30.27	hours/ employee

Note: Data covers the total number of URC regular employees who underwent training in 2024.

Learning Interventions

One of the biggest investments we have given and continue to do so for our employees is the opportunity to learn and gain new skillsets. In 2024, we deepened this commitment by expanding training across leadership, technical, and agile programs. Through our Learning Management System (LMS), self-paced learning flourished, with over 7,000 hours consumed in just six months. We set a target of 24 training hours per employee, but our teams exceeded expectations, averaging 30.3 hours and contributing to over 422,000 total training hours, which is a 13% increase from the previous year. This momentum reflects not only our dedication to capability-building, but also our belief that when people grow, the whole organization thrives.

External Recognitions

In 2024, URC earned awards like Best Places to Work, HR Innovation, and Employer Branding—affirming its people-first approach. Unlike traditional, siloed HR models, URC integrates technology, engagement, and culture. We also honored outstanding projects at the 2024 Annual URChoice Awards. Sixteen (16 awards) were presented across categories such as Business Excellence, Game Changer, Organizational Transformation, and People Focus, each serving as a reminder to continue pushing boundaries and pursuing excellence.

Communities

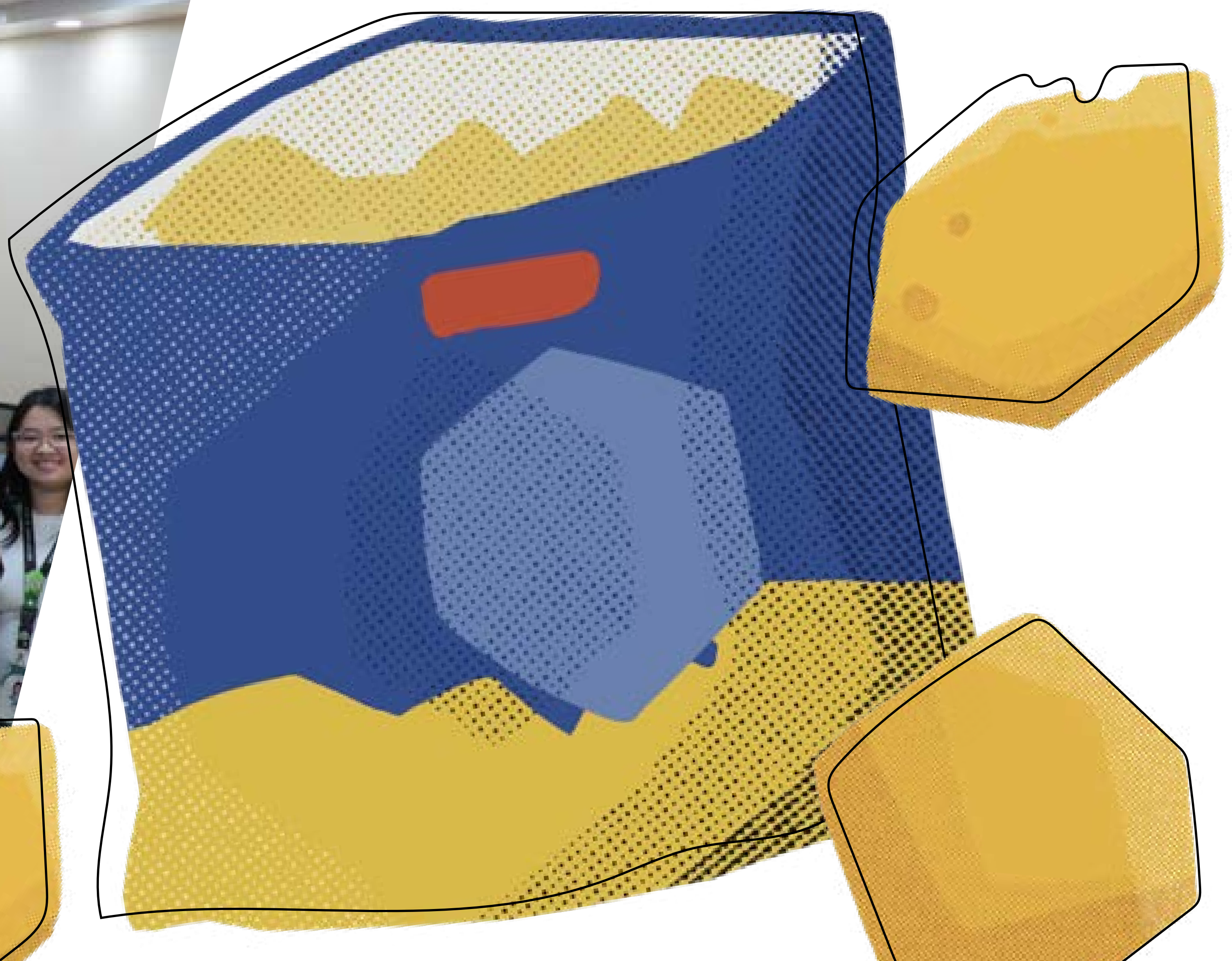
Corporate Social Responsibility

Juan Goal for Plastic

URC's plastic waste collection program aims to engage and empower communities such as schools and barangays by incentivizing the proper segregation and collection of plastic waste. From its start in 2022, the program continues to drive environmental impact by engaging communities, fostering partnerships, and supporting compliance with Extended Producer Responsibility (EPR) laws. In 2024, the initiative collected 36 metric tonnes of plastic waste, with over 30 collection sites activated across various business units and partner communities.

Sustainable Potato Program

Potato is an important commodity for URC and we recognize its importance for food security. That is why, we extend our support to our local farmers in the Benguet, Cagayan de Oro, and Davao regions. This year, we signed a five-year Memorandum of Agreement with the Department of Agriculture to expand the Sustainable Potato Program, strengthening seed systems, training farmer organizations, and increasing productivity in key potato-growing regions. Since 2019, the program has distributed 506 metric tonnes of high-quality potato seeds across 202 hectares, generating P920 million in income for 14 farmer groups. The DA has committed additional funding for seed production, targeting 12,000 hectares of commercial potato farming.



SDG CONTRIBUTIONS

4 QUALITY EDUCATION

5 GENDER EQUALITY

17 PARTNERSHIPS FOR THE GOALS

LIVE RIGHT
Robust Portfolio

At URC, we believe that living right begins with making the right choices, starting with the way we source, produce, and package our products.

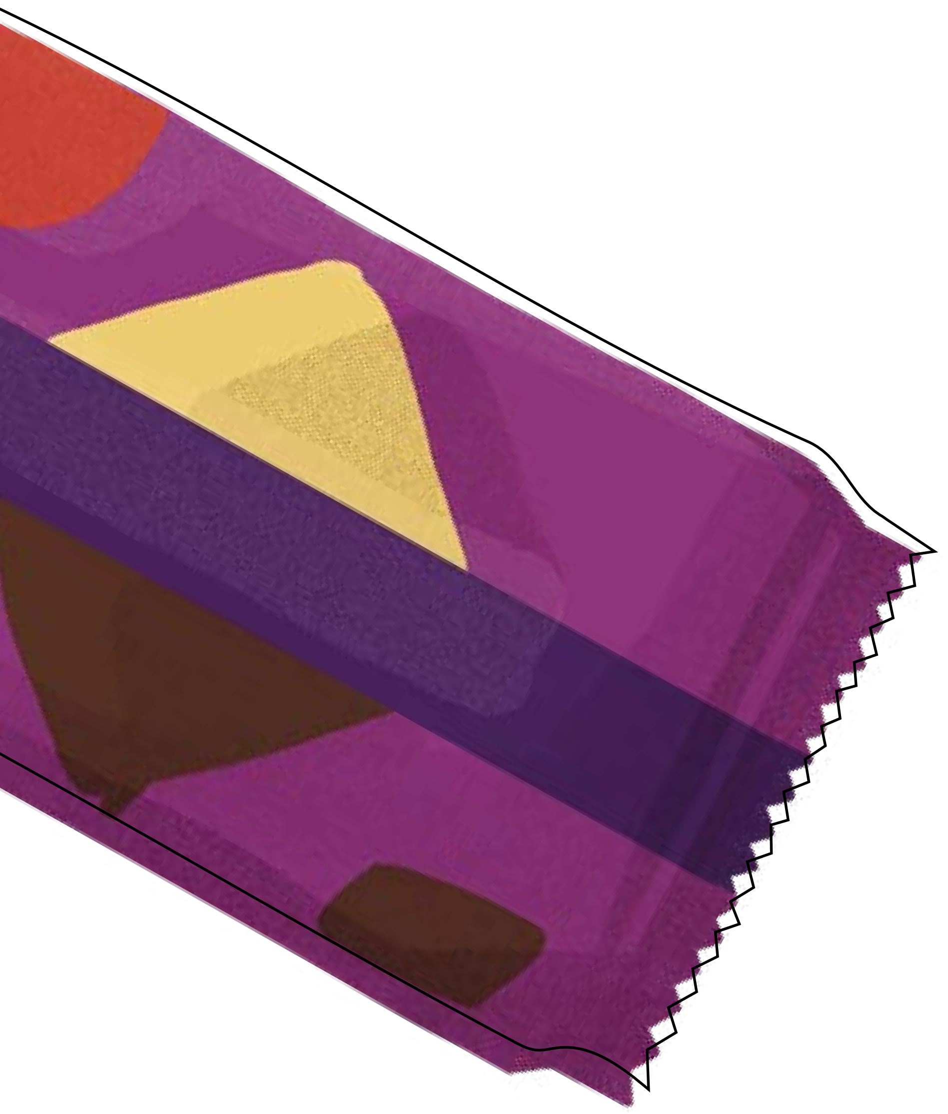
Our commitment to a robust and responsible portfolio is grounded in the belief that sustainability and quality must go hand in hand. Every ingredient we select, every innovation we introduce, and every package we design reflects our purpose of delighting everyone with good food choices.

Responsible Sourcing

URC is deeply committed to sustainable operations by ensuring that all raw materials are traceable, responsibly sourced, and compliant with the highest food safety standards. A core element of this commitment is the sourcing of key ingredients—such as palm olein and potatoes—from certified and credible suppliers.

In 2024, 60% of the palm olein we used was RSPO-certified, ensuring ethical practices. 100% of our chipping potatoes came from GAP-certified suppliers, and the AIG business unit continues to use Sustainable US Soy.

Through our Responsible Sourcing Policy and Supplier Code of Conduct, we continue to influence our suppliers to uphold the highest environmental, ethical, and food safety standards.



Product

FSSC Certification

Food Safety and Quality Management
URC maintains incredibly high standards of quality and food safety across all our operations. We follow global standards and have even developed our own rigorous framework, including the One Good Manufacturing Practices (GMP) Requirements and URC Operational Requirements (URCORe) Integrated Quality and Food Safety Standards. These ensure consistency, compliance, and continuous improvement in manufacturing and sourcing. URC also conducts risk-based internal audits to proactively identify and address potential issues, while investing in training programs to equip auditors with the skills needed to uphold food safety standards.

In line with our commitment to excellence, we are determined to achieve 100% sustained Quality and Food Safety Certifications for applicable manufacturing sites. This is done by adopting best practices in food safety management systems and pursuing globally recognized certifications schemes such as Food Safety System Certification (FSSC) 22000 with reputable certifying bodies. Maintaining the highest standards in quality and food safety is essential not only for compliance but also for building consumer trust and loyalty.

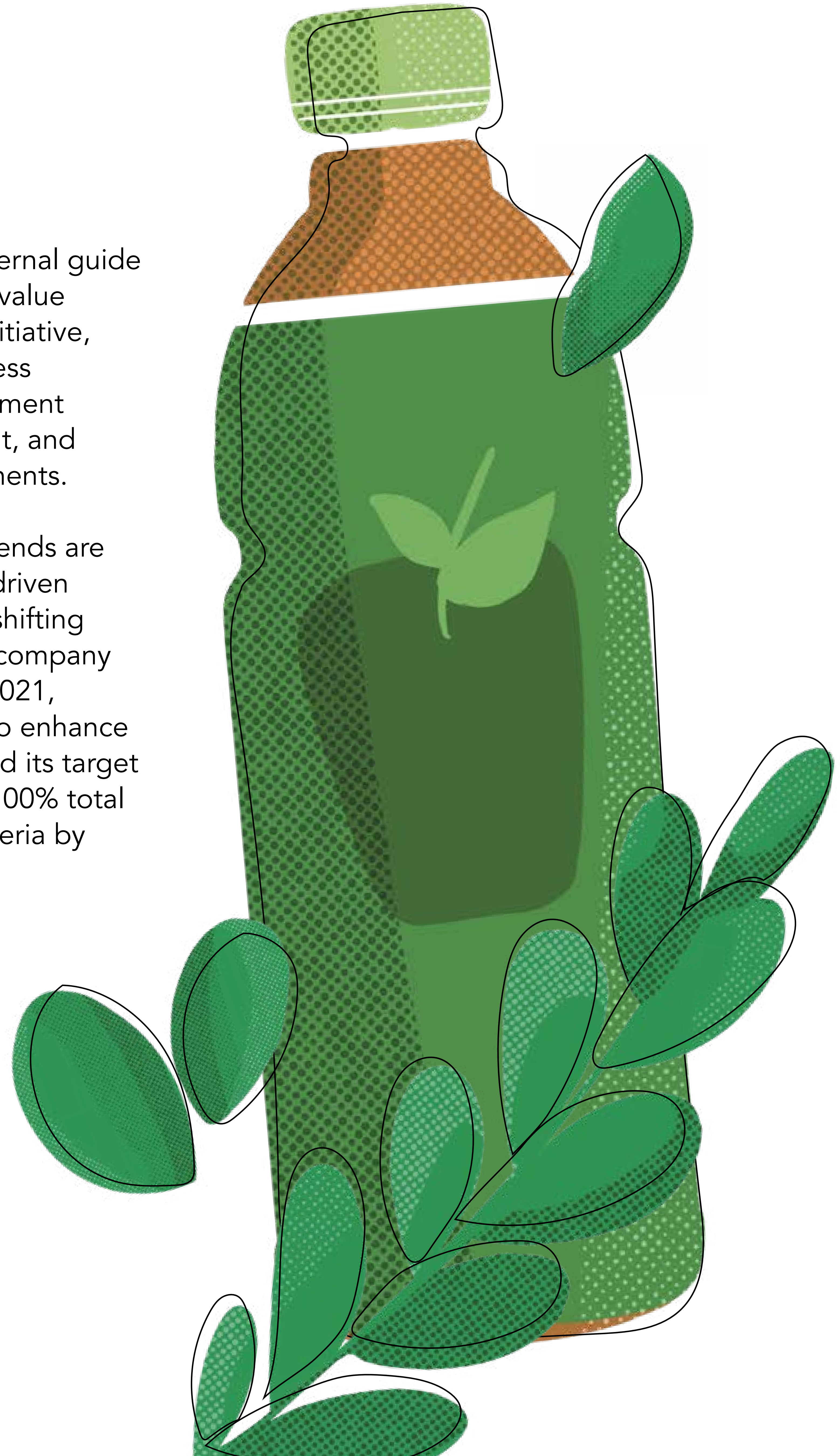
Quality Recognition Program
The PEARL Excellence in Quality Award is given to a Plant Facility that has embedded a Quality Culture which resulted in the achievement of exemplary performance for Quality and Food Safety. This award was presented to URC Vietnam Plant 2 for fostering a strong quality culture and achieving exceptional performance in quality and food safety. Its Quality Manager, Nguyen Thi Anh Ngoc, was also named Best Quality Assurance Head for her leadership in upholding food safety and compliance. Category awards included the Brand Quality Seal Award to URC San Pablo Plant for consistent product quality, the Globe Excellence Award to URC Vietnam Hanoi for global compliance and operational continuity, the Quality Lens Award to URC Vietnam Plant 2 for promoting continuous improvement, and the Flask Award to URC Thailand Plant 5 for integrity in quality testing and laboratory excellence.

"In line with our commitment to excellence, we are determined to achieve 100% sustained Quality and Food Safety Certifications for applicable manufacturing sites.

Nutritional Quality

Wellness Criteria
URC's Wellness Criteria is an internal guide used to improve the nutritional value of our products. Through this initiative, we are able to proactively address the possibility of stricter government regulations on sugar, sodium, fat, and other health & wellness components.

URC recognizes that wellness trends are evolving faster than expected, driven by a growing middle class and shifting regulations. To stay ahead, the company revised its Wellness Criteria in 2021, aligning with WHO guidelines to enhance product nutrition. URC upgraded its target for wellness criteria to achieve 100% total products passing 3 wellness criteria by 2030.

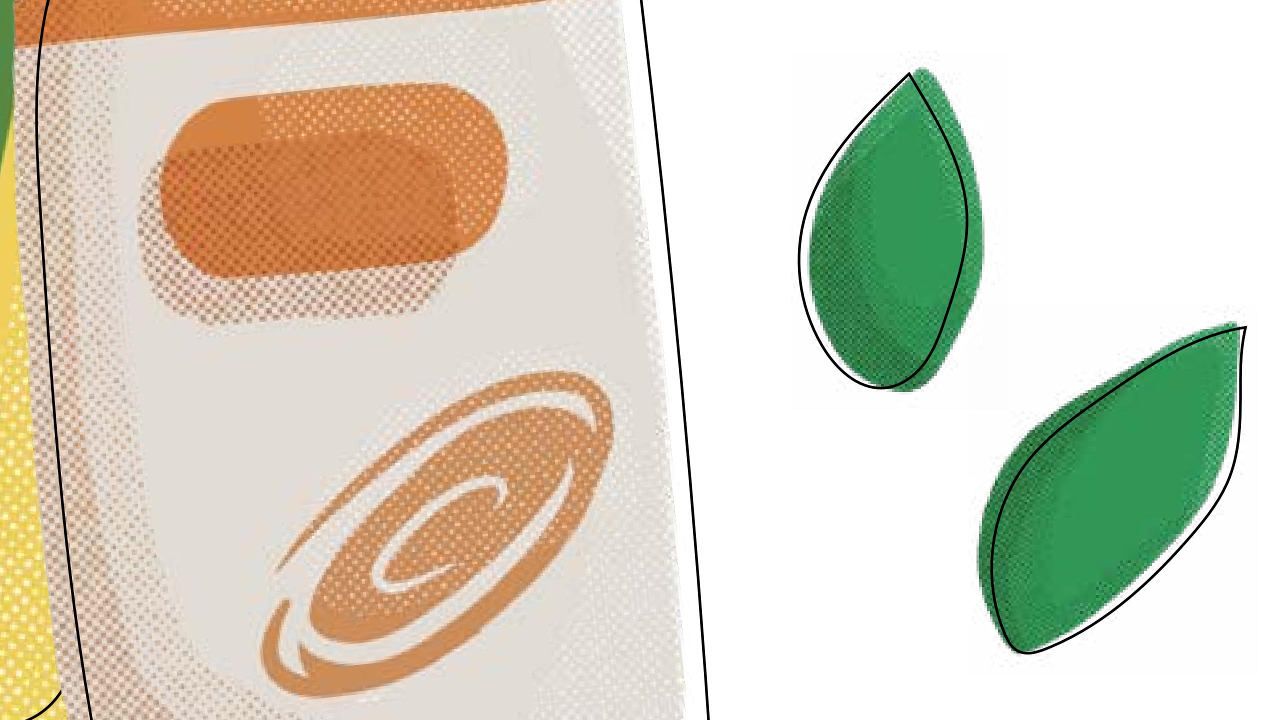


In 2024, the total URC Wellness Score (using the updated criteria) indicated that:

100%
of total products passed 1 URC Wellness Criterion

99%	87%	40%	7%
passed 2 URC Wellness Criteria	passed 3 URC Wellness Criteria	passed 4 URC Wellness Criteria	passed 5 URC Wellness Criteria

The aim of URC is for 100% of our products to meet at least three wellness criteria by 2030. In addition, we have introduced innovations like VegiGood, a breading mix of tasty seasonings, spices, real carrots, and malunggay, as well as nutrient-rich products in Indonesia and Vietnam, which incorporate 100% natural ingredients and utilize functional quality ingredients.



Packaging

Plastic Footprint

Packaging Reduction

At URC, we are reducing our plastic footprint by:

- Reducing trim waste of total print width by incorporating tonal scales in wrapper design
- Reducing cut length of Great Taste Premium and Granule sticks
- Reducing the thickness of shrink wrap used for C2
- Light weighting of C2 bottles

We also reduced our plastic weight in the Refresh water bottles without compromising the quality of the product. The original 330 mL bottle weighing 13 grams was replaced with a 350 mL version weighing only 7.85g, while the 500 mL dropped from 16g to 8.85g. We are also redesigning our coffee mix wrappers to be recycle-ready, supporting sustainability and resource efficiency.

SDG CONTRIBUTIONS

LIVE CLEAN
Care For The Planet

At URC, we believe that caring for the planet is a reflection of our values and a commitment to the creating a sustainable future.

As environmental challenges grow more urgent each day, we choose to lead with purpose, responsibility, and action.

Our commitment goes beyond sustainability, it is a pledge to protect the natural systems that sustain all life, from the air we breathe and the water we drink, to the precious resources that support our communities and fuel our growth.

Climate Action

We live in a world where the effects of climate change are no longer a distant threat but already unfolding in real time. As a company grounded in purpose, we recognize our duty not only to reduce our environmental footprint but to become part of the global solution. Climate action is at the core of our sustainability commitment.

At URC, we understand that protecting the planet means securing the future of our people, our business, and our communities. As a testament to this, we anchor our climate action plans on its target to reduce its energy use ratio (EUR) by 30% compared to 2020 levels, and ultimately achieve Net Zero by 2050.

Energy Efficiency

URC is committed to effectively manage its energy usage by improving energy efficiency. Anchored on our target to reduce our EUR by 30%, we continuously look for opportunities to improve operations, eliminate wastages, and reduce overall energy demand.

Energy Consumption within the Organization

Disclosure	2023[4]	2024	Units
Energy consumption (Renewable sources)[1]	1,750,194	1,569,015	GJ
	24	22	%
Energy consumption (Electricity from non-renewable)	822,726	827,580	GJ
	11	12	%
Energy consumption (Fossil fuel)[2]	4,764,013	4,595,754	GJ
	65	66	%
Energy consumption (Total)	7,336,934	6,992,349	GJ
Energy Use Ratio (EUR)[3]	2.7	2.63	GJ/MT
Energy Intensity	46.93	43.49	GJ/MnPHP

Note: Data covers information of total URC (BCF-PH, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines, BCF-INT excl. China)

1. *Renewable sources include on-site generation of solar power, biomass and biogas utilization, and purchased electricity from renewable sources through Retail Electricity Contracts*
2. *Fossil fuel includes diesel, bunker, LPG, LNG, CNG used in operations, and gasoline for company-owned vehicles*
3. *EUR is the measurement of energy consumption in relation to production volume*
4. *Restated 2023 numbers to reflect exclusion of China operations*

Energy Efficiency Improvement in Operations

Over the years, project teams were formed to conduct feasibility studies and continuously implement improvements focused on areas such as electricity conservation, reduction of fuel consumption (coal, diesel, LPG), solar, and biofuels as alternatives. In 2024, these projects evolved to focus on improving the operation of boilers through the Project BOPIES, which has delivered substantial results, cutting energy use by 15% for coal and 3% for diesel. This improvement in efficiency led to a massive PHP 73 million in cost savings.

Utilization of Biomass & Biogas as Fuel Displacers

In a bid to strengthen our reliance on alternative fuels, URC has turned to using biomass and biogas from manufacturing by-products to generate steam and electricity. Many of our sugar mills and distilleries are powered by bagasse (a by-product of sugarcane milling), spent wash, and biogas power. Animal waste, coffee grounds, and tea leaves fuel farms and food plants. In 2024, these efforts generated 659,694 GJ of energy, displacing 9.5% of total energy consumption.

SDG CONTRIBUTIONS

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

13 CLIMATE ACTION

> "Many of our sugar mills & distilleries are powered by ***bagasse*** *(a by-product of sugarcane milling),* ***spent wash****, and* ***biogas****.*

GHG Emissions

Greenhouse Gas Emissions

Disclosure	2023	2024	Units
Direct (Scope 1) GHG Emissions	433,700	408,227	Tonnes CO_2e
Fugitive Emissions[1]	31,166	25,902	Tonnes CO_2e
Energy Indirect (Scope 2) GHG Emissions[2]	156,990	154,180	Tonnes CO_2e
Total (Scope 1 + Scope 2) GHG Emissions	590,690	562,339	Tonnes CO_2e
GHG Intensity	3.77	3.50	Tonnes CO_2e/ MnPHP

Note:

- *GHG Emissions cover information of total URC (BCF-PH, Flour, SURE, AIG, head offices, & external distribution centers in the Philippines, BCF-INT excl. China). This includes fugitive emissions.*
- *Emissions from biomass are considered biogenic emissions and should be tracked separately as per the GHG Protocol and are thus, not included in the overall GHG emissions inventory.*
- *2023 numbers have been restated due to changes in structure (acquisitions & divestments) and methodology improvements (improved emission factors).*

[1] *Fugitive emissions include emissions from refrigerants consumed by the plants which include R22 / Freon, R134a, R404, R407, R410, R507, R141B, R417, R32. Calculations only include Kyoto- protocol products. R22 will be phased out consistent with the phase-out schedule set by DENR Administrative Order (DAO) 2013-25.*

[2] *Computation of Scope 2 emissions used the market-based approach using emission factors provided by Retail Electricity Suppliers.*

Climate Action Program
URC kicked off its Climate Action Program (CAP) in 2024 to tackle greenhouse gas emissions head-on. Our bottom-up approach (operations-to-corporate) supports teams with trainings on GHG fundamentals and decarbonization strategies.

The program streamlined energy-savings and renewable energy (RE) adoption projects by categorizing them into key decarbonization levers to measure their impact to URC's GHG emissions for the next three years.

Since 2020, URC has seen a decrease in its Scope 1 & 2 emissions, with a big focus on increasing RE mix to sustain momentum on reducing emissions. As we gear towards 2050, the CAP will continue to provide URC with sound projections that serve as foundations to make data-driven decisions as we continuously evaluate our Net Zero target.

> ***"Since 2020, URC has seen a decrease in its Scope 1 & 2 emissions, with a big focus on increasing Renewable Energy mix.***

Solar Power
URC has been integrating solar energy into its operations since 2019, installing solar panels across twelve facilities with a total capacity of 18.1 megawatts peak (MWp). A notable project this year is the 1 MW ground-mounted solar farm at the La Carlota Distillery Plant in Negros Occidental.

In 2024, URC's solar initiatives contributed 63,173 gigajoules (GJ) to the company's energy consumption, avoiding approximately 6,217 tons of CO2 emissions compared to if it was purchased from the grid.

Biomass Power Generation
URC's bagasse-fired power plant in Kabankalan, Negros Occidental generates electricity used for both operations and for distribution to the national grid. By maximizing this biomass energy, URC reduces its reliance on fossil fuels for sugar manufacturing, all while contributing to the Philippines' renewable energy mix.

Purchased Electricity from Renewable Energy Sources
Boosting our transition to renewable energy sources, we have secured partnerships with Retail Electricity Suppliers to provide our facilities in the Philippines with electricity generated from solar and geothermal energy. In Vietnam, we have existing Power Purchase Agreements (PPA) that provide electricity generated from solar energy.

We will continue to maximize opportunities to utilize renewable energy in purchased electricity for all of our operations. As a sign of progress towards this goal, 51% of electricity the company purchased came from renewable energy sources.

"

URC continually aims to lessen the load on the planet through climate action initiatives.

Climate Related Risks & Opportunities
URC continually aims to lessen the load on the planet through climate action initiatives, keeping the business resilient and ready for the impacts of climate change. That is why URC is keen on identifying climate-related risks and opportunities.

Driven by leadership support and the contributions of the Corporate Governance and Sustainability Committee, the company has identified the following physical risks and opportunities:

Risks
1. Tropical Cyclones (Acute)
Potential damage to plant equipment, disruptions to operations, and power outages.
Preventive actions: Enhance business continuity plans, upgrade facilities, install backup power, and adjust preventive maintenance schedules.
2. Flooding (Acute)
Disruptions due to flooded warehouses and access roads.
Preventive actions: Monitor river levels, maintain drainage systems, improve emergency response plans, and train staff on evacuation procedures.
3. Extreme Temperature & Heat Stress (Chronic)
Reduced productivity and increased cooling costs.
Preventive actions: Provide cooling stations, optimize temperature controls, and install climate monitoring systems.

Opportunities
1. Resource Efficiency (Short- to Medium-Term)
Energy-efficient equipment and optimized logistics reduce costs and enhance sustainability.
2. Energy Transition (Medium- to Long-Term)
Increased use of renewable energy lowers costs and improves resilience against fuel price fluctuations.
3. Operational Resilience (Short- to Medium-Term)
Investment in climate monitoring systems strengthens supply chain reliability and enhances reputation.

Water Management

Water Efficiency

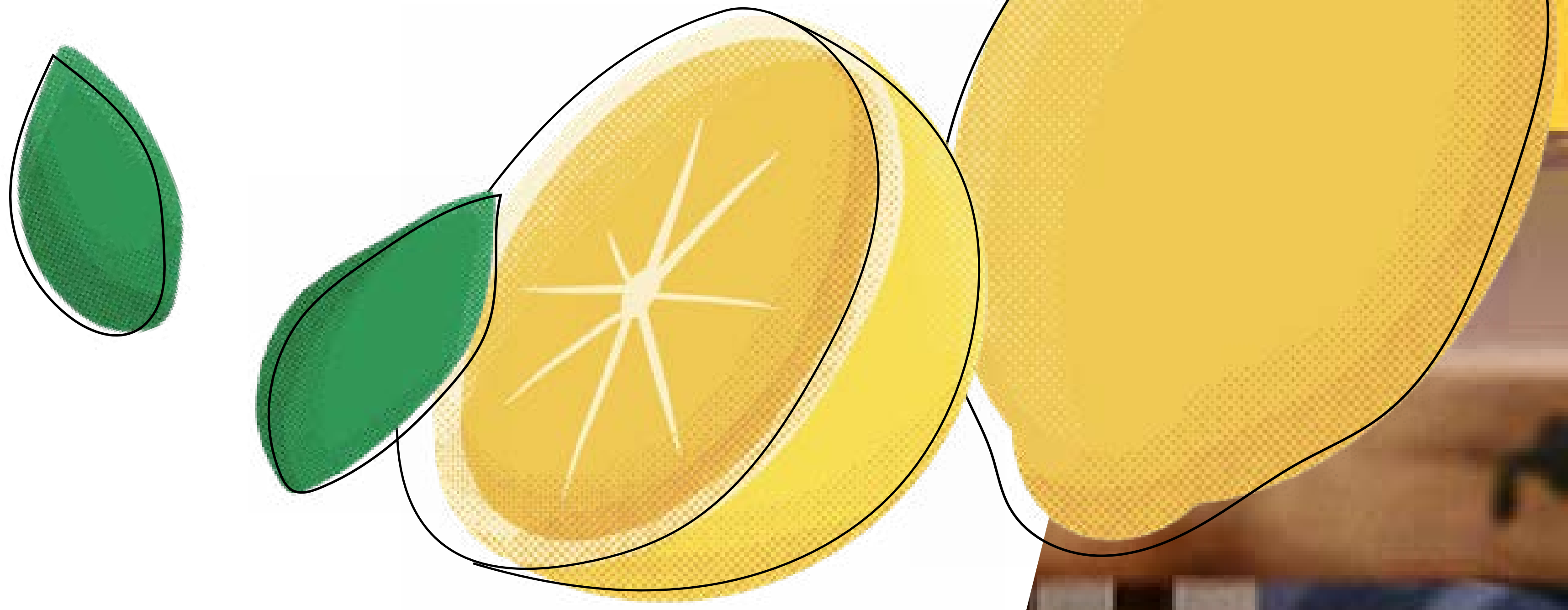
Reduce, Reuse, Recycle

This three-R mantra is a powerful directive when it comes to reducing water consumption. To achieve this, URC has implemented rainwater harvesting, leak detection, and process improvements in its facilities. It reuses water by recovering steam, recycling rinse water, and repurposing it for cleaning and irrigation. The company also recycles treated wastewater for cooling systems and initial raw material washing.

In 2024, the company reduced its water use ratio (WUR) by approximately 38% against its 2020 baseline data.

Compliance Assessment

URC ensures compliance by regularly assessing facilities' adherence to permits and environmental, health, and safety (EHS) standards. Monthly tracking and the Integrated EHS Assessment (IEHSA) help manage risks and guide improvements. The program has expanded internationally, ensuring all sites meet strict local regulations.



"In 2024, the company reduced its water use ratio (WUR) by approximately 38% against its 2020 baseline data.

Water Consumption within the Organization

Disclosure	2023[5]	2024	Units
Water withdrawal[1]	18,122,829	14,535,765	Cubic meters
Water consumption[2]	10,831,247	7,569,606	Cubic meters
Water recycled and reused[3]	936,929	672,021	Cubic meters
Water intensity	69	47	Cubic meters / MnPHP
Water Use Ratio (WUR)[4]	6.82	5.58	Cubic meters / tonnes

Note: Data covers information of total URC (BCF-PH, Flour, SURE, AIG, and BCF-INT excl. China)

1 *Water withdrawal is the volume of water extracted from ground water, surface water, sea water and third-party water*

2 *Water consumption is computed as the difference between water withdrawal vs water discharge (found in effluents section)*

3 *Water recycled and re-used is the volume of water from wastewater and rainwater recovery*

4 *WUR is the measurement of water consumption in relation to production volume*

5 *Restated to reflect exclusion of China operations*

Waste Management

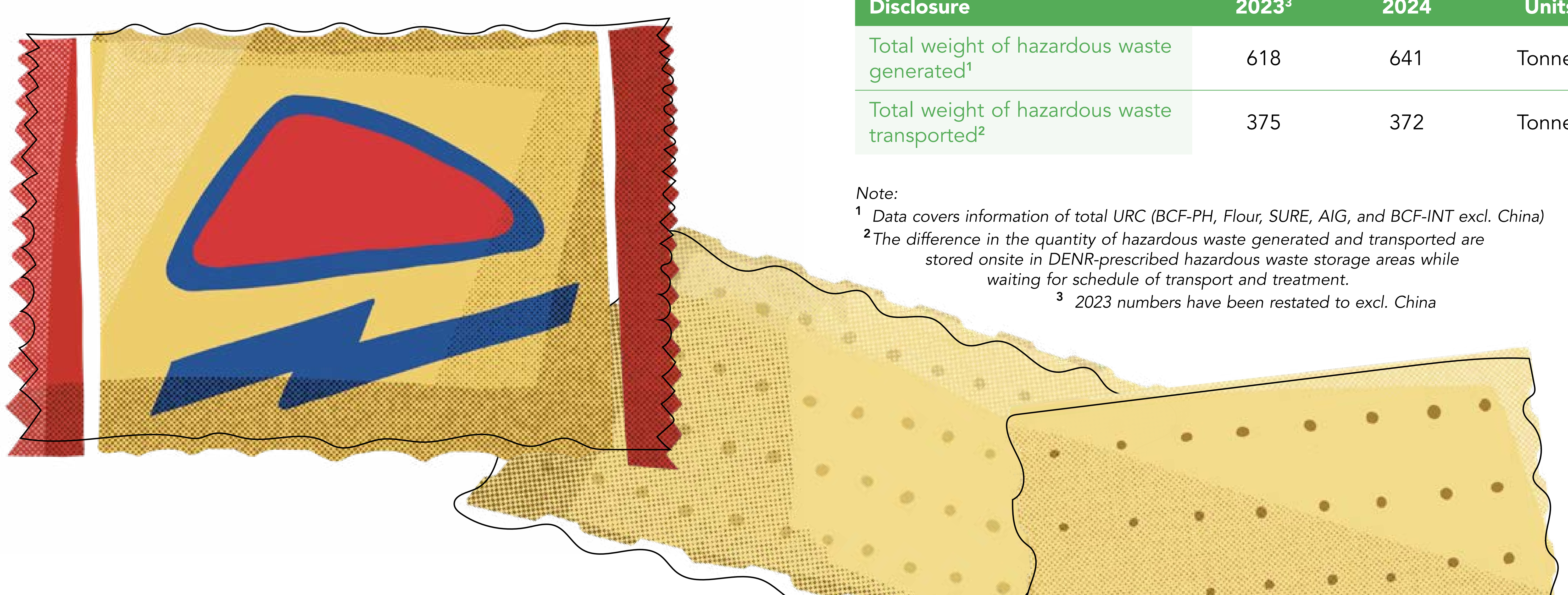
Solid Waste Reduction

As part of its commitment to reducing waste and achieving its zero-waste-to-landfill goal, URC continuous to implement several sustainability initiatives focused on effective waste management. This covers an end-to-end approach where URC manages both post-industrial and post-consumer waste challenges.

In 2024, we reduced our solid waste by 29.64%. We will continue working hard to reduce these numbers further. Our vision is to offer comprehensive, heartfelt ideas on how to manage all our waste, with some notable programs below:

Segregation at Source

Effective waste management starts at the source. URC facilities actively practice waste segregation to improve proper disposal and recycling efforts – not only as good practice, but also as an example for others.



Solid Waste

Disclosure	2023	2024	Units
Total solid waste generated	2,454,320	1,726,786	Tonnes
Recyclable (Biodegradables[1] and Non-Biodegradables[2])	616,317	357,729	Tonnes
Incinerated	0	0	Tonnes
Residual/Landfilled[3]	24,057	20,885	Tonnes
Renewable[4]	1,813,946	1,348,172	Tonnes

Note: Data covers information of total URC (BCF-PH, Flour, SURE, AIG, and BCF-INT excl. China)

[1] *Biodegradable waste originated from plant or animal sources which may be broken down by other living organisms*

[2] *Non-biodegradable wastes were sold as scrap or returned to the recycling stream (e.g.: plastic containers, rubber, and metal)*

[3] *Residual/Landfilled – non-potential and non-recoverable waste that are disposed to sanitary landfill.*

[4] *Renewable are waste materials used as alternative fuel to generate the company's own energy (e.g.: Coffee Spent Grounds used as alternative fuel to boiler to produce steam for the production)*

** 2023 numbers have been restated to excl. China*

Hazardous Waste

Disclosure	2023[3]	2024	Units
Total weight of hazardous waste generated[1]	618	641	Tonnes
Total weight of hazardous waste transported[2]	375	372	Tonnes

Note:

[1] *Data covers information of total URC (BCF-PH, Flour, SURE, AIG, and BCF-INT excl. China)*

[2] *The difference in the quantity of hazardous waste generated and transported are stored onsite in DENR-prescribed hazardous waste storage areas while waiting for schedule of transport and treatment.*

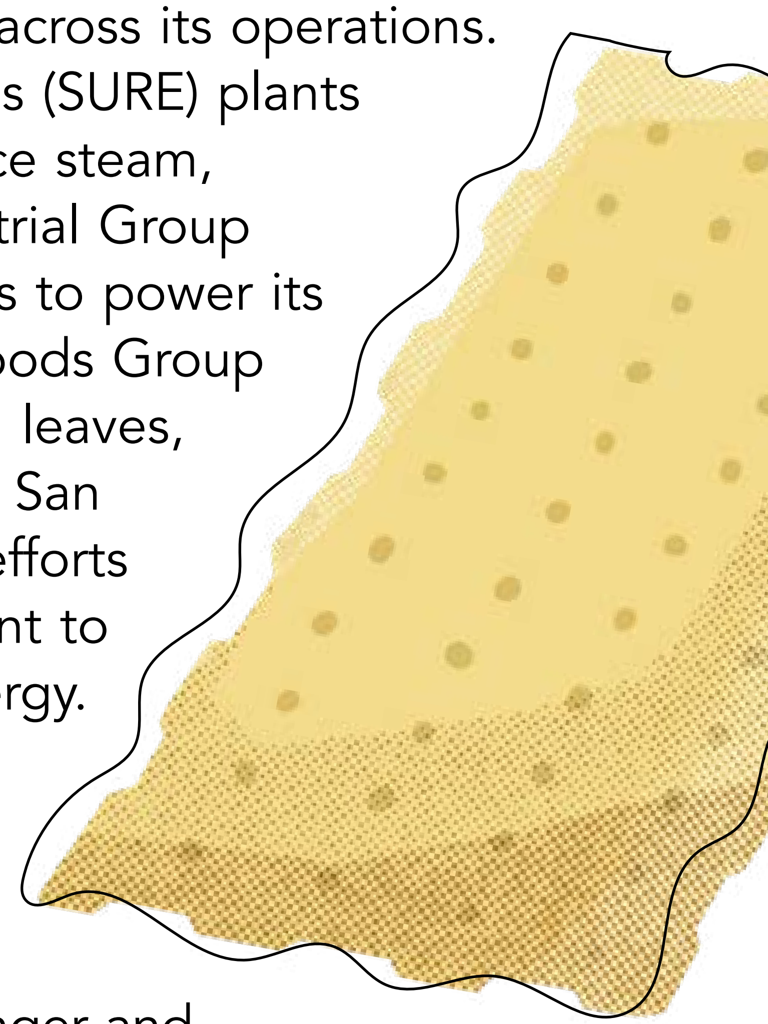
[3] *2023 numbers have been restated to excl. China*

Scrap Recovery

It is important to the company that we engage with third party service providers who shares our commitment to dispose wastes responsibly. URC produces a lot of high-value waste materials which is recovered and reintegrated into the recycling stream, in pursuit of a circular approach.

Use of Biomass and Discarded Animal Waste as Alternative Fuel

URC champions sustainable energy by utilizing biomass and various by-products as alternative fuel across its operations. As mentioned, our Sugar & Renewables (SURE) plants use bagasse and spent wash to produce steam, electricity, and biogas. The Agro-Industrial Group (AIG) converts animal waste into biogas to power its farms, while the Branded Consumer Foods Group (BCFG) repurposes coffee grounds, tea leaves, and sludge for energy in its facilities in San Pedro, Calamba, and Vietnam. These efforts significantly reinforce URC's commitment to a circular, eco-friendly approach to energy.



Food Waste Management

URC recognizes that tackling food loss and waste is key not only to sustainability but also to addressing hunger and malnutrition. In 2024, URC continued its partnership with Scholars of Sustenance Philippines (SOS PH), supporting food rescue and redistribution to vulnerable communities. Through food collection and Rescue Kitchen programs, including a World Food Day volunteer event, URC helped reduce food waste while promoting sustainability and social responsibility.

Plastic Waste Diversion

Waste Management with Holcim

URC tackles plastic pollution through a circular approach, partnering with Holcim Philippines to manage industrial waste from its ESMO Plant, diverting it from landfills through pre- and co-processing. Expanding this effort, they teamed up with LGUs in Obando, Bulacan; El Salvador City; and Sto. Tomas, Pampanga to improve municipal waste segregation. This tripartite collaboration supports URC's EPR compliance and sustainability goals, benefiting over 100 waste workers and reinforcing a circular, community-driven approach to plastic waste management.

Diversion Initiatives

As part of URC's Extended Producer Responsibility (EPR) strategy, plastic waste collected from partner LGUs was processed by Holcim's waste management arm, Geocycle. Through cement kiln co-processing, the waste was turned into alternative fuel, integrating it into Holcim's industrial operations.

Environment Recognition Programs

The GREEN Excellence in Environment Award honors URC facilities that lead in responsible resource management. In 2024, URC Vietnam Plant 2 received the Green Excellence award, along with Best in Energy Efficiency Management, while its Pollution Control Officer, Gio Huynh Van, was recognized for outstanding environmental leadership. Other category winners include URC Thailand Plant 3 for Best in Waste Management, URC Pampanga 2 for Best in Water Management, and URC Canlubang Plant for Best in Nature Protection, each demonstrating URC's collective commitment to sustainability and environmental stewardship.

SDG CONTRIBUTIONS

6 CLEAN WATER AND SANITATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

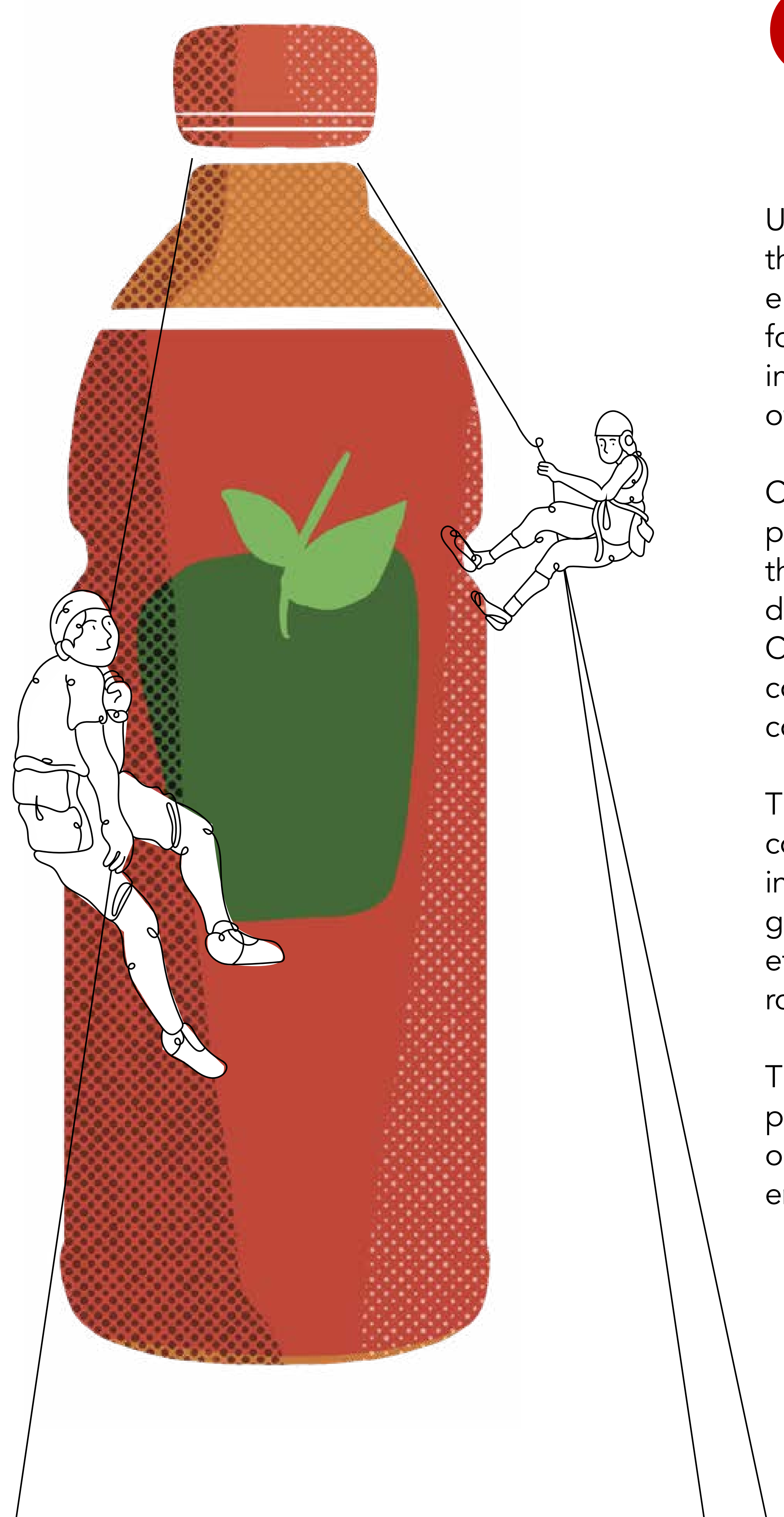
A Worthy Journey

At URC, we believe that our sustainability agenda is both fulfilling and inspiring, a fitting legacy for a sustainable business enterprise.

By staying committed, being proactive and results-driven, we are building a future where business success and social responsibility go hand in hand towards lasting impact.

> *Love your work. Work hard for it.*
>
> *- John Gokongwei*

Corporate Governance



Corporate Governance

Universal Robina Corporation ("the Company") acknowledges that good corporate governance is essential to build an environment of trust, transparency, and accountability necessary for fostering long-term performance, financial stability, business integrity, and sustainability of the Company for the protection of the interests of shareholders and other stakeholders.

Corporate Governance is the framework of rules, systems and processes of the corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to the stakeholders. The Revised Corporate Governance Manual was adopted to institutionalize corporate governance principles as a guide for the daily conduct of business.

The Company continuously strives to strengthen and improve its corporate governance practices by adopting best practices that includes building a competent board, aligning strategies with goals, managing risk effectively, adhering to high standards of ethics and integrity, and promoting accountability by defining roles and responsibilities.

The Company believes that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of the Company, its ability to attract investment and enhance shareholder value.

This includes the Company's commitment to ensure fair and equitable treatment of all shareholders, including the minority, and the protection of their rights which include:

1. Right to vote on all matters that require their consent or approval
2. Right to inspect corporate books and records
3. Right to information
4. Right to dividends
5. Appraisal right

The Company is transparent and fair in the conduct of its shareholders' meetings. To foster active shareholder participation, the Board sends the Notice of Shareholders' Meeting with sufficient and relevant information at least fifteen (15) business days before the meeting, compliant with the Securities Regulation Code. The Shareholders are encouraged to attend such meetings and those who are unable to attend are apprised ahead of time of their right to appoint a proxy. Subject to the requirements of law, rules and regulations and the By-Laws of the Company, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the favor of the shareholder.

Guided by the principles of fairness, accountability and transparency to the shareholding public, the Company ensures that the results of the voting taken during the most recent Shareholders' Meeting are made available the next working day. In addition, the Minutes of the Shareholders' Meeting may be accessed through the Company website within five (5) business days from the end of the meeting.

Duty to Other Stakeholders

The Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that encourages the Company's sustainable growth, while contributing to the advancement of the society where it operates. The Company employs value chain processes that take into consideration Economic, Environmental and Social Governance (EESG) issues and concerns.

Customers' Welfare

The Company adopts customer relations policies and procedures to protect customer's welfare. This includes providing and making available the customer relations' contact information who is empowered to address and attend to customer questions and concerns.

Supplier/Contractor Selection

The Company follows the Supplier Accreditation Policy to ensure that the Company's suppliers and contractors are qualified to meet its commitments. Apart from the accreditation process, suppliers and contractors also undergo orientation on Company policies and ethical practices.

Employees

The Board also establishes policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and its governance, including but not limited to:

- Health, safety and welfare;
- Training and development; and
- Reward and compensation.

1. Performance-enhancing mechanisms for employee participation

The Company abides by the standards and policies set by the Department of Labor and Employment. Likewise, the Company has Security and Safety Manuals that are implemented, reviewed and regularly updated to ensure the security, safety, health and welfare of the employees in the workplace.

The Company continuously provides learning and development opportunities for its employees through the John Gokongwei Institute for Leadership and Enterprise Development (JG-ILED), the leadership platform for systematic and sustained development programs across the conglomerate. Its mission is to enable a high-performing organization that will facilitate learning processes and develop employees' intellectual and personal growth through targeted and customized training and development programs.

Further, the corporate culture and employee know-how are honed at the URC University, an online platform engaging URLearning content via interactive modules that make learning fun, engaging and accessible anytime, anywhere. This platform provides a personalized training experience – a venue to share knowledge and learn from others, and a reward system for top-performing learners. URC's brand of people development "inspires personal mastery, encourages servant leadership and collaboration, and ensures operational excellence."

"URC's brand of people development inspires personal mastery, encourages servant leadership and collaboration, and ensures operational excellence."

2. Anti-corruption programs and procedures

The Company is committed to promoting transparency and fairness to all stakeholders. The Board sets the tone and makes a stand against corrupt practices by adopting anti-corruption policies and programs. Some of the Company's Anti-Corruption programs are embodied in the Code of Business Conduct and Ethics, Conflict of Interest, Offenses Subject to Disciplinary Action (OSDA), among others.

The same are disseminated to all employees across the Company through trainings to embed them in the Company's culture. New employees are oriented regarding policies and procedures related to Business Conduct and Ethics and similar policies. All employees are given periodic reminders. Furthermore, all concerned employees of the Conglomerate are required to comply with the Self-Disclosure Activity on Conflict of Interest and Declaration of Gifts Received on an annual basis.

The Company also has an established suitable framework for whistleblowing. It is enforced to allow employees and other stakeholders to freely communicate their concerns about illegal or unethical practices without fear of retaliation. It also allows them to have direct access to an independent member of the Board or unit created to handle whistleblowing concerns.

The anti-corruption programs and procedures of the Company are summarized below:

Business Conducts & Ethics	Policy Statement
Conflict of Interest	The Company's Code of Business Conduct and Conflict of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations; that his/her/their judgment and discretion are not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.
Conduct of Business and Fair Dealings	The Company's employees who recommend, endorse or approve the procurement or sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions they are involved in.
Receipt of Gifts from Third Parties	The Company discourages the acceptance of gifts. However, gifts like advertising novelties may be given or accepted during the Christmas season. There is no restriction in the value of the gift that may be accepted. However, an accepted gift with an estimated value of over Php2,000.00 must be disclosed to the Integrity and Ethics Council (IECON).
Compliance with Laws and Regulations	The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.
Respect for Trade Secrets/ Use of Non-public Information	The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after the disclosure to SEC and PSE by the Company's authorized officers.
Use of Company Funds, Assets and Information	Employees are required to safeguard Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively and responsibly utilized.
Employment and Labor Laws and Policies	The Company ensures the observance, strict implementation and compliance with employment and labor laws and policies in areas of recruitment, employment, retention and employee benefits.

Business Conducts & Ethics	Policy Statement
Disciplinary Action	Violation of any provision of the Code of Business Conduct may result in disciplinary action, including dismissal and reimbursement for any loss to the Company that resulted from the employee's actions. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.
Whistleblowing	The stakeholders may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the IECON Reports or disclosures can be submitted using the following contact details: **a. Urvoice:** For Employees: https://jgsummit.service-now.com/employee?id=urvoice&type_id=3c9929badb830950b04ad4bdd39619f5 For Non-Employees: https://jgsummit.service-now.com/employee?id=urvoice&type_id=8e0b217edb830950b04ad4bdd3961902 **b. Email Address -** feedback@urc.com.ph **c. URC Customer Care -** www.urc.com.ph/contact-us All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent of IECON. The Company commits to protect those who will report in good faith from retaliation, harassment and even informal pressures. The Company will take the necessary and appropriate action in enforcing the policy.
Conflict Resolution	The IECON submits recommendations on courses of action to be taken on conflicts of interest situations. The decision is done by the Executive Committee.

The anti-corruption policies and programs are made available online for easy access to the employees within the organization, which they can use for reference and guidance. An eModule of the Code of Business Conduct is also available in the Company's training platform where all of the Company employees shall be asked to watch and take the exam to gauge their comprehension and retention of the Company policies and guidelines.

The Company also has URvoice, a digital platform where employees and stakeholders can freely and securely share their observations and concerns on adherence to company purpose, values, and policies, including Anti-Corruption.

The Company ensures that Employees reporting via URvoice are protected from harassment, retaliation, or punishment.

Consistent with the Revised Corporate Governance Manual and pursuant to the recommendations provided in the Code of Corporate Governance for Publicly Listed Companies (PLCs), the Company strengthened its policies on Board Diversity, Board Nomination and Election, Succession Planning and Remuneration, Material Related Party Transactions, Insider Trading and Whistleblowing to reinforce the governance framework of the Company.
These policies may be accessed in the Company's website, in the Governance section,
www.urc.com.ph/corporate-governance/company-policies/

The Company submits the Integrated Corporate Governance Report (I-ACGR) to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). The I-ACGR is a reportorial requirement under SEC Memorandum Circular No. 15 series of 2017 requiring all PLCs to disclose the Company's compliance/non-compliance with the recommendations provided under the Corporate Governance Code for PLCs. With the "comply or explain" approach, voluntary compliance to recommended CG best practices is combined with mandatory disclosure.

The Company's I-ACGR may be accessed through the Company website by clicking this link, www.urc.com.ph/corporate-governance/I-ACGR

The Board of Directors

The Board of Directors ("the Board") is primarily responsible for the governance of the Company and provides an independent check on management. It has the duty to foster the long-term success of the Company and ensure that the Company's competitiveness and profitability will be sustained in a manner consistent with its corporate objectives for the best interest of the Company and its stakeholders.

The Board formulates the Company's vision, mission, strategic objectives, policies, and procedures that guide its activities, including the means to effectively monitor the management's performance. It directs and approves matters concerning the Company's business strategies, policies and plans, while the day-to-day business operations are delegated to the Executive Committee.

The Board exercises care, skill, and judgment and observes good faith and loyalty in the conduct and management of the Company's business and affairs. It ensures that all its actions are within the scope of power and authority prescribed in the Articles of Incorporation, By-Laws, and existing laws, rules and regulations. To uphold high standards for the Company, shareholders, and other Stakeholders, the Board conducts itself with honesty and integrity in performing its duties and responsibilities.

Board of Duties and Responsibilities

The Company's Corporate Governance Manual specifies the roles, duties and responsibilities of the Board in compliance with relevant laws, rules and regulations. In adherence to the principles of corporate governance, the Board is tasked to perform the following:

General Responsibilities

It is the Board's responsibility to foster the long-term success of the Company, and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and in the best interest of the Corporation, its shareholders and stakeholders, as a whole.

Duties and Functions

To ensure high standards for the Company, its shareholders and other stakeholders.

The Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

- Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all stakeholders;
- Oversee the development of, and approve the Company's business objectives and strategy, and monitor their implementation in order to sustain the Company's long-term viability and strength. The Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans. They also set performance objectives, monitor implementation and corporate performance, and oversee major capital expenditures, acquisitions and divestitures;
- Adopt policies on board nomination and election that will ensure diversity in board composition in terms of knowledge, expertise and experience;

- Oversee the implementation of a policy and system on Related Party Transactions, which shall include the review and approval of material or significant Related Party Transactions, and ensure fairness and transparency of the transactions;

- Oversee the adoption of policies on the selection of management and key officers and the assessment of their performance;

- Oversee the establishment of an internal control system to monitor and manage potential conflicts of interest and an Environmental Resources Management (ERM) framework to identify, monitor, assess and manage key business risks;

- Annually review, together with management, the Company's vision and mission;

- Ensure the Company's faithful compliance with all applicable laws and regulations, and best business practices;

- Establish and maintain an Investor Relations Program that will keep the shareholders informed of important developments in the Company. The Corporation's Chief Executive Officer shall exercise oversight responsibility over this program;

- Identify the Company's stakeholders in the community in which it operates or who are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them;

- Adopt a system of checks and balances within the Board. A regular review of the effectiveness of such system is conducted to ensure the integrity of the decision-making and reporting processes at all times;

- Ensure that the Company has an independent audit mechanism for the proper audit and review of the its financial statements by independent auditors; Ensure that the Company has established corporate governance policies and procedures pursuant to its Corporate Governance Manual, including but not limited to, policies on conflict of interest as well as oversee the effective implementation thereof; and

- Consider the implementation of an alternative dispute resolution system for the amicable settlement of conflicts or differences between the Corporation and its Shareholders, if applicable.

Balanced Board Composition

The Company recognizes the benefits of having a diverse Board and its value in maintaining sound corporate governance while achieving strategic objectives and sustainable growth. The Board is diverse in terms of expertise and professional experience. The Board Member's biographical details are set out in the succeeding section and may also be found in the Information Statement filed by the Company with the Philippine and Exchange Commission and the Securities and Exchange Commission before a stockholders' meeting, which is also readily available on the Company's website.

Further, the posts of Chairman and Chief Executive Officer of the Company are separate to ensure clear distinction between the Chairman's responsibility to manage the Board, and the Chief Executive Officer's responsibility to manage the Company's business. The division of responsibilities between the Chairman and the Chief Executive Officer is established and set out in the Revised Corporate Governance Manual.

Board Independence

The Board has four independent directors that possess all the necessary qualifications and none of the disqualifications to hold the position. The Company reinforces proper mechanisms for disclosure, protection of the rights of shareholders, equitable treatment of shareholders, and the accountability of the Board and Management are in place. In cases of conflicts of interest, Directors with a material interest in any transaction with the Company must abstain from participating in the deliberation of the same.

Board Training & Orientation

The Company ensures that directors are able to perform their functions effectively in this rapidly changing environment to cope with heightened regulatory policies, foreign and local demands, and the growing complexity of business. Orientation programs are conducted for first-time directors to ensure new members are appropriately apprised of their duties and responsibilities. This includes an overview of the Company's operations, Code of Conduct, Corporate Governance framework, and other relevant topics essential to the performance of their functions. As a matter of continuous professional education, the Company provides training opportunities for the Directors and Key Officers.

Board Meetings

The Board schedules meetings at the beginning of the year, holds regular meetings in accordance with its By-Laws and convenes special meetings when required by business exigencies. Following the recommendation of the Code of Corporate Governance adopted by the Corporate Secretary office, the materials for the Board and Board Committee meetings are sent and made available for perusal of the Directors at least five (5) business days prior to the respective meeting. Meetings are likewise duly minuted. The Independent Directors shall always attend Board meetings. Unless otherwise provided in the By-Laws, their absence shall not affect the quorum requirement. However, to promote transparency, the Board may require at least one (1) Independent Director in all its meetings.

To monitor the Directors' compliance with the attendance requirements, the Company submits an advisement letter on the Directors' record of attendance in Board meetings to the Commission.

Attendance of Directors (From January 1, 2024 to December 31, 2024)

Board Members	Position	Date of Election	No. of Board Meetings Held	Attendance Percentage
Lance Y. Gokongwei	Chairman	June 3, 2024	4/4	100%
James L. Go	Member	June 3, 2024	4/4	100%
Irwin C. Lee	Member	June 3, 2024	4/4	100%
Patrick Henry C. Go	Member	June 3, 2024	4/4	100%
Johnson Robert G. Go, Jr.	Member	June 3, 2024	4/4	100%
Antonio Jose U. Periquet, Jr.	Independent Director	June 3, 2024	4/4	100%
Cesar V. Purisima	Independent Director	June 3, 2024	4/4	100%
Rizalina G. Mantaring	Independent Director	June 3, 2024	4/4	100%
Christine Marie B. Angco	Independent Director	June 3, 2024	4/4	100%

The Board Committees

To enable better and more focused attention on the affairs of the Company and aid in the optimal performance of its roles and responsibilities, the Board delegates particular matters to the Board Committees set up for the purpose: (a) Audit Committee, (b) Corporate Governance and Sustainability Committee (c) Board Risk Oversight Committee (BROC) and (d) Related Party Transaction Committee.

A. Audit Committee

The Audit Committee provides oversight over the Company's financial reporting, Internal Control System, Internal and External Audit processes, and monitors compliance with applicable laws and regulations. It ensures that systems and processes are put in place to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency, and effectiveness of business operations, and proper safeguarding and use of the Company's resources and assets.

On 11 April 2024, an executive session was held between the Audit Committee and the external auditor to discuss the key findings of the auditors in their audit of the Company's financial statements for calendar year ending December 31, 2023

Board Members	Position	Date of Election	No. of Committee Meetings Attended / Held	Attendance Percentage
Cesar V. Purisima	Chair	June 3, 2024	4/4	100%
Antonio Jose U. Periquet, Jr.	Member	June 3, 2024	4/4	100%
Rizalina G. Mantaring	Member	June 3, 2024	4/4	100%
James L. Go	Advisory Member	June 3, 2024	4/4	100%

B. Corporate Governance and Sustainability Committee

The Corporate Governance and Sustainability Committee oversees the development and implementation of Corporate Governance principles and policies and recommends a formal framework on the nomination, remuneration and evaluation of the performance of the Directors and key Management Officers that must be consistent with the Company's culture, strategies and business environment.

Corporate Governance & Sustainability Committee Members	Position	Date of Election	No. of Committee Meetings Attended / Held	Attendance Percentage
Antonio Jose U. Periquet, Jr.	Chair	June 3, 2024	2/2	100%
Christine Marie B. Angco	Member	June 3, 2024	2/2	100%
Cesar V. Purisima	Member	June 3, 2024	2/2	100%

C. Board Risk Oversight Committee

The Board Risk Oversight Committee oversees the establishment of the ERM framework that effectively identifies, monitors, assesses and manages key business risks. It also assesses the effectiveness of risk management strategies. The BROC is responsible for defining the Company's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control and manage risks or possible threats to its operational and financial viability.

Board Risk Oversight Committee Members	Position	Date of Election	No. of Committee Meetings Attended / Held	Attendance Percentage
Rizalina G. Mantaring	Chair	June 3, 2024	2/2	100%
Cesar V. Purisima	Member	June 3, 2024	2/2	100%
Christine Marie B. Angco	Member	June 3, 2024	2/2	100%
Irwin C. Lee	Member	June 3, 2024	2/2	100%

D. Related Party Transaction Committee

The Related Party Transaction (RPT) Committee ensures that there is a group-wide policy and system governing Material Related Party Transactions (MRPTs), particularly those that breach the materiality threshold. Such policy must include the appropriate review and approval of MRPTs, which guarantee fairness and transparency of the transactions.

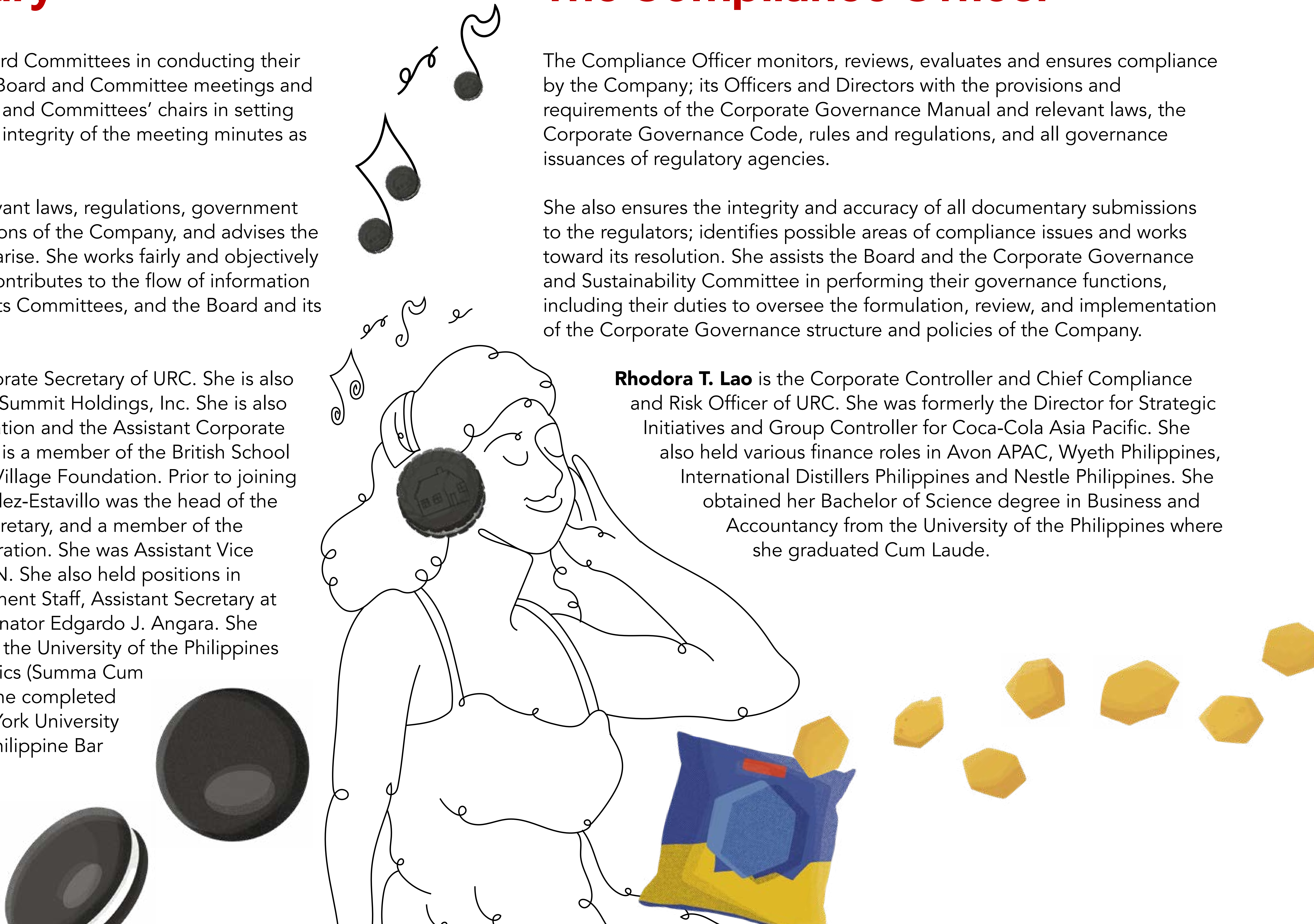
Related Party Transaction Committee Members	Position	Date of Election	No. of Committee Meetings Attended / Held	Attendance Percentage
Christine Marie B. Angco	Chair	June 3, 2024	2/2	100%
Antonio Jose U. Periquet, Jr.	Member	June 3, 2024	2/2	100%
Rizalina G. Mantaring	Member	June 3, 2024	2/2	100%

The Corporate Secretary

The Corporate Secretary assists the Board and the Board Committees in conducting their meetings, including preparing the annual schedule of Board and Committee meetings and the annual Board calendar. She also assists the Board's and Committees' chairs in setting agenda for the meetings, safekeeps and preserves the integrity of the meeting minutes as well as other official records of the Company.

The Corporate Secretary keeps herself abreast on relevant laws, regulations, government issuances, relevant industry developments and operations of the Company, and advises the Board and the Chairman on all relevant issues as they arise. She works fairly and objectively with the Board, Management and Shareholders. She contributes to the flow of information between the Board and Management, the Board and its Committees, and the Board and its Stakeholders, including Shareholders.

Atty. Maria Celia H. Fernandez-Estavillo is the Corporate Secretary of URC. She is also the Chief Legal Officer and Corporate Secretary of JG Summit Holdings, Inc. She is also the Corporate Secretary of JG Summit Olefins Corporation and the Assistant Corporate Secretary of Gokongwei Brothers Foundation, Inc. She is a member of the British School Manila Board of Governors and a Trustee of the Solar Village Foundation. Prior to joining JG Summit Holdings, Inc. in March 2017, Atty. Fernandez-Estavillo was the head of the Legal and Regulatory Affairs Group, the Corporate Secretary, and a member of the Board of Directors of Rizal Commercial Banking Corporation. She was Assistant Vice President of Global Business Development of ABS-CBN. She also held positions in government such as Head of the Presidential Management Staff, Assistant Secretary at the Department of Agriculture, and Chief of Staff of Senator Edgardo J. Angara. She began her legal career in ACCRA. She graduated from the University of the Philippines with a Bachelor of Science degree in Business Economics (Summa Cum Laude) and a Bachelor of Laws degree (Cum Laude). She completed her Master of Laws (LLM) in Corporate Law from New York University School of Law. She received the highest score in the Philippine Bar examinations of 1997.



The Compliance Officer

The Compliance Officer monitors, reviews, evaluates and ensures compliance by the Company; its Officers and Directors with the provisions and requirements of the Corporate Governance Manual and relevant laws, the Corporate Governance Code, rules and regulations, and all governance issuances of regulatory agencies.

She also ensures the integrity and accuracy of all documentary submissions to the regulators; identifies possible areas of compliance issues and works toward its resolution. She assists the Board and the Corporate Governance and Sustainability Committee in performing their governance functions, including their duties to oversee the formulation, review, and implementation of the Corporate Governance structure and policies of the Company.

Rhodora T. Lao is the Corporate Controller and Chief Compliance and Risk Officer of URC. She was formerly the Director for Strategic Initiatives and Group Controller for Coca-Cola Asia Pacific. She also held various finance roles in Avon APAC, Wyeth Philippines, International Distillers Philippines and Nestle Philippines. She obtained her Bachelor of Science degree in Business and Accountancy from the University of the Philippines where she graduated Cum Laude.

Enterprise Risk Management, Accountability & Audit

The Company recognizes the increasing importance of sound risk management practices to drive business growth and sustainability. The Company implemented systems and processes to facilitate proper risk identification, monitoring and control, which are keys to effective corporate governance. Timely and accurate management and financial reporting systems, internal controls, and audits are also employed to protect and maximize stakeholders' value.

The Board oversees Management's adoption and implementation of a sound risk management framework for identifying, monitoring and managing key risk areas. The Board reviews management reports with due diligence to anticipate, minimize, control and manage risks or possible threats to the Company's operations and financial viability.

Enterprise Risk Management

Through a sound Enterprise Risk Management (ERM) framework, the Company effectively identifies, monitors, assesses, and manages key business risks. The framework guides the Board in identifying units/business lines and enterprise level risk exposures, as well as the effectiveness of risk management strategies.

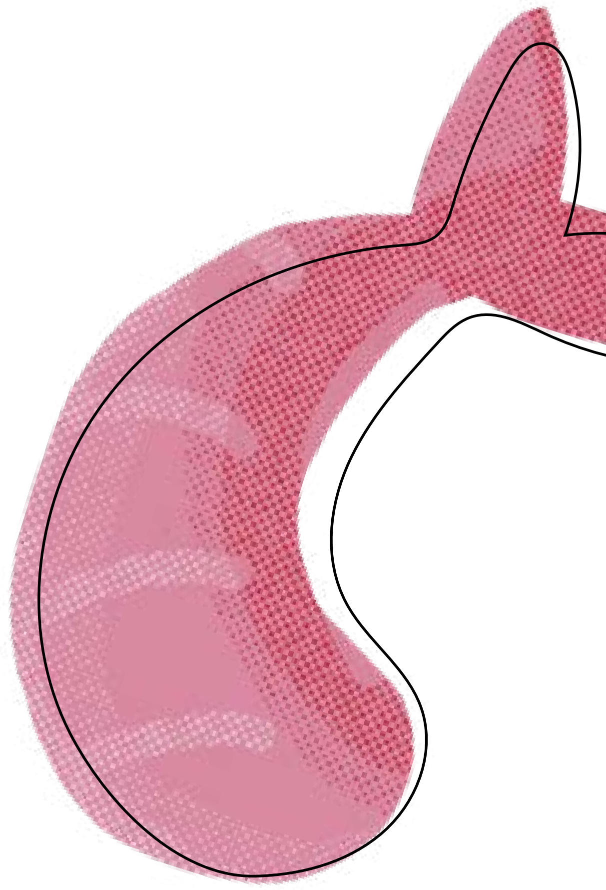
The ERM framework revolves around the following activities:

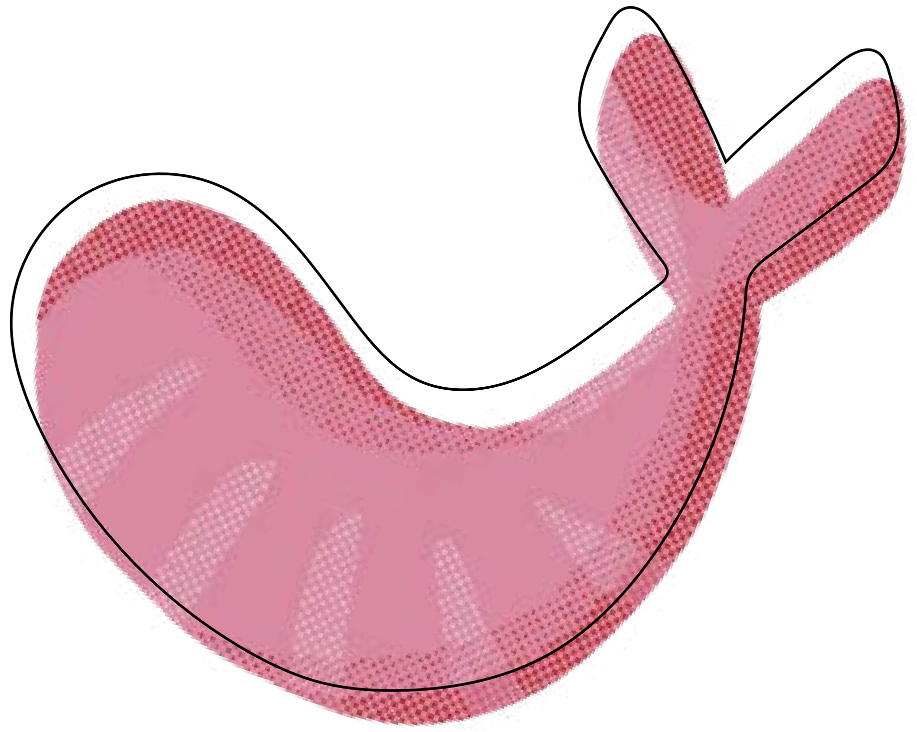
1. Risk Identification. This involves the identification of key business risks of the business units.
2. Risk Assessment. Each identified risk is then assessed to determine if they pose significant impact to the business unit's ability to implement strategy and deliver business objectives.
3. Risk Prioritization. This process enables the organization to focus the implementation of risk responses on certain high and medium severity risks based on the organization's risk profile.
4. Risk Response, Monitoring, and Evaluation. Appropriate risk response are put in place for each priority risk by the Risk Owners.
5. Risk Reporting. At the Group level, top risks are reviewed, updateed and reported to the Board Risk Oversight Committee twice a year.

Internal Controls

With the leadership of the Company's Chief Financial Officer (CFO), internal control is embedded in the operations of the Company and in each business unit, thus increasing their accountability and ownership in the execution of their internal control framework. To accomplish the established goals and objectives, business units implement robust and efficient process controls to ensure:

1. Compliance with policies, procedures, laws and regulations
2. Economic and efficient use of resources
3. Check and balance and proper segregation of duties
4. Identification and remediation control weaknesses
5. Reliability and integrity of information
6. Proper safeguarding of company resources and protection of company assets through early detection and prevention of fraud.





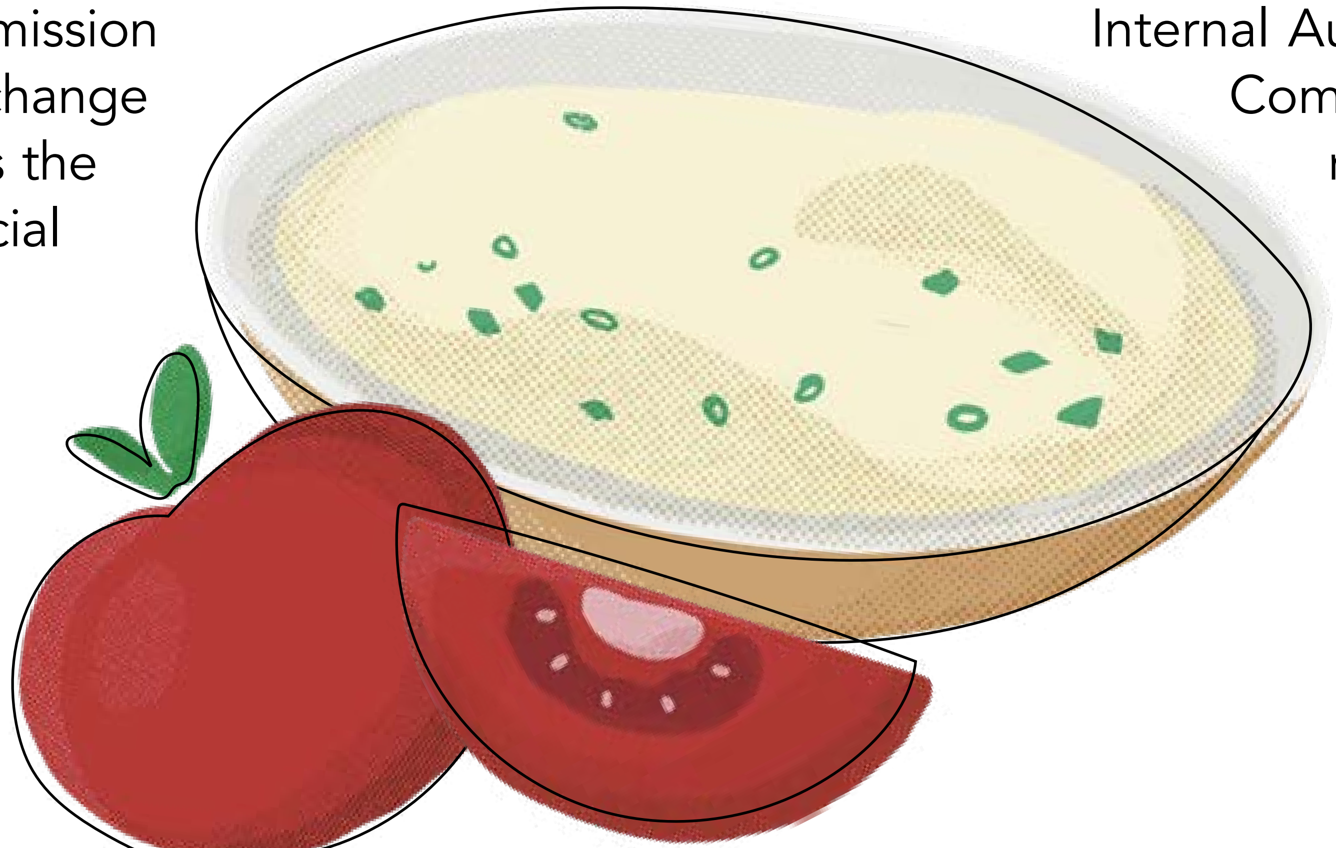
Adequate and Timely Information

To enable the Directors to fulfill their duties and responsibilities properly, the Management provides them with complete, adequate and timely information about the matters to be taken up in their meetings. Information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents. If the information provided by Management were not sufficient, further inquiries may be made by a Director to enable him to perform his/her duties and responsibilities properly. The Directors have independent access to Management and to the Corporate Secretary.

The Directors, either individually or as a Board, and in performing their duties and responsibilities, may seek access to independent professional advice within the guidelines set by the Board.

Accountability and Audit

The Board ensures that its Shareholders are provided with a balanced and comprehensible assessment of the Company's performance, position and prospects on a quarterly basis. Interim and other reports that could adversely affect its business are also available on the Company website, including its submissions and disclosures to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). Management formulates the rules and procedures on financial reporting and internal control for presentation to the Audit Committee in accordance with the following guidelines:



- The extent of its responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of responsibilities that pertain to the External Auditor should be clearly defined;
- An effective system of internal control that will ensure the integrity of the financial reports and protection of Company assets for the benefit of all Shareholders and other Stakeholders;
- Based on the approved Internal Audit Plan, Internal Audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems, including the reliability and integrity of financial and operation information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules, and regulations;
- The Company consistently complies with the financial reporting requirements of the SEC;
- The External Auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the External Auditing firm assigned to the Company, should be changed with the same frequency. The Corporate Internal Audit Head should submit to the Audit Committee and Management an annual report on the Internal Audit department's activities, responsibilities and performance relative to the Internal Audit Plan as approved by the Audit and Risk Committee. The annual report should include significant risk exposures, control issues, and such other matters as may be needed or requested by the Board and Management. The Internal Audit Head should certify that s/he conducts his/her activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, the Internal Audit Head shall disclose to the Board and Management the reasons why s/he has not fully complied with the said documents; and
- After consultations with the Audit Committee, the Board shall recommend to the Shareholders an External Auditor duly accredited by the SEC who shall undertake an independent audit of the Company, and shall provide an objective assurance on the matters by which the financial statements shall be prepared and presented to the Shareholders.

Internal Audit

The Corporate Internal Audit is focused on delivering its mandate of determining whether the governance, risk management and control processes, as designed and represented by the management are adequate and functioning in a manner that provides a reasonable level of confidence that:

- Employees' actions are compliant with policies, standards, procedures and applicable laws and regulations;
- Quality and continuous improvement are fostered in the control processes;

Other Matters

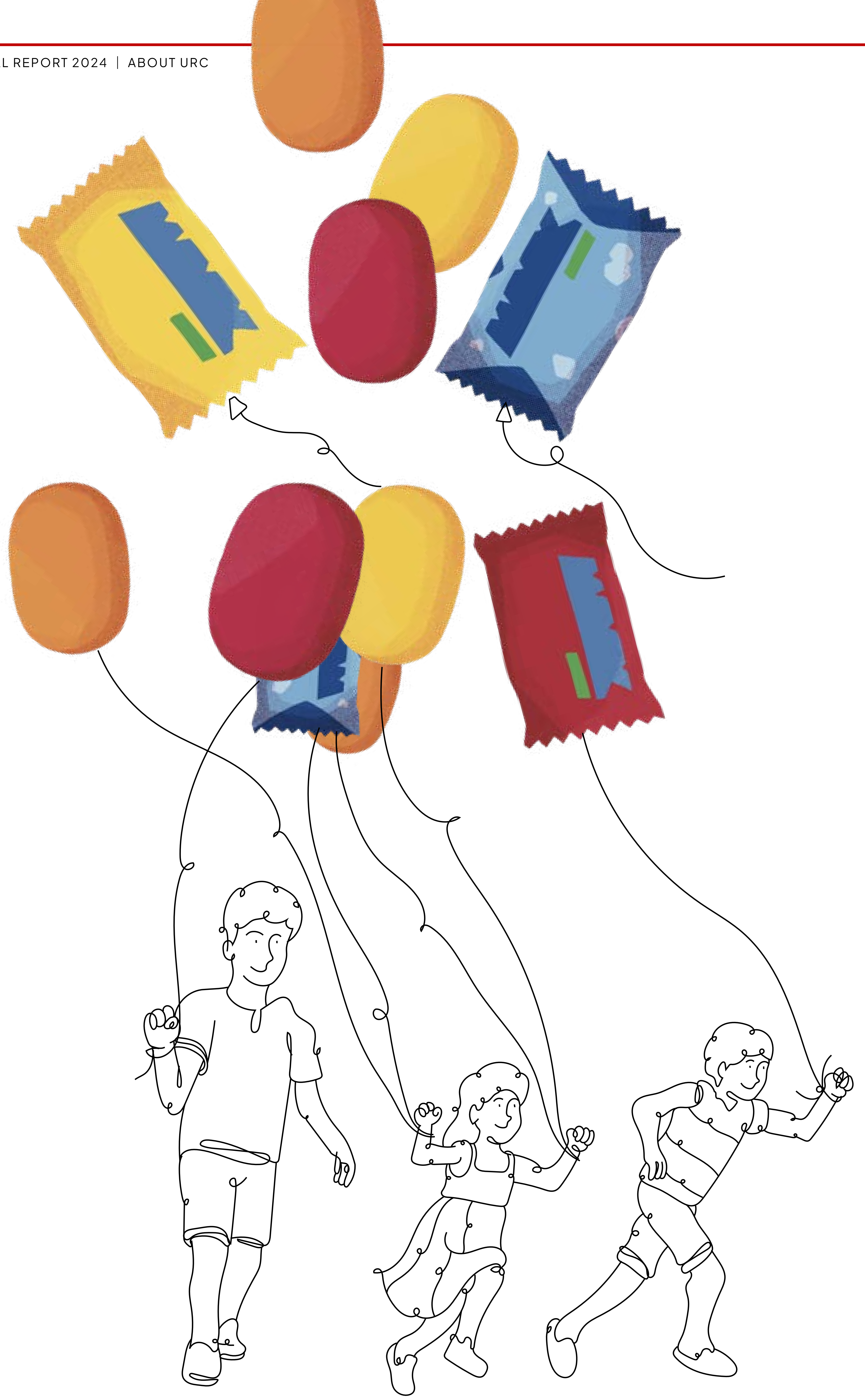
Audit and Audit-Related Fees

Name of Auditor	Audit Fee	Non-Audit Fee
SyCip, Gorres, Velayo & Co.	Php 16,658,141	June 3, 2024

Ownership Structure

Holding 5% shareholding or more (as of December 31, 2024)

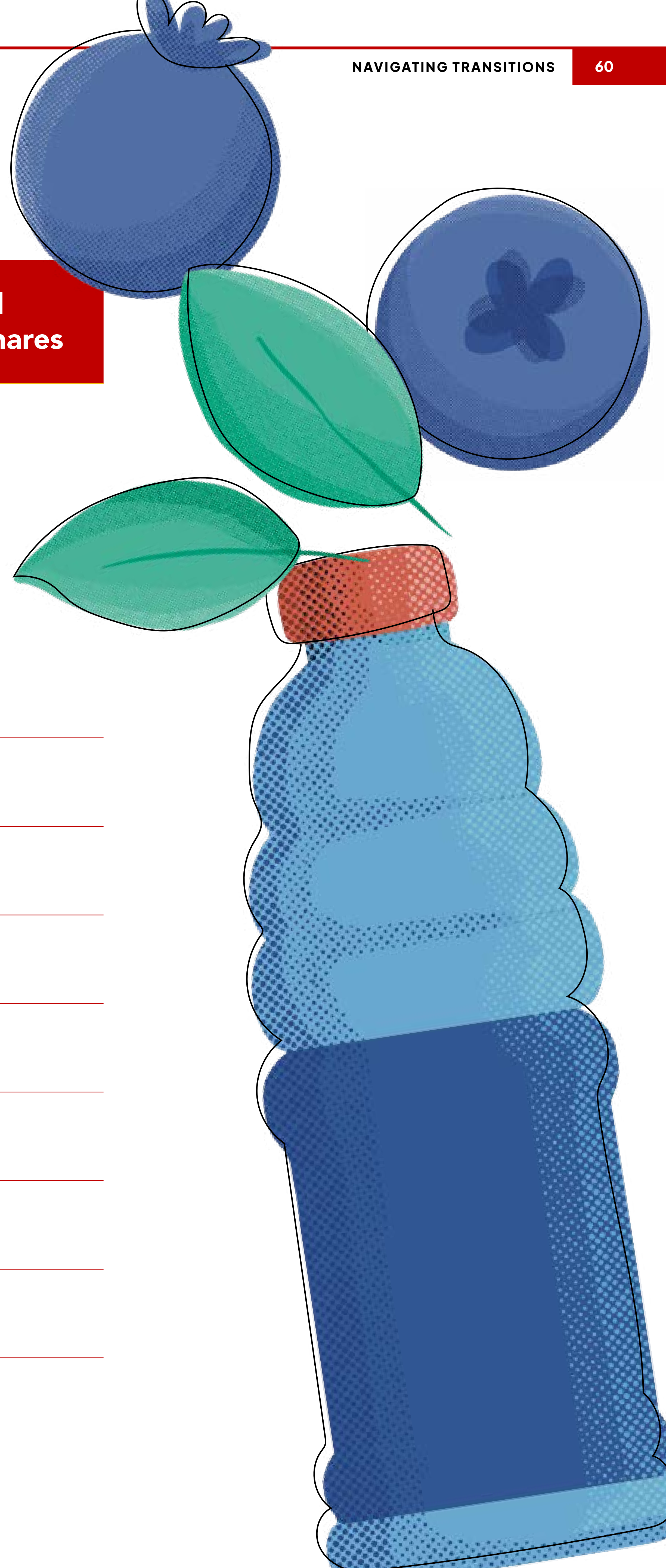
Shareholder	Number of Shares	Percent	Beneficial Owner
JG Summit Holdings, Inc.	1,215,223,061	54.49%	Same as record owner
PCD Nominee Corporation (Non-Filipino)	454,128,851	20.36%	PCD Participants & their clients
PCD Nominee Corporation (Filipino)	429,463,353	19.26%	PCD Participants & their clients



Dealing in Securities (changes in shareholdings of directors and key officers)

A. Elected Directors for the calendar year 2024

Name of Director	Number of Shares	% to Total Outstanding Shares
James L. Go	1,398,001	0.07%
Lance Y. Gokongwei	913,235	0.04%
Patrick Henry C. Go	45,540	0%
Johnson Robert G. Go, Jr.	1	0%
Irwin C. Lee	500,001	0.02%
Cesar V. Purisima	1	0%
Rizalina G. Mantaring	15,701	0%
Christine Marie B. Angco	1	0%
Antonio Jose U. Periquet, Jr.	500,000	0.02%



B. Elected Officers for the calendar year 2024

Name of Officer	Position / Designation	Number of Shares	% to Total outstanding shares
James L. Go	Chairman Emeritus	(same shareholdings as mentioned above)	
Lance Y. Gokongwei	Chairman		
Irwin C. Lee	President & Chief Executive Officer		
Patrick Henry C. Go	Executive Vice President		
Anna Milagros D. David	Chief Marketing Officer	148,360	0%
Francisco M. Del Mundo	Chief Investments, Strategy & Corporate Services Officer	1,940	0%
David J. Lim, Jr.	Chief Supply Chain & Sustainability Officer	0	0%
Evelyn C. Ng	Chief Financial Officer	10,400	0%
Elisa O. Abalajon	Chief Human Resources Officer	0	0%
Krishna Mohan Suri	Vice President, Global Innovation, Research & Development	0	0%
Karen Therese C. Salgado	Chief Information Officer	0	0%

Name of Officer	Position / Designation	Number of Shares	% to Total outstanding shares
Rhodora T. Lao	Corporate Controller and Chief Compliance & Risk Officer	0	0%
Maria Celia H. Fernandez-Estavillo	Corporate Secretary	0	0%
Phoebe Ann S. Bayona	Assistant Corporate Secretary	0	0%
Charles Bernard A. Tañega	Treasurer	0	0%
Elvin Michael L. Cruz	Corporate Legal Counsel	0	0%
Jose Miguel T. Manalang	Director, Strategy and Investor Relations	7,000	0%

Dividends

On March 14, 2024 and August 2, 2024, the Board of Directors of the Company approved the declaration of the following cash dividends from the unrestricted retained earnings of URC as of December 31, 2023:

a. Cash Dividend of One Peso and Fifty Centavos (P1.90) per share and paid on May 9, 2024; and

b. Cash Dividend of One Peso and Fifty Centavos (P1.90) per share and paid on September 25, 2024.

Dividends Policy

The Company, as a matter of policy, will maintain an annual cash dividend payout ratio of 50% of the consolidated core net income from the preceding year. This is subject to the requirements of applicable laws and regulations and the absence of circumstances, which may restrict the payment of such dividends.

The Board of Directors shall determine the cash dividend rate and may, at any time, modify such dividend rate.

Company Website

The Company updates the public with operating and financial results through timely disclosures filed with SEC and PSE. These are available on the company's website: https://www.urc.com.ph/

BOD and Executive Officers

Board of Directors

James L. Go
DIRECTOR, CHAIRMAN EMERITUS

Lance Y. Gokongwei
DIRECTOR, CHAIRMAN

Irwin C. Lee
DIRECTOR, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Patrick Henry C. Go
DIRECTOR, EXECUTIVE VICE PRESIDENT

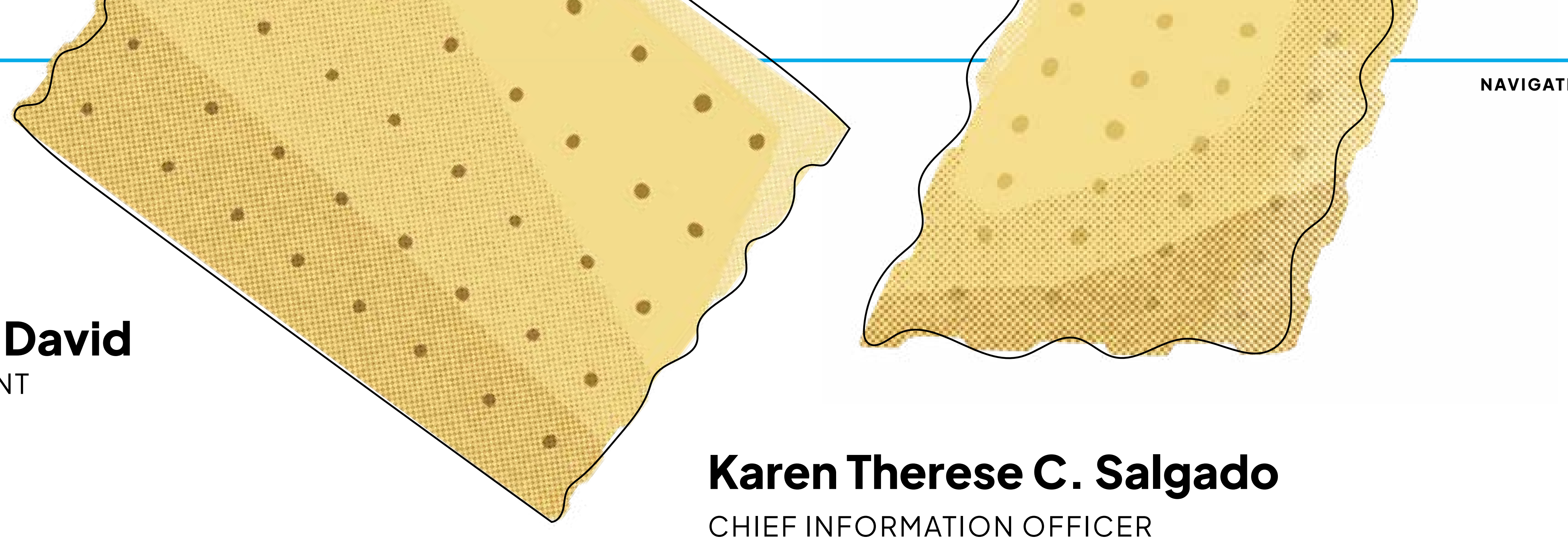
Johnson Robert G. Go, Jr.
DIRECTOR

Cesar V. Purisima
INDEPENDENT DIRECTOR

Rizalina G. Mantaring
INDEPENDENT DIRECTOR

Christine Marie B. Angco
INDEPENDENT DIRECTOR

Antonio Jose U. Periquet, Jr.
INDEPENDENT DIRECTOR



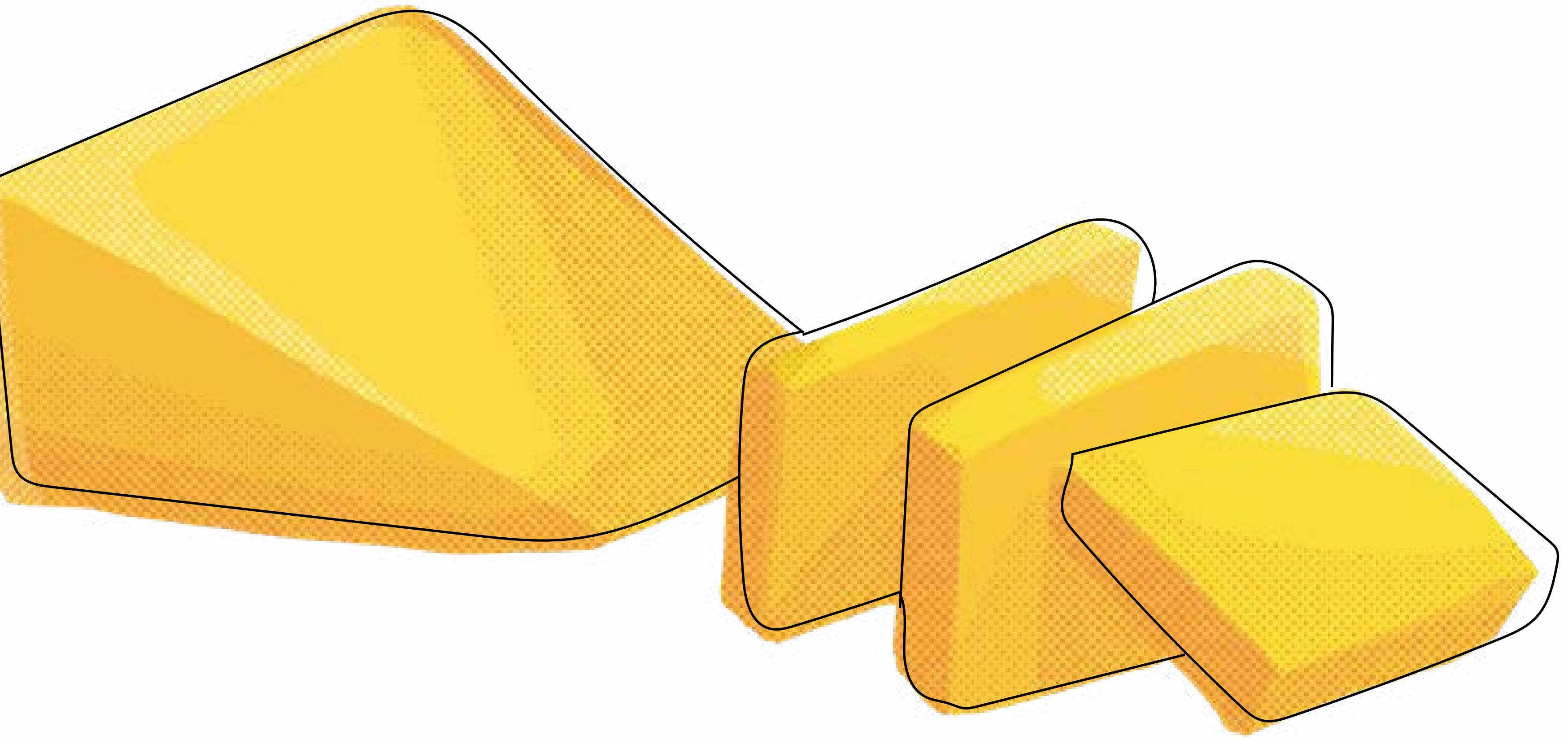
Corporate Officers

James L. Go
CHAIRMAN EMERITUS

Lance Y. Gokongwei
CHAIRMAN

Irwin C. Lee
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Patrick Henry C. Go
EXECUTIVE VICE PRESIDENT



Anna Milagros D. David
EXECUTIVE VICE PRESIDENT

Evelyn C. Ng*
CHIEF FINANCIAL OFFICER
**left the company effective Mar 1, 2025*

Francisco M. Del Mundo*
CHIEF FINANCE AND STRATEGY OFFICER
**assumed the new role effective Feb 1, 2025*

David J. Lim, Jr.*
CHIEF TECHNOLOGY OFFICER
**assumed the new role effective Apr 1, 2025*

Jesselyn P. Panis*
CHIEF SUPPLY CHAIN AND SUSTAINABILITY OFFICER
**assumed the new role effective Apr 1, 2025*

Elisa O. Abalajon
CHIEF HUMAN RESOURCES OFFICER AND AGILE TRANSFORMATION LEAD

Krishna Mohan Suri*
CHIEF RESEARCH AND DEVELOPMENT OFFICER
**left the company effective Mar 31, 2025*

Karen Therese C. Salgado
CHIEF INFORMATION OFFICER

Rhodora T. Lao
CORPORATE CONTROLLER AND CHIEF COMPLIANCE AND RISK OFFICER

Maria Celia H. Fernandez-Estavillo
CORPORATE SECRETARY

Phoebe Ann S. Bayona
ASSISTANT CORPORATE SECRETARY

Charles Bernard A. Tañega
TREASURER

Elvin Michael L. Cruz
CORPORATE LEGAL COUNSEL

Jose Miguel T. Manalang
DIRECTOR, STRATEGY AND INVESTOR RELATIONS

Leadership Team

Anna Milagros D. David*
GROUP PRESIDENT, BCFG PHILIPPINES
**assumed the new role effective Feb 1, 2025*

Marcia Y. Gokongwei*
MANAGING DIRECTOR, SNACK FOODS, BCFG PHILIPPINES
**assumed the new role effective Feb 1, 2025*

Oscar I. Villamora
MANAGING DIRECTOR, BEVERAGES, BCFG PHILIPPINES

Shanie Ann S. Kawpeng*
MANAGING DIRECTOR, JOINT VENTURE PARTNERSHIPS AND CORPORATE SERVICES
**assumed the new role effective Feb 1, 2025*

Renato P. Cabati
MANAGING DIRECTOR, SUGAR & RENEWABLES (SURE)

Vincent Henry C. Go
MANAGING DIRECTOR, AGRO-INDUSTRIAL GROUP (AIG) AND FOOD SERVICES

Ellison Dean C. Lee
MANAGING DIRECTOR, SPECIAL ASSIGNMENT AND SR. ADVISOR, WHEAT FLOUR TRADING

Jose Emmanuel N. Agnir
MANAGING DIRECTOR, FLOUR AND PACKAGING GROUP

Rodney Wong
VICE PRESIDENT AND GENERAL MANAGER, URM MALAYSIA AND INTERNATIONAL TRADING OPERATIONS (ITO)

Jean Pierre S. Gamboa
VICE PRESIDENT AND GENERAL MANAGER, VIETNAM

Tanant Suwanraks
VICE PRESIDENT AND GENERAL MANAGER, THAILAND, LAOS AND CAMBODIA

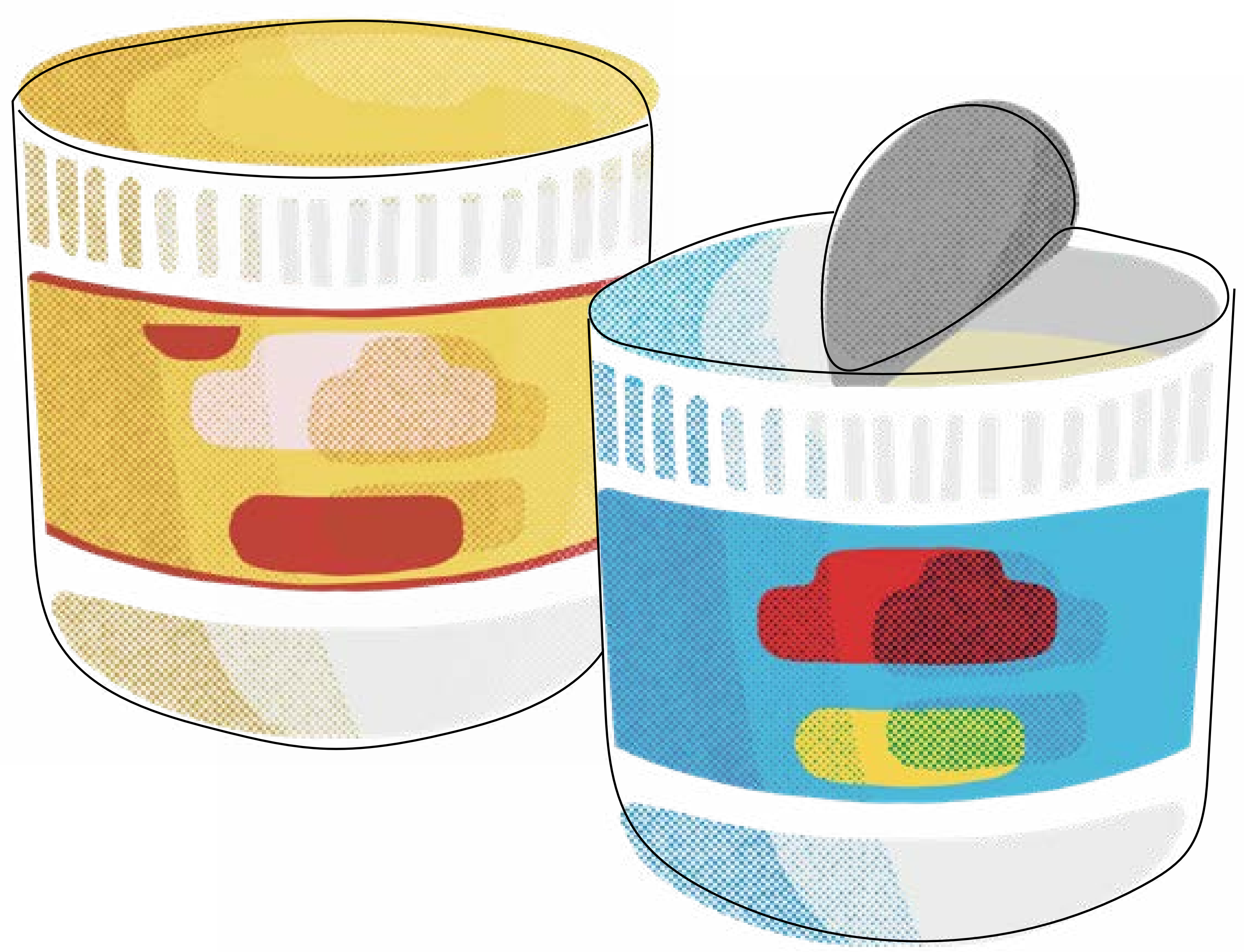
Keerati Chulplang
GENERAL MANAGER, MYANMAR

Taufiqurrahman Basthami ST
GENERAL MANAGER, INDONESIA

Teofilo B. Eugenio, Jr.
VICE PRESIDENT & GENERAL MANAGER, NISSIN URC AND PASTA

Maarten Van Leeuwen
GENERAL MANAGER, DANONE URC

Lesley Joyce L. Syson
GENERAL MANAGER, VITASOY URC



Corporate Directory

Directory Philippines

Universal Robina Corporation
8th Floor, Tera Tower, Bridgetowne,
E. Rodriguez Jr. Avenue (C5 Road)
Ugong Norte, Quezon City
T: +63 2 8516-9888
https://www.urc.com.ph/

Agro-Industrial Group
16 Santiago St., Bagong Ilog, Pasig City
T/F: +63 2 8671-8194

Flour Division
9th Floor, Zeta Tower, Bridgetowne, E. Rodriguez Jr. Avenue
(C5 Road) Ugong Norte, Quezon City
T: +63 2 8672-1553 to 54
+63 2 8672-1574
+63 2 8672-1587

INDEPENDENT PUBLIC ACCOUNTANTS

Sycip Gorres Velayo & Co Certified Public Accountants
SGV Building 6760 Ayala Avenue Makati City

Sugar and Renewables Group (SURE)
6th Floor, Tera Tower, Bridgetowne, E. Rodriguez Jr. Avenue
(C5 Road) Ugong Norte, Quezon City

Investor Relations
6th Floor, Tera Tower, Bridgetowne, E. Rodriguez Jr. Avenue
(C5 Road) Ugong Norte, Quezon City
T: +63 2 8516-9888
IR@urc.com.ph

STOCK TRANSFER AND DIVIDEND PAYING AGENT

BDO Unibank, Inc. Trust and Investment Group
14th Floor, BDO Towers Valero, 8741
Paseo De Roxas, Makati City

Directory
International

HONG KONG

URC Hong Kong Co. Ltd.
Unit 2906, 29/F, Prosperity Center, 25 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong
T: +852 2717-1478
T: +852 2717-1997
F: +852 2772-7052

INDONESIA

PT URC Indonesia Head Office / Factory
Jl. Sulawesi Blok M-27 MM2100 Industrial Town, Cikarang Barat, Bekasi 17530, Indonesia
T: +62 21 8998-2585
F: +62 21 8998-1625

PT URC Indonesia Marketing & Sales Office
Menara Hijau, Floor 6, Jl. MT Haryono Kav. 33, Jakarta 12770, Indonesia
T: +62 21 7919-2009
F: +62 21 798-5875

MALAYSIA

Munchworld Marketing Sdn Bhd
Centro Building, 23rd Floor,
8, Jalan Batu Tiga Lama,
41300 Klang, Selangor, Malaysia
T: +60 3 3344-7888

URC Snack Foods (Malaysia) Sdn Bhd
PLO 370 Jalan Perak Tiga,
Kawasan Perindustrian, Pasir Gudang,
81700 Pasir Gudang, Johor, Malaysia
T: +60 7 259-8000

URC Snack Foods (Malaysia) Sdn Bhd
Lot 9366, Batu 7, Simpang 3,
Tongkang Pecah, 83010 Batu Pahat,
Johor, Malaysia
T: +60 7 415-3322

Munchy Food Industries Sdn Bhd
Lot 9366, Batu 7, Simpang 3,
Tongkang Pecah, 83010 Batu Pahat,
Johor, Malaysia
T: +60 7 415-3322

MYANMAR

URC Myanmar Co., Ltd
Plot No. B-6 and B-7,
Mingaladon Industrial Park,
Mingaladon Township, Yangon, Myanmar
T: +95 1 639-1025

THAILAND

URC (Thailand) Co., Ltd. Head Office
44,46 Rajpattana Road, Khwang Rajpattana,
Khet Sapansung, Bangkok, 10240 Thailand
T: +66 2 517-4800
F: +66 2 517-1616

URC (Thailand) Co., Ltd. Factory
Samutsakorn Industrial Estate,
39/68 Moo2, Bang Krachao sub district,
Mueang Samut Sakhon district,
Samut Sakhon 74000
T: +66 34 490-0314

SINGAPORE

URC Foods (Singapore) Pte Ltd
168 Tagore Lane, Singapore 787574
T: +65 6552-0314
F: +65 6552-0127

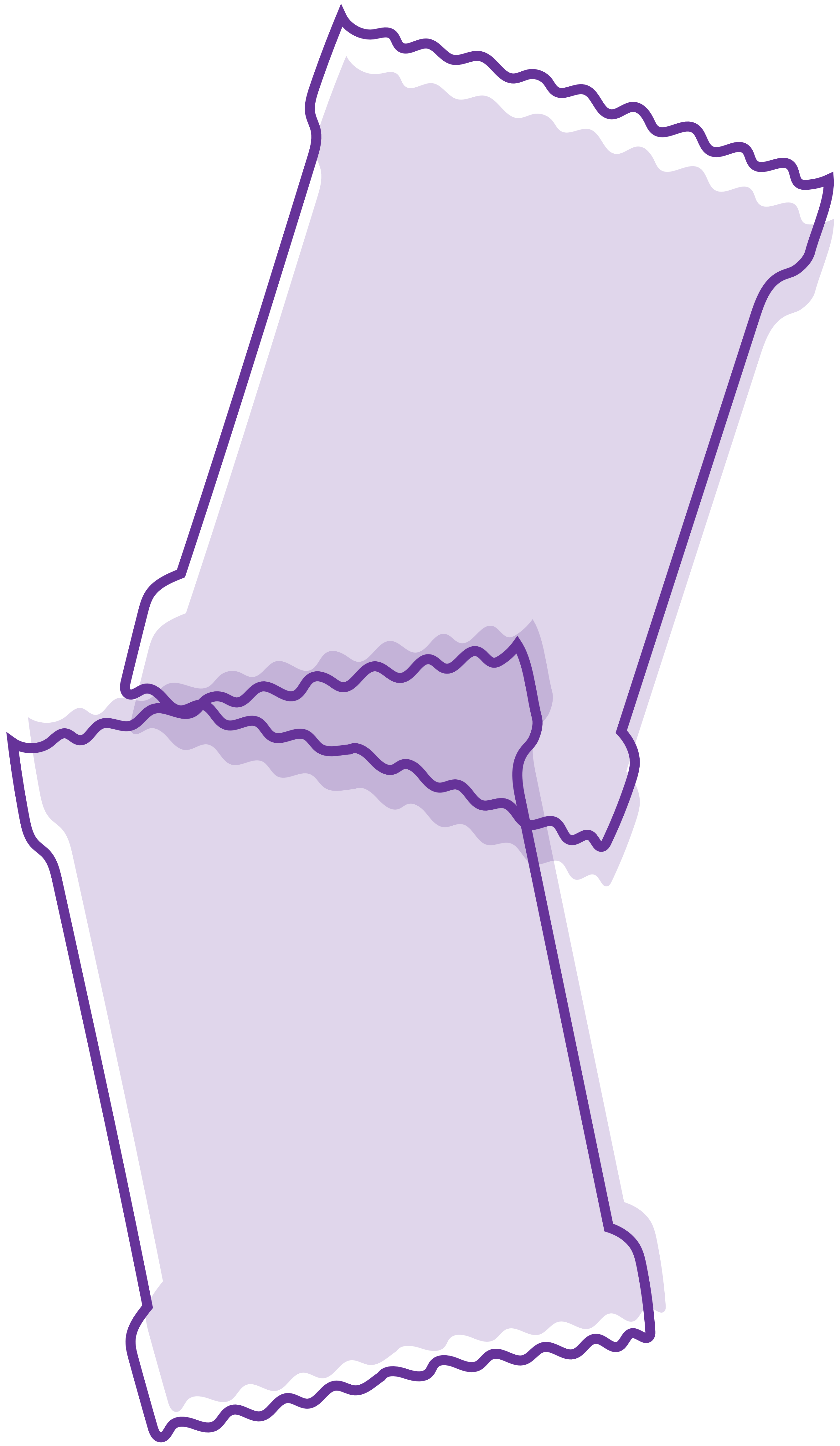
VIETNAM

URC Viet Nam Co. Ltd. Head Office / Factory
No. 42, VSIP Tu Do Boulevard,
Vietnam Singapore Industrial Park,
An Phu Ward, Thuan An City,
Binh Duong Province, Vietnam
T: +84 274 376-7010
F: +84 274 376-7025

URC Viet Nam Co. Ltd. Ho Chi Minh City Office
9th Floor, Vietjet Plaza,
No.60A Truong Son Street, Ward 2,
Tan Binh District, Ho Chi Minh City, Vietnam
T: +84 28 6296-9676
F: +84 28 6296

GRI Index


TopBreed
Dog Meal
PUPPY
with
Omega
3 & 6
TopBreed
Dog Meal
ADULT
BRAND OF THE YEAR



Direct Economic Value Generated and Distributed

GRI Standard	Disclosure	Quantity	Units
GRI 201-1a	Direct economic value generated (revenue)	162,626	in million PHP
	Direct economic value distributed:	159,567	in million PHP
	a. Employee wages and benefits	18,300	in million PHP
	b. Payments to suppliers, other operating costs	125,592	in million PHP
	c. Dividends given to stockholders and interest payments to loan providers	9,965	in million PHP
	d. Taxes given to government	5,699	in million PHP
	e. Investments to community (e.g. donations & CSR)	12	in million PHP

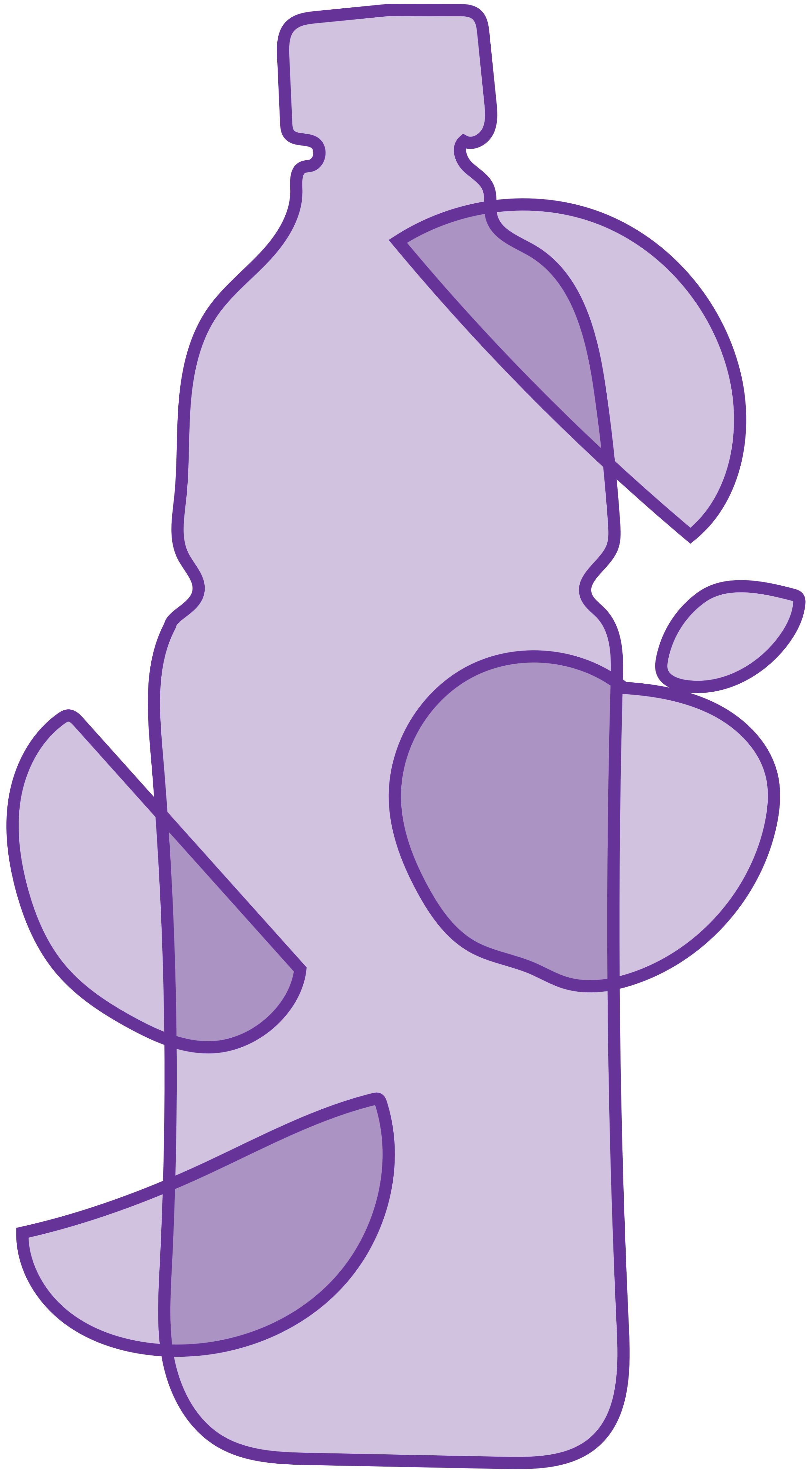
Notes:

- *Employee wages and benefits include salaries and wages, other employee benefits, pension expense, direct labor under cost of goods sold (COGS) and contracted services*
- *Payments to suppliers and other operating costs include cost of sales, operating expense (excluding personnel cost, direct labor under COGS, contracted services, licenses and taxes), net foreign exchange gains (losses), market valuation loss on financial assets and liabilities at fair value through profit or loss – net, other income (expense)*
- *Dividends given to stockholders and interest payments to loan providers include dividends paid and finance cost GRI 201-1a*
- *Taxes given to government include provision for income tax and payments to government (taxes and licenses)*
- *Investment to community include key significant community engagement initiatives conducted by the company within the year*
- *Gross revenue includes sale from goods and services, and finance revenues*

Proportion of Spending on Local Suppliers

GRI Standard	Disclosure	Units	2023	2024
GRI 204-1a	Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	%	55	65

Note: Data covers BCF-PH and BCF-INT which composed of direct materials (raw material and packaging material) only



Training on Anti-Corruption Policies and Procedures

GRI Standard	Disclosure	Quantity	Units
GRI 205-2	Percentage of employees to whom the organization's anticorruption policies and procedures have been communicated to[1]	100	%
	Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to[2]	100	%
	Number of directors and management that have received anti-corruption training	100	%
	Percentage of employees that have received anti-corruption training	100	%

Note:

1 *100% of new employees undergo onboarding training. The Code of Business Conduct and Offenses Subject to Disciplinary Action are part of the onboarding presentation. These policies and programs are also made available online for easy access to the rest of the employees for their reference and guidance.*

2 *This accounts for total suppliers to whom the Code of Business Conduct, the Code of Discipline, and related Offenses Subject to Disciplinary Actions (OSDA) have been communicated to during the onboarding and orientation processes.*

Incidents of Corruption

GRI Standard	Disclosure	Quantity	Units
GRI 205-3 (b)(c)	Number of incidents in which directors were removed or disciplined for corruption	0	%
	Number of incidents in which employees were dismissed or disciplined for corruption	0	%
	Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	%

Incidents of Corruption

GRI Standard	Disclosure	Units	2023[4]	2024
GRI 302-1 (a)(b)(e)	Energy consumption (Renewable sources)[1]	GJ	1,750,194	1,569,015
		%	24	22
	Energy consumption (Electricity from non-renewable)	GJ	822,726	827,580
		%	11	12
	Energy consumption (Fossil fuel)[2]	GJ	4,764,013	4,595,754
		%	65	66
	Energy consumption (Total)	GJ	7,336,934	6,992,349
	Energy Use Ratio (EUR)[3]	GJ/MT	2.7	2.63
	Energy Intensity	GJ/MnPHP	46.93	43.49

Notes: Data covers information of total URC (BCF-PH, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines, BCF-INT excl. China)

1 *Renewable sources include on-site generation of solar power, biomass and biogas utilization, and purchased electricity from renewable sources through Retail Electricity Contracts*

2 *Fossil fuel includes diesel, bunker, LPG, LNG, CNG used in operations, and gasoline for company-owned vehicles*

3 *EUR is the measurement of energy consumption in relation to production volume*

4 *Restated 2023 numbers to reflect exclusion of China operations*

Water Consumption within the Organization

GRI Standard	Disclosure	Units	2023[5]	2024
GRI 303-3a GRI 303-5a	Water withdrawal[1]	Cubic meters	18,122,829	14,535,765
	Water consumption[2]	Cubic meters	10,831,247	7,569,606
	Water recycled and reused[3]	Cubic meters	936,929	672,021
	Water intensity	Cubic meters / MnPHP	69	47
	Water Use Ratio (WUR)[4]	Cubic meters / tonne	6.82	5.58

Notes: Data covers information of total URC (BCF-PH, Flour, SURE, AIG, and BCF-INT excl. China)

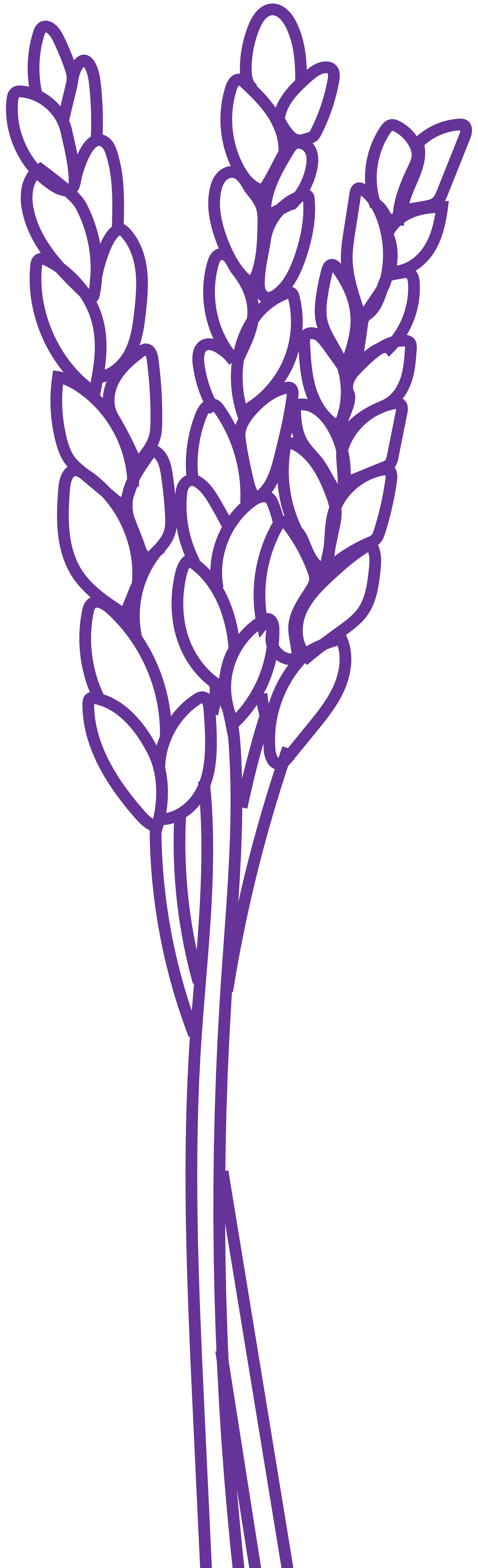
1 *Water withdrawal is the volume of water extracted from ground water, surface water, sea water and third-party water*

2 *Water consumption is computed as the difference between water withdrawal vs water discharge (found in effluents section)*

3 *Water recycled and re-used is the volume of water from wastewater and rainwater recovery*

4 *WUR is the measurement of water consumption in relation to production volume*

5 *Restated to reflect exclusion of China operations*



Materials used by the Organization

GRI Standard	Disclosure	Units	2023	2024
GRI 301-1a (i), (ii), 2a	Materials used by weight or volume			
	■ Renewable[1]	tonnes	6,834,098	5,589,427
	■ Non-Renewable	tonnes	38,817	38,935
	Percentage of recycled input materials used to manufacture the organization's primary products and services[2]	%	0.58%	0.61%

Notes: Covers available data on raw materials and packaging materials used by the organization. Scope includes BCFG-PH, AIG, FLOUR and SURE (sugarcane).

[1] *Renewable material pertain to raw materials of agricultural origin and cartons for packaging.*

[2] *Percentage of recycled input materials is computed as the amount of re-grind PET used as feedstock divided by the total input for packaging materials. Scope includes BCFG-PH.*

Ecosystems and Biodiversity (whether in upland/watershed or coastal/marine)

GRI Standard	Disclosure	Units	2023	Boundaries
GRI 304-1a	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	12.548	Ha	CMC Davao Flour Mill is located in Sasa Davao City, Davao del Sur situated on the gulf's west coast. Davao city is among the four provinces that surrounds Davao Gulf which is conserved as Key Biodiversity Area. Davao Gulf situated in the southeastern part of Mindanao is one of the priority conservation areas of the Sulu-Sulawesi Marine Ecoregion. It is a breeding and nursery ground for small and large species, with frequent sightings of whale sharks, dugongs and leatherback turtles, among the list of species cited in the Convention on the International Trade of Endangered Species.[1]
GRI 304-3	Habitats protected or restored	11,376	Seedlings	URC-wide tree planting and nurturing activities were conducted across different sites.
GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	0	#	The company has no operations affecting the habitats of species listed in IUCN Red list species and national conservation list species.

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines)

[1] *Based on World Wide Fund for Nature.*

Greenhouse Gas Emissions

GRI Standard	Disclosure	Units	2023	2024
GRI 305-1a GRI 305-2a GRI 305-4	Direct (Scope 1) GHG Emissions	Tonnes CO^2e	433,700	408,227
	Fugitive Emissions[1]	Tonnes CO^2e	31,166	25,902
	Energy Indirect (Scope 2) GHG Emissions2	Tonnes CO^2e	156,990	154,180
	Total (Scope 1 + Scope 2) GHG Emissions	Tonnes CO^2e	590,690	562,339
	GHG Intensity	Tonnes CO^2e/ MnPHP	3.77	3.50

Notes:

- *GHG Emissions cover information of total URC (BCF-PH, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines, BCF-INT excl. China). This includes fugitive emissions.*
- *Emissions from biomass are considered biogenic emissions and should be tracked separately as per the GHG Protocol and are thus, not included in the overall GHG emissions inventory.*
- *2023 numbers have been restated due to changes in structure (acquisitions & divestments) and methodology improvements (improved emission factors).*

[1] *Fugitive emissions include emissions from refrigerants consumed by the plants which include R22 / Freon, R134a, R404, R407, R410, R507, R141B, R417, R32. Calculations only include Kyoto-protocol products. R22 will be phased out consistent with the phase-out schedule set by DENR Administrative Order (DAO) 2013-25.*

[2] *Computation of Scope 2 emissions used the market-based approach using emission factors provided by Retail Electricity Suppliers.*

Air Pollutants

GRI Standard	Disclosure	Units	2023	2024
GRI 305-7a (i)(ii)(vi)	NOx	Tonnes	168.14	410.6
	Sox	Tonnes	151.46	141
	Persistent organic pollutants (POPs)	Tonnes	n/a	n/a
	Volatile organic compounds (VOCs)	Tonnes	n/a	n/a
	Hazardous air pollutants (HAPs)	Tonnes	n/a	n/a
	Particulate matter (PM)		99.6	174.7
	Data Coverage		BCF-PH	BCF-PH, BCF-INT, Flour, SURE, AIG

The scope of disclosure for 2024 has expanded to include BCF-International, AIG, FLOUR, and SURE business units.

Notes:

- *Data covers information from air pollution sources equipment (APSE) such as boilers, generator sets, ovens, and chimneys of URC with air emission test results in 2024 conducted by a DENR Accredited Laboratory (PH operations).*
- *Per National Emission Standards for Source Specific Air Pollutants, all the emission test results in PH operations (expressed in mg/Nm3) were within the standards set by the DENR-EMB.*
- *URC's boilers, generator sets and company-owned vehicles undergo mandatory emission testing as mandated by the DENR and Land Transportation Office.*

Solid Waste

GRI Standard	Disclosure	Units	2023[5]	2024
GRI 306-5a, GRI 306-5c	Total solid waste generated	Tonnes	2,454,320	1,726,786
	Recyclable (Biodegradables[1] and Non-Biodegradables[2])	Tonnes	616,317	357,729
	Incinerated	Tonnes	0	0
	Residual/Landfilled[3]	Tonnes	24,057	20,885
	Renewable[4]	Tonnes	1,813,946	1,348,172

Notes: Data covers information of total URC (BCF-PH, Flour, SURE, AIG, and BCF-INT excl. China)

1 *Biodegradable waste originated from plant or animal sources which may be broken down by other living organisms*

2 *Non-biodegradable wastes were sold as scrap or returned to the recycling stream (e.g.: plastic containers, rubber, and metal)*

3 *Residual/Landfilled – non-potential and non-recoverable waste that are disposed to sanitary landfill.*

4 *Renewable are waste materials used as alternative fuel to generate the company's own energy (e.g.: Coffee Spent Grounds used as alternative fuel to boiler to produce steam for the production)*

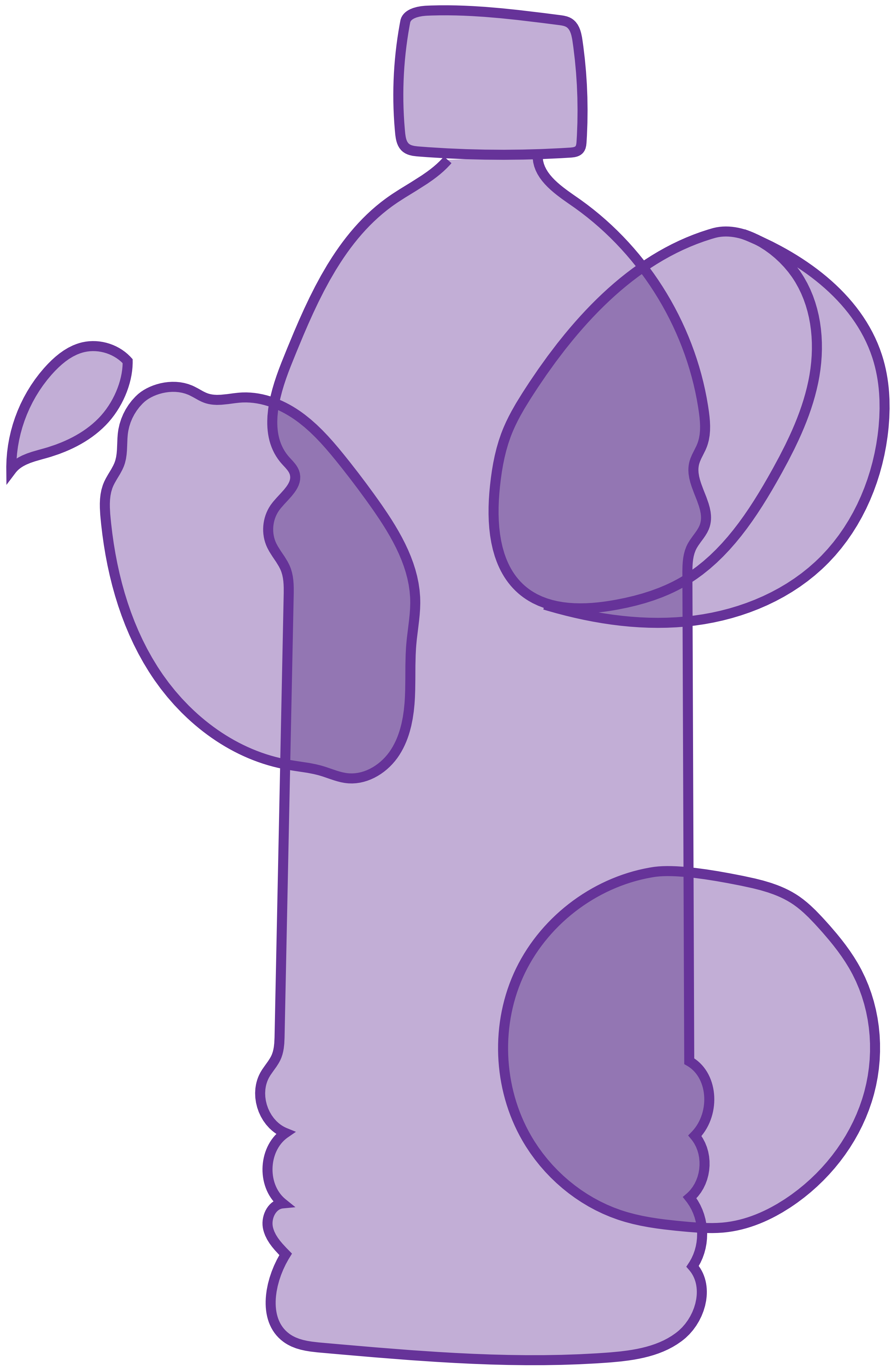
5 *2023 numbers have been restated to excl China*

Hazardous Waste

GRI Standard	Disclosure	Units	2023	2024
GRI 306-5b	Total weight of hazardous waste generated[1]	Tonnes	618	641
	Total weight of hazardous waste transported[2]	Tonnes	375	372

Notes:

- *Data covers information of total URC (BCF-PH, Flour, SURE, AIG, and BCF-INT excl. China)*
- *The difference in the quantity of hazardous waste generated and transported are stored onsite in DENR-prescribed hazardous waste storage areas while waiting for schedule of transport and treatment.*
- *2023 numbers have been restated to excl China*



Effluents

GRI Standard	Disclosure	Units	2023	2024
GRI 303-4	Total volume of water discharges	Cubic meters	7,291,582	6,966,159
	Percent of wastewater recycled[1]	%	13%	10%

Notes: Data covers information of total URC (BCF-PH, Flour, SURE, AIG, and BCF-INT excl. China)

[1] *Percent of wastewater recycled is computed as the total volume of water recycled and reused over the total volume of water discharges.*

Non compliance with Environmental Laws and Regulations

GRI Standard	Disclosure	Quanitity	Units
GRI 201-1a	Total volume ofTotal amount of monetary fines for non-compliance with environmental laws and/or regulationswater discharges		PHP
	No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	No material fines or penalties	#
	No. of cases resolved through dispute resolution mechanism		#

Note: The company or any of its subsidiaries is not a party to, and its properties are not the subject of, any material pending legal proceedings involving fines or non-monetary sanctions that could be expected to have a material adverse effect on the Company's financial position or results of operations.

Greenhouse Gas Emissions

GRI Standard	Disclosure	Quantity	Units
GRI 405-1b (i)(ii)	Total number of employees	13,952	#
	By Gender		
	a. Number of female employees	4,397	#
	b. Number of male employees	9,555	#
	By Age Group		
	a. 26 and below	3,098	#
	b. 27-41	7,291	#
	c. 42-56	3,363	#
	d. 57 and up	200	#
	By Contract Type		
	a. Regular	12,405	#
	b. Consultant, FTE & Project based	787	#
	c. Probationary	760	#
	By Length of Tenure		
	a. < 1 years	1,507	#
	b. 1-3 years	3,153	#
	c. 3-5 years	1,512	#
	d. 5-7 years	1,545	#
	e. 7+ years	6,235	#

GRI Standard	Disclosure	Quantity	Units
GRI 405-1b (i)(ii)	By Rank		
	a. Executive/Senior Management	78	#
	b. Rank & File	8,285	#
	c. Supervisor	1,737	#
	d. Manager	1,167	#
	e. Seasonal	368	#
	f. Professional / Technical	2,317	#
	By Business Unit		
	a. BCF PH	4,061	#
	b. BCF International	5,437	#
	c. AIG	669	#
	d. Flour	455	#
	e. SURE	2,246	#
	f. Main	486	#
	g. Packaging	598	#
	Attrition Rate[1]	9.2	
	Ratio of lowest paid employee against minimum wage[2]	1:1	

Notes:

Data covers the total number of URC regular employees as of December 31, 2024

- *Attrition rate is the total voluntary turnover of current year over average total no. of employees of current year (including new hires for the year)*
- *The ratio is based on the comparison between the wage of the lowest paid employee (base fare) and the minimum wage on the specific region. URC is compliant with the minimum wage requirement. Other compensation provided to regular employees are indicated in the table below.*

New Hires

GRI Standard	Disclosure	Quantity	Units
GRI 401-1a	Data for New Hires		
	By Gender		
	a. Number of female employees	546	#
	b. Number of male employees	998	#
	By Age Group		
	a. 26 and below	925	#
	b. 27-41	516	#
	c. 42-56	74	#
	d. 57 and up	29	#
	By Contract Type		
	a. Permanent or indefinite	1,336	#
	b. Temporary or Fixed Term	208	#

Note: Data covers the total number of URC regular employees as of December 31, 2024

Turnover

GRI Standard	Disclosure	Quantity	Units
GRI 401-1b	Turnover		
	By Permanent Employees		
	a. Female	447	#
	b. Male	774	#
	By Age Group		
	a. 26 and below	524	#
	b. 27-41	554	#
	c. 42-56	128	#
	d. 57 and up	15	#
	By Rank		
	a. Executives / Senior Management	3	#
	b. Middle Managers and Supervisors	251	#
	c. Rank-and-file permanent	634	#
	d. Seasonal	11	#
	e. Professional / Technical	322	#
	By Contract Type		
	a. Voluntary	1,221	#
	b. Involuntary	474	#

Note: Data covers the total number of URC regular employees as of December 31, 2024. The breakdown of turn-over data by permanent employees, age group and rank cover voluntary only.

New Hires

GRI Standard	List of Benefits[1]		Y/N	% of Employees Covered		% of Employees Availed	
				Female	Male	Female	Male
GRI 401-2a GRI 401-3	SSS	Salary Loan	Y	100%	100%	20%	24%
		Maternity Benefit		100%	N/A	5%	N/A
		Sickness Benefit		100%	100%	2%	3%
	Philhealth		Y	100%	100%	7%	2%
	Pag-IBIG	MPL		100%	100%	15%	24%
		Calamity Loan		100%	100%	3%	6%
		Paternity Leave	Y	N/A	22%	N/A	3%
		Solo Parent Leave	Y	3%	0%	3%	0%
		Vacation Leaves	Y	100%	100%	36%	38%
		Sick Leaves	Y	100%	100%	33%	40%
		Medical Benefits (Aside from PhilHealth)	Y	100%	100%	100%	100%
		Housing Assistance / Provision for Staff Houses (aside from Pag-IBIG)[2]	Y	100%	100%	18%	7%
		Retirement Fund (aside from SSS)[3]	Y	100%	100%	1%	1%
		Further Education Support (company loans for education)	Y	100%	100%	2%	1%
		Company Stock Options	N				
		Telecommuting[4]	Y	100%	100%	100%	100%
		Flexible-working Hours[4]	Y	100%	100%	11%	2%

GRI Standard	List of Benefits[1]	Y/N	% of Employees Covered		% of Employees Availed	
			Female	Male	Female	Male
	Others					
	Group Life Insurance	Y	100%	100%	100%	100%
	Christmas Package	Y	100%	100%	100%	100%
	Subsidies for Motivational Programs such as Company Outing, Christmas Party, Sports Fest, and Family Day	Y	100%	100%	100%	100%
	Company Loans for Emergencies	Y	100%	100%	100%	100%
	Special Leaves such as Emergency and Nuptial Leave	Y	100%	100%	100%	100%

Notes:
1 *The information covers the total number of URC PH regular employees*
2 *Data scope on housing assistance are only applicable to AIG, and SURE employees*
3 *Residual/Landfilled – non-potential and non-recoverable waste that are disposed to sanitary landfill.*
4 *Data scope includes Early Retirement, Mandatory Retirement, and Retrenchment/Redundancy for CY2024*
5 *Applicable to employees working in the head office*

Employee Training and Development

GRI Standard	Disclosure	Quantity	Units
GRI 404-1	Total training hours provided to employees	422,362.54	hours
	Average training hours provided to employees	30.27	hours/ employee

Note: Data covers the total number of URC regular employees who underwent training in 2024

Labor-Management Relations

GRI Standard	Disclosure	Quantity	Units
GRI 404-2	% of employees covered with Collective Bargaining Agreements	38	%
	Number of consultations conducted with employees concerning employee-related policies	30.27	hours/ employee

Note: The information covers the total number of URC regular employees

Diversity and Equal Opportunity

GRI Standard	Disclosure	Quantity	Units
GRI 405-1b (i)	% of female workers in the workforce	32	%
	% of male workers in the workforce	68	%
	Number of employees from indigenous communities and/or Sector	Currently not tracked	#

Note: Data covers the total number of URC regular employees

Occupational Health and Safety

GRI Standard	Disclosure	2023	2024	Units
GRI 403-9a (i)(iii)(v)	Total Man-Hours[1]	73,815,426	74,988,084	Man-hours
	No. of work-related injuries[2]	286	231	#
	No. of work-related fatalities	3	1	#
	No. of work-related ill-health	-	-	#
	No. of safety drills	130	159	#
	LTIFR[3]	1.02	0.67	3
	AIFR	3.87	3.08	4

Note: Data covers information of total URC (BCF-PH, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines and BCF-INT excl China)

- *Total man-hours is the number of hours worked in the reporting period. These includes regular employees and third-party employees that are performing work in the workplace that is controlled by the organization*
- *Number of work-related injuries include First-Aid Treatment Injury (FTI), Medical Treatment Injury (MTI), and Lost-time*
- *Lost Time Injury Frequency Rate (LTIFR) is measured as the total number of work-related lost time injury cases occurring at the workplace across the whole Organization over the past month reported as an average for each 1,000,000 hours worked.*

Labor Laws and Human Rights

GRI Standard	Disclosure	Quantity	Units
GRI 409	No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

GRI Standard	Topic	Y/N	Disclosure
GRI 409	Forced labor	Y	Compliance with labor laws is incorporated by reference in Code of Discipline
	Child labor	Y	
	Human Rights	Y	▪ Policy on Sexual Harassment ▪ Policy on Health, Safety and Welfare ▪ Corporate Environment, Health and Safety Policy ▪ Drug-Free Workplace Policy ▪ Workplace Policy on Prevention Control of HIV and AIDS, Hepatitis B and Tuberculosis ▪ Special Benefits for Women/Magna Carta for Women ▪ Solo-Parent Leave Policy ▪ Whistleblowing Policy ▪ Data Privacy Policy

Product Health and Safety

GRI Standard	Disclosure	Quantity	Units
GRI 416-2	No. of substantiated complaints on product or service health and safety	0	#
	No. of complaints addressed	0	#

Note: Information includes data from BCF-PH only

Marketing and Labelling

GRI Standard	Disclosure	Quantity	Units
GRI 417-2 GRI 417-3	No. of substantiated complaints on marketing and labelling	0	#
	No. of complaints addressed	0	#

Note: Information includes data from BCF-PH only

Customer/Consumer Privacy –

GRI Standard	Disclosure	Quantity	Units
GRI 418-1a	No. of substantiated complaints on customer privacy	In URC, its customers are defined as key accounts and exclusive distributors. It will ensure that the account management process handles account/ customer information with strict confidentiality. Therefore, this area is not applicable.	#
	No. of complaints addressed		#
	No. of customers, users and account holders whose information is used for secondary purposes		#

Data Security

GRI Standard	Disclosure	Quantity	Units
GRI 418-1b	No. of data breaches, including leaks, thefts and losses of data	0	#

Financial Statements

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱11,597,399,876**	₱12,187,507,197
Financial assets at fair value through profit or loss (Note 8)	**1,080,645,488**	1,002,776,456
Receivables (Note 9)	**20,452,774,785**	22,870,122,822
Inventories (Note 10)	**40,025,092,996**	45,858,673,170
Biological assets (Note 13)	**174,320,301**	111,278,386
Advances to suppliers (Note 11)	**7,325,996,485**	5,105,797,597
Other current assets (Note 11)	**3,211,810,542**	2,370,537,937
	83,868,040,473	89,506,693,565
Noncurrent Assets		
Property, plant and equipment (Note 12)	**65,406,337,256**	62,410,460,542
Right-of-use assets (Note 34)	**1,069,632,860**	1,302,666,055
Biological assets (Note 13)	**99,478,226**	160,655,341
Goodwill (Note 14)	**19,753,995,164**	18,479,756,391
Intangible assets (Note 14)	**5,401,250,589**	5,186,976,216
Investments in joint ventures (Note 15)	**132,536,260**	99,348,953
Deferred tax assets (Note 29)	**1,288,294,697**	969,017,202
Other noncurrent assets (Note 16)	**1,668,294,703**	2,186,125,453
	94,819,819,755	90,795,006,153
TOTAL ASSETS	**₱178,687,860,228**	₱180,301,699,718
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other accrued liabilities (Note 18)	**₱31,894,006,772**	₱29,653,791,359
Short-term debts (Notes 17 and 19)	**12,662,922,495**	16,516,814,596
Trust receipts payable (Notes 10 and 19)	**7,951,200,072**	10,172,836,289
Income tax payable	**541,884,811**	594,196,429
Lease liabilities - current portion (Note 34)	**120,377,698**	180,306,646
	53,170,391,848	57,117,945,319
Noncurrent Liabilities		
Deferred tax liabilities (Note 29)	**1,907,485,495**	2,124,257,609
Lease liabilities - net of current portion (Note 34)	**1,177,908,117**	1,262,261,490
Net pension liability (Note 28)	**1,192,213,074**	1,305,372,148
	4,277,606,686	4,691,891,247
	57,447,998,534	61,809,836,566

(Forward)

	December 31	
	2024	2023
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)	**102,940,614,239**	99,509,790,832
Other comprehensive income (Note 20)	**5,122,698,158**	3,702,389,026
Equity reserve (Note 19)	**(5,077,957,067)**	(5,077,957,067)
Treasury shares (Note 19)	**(6,514,528,346)**	(3,776,894,316)
	119,892,961,716	117,779,463,207
Equity attributable to non-controlling interest (Note 19)	**1,346,899,978**	712,399,945
	121,239,861,694	118,491,863,152
TOTAL LIABILITIES AND EQUITY	**₱178,687,860,228**	₱180,301,699,718

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2024	2023 (As Restated – Note 30)	2022 (As Restated – Note 30)
CONTINUING OPERATIONS			
SALE OF GOODS AND SERVICES (Notes 21 and 32)	**₱161,867,243,890**	₱157,752,179,737	₱149,123,947,349
COST OF SALES (Note 21)	**117,837,936,484**	115,010,461,857	110,235,850,297
GROSS PROFIT	**44,029,307,406**	42,741,717,880	38,888,097,052
Selling and distribution costs (Note 22)	**21,753,596,733**	20,167,277,090	18,400,848,612
General and administrative expenses (Note 23)	**5,623,672,084**	5,185,829,158	5,254,427,633
OPERATING INCOME	**16,652,038,589**	17,388,611,632	15,232,820,807
Finance costs (Note 27)	**(1,636,032,983)**	(1,587,829,757)	(806,175,065)
Net foreign exchange gains	**822,661,946**	259,409,470	373,235,057
Finance revenue (Note 26)	**364,364,386**	311,199,874	273,538,581
Provision for credit and impairment losses (Notes 9, 10 and 12)	**(167,966,820)**	(235,885,792)	(327,038,490)
Equity in net losses of joint ventures (Note 15)	**(140,071,400)**	(287,249,905)	(378,967,690)
Market valuation gain (loss) on financial assets at fair value through profit or loss - net (Note 8)	**(3,671,981)**	172,313,735	70,404,256
Other income (losses) - net (Notes 16 and 18)	**(74,166,490)**	(321,096,543)	3,006,298,001
INCOME BEFORE TAX FROM CONTINUING OPERATIONS	**15,817,155,247**	15,699,472,714	17,444,115,457
PROVISION FOR INCOME TAX (Note 29)	**3,057,962,258**	2,976,821,225	2,994,762,761
NET INCOME FROM CONTINUING OPERATIONS	**12,759,192,989**	12,722,651,489	14,449,352,696
DISCONTINUED OPERATIONS			
NET INCOME (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS (Note 30)	**(405,549,137)**	(18,051,619)	21,935,369
NET INCOME	**₱12,353,643,852**	₱12,704,599,870	₱14,471,288,065
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent (Note 31)	**₱11,661,557,770**	₱12,091,292,370	₱13,956,141,883
Non-controlling interests (Note 19)	**692,086,082**	613,307,500	515,146,182
	₱12,353,643,852	₱12,704,599,870	₱14,471,288,065
EARNINGS PER SHARE (Note 31)			
Basic/diluted, for income attributable to equity holders of the parent	**₱5.39**	₱5.55	₱6.39

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023	2022
NET INCOME	**₱12,353,643,852**	₱12,704,599,870	₱14,471,288,065
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods, net of tax:			
Cumulative translation adjustments (Note 20)	**1,037,046,790**	(1,215,578,084)	1,929,092,653
	1,037,046,790	(1,215,578,084)	1,929,092,653
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on defined benefit plans (Notes 20 and 28)	**502,101,722**	(612,915,087)	230,091,870
Income tax effect	**(125,525,429)**	153,228,771	(57,522,968)
Unrealized gain on financial assets at fair value through other comprehensive income (Notes 16 and 20)	**40,350,000**	15,150,000	24,850,000
	416,926,293	(444,536,316)	197,418,902
OTHER COMPREHENSIVE INCOME (LOSS)	**1,453,973,083**	(1,660,114,400)	2,126,511,555
TOTAL COMPREHENSIVE INCOME	**₱13,807,616,935**	₱11,044,485,470	₱16,597,799,620
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	**₱13,081,866,902**	₱10,460,971,155	₱16,023,431,472
Non-controlling interests	**725,750,033**	583,514,315	574,368,148
	₱13,807,616,935	₱11,044,485,470	₱16,597,799,620

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)	**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, 19 and 20)	**Total Equity**
Balances as at January 1, 2024	**₱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**
Net income for the year	**–**	**–**	**–**	**11,661,557,770**	**–**	**–**	**–**	**–**	**–**	**–**	**11,661,557,770**	**692,086,082**	**12,353,643,852**
Other comprehensive income	**–**	**–**	**–**	**–**	**1,001,783,070**	**40,350,000**	**378,176,062**	**1,420,309,132**	**–**	**–**	**1,420,309,132**	**33,663,951**	**1,453,973,083**
Total comprehensive income	**–**	**–**	**–**	**11,661,557,770**	**1,001,783,070**	**40,350,000**	**378,176,062**	**1,420,309,132**	**–**	**–**	**13,081,866,902**	**725,750,033**	**13,807,616,935**
Cash dividends (Note 19)	**–**	**–**	**–**	**(8,230,734,363)**	**–**	**–**	**–**	**–**	**–**	**–**	**(8,230,734,363)**	**(98,000,000)**	**(8,328,734,363)**
Acquisition of new subsidiary (Note 19)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,750,000**	**6,750,000**
Purchase of treasury shares (Note 19)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,737,634,030)**	**(2,737,634,030)**	**–**	**(2,737,634,030)**
Balances as at December 31, 2024	**₱2,230,160,190**	**₱21,191,974,542**	**₱23,422,134,732**	**₱102,940,614,239**	**₱5,103,466,825**	**₱139,860,000**	**(₱120,628,667)**	**₱5,122,698,158**	**(₱5,077,957,067)**	**(₱6,514,528,346)**	**₱119,892,961,716**	**₱1,346,899,978**	**₱121,239,861,694**
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 (loss)	–	–	–	–	(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 (loss)	–	–	–	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

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023 (As Restated – Note 30)	2022 (As Restated – Note 30)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax from continuing operations	**₱15,817,155,247**	₱15,699,472,714	₱17,444,115,457
Income (loss) before income tax from discontinued operations (Note 30)	**(404,511,900)**	(14,705,075)	27,370,639
Income before income tax	**15,412,643,347**	15,684,767,639	17,471,486,096
Adjustments for:			
Depreciation and amortization (Note 24)	**4,987,520,020**	6,403,094,767	6,288,252,700
Finance costs (Note 27)	**1,636,032,983**	1,587,829,757	806,175,065
Net foreign exchange gains (Note 30)	**(826,370,447)**	(262,146,849)	(383,483,794)
Provision for credit and impairment losses (Notes 9, 10, 12 and 30)	**484,834,404**	235,885,792	327,038,490
Finance revenue (Notes 26 and 30)	**(376,007,914)**	(330,038,326)	(295,018,267)
Pension expense (Notes 25 and 28)	**302,664,188**	230,779,575	241,735,564
Equity in net losses of joint ventures (Note 15)	**140,071,400**	287,249,905	378,967,690
Market valuation (gain) loss on financial assets at fair value through profit or loss (Note 8)	**3,671,981**	(172,313,735)	(70,404,256)
Gain on sale/disposals of property, plant and equipment and investment property (Notes 12 and 16)	**(47,521,305)**	(18,396,199)	(3,281,365,960)
Gain arising from changes in fair value less estimated costs to sell of biological assets (Note 13)	**(8,976,189)**	(336,172)	(311,493)
Operating income before working capital changes	**21,708,562,468**	23,646,376,154	21,483,071,835
Decrease (increase) in:			
Receivables	**2,406,382,485**	(3,219,024,635)	(2,605,431,253)
Inventories	**5,462,492,956**	(7,749,911,815)	(10,122,658,594)
Biological assets	**(111,724,185)**	1,687,035	(228,333,481)
Advances to suppliers and other current assets	**(3,131,902,483)**	(1,622,365,232)	(1,866,648,789)
Increase (decrease) in:			
Accounts payable and other accrued liabilities	**(7,720,355)**	2,707,440,997	4,184,752,123
Trust receipts payable	**(2,197,597,404)**	(1,252,489,365)	3,300,488,410
Net cash generated from operations	**24,128,493,482**	12,511,713,139	14,145,240,251
Income taxes paid	**(3,748,849,540)**	(3,087,271,189)	(2,399,394,053)
Interest paid	**(1,518,537,077)**	(1,335,871,027)	(565,663,230)
Contributions to retirement plan (Note 28)	**–**	–	(200,415)
Interest received	**307,058,112**	266,118,180	170,897,069
Net cash provided by operating activities	**19,168,164,977**	8,354,689,103	11,350,879,622
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Note 12)	**(5,976,573,447)**	(8,454,217,169)	(9,134,912,018)
Investments in joint ventures (Note 15)	**(170,000,000)**	(250,000,000)	(80,879,150)
Additional interest in a subsidiary (Note 19)	**–**	(434,454)	–
Subsidiary, net of cash acquired (Note 14)	**–**	–	(486,014,976)
Financial assets at FVTPL	**–**	–	(162,665,091)
Intangible assets (Note 14)	**(2,290,636)**	(966,072)	(3,101,422)
Proceeds from sale/disposal of:			
Property, plant and equipment and investment property (Notes 12 and 16)	**1,106,426,211**	3,689,191,468	1,827,682,799
Decrease (increase) in other noncurrent assets	**557,928,083**	(335,686,283)	(80,447,447)
Dividends received (Note 8)	**48,454,304**	64,605,739	80,757,174
Net cash used in investing activities	**(4,436,055,485)**	(5,287,506,771)	(8,039,580,131)

(Forward)

	Years Ended December 31		
	2024	2023 (As Restated – Note 30)	2022 (As Restated – Note 30)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Short-term debts (Notes 17 and 35)	**(₱19,600,000,000)**	(₱6,800,000,000)	(₱15,740,000,000)
Principal portion of lease liabilities (Note 34)	**(305,417,456)**	(358,364,833)	(500,349,782)
Availments of short-term debts (Notes 17 and 35)	**15,649,569,036**	11,550,000,000	19,630,000,000
Purchase of treasury shares (Note 19)	**(2,737,634,030)**	(124,785,195)	(2,552,347,885)
Cash dividends paid (Note 19)	**(8,230,734,363)**	(7,885,693,764)	(7,559,597,488)
Dividends paid by a subsidiary to non-controlling interest (Note 19)	**(98,000,000)**	(512,050,000)	(295,470,000)
Net cash used in financing activities	**(15,322,216,813)**	(4,130,893,792)	(7,017,765,155)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(590,107,321)**	(1,063,711,460)	(3,706,465,664)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**12,187,507,197**	13,251,218,657	16,957,684,321
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱11,597,399,876**	₱12,187,507,197	₱13,251,218,657

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 operates its URC Flexible Packaging division to produce flexible packaging materials for its various branded products.

The AIC group is composed of three business segments: (1) Agro-Industrial Group (AIG), which operates three divisions – a) Animal Nutrition and Health, b) Food, Drugs and Disinfectants and c) Farms, (2) Flour Division and (3) Sugar and Renewables 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 Policy Information

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 -
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
Advanson International Pte. Ltd. (Advanson)	- do -	- do -

Subsidiaries	Country of Incorporation	Functional Currency
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 (PFRS) Accounting Standards.

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, 2024 and 2023.

		Effective Percentages of Ownership	
Subsidiaries	Place of Incorporation	**2024**	2023
CFC Corporation	Philippines	**100.00**	100.00
Bio-Resource Power Generation Corporation (BRPGC)	- do -	**100.00**	100.00
Green Recovery, Incorporated (GRI)	- do -	**75.00**	–
Najalin Agri-Ventures, Inc. (NAVI)	- do -	**95.82**	95.82
Nissin-Universal Robina Corporation (NURC)	- do -	**51.00**	51.00
URC Snack Ventures Inc. (USVI)	- do -	–	100.00
URC Beverage Ventures, Inc. (UBVI)	- do -	–	100.00
URC Philippines, Limited (URCPL)	British Virgin Islands	**100.00**	100.00
URC International Co., Ltd. and Subsidiaries (URCICL)*	- do -	**100.00**	100.00
Universal Robina (Cayman), Ltd.	Cayman Islands	–	100.00
URC China Commercial Co., Ltd. and Subsidiary	China	**100.00**	100.00

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

Green Recovery, Incorporated
On December 18, 2023, the Parent Company entered into a joint venture agreement with Greencycle Innovative Solutions, Inc., a corporation duly organized in the Philippines to form Green Recovery, Incorporated (GRI), a corporation duly incorporated and organized in the Philippines on August 5, 2024 for waste management which includes collection, treatment, recovery, and processing of plastic wastes.

On July 8, 2024, the Board of Directors (BOD) approved the initial subscription of the Parent Company to the unissued authorized capital stock of GRI consisting of 20,250,000 common shares for a total cost of ₱20.3 million.

URC Snack Ventures Inc. and URC Beverage Ventures, Inc.
On March 18, 2024, USVI submitted an application to the Philippine Securities and Exchange Commission (SEC) to shorten its corporate term from 30 years to 9 years and 11 months, to end on March 29, 2024. On the same date, UBVI submitted an application to SEC to shorten its corporate term from 50 years to 40 years and 6 months, to end on March 27, 2024. On October 21, 2024, the SEC approved the application of UBVI. On November 19, 2024, the SEC approved the application of USVI.

On April 25, 2024, the BOD of USVI approved the declaration of a liquidating dividend to the Parent Company amounting to ₱672.0 million, which was paid on May 6, 2024. This distribution is part of USVI's liquidation process and represents a return of capital to the Parent Company.

Merger of URCL and URCICL
On March 25, 2024, the BOD approved the plan to merge URCL into URCICL. Subsequently, on June 25, 2024, the BOD approved the Plan of Merger and Articles of Merger, with the merger becoming effective on June 27, 2024. Both companies, incorporated under Cayman and BVI laws, received the necessary approvals to proceed with the merger (see Note 19). The merger does not impact the consolidated financial statements of the Group since both URCL and URCICL are wholly owned subsidiaries of the Parent Company.

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*

Business Combinations

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 PFRS Accounting Standards. 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.

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.

<u>Changes in Accounting Policies and Disclosures</u>
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following PFRS Accounting Standards and Philippine Accounting Standards (PAS) and Philippine Interpretations beginning January 1, 2024. 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, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*
  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.

- 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.

Material Accounting Policy Information

<u>Fair Value Measurement</u>
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.

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, 2024 and 2023 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.

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.

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.

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.

Financial liabilities at amortized cost
This 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.

<u>Inventories</u>
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.

<u>Biological Assets</u>
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 to 15
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.

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).

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/Trademarks/Trade secrets	Indefinite	No amortization	Acquired
Trademarks	Finite (4 years)	Straight line amortization	Acquired
Software costs	Finite (3-8 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.

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.

<u>Discontinued Operations</u>
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.

Discontinued operations are excluded from the results of continuing operations and is presented as a single amount as 'Net income (loss) after tax from discontinued operations' in the consolidated statements of income.

Cash flows from discontinued operations are included in the consolidated statements of cash flow and are disclosed separately in Note 30. The Group includes proceeds from disposal in cash flows from discontinued operations, if any.

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.

Revenue within the scope of PFRS 15:
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.

Income Taxes
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.

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.

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.

<u>Common Stock</u>
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.

<u>Retained Earnings</u>
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.

<u>Treasury Shares</u>
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 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, 2025

- 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.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

- Annual Improvements to PFRS Accounting Standards—Volume 11

  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
    The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
    The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9
  - Lessee Derecognition of Lease Liabilities
    The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

  - Transaction Price
    The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*
  The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027
- 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.

On February 14, 2025, the FSRSC approved the amendment to PFRS 17 *Insurance Contracts* that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

On the same date, the FSRSC also adopted the amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity* that clarify the application of 'own-use' requirements for in-scope contracts that reference nature-dependent electricity and expose an entity to variability in an underlying amount of electricity. With respect to hedge accounting requirements, the amendments now allow an entity to designate a contract referencing nature-dependent electricity as the hedging instrument in a hedge of forecast electricity transactions. An entity shall apply the foregoing amendments for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted

- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

- PFRS 19, *Subsidiaries without Public Accountability*

  The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.

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 PFRS Accounting Standards 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 cessation of the China businesses will qualify for presentation as discontinued operations in 2024 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). China represents a separate geographical area of operations of the Group, hence, the consolidated statements of income present its results of operations as discontinued operations in 2024. Comparative periods were also restated to align with this presentation.

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 ₱11.4 million and ₱9.3 million for the years ended December 31, 2024 and 2023, respectively. The carrying amount of trade receivables is ₱16.4 billion and ₱17.9 billion as at December 31, 2024 and 2023, 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 ₱4.0 billion and ₱5.0 billion as at December 31, 2024 and 2023, 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, 2024 and 2023, the Group's biological assets carried at fair values less estimated costs to sell amounted to ₱273.8 million and ₱271.9 million, respectively (see Note 13). For the years ended December 31, 2024, 2023, and 2022, the Group recognized gain arising from changes in the fair value less costs to sell of biological assets amounting to ₱9.0 million, ₱0.3 million, and ₱0.3 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, 2024 and 2023, the balance of the Group's goodwill and intangible assets with indefinite useful lives and accumulated impairment losses follow:

	2024	2023
Goodwill (Note 14)	**₱19,753,995,164**	₱18,479,756,391
Intangible assets (Note 14)	**4,811,478,149**	4,516,565,574

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 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, 2024, 2023, and 2022 the Group recognized impairment losses on its property, plant and equipment amounting to ₱370.7 million, ₱226.5 million and ₱323.0 million, respectively (see Note 12).

For the years ended December 31, 2024, 2023, and 2022, the Group did not recognize any impairment losses on its right-of-use assets (see Note 34), investment properties (see Note 16), goodwill and other intangible assets (see Note 14).

As of December 31, 2024 and 2023, the balances of the Group's nonfinancial assets with finite useful lives, excluding biological assets, net of accumulated depreciation, amortization and impairment losses follow:

	2024	2023
Property, plant and equipment (Note 12)	**₱37,554,071,376**	₱32,332,995,898
Right-of-use assets (Note 34)	**1,069,632,860**	1,302,666,055
Intangible assets (Note 14)	**589,772,440**	670,410,642
Investment properties (Note 16)	**1,452,839**	1,705,506

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, 2024 and 2023, 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, 2024 and 2023, the Group recognized net deferred tax assets amounting to ₱1.3 billion and ₱969.0 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 ₱1.9 billion and ₱2.1 billion as of December 31, 2024 and 2023, 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 3.99% to 7.98% for the years ended December 31, 2024 and 2023, respectively.

j. *Estimation of useful life of property, plant and equipment*
The EUL of each of the items of property, plant and equipment is estimated based on the year over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation and experience with similar assets. The EUL of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors mentioned in the foregoing. A change in the EUL of any item of property, plant and equipment would impact the recorded cost and expenses and noncurrent assets.

In 2024, the Group has changed the estimated useful life of certain machinery and equipment from 10 to 15 years. The impact of the change in 2024 resulted to a decrease in depreciation expense amounting to ₱930.1 million.

The carrying value of the depreciable property, plant and equipment amounted to ₱37.6 billion and ₱32.3 billion and as of December 31, 2024 and 2023, respectively (see Note 12).

k. *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.

l. *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, 2024 and 2023, except for the Group's trade receivables as of December 31, 2024 and 2023 with carrying value of ₱16.4 billion and ₱17.9 billion, respectively, and collateral or credit enhancements with fair value amounting to ₱4.4 billion and ₱3.0 billion as of December 31, 2024 and 2023, respectively, resulting to net exposure of ₱12.0 billion and ₱14.8 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, 2024 and 2023 before taking into account any collateral held or other credit enhancements are categorized by geographic location follow:

	2024				
	Philippines	**Asia**	**New Zealand**	**Others**	**Total**
Cash and cash equivalents* (Note 7)	**₱4,109,274,303**	**₱7,436,000,730**	**₱–**	**₱–**	**₱11,545,275,033**
Receivables (Note 9):					
Trade receivables	**12,467,943,226**	**3,819,512,025**	**27,046,333**	**93,280,810**	**16,407,782,394**
Due from related parties	**2,821,713,092**	**133,603,512**	**–**	**–**	**2,955,316,604**
Interest receivable	**4,508,403**	**22,715,697**	**–**	**–**	**27,224,100**
Non-trade and other receivables	**822,184,941**	**240,266,746**	**–**	**–**	**1,062,451,687**
	₱20,225,623,965	**₱11,652,098,710**	**₱27,046,333**	**₱93,280,810**	**₱31,998,049,818**

** Excludes cash on hand*

	2023				
	Philippines	Asia	New Zealand	Others	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*

ii. Concentration by industry

The tables below show the industry sector analysis of the Group's financial assets as of December 31, 2024 and 2023 before taking into account any collateral held or other credit enhancements.

	2024				
	Manufacturing/ Retail	**Financial Intermediaries**	**Petrochemicals**	**Others***	**Total**
Cash and cash equivalents** (Note 7)	**₱–**	**₱11,545,275,033**	**₱–**	**₱–**	**₱11,545,275,033**
Receivables (Note 9):					
Trade receivables	**14,428,901,037**	**–**	**–**	**1,978,881,357**	**16,407,782,394**
Due from related parties	**404,301,415**	**32,685,256**	**329,966,229**	**2,188,363,704**	**2,955,316,604**
Interest receivable	**–**	**27,224,100**	**–**	**–**	**27,224,100**
Non-trade and other receivables	**1,008,141,733**	**2,302,388**	**–**	**52,007,566**	**1,062,451,687**
	₱15,841,344,185	**₱11,607,486,777**	**₱329,966,229**	**₱4,219,252,627**	**₱31,998,049,818**

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

	2023				
	Manufacturing/ Retail	Financial Intermediaries	Petrochemicals	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*

iii. Credit risk under general approach and simplified approach

	2024			
	General Approach			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified Approach**
Cash and cash equivalents* (Note 7)	**₱11,545,275,033**	**₱–**	**₱–**	**₱–**
Receivables (Note 9):				
Trade receivables	**–**	**–**	**–**	**16,497,132,616**
Due from related parties	**2,955,316,604**	**–**	**–**	**–**
Non-trade and other receivables	**1,079,936,336**	**9,739,451**	**157,169,779**	**–**
Total financial assets at amortized cost	**₱15,580,527,973**	**₱9,739,451**	**₱157,169,779**	**₱16,497,132,616**

**Excludes cash on hand*

	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	–	–	–
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*

iv. Aging analysis

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

	2024					
		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	**₱11,435,717,113**	**₱3,101,323,761**	**₱598,162,907**	**₱561,544,624**	**₱800,384,211**	**₱16,497,132,616**
Expected credit losses	**₱–**	**₱–**	**₱–**	**₱–**	**₱89,350,222**	**₱89,350,222**

	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

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, 2024 and 2023 based on the remaining undiscounted contractual cash flows.

	2024					
	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)	**₱7,391,789,957**	**₱4,157,685,571**	**₱–**	**₱–**	**₱–**	**₱11,549,475,528**
Financial assets at FVTPL	**1,080,645,488**	**–**	**–**	**–**	**–**	**1,080,645,488**
Receivables (Note 9):						
Trade receivables	**1,960,091,742**	**14,537,040,874**	**–**	**–**	**–**	**16,497,132,616**
Due from related parties	**2,955,316,604**	**–**	**–**	**–**	**–**	**2,955,316,604**
Non-trade and other receivables	**1,246,845,566**	**–**	**–**	**–**	**–**	**1,246,845,566**
Financial assets at FVOCI	**–**	**–**	**–**	**160,950,000**	**–**	**160,950,000**
Deposits (Note 16)	**–**	**–**	**–**	**39,931,325**	**962,840,689**	**1,002,772,014**
	₱14,634,689,357	**₱18,694,726,445**	**₱–**	**₱200,881,325**	**₱962,840,689**	**₱34,493,137,816**

**Excludes cash on hand*

	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*

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2024 and 2023 based on the remaining undiscounted contractual cash flows.

	2024					
	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*	**₱10,883,285,016**	**₱16,977,511,245**	**₱2,747,528,995**	**₱1,671,647**	**₱–**	**₱30,609,996,903**
Due to related parties	**614,004,861**	**–**	**–**	**–**	**–**	**614,004,861**
Short-term debts**	**–**	**11,667,052,365**	**1,052,009,975**	**–**	**–**	**12,719,062,340**
Trust receipts payable**	**–**	**7,970,900,118**	**–**	**–**	**–**	**7,970,900,118**
Lease liabilities**	**–**	**74,648,961**	**149,496,990**	**576,761,897**	**1,385,970,586**	**2,186,878,434**
	₱11,497,289,877	**₱36,690,112,689**	**₱3,949,035,960**	**₱578,433,544**	**₱1,385,970,586**	**₱54,100,842,656**

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

	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*

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, 2024, 2023, and 2022, approximately 21.5%, 20.4%, and 21.1% of the Group's total sales, respectively, are denominated in currencies other than the functional currency. In addition, 21.3% and 11.7% of the Group's debts and 58.9% and 68.7% of short-term investments are denominated in various currencies as of December 31, 2024 and 2023, 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 ₱16.1 million and ₱60.1 million on income before income tax, and equity for the years ended December 31, 2024 and 2023, 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, 2024 and 2023 are not significant.

The exchange rates used to restate the US dollar-denominated financial assets and liabilities were ₱57.85 to US$1.00 and ₱55.37 to US$1.00 as of December 31, 2024 and 2023, 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:

	2024		2023	
Changes in PSEi	**15.29%**	**-15.29%**	13.97%	-13.97%
Change in trading gain (loss) at equity portfolio	**₱85,005,820**	**(₱85,005,820)**	₱28,316,718	(₱28,316,718)
As a percentage of the Parent Company's trading gain for the year	**153.50%**	**(153.50%)**	597.66%	(597.66%)

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 ₱1.6 million and ₱1.2 million on equity for the years ended December 31, 2024 and 2023. An equal change in the opposite direction would have decreased equity by the same amount.

Interest rate risk
As of December 31, 2024 and 2023, 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 2022, 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.

Lease liabilities
The fair value of lease liabilities is based on the present value of lease payments to be made over the lease term discounted by using the IBR at lease's commencement date.

Fair Value Measurement Hierarchy for Assets and Liabilities

	December 31, 2024				
	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	**₱883,830,510**	**₱883,830,510**	**₱–**	**₱–**	**₱883,830,510**
Private equity and unquoted equity securities	**196,814,978**	**196,814,978**	**–**	**–**	**196,814,978**
Financial assets at FVOCI					
Quoted equity securities (Note 16)	**160,950,000**	**–**	**160,950,000**	**–**	**160,950,000**
Deposits (Note 16)	**1,002,772,014**	**–**	**–**	**989,435,760**	**989,435,760**
	₱2,244,367,502	**₱1,080,645,488**	**₱160,950,000**	**₱989,435,760**	**₱2,231,031,248**
Financial liability					
Lease liabilities (Note 34)	**₱1,298,285,815**	**₱–**	**₱–**	**₱1,298,285,815**	**₱1,298,285,815**
Nonfinancial assets					
Biological assets (Note 13)	**₱273,798,527**	**₱–**	**₱36,254,945**	**₱237,543,582**	**₱273,798,527**
Assets for which fair values are disclosed					
Investment properties (Note 16)	**₱1,452,839**	**₱–**	**₱–**	**₱47,823,000**	**₱47,823,000**

	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	–	–	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
	₱2,634,175,641	₱1,002,776,456	₱120,600,000	₱1,227,975,725	₱2,351,352,181
Financial liability					
Lease liabilities (Note 34)	₱1,442,568,136	₱–	₱–	₱1,442,568,136	₱1,442,568,136
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

For the years ended December 31, 2024 and 2023, 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
Private equity and unquoted equity securities	Net asset approach	Net asset value
Lease liabilities	Discounted cash flow	Discount rate

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

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.

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 PFRS Accounting Standards 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, 2024, 2023, and 2022.

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

	As of and for the year ended December 31, 2024				
	Branded Consumer Food	Agro-Industrial and Commodity Food	Corporate Business	Eliminations	Total
Sale of Goods and Services					
Third party	₱110,559,198	₱51,308,046	₱–	₱–	₱161,867,244
Inter-segment	24,843,808	11,533,748	–	(36,377,556)	–
	₱135,403,006	₱62,841,794	₱–	(₱36,377,556)	₱161,867,244
Result					
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱17,518,666	₱6,578,701	(₱2,476,622)	₱–	₱21,620,745
Depreciation and amortization (Note 24)	(3,203,651)	(935,089)	(829,967)	–	(4,968,707)
Earnings before interest and income tax (EBIT)	₱14,315,015	₱5,643,612	(₱3,306,589)	₱–	₱16,652,038
Finance costs (Note 27)	(₱189,085)	(₱540,984)	(₱905,964)	₱–	(1,636,033)
Finance revenue (Note 26)	₱203,568	₱18,398	₱142,398	₱–	364,364
Equity in net loss of joint ventures (Note 15)	₱2,112	₱–	(₱142,183)	₱–	(140,071)
Provision for credit and impairment losses (Notes 9 and 12)	(₱7,939)	(₱160,028)	₱–	₱–	(167,967)
Market valuation gain (loss) on financial assets and liabilities at FVTPL (Note 8)	(₱134,155)	₱–	₱130,484	₱–	(3,671)
Other income - net*					748,495
Income before income tax					₱15,817,155
Provision for income tax (Note 29)					(3,057,962)
Net income from continuing operations					₱12,759,193
Net loss from discontinued operations (Note 30)					(405,549)
					₱12,353,644
Other Information					
Total assets	₱111,220,043	₱62,859,186	₱4,608,631	₱–	₱178,687,860
Total liabilities	₱31,486,846	₱15,672,299	₱10,288,854	₱–	₱57,447,999
Capital expenditures	₱4,769,488	₱2,931,244	₱104,080	₱–	₱7,804,812
Non-cash expenses other than depreciation and amortization:					
Impairment losses on:					
Receivables (Note 9)	(₱7,908)	(₱3,487)	₱–	₱–	(₱11,395)
Property, plant and equipment (Note 12)	–	(53,761)	–	–	(53,761)
Inventories (Note 10)	(31)	(102,780)	–	–	(102,811)
	(₱7,939)	(₱160,028)	₱–	₱–	(₱167,967)

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

	As of and for the year ended December 31, 2023 (As restated – Note 30)				
	Branded Consumer Food	Agro-Industrial and Commodity Food	Corporate Business	Eliminations	Total
Sale of Goods and Services					
Third party	₱109,000,792	₱48,751,388	₱–	₱–	₱157,752,180
Inter-segment	22,470,346	13,094,660	–	(35,565,006)	–
	₱131,471,138	₱61,846,048	₱–	(₱35,565,006)	₱157,752,180
Result					
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱16,245,970	₱10,364,021	(₱2,860,052)	₱–	₱23,749,939
Depreciation and amortization (Note 24)	(4,300,590)	(1,826,947)	(233,790)	–	(6,361,327)
Earnings before interest and income tax (EBIT)	₱11,945,380	₱8,537,074	(₱3,093,842)	₱–	₱17,388,612
Finance costs (Note 27)	(₱153,393)	(₱680,914)	(₱753,523)	₱–	(1,587,830)
Finance revenue (Note 26)	₱211,904	₱50	₱99,246	₱–	311,200
Equity in net loss of joint ventures (Note 15)	₱20,961	₱–	(₱308,211)	₱–	(287,250)
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 losses - net*					(61,687)
Income before income tax					₱15,699,473
Provision for income tax (Note 29)					(2,976,821)
Net income from continuing operations					₱12,722,652
Net loss from discontinued operations (Note 30)					(18,052)
					₱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 gains and other income (losses)*

	As of and for the year ended December 31, 2022 (As restated – Note 30)				
	Branded Consumer Food	Agro-Industrial and Commodity Food	Corporate Business	Eliminations	Total
Sale of Goods and Services					
Third party	₱106,987,628	₱42,136,319	₱–	₱–	₱149,123,947
Inter-segment	24,009,123	11,851,292	–	(35,860,415)	–
	₱130,996,751	₱53,987,611	₱–	(₱35,860,415)	₱149,123,947
Result					
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱15,275,195	₱8,892,328	(₱2,691,603)	₱–	₱21,475,920
Depreciation and amortization (Note 24)	(4,151,383)	(1,762,844)	(328,872)	–	(6,243,099)
Earnings before interest and income tax (EBIT)	₱11,123,812	₱7,129,484	(₱3,020,475)	₱–	₱15,232,821
Finance revenue (Note 26)	₱178,469	₱982	₱94,088	₱–	273,539
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, 10 and 12)	(₱33,846)	(₱293,193)	₱–	₱–	(327,039)
Other income - net*					3,379,533
Income before income tax					₱17,444,116
Provision for income tax (Note 29)					(2,994,763)
Net income from continuing operations					₱14,449,353
Net income from discontinued operations (Note 30)					21,935
					₱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)	(29,792)	(293,193)	–	–	(322,985)
	(₱33,846)	(₱293,193)	₱–	₱–	(₱327,039)

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

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, 2024, the Group has discontinued its operations in China (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):

	2024	2023 (As restated – Note 30)	2022 (As restated – Note 30)
Domestic	**₱127,089,963**	₱125,575,194	₱117,606,850
Foreign	**34,777,281**	32,176,986	31,517,097
	₱161,867,244	₱157,752,180	₱149,123,947

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):

	2024	2023
Domestic	**₱57,474,967**	₱55,634,044
Foreign	**35,895,608**	34,071,345
	₱93,370,575	₱89,705,389

7. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	**₱52,124,843**	₱68,770,232
Cash in banks (Note 32)	**7,391,789,957**	10,010,599,434
Short-term investments (Note 32)	**4,153,485,076**	2,108,137,531
	₱11,597,399,876	₱12,187,507,197

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 0.01% to 5.30%, 0.10% to 7.30%, and from 0.35% to 7.30% for foreign currency-denominated money market placements for the years ended December 31, 2024, 2023, and 2022, respectively. Peso-denominated money market placements, on the other hand, earn interest ranging from 3.60% to 4.90% and 4.00% for the years ended December 31, 2024 and 2023, respectively, and interest ranging from 3.40% to 4.60% for the year ended December 31, 2022.

Interest earned on cash and cash equivalents amounted to ₱327.6 million, ₱259.6 million, and ₱214.3 million for the years ended December 31, 2024, 2023, and 2022, 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 ₱1.1 billion and ₱1.0 billion as of December 31, 2024 and 2023, respectively. Investments held-for-trading consist of private equity funds, bonds, and quoted and unquoted equity securities issued by certain domestic and foreign entities.

Market valuation loss on financial assets at FVTPL amounted to ₱3.7 million for the year ended December 31, 2024. Market valuation gain on financial assets at FVTPL amounted to ₱172.3 million and ₱70.4 million for the years ended December 31, 2023, and 2022, respectively.

The Group received dividends from its quoted equity securities amounting to ₱48.5 million, ₱64.6 million and ₱80.8 million for the years ended December 31, 2024, 2023, and 2022, 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:

	2024	2023
Trade receivables (Note 32)	**₱16,497,132,616**	₱17,927,965,761
Due from related parties (Note 32)	**2,955,316,604**	2,463,470,608
Non-trade receivables (Notes 32 and 35)	**697,278,332**	1,661,444,980
Interest receivable	**27,224,100**	22,158,902
Others	**522,343,134**	1,031,351,549
	20,699,294,786	23,106,391,800
Less: allowance for credit losses	**246,520,001**	236,268,978
	₱20,452,774,785	₱22,870,122,822

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

Others include advances to officers and employees and claims for insurance.

Allowance for ECLs on Receivables

Changes in allowance for impairment losses on receivables follow:

	2024			
	Individual Assessment		Collective Assessment	
	Trade Receivables	Other Receivables	Trade Receivables	Total
Balances at beginning of period	**₱59,958,672**	**₱157,169,779**	**₱19,140,527**	**₱236,268,978**
Provision for credit losses	**11,395,431**	**–**	**–**	**11,395,431**
Write-off/others	**(1,144,408)**	**–**	**–**	**(1,144,408)**
Balances at end of period	**₱70,209,695**	**₱157,169,779**	**₱19,140,527**	**₱246,520,001**

	2023			
	Individual Assessment		Collective Assessment	
	Trade Receivables	Other Receivables	Trade Receivables	Total
Balances at beginning of the 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	(30,165)	–	–	(30,165)
Balances at end of the period	₱59,958,672	₱157,169,779	₱19,140,527	₱236,268,978

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, 2024 and 2023. Allowance for credit losses on nontrade and other receivables amounted to ₱137.6 million as of December 31, 2024 and 2023.

10. **Inventories**

This account consists of inventories as follows:

	2024	2023
At cost:		
Raw materials	**₱17,562,443,164**	₱18,535,605,992
Finished goods	**11,973,079,296**	17,608,709,032
Goods in-process	**2,482,239,551**	2,406,182,236
	32,017,762,011	38,550,497,260
At NRV:		
Spare parts and supplies	**₱6,070,648,748**	₱5,145,383,384
Containers and packaging materials	**1,936,682,237**	2,162,792,526
	8,007,330,985	7,308,175,910
	₱40,025,092,996	₱45,858,673,170

The total cost of inventories stated at NRV is at ₱8.2 billion and ₱7.5 billion as at December 31, 2024 and 2023, respectively.

Under the terms of the agreements covering interest-bearing liabilities under trust receipts totaling ₱8.0 billion and ₱10.2 billion as of December 31, 2024 and 2023, 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 ₱541.5 million, ₱677.4 million and ₱266.1 million for the years ended December 31, 2024, 2023, and 2022, respectively (see Note 27). Accrued interest payable on the Group’s trust receipts liabilities amounted to ₱14.7 million and ₱16.0 million as of December 31, 2024 and 2023, respectively (see Note 18).

Inventory obsolescence included in ‘Cost of sales’ amounted to ₱1.1 billion, ₱1.2 billion, and ₱807.7 million for the years ended December 31, 2024, 2023, and 2022, respectively.

The Group recognized loss on decline in value of inventories amounting to ₱102.8 million in 2024.

11. Advances to Suppliers and Other Current Assets

Advances to Suppliers

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

Other Current Assets

This account consists of:

	2024	2023
Input value-added tax (VAT)	**₱1,523,302,168**	₱1,552,553,311
Prepaid taxes	**589,246,557**	376,209,257
Prepaid insurance	**190,735,415**	202,565,608
Prepaid rent	**72,598,173**	48,097,995
Other prepaid expenses	**835,928,229**	191,111,766
	₱3,211,810,542	₱2,370,537,937

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 deferred charges.

12. Property, Plant and Equipment

The rollforward of this account follows:

	As of and for the year ended December 31, 2024				
	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Sub-total
Cost					
Balances at beginning of year	**₱8,276,381,969**	**₱2,428,060,069**	**₱20,885,475,567**	**₱85,304,054,913**	**₱116,893,972,518**
Additions	**15,142,580**	**32,258,497**	**875,900,959**	**3,687,100,341**	**4,610,402,377**
Disposals	**(41,604,277)**	**(223,241,472)**	**(2,234,452,237)**	**(10,675,271,199)**	**(13,174,569,185)**
Reclassifications	**–**	**28,384,849**	**1,022,307,829**	**3,559,647,665**	**4,610,340,343**
Cumulative translation adjustment	**17,786,405**	**51,712,570**	**174,895,289**	**(1,054,822,214)**	**(810,427,950)**
Balances at end of year	**8,267,706,677**	**2,317,174,513**	**20,724,127,407**	**80,820,709,506**	**112,129,718,103**
Accumulated Depreciation and Impairment Losses					
Balances at beginning of year	**–**	**1,071,769,466**	**11,912,580,087**	**64,382,209,853**	**77,366,559,406**
Depreciation and amortization (Note 24)	**–**	**77,778,030**	**961,817,185**	**3,022,181,322**	**4,061,776,537**
Disposals	**–**	**(220,678,787)**	**(2,182,703,012)**	**(10,573,070,431)**	**(12,976,452,230)**
Reclassifications	**–**	**–**	**567,014,995**	**(603,176,361)**	**(36,161,366)**
Provision for impairment losses	**–**	**–**	**202,372,845**	**160,847,175**	**363,220,020**
Cumulative translation adjustment	**–**	**(515,785)**	**106,009,353**	**(1,324,379,074)**	**(1,218,885,506)**
Balances at end of year	**–**	**928,352,924**	**11,567,091,453**	**55,064,612,484**	**67,560,056,861**
Net Book Value	**₱8,267,706,677**	**₱1,388,821,589**	**₱9,157,035,954**	**₱25,756,097,022**	**₱44,569,661,242**

	As of and for the year ended December 31, 2024				
	Transportation Equipment	Furniture, Fixtures and Equipment	Construction In-progress	Equipment In-transit	Total
Cost					
Balances at beginning of year	**₱3,296,701,317**	**₱6,000,324,942**	**₱21,113,424,864**	**₱687,657,811**	**₱147,992,081,452**
Additions	**187,002,519**	**323,429,017**	**2,337,102,092**	**346,875,961**	**7,804,811,966**
Disposals	**(159,320,135)**	**(1,163,513,050)**	**(19,561,607)**	**–**	**(14,516,963,977)**
Reclassifications	**62,271,395**	**107,206,029**	**(4,395,529,868)**	**(407,241,601)**	**(22,953,702)**
Cumulative translation adjustment	**(25,383,215)**	**2,535,845**	**(78,522,438)**	**353,989**	**(911,443,769)**
Balances at end of the year	**3,361,271,881**	**5,269,982,783**	**18,956,913,043**	**627,646,160**	**140,345,531,970**
Accumulated Depreciation and Impairment Losses					
Balances at beginning of year	**2,808,829,120**	**5,406,232,384**	**–**	**–**	**85,581,620,910**
Depreciation and amortization (Note 24)	**158,462,308**	**310,804,109**	**–**	**–**	**4,531,042,954**
Disposals	**(158,099,231)**	**(1,162,106,010)**	**–**	**–**	**(14,296,657,471)**
Reclassifications	**–**	**38,047,665**	**–**	**–**	**1,886,299**
Provision for impairment losses	**1,864,920**	**5,543,758**	**–**	**–**	**370,628,698**
Cumulative translation adjustment	**(27,826,018)**	**(2,615,152)**	**–**	**–**	**(1,249,326,676)**
Balances at end of year	**2,783,231,099**	**4,595,906,754**	**–**	**–**	**74,939,194,714**
Net Book Value	**₱578,040,782**	**₱674,076,029**	**₱18,956,913,043**	**₱627,646,160**	**₱65,406,337,256**

	As of and for the year ended December 31, 2023				
	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Sub-total
Cost					
Balances 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)
Balances 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					
Balances 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)
Balances 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					
Balances 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)
Balances 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					
Balances 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)
Balances 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

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.

The Group recognized gain on sale/disposal of property, plant and equipment amounting to ₱196.1 million, ₱18.4 million and ₱13.2 million as of December 31, 2024, 2023 and 2022, respectively. In 2024, the Group recognized loss amounting to ₱148.6 million from writing down certain property, plant and equipment. Both gain on sale/disposal and loss from write-down are recognized under 'Other income (losses) – net' in the consolidated statements of income.

As of December 31, 2024, the gross amount of fully depreciated property, plant and equipment which are still in use by the Group amounted to ₱38.1 billion.

Borrowing Costs

For the years ended December 31, 2024, 2023, and 2022, 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, 2024	December 31, 2023 (As Restated – Note 30)	December 31, 2022 (As Restated – Note 30)
Cost of sales (Note 21)	**₱4,033,945,738**	₱5,364,096,188	₱5,069,498,867
Selling and distribution costs (Note 22)	**260,068,529**	254,914,658	89,633,478
General and administrative expenses (Note 23)	**218,215,459**	260,008,536	538,233,750
Discontinued operations (Note 30)	**18,813,228**	41,767,708	45,153,859
	₱4,531,042,954	₱5,920,787,090	₱5,742,519,954

Impairment Losses
The Group recognized impairment losses on property, plant and equipment amounting to ₱370.6 million, ₱226.5 million and ₱323.0 million in 2024, 2023, and 2022, 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 lines and hog farms.

Collateral
As of December 31, 2024 and 2023, 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:

	2024	2023
Current portion	**₱174,320,301**	₱111,278,386
Noncurrent portion	**99,478,226**	160,655,341
	₱273,798,527	₱271,933,727

These biological assets consist of:

	2024	2023
Swine livestock:		
Commercial	**₱128,819,405**	₱90,750,402
Breeder	**34,481,578**	54,032,600
Poultry livestock:		
Commercial	**45,500,896**	20,527,984
Breeder	**64,996,648**	106,622,741
	₱273,798,527	₱271,933,727

The rollforward analysis of this account follows:

	2024	2023
Balances at beginning of year	**₱271,933,727**	₱411,043,775
Additions	**471,479,496**	472,987,816
Disposals	**(478,590,885)**	(612,434,036)
Gain arising from changes in fair value less estimated costs to sell	**8,976,189**	336,172
Balances at end of year	**₱273,798,527**	₱271,933,727

The Group has 22,101 and 20,709 heads of swine livestock and 460,702 and 489,819 heads of poultry livestock as of December 31, 2024 and 2023, respectively.

14. Goodwill and Intangible Assets

The movement of the goodwill is as follows:

	2024	2023
Cost		
Balance at beginning of year	**₱18,745,475,682**	₱19,628,803,384
Translation adjustment	**1,274,238,773**	(883,327,702)
Balance at end of year	**20,019,714,455**	18,745,475,682
Accumulated Impairment Losses		
Balance at beginning and end of year	**265,719,291**	265,719,291
Net Book Value	**₱19,753,995,164**	₱18,479,756,391

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

	2024	2023
Acquisition of Munchy's Group in December 2021	**₱18,965,749,940**	₱17,691,511,167
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
	₱19,753,995,164	₱18,479,756,391

The composition and movements of intangible assets follow:

	As of and for the year ended December 31, 2024				
	Trademarks/ Brands	**Product Formulation**	**Software Costs**	**Trade Secrets**	**Total**
Cost					
Balances at beginning of period	**₱3,046,999,348**	**₱425,000,000**	**₱756,776,193**	**₱1,299,204,604**	**₱5,527,980,145**
Additions	**2,290,636**	**–**	**–**	**–**	**2,290,636**
Reclassifications	**–**	**–**	**22,953,701**	**–**	**22,953,701**
Translation adjustments	**201,277,451**	**–**	**91,866**	**93,791,563**	**295,160,880**
	3,250,567,435	**425,000,000**	**779,821,760**	**1,392,996,167**	**5,848,385,362**
Accumulated Amortization and Impairment Losses					
Balances at beginning of period	**201,775,310**	**–**	**139,228,619**	**–**	**341,003,929**
Amortization during the period (Note 24)	**66,894**	**–**	**107,865,696**	**–**	**107,932,590**
Reclassifications	**–**	**–**	**(1,886,301)**	**–**	**(1,886,301)**
Translation adjustments	**22,724**	**–**	**61,831**	**–**	**84,555**
	201,864,928	**–**	**245,269,845**	**–**	**447,134,773**
Net Book Value at End of Year	**₱3,048,702,507**	**₱425,000,000**	**₱534,551,915**	**₱1,392,996,167**	**₱5,401,250,589**

	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	–	–	–	966,072
Reclassifications	–	–	605,555,134	–	605,555,134
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

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, 2024 and 2023. In 2024 and 2023, 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 4.62% and 2.00% to 4.61% as of December 31, 2024 and 2023, 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 8.40% to 12.43% and 8.59% to 12.86% for the years ended December 31, 2024 and 2023, 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:

	2024	2023
Acquisition Cost		
Balances at beginning of year	**₱1,739,262,362**	₱1,489,262,362
Additional investments	**170,000,000**	250,000,000
Balances at end of year	**1,909,262,362**	1,739,262,362
Accumulated Equity in Net Losses		
Balances at beginning of year	**(1,638,421,778)**	(1,351,171,873)
Equity in net losses of joint ventures	**(140,071,400)**	(287,249,905)
Balances at end of year	**(1,778,493,178)**	(1,638,421,778)
Cumulative Translation Adjustments	**1,767,076**	(1,491,631)
Net Book Value at End of Year	**₱132,536,260**	₱99,348,953

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.

On March 18, 2024, the SEC approved the Parent Company's additional subscription to the capital stock of VURCI consisting of 17.0 million common shares for a total cost of ₱170.0 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.

As of December 31, 2024 and 2023, 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, 2024 and 2023 are presented below (in thousands).

	VURCI		DURBI		CURM	
	2024	2023	**2024**	2023	**2024**	2023
Revenue	**₱435,644**	₱403,489	**₱494,140**	₱407,828	**₱358,018**	₱462,239
Costs and expenses	**425,474**	390,564	**486,442**	408,273	**353,794**	414,442
Net income (loss)	**(284,030)**	(255,397)	**7,698**	3,196	**4,225**	36,776
Current assets	**1,022,578**	987,871	**332,641**	479,878	**174,244**	157,640
Noncurrent assets	**399,212**	482,759	**4,298**	5,025	**45,703**	37,570
Current liabilities	**1,203,375**	1,071,026	**420,596**	576,827	**44,877**	41,504
Noncurrent liabilities	**12,164**	9,470	**2,552**	1,982	**5,716**	−
Equity	**₱206,251**	₱390,134	**(₱86,208)**	(₱93,906)	**₱169,354**	₱153,707
Group share in equity	**₱50,632**	₱22,816	**₱−**	₱−	**₱81,904**	₱76,533
Carrying amount of investment	**₱50,632**	₱22,816	**₱−**	₱−	**₱81,904**	₱76,533

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, 2024 and 2023.

As of December 31, 2024 and 2023, 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:

	2024	2023
Deposits	**₱1,002,772,014**	₱1,261,369,646
Deferred input VAT	**342,423,773**	475,107,948
Financial assets at FVOCI	**160,950,000**	120,600,000
Investment properties	**1,452,839**	1,705,506
Others	**160,696,077**	327,342,353
	₱1,668,294,703	₱2,186,125,453

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, 2024 and 2023, financial assets at FVOCI consists of equity securities with the following movements:

	2024	2023
Balance at beginning of year	**₱120,600,000**	₱105,450,000
Changes in fair value during the year (Note 20)	**40,350,000**	15,150,000
Balance at end of year	**₱160,950,000**	₱120,600,000

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:

	2024	2023
Cost		
Balances at beginning and end of year	**₱6,588,020**	₱6,588,020
Accumulated depreciation		
Balances at beginning of year	**4,882,514**	4,629,847
Depreciation (Note 24)	**252,667**	252,667
Balances at end of year	**5,135,181**	4,882,514
Net book value at end of year	**₱1,452,839**	₱1,705,506

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 ₱11.2 million, ₱10.8 million, and ₱84.4 million for years ended December 31, 2024, 2023, and 2022, 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, ₱0.4 million, and ₱0.9 million for the years ended December 31, 2024, 2023, and 2022, respectively.

As of December 31, 2024 and 2023, the Group has no investment properties that are pledged as collateral.

17. Short-term Debts

This account consists of:

	2024	2023
Peso-denominated loan - unsecured with interest of 5.75% for the year ended December 31, 2024 and ranging from 6.30% to 6.40% for the year ended December 31, 2023.	**₱10,000,000,000**	₱15,140,000,000
Thai Baht-denominated loans - unsecured with interest ranging from 2.78% to 2.95% and from 2.80% to 2.95% for the years ended December 31, 2024 and 2023, respectively	**1,434,379,523**	1,376,814,596
Malaysian Ringgit-denominated loans - unsecured with interest ranging from 3.87% to 4.13% for the year ended December 31, 2024	**1,228,542,972**	–
	₱12,662,922,495	₱16,516,814,596

Accrued interest payable on the Group's short-term debts amounted to ₱43.2 million and ₱119.2 million as of December 31, 2024 and 2023, respectively (see Note 18). Interest expense from the short-term debts amounted to ₱894.3 million, ₱744.4 million and ₱324.2 million for the years ended December 31, 2024, 2023, and 2022, respectively (see Note 27).

18. Accounts Payable and Other Accrued Liabilities

This account consists of:

	2024	2023
Trade payables (Note 32)	**₱17,404,852,980**	₱17,122,372,389
Accrued expenses	**11,253,227,627**	9,517,795,726
Customers' deposits	**1,600,496,013**	1,587,268,656
Due to related parties (Note 32)	**614,004,861**	568,396,994
VAT payable	**491,095,775**	401,972,940
Advances from stockholders (Note 32)	**268,338,689**	267,241,952
Others	**261,990,827**	188,742,702
	₱31,894,006,772	₱29,653,791,359

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:

	2024	2023
Advertising and promotions	**₱6,461,508,062**	₱5,261,032,114
Personnel costs	**1,642,583,941**	1,363,131,965
Freight and handling costs	**804,171,624**	183,295,507
Contracted services	**618,021,858**	701,889,217
Utilities	**318,090,300**	302,925,758
Rent	**307,978,606**	334,371,515
Professional and legal fees	**215,786,868**	181,784,148
Interest (Notes 10 and 17)	**57,839,833**	135,180,599
Others	**827,246,535**	1,054,184,903
	₱11,253,227,627	₱9,517,795,726

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 2024, 2023 and 2022 consolidated statements of income amounted to ₱18.8 million, ₱57.9 million and ₱43.2 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:

	2024	2023
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	**2,149,196,818**	2,177,422,968

The paid-up capital of the Parent Company consists of the following as of December 31, 2024 and 2023:

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:

	2024	2023
(a) Short-term debts (Note 17)	**₱12,662,922,495**	₱16,516,814,596
Trust receipts payable (Note 10)	**7,951,200,072**	10,172,836,289
	₱20,614,122,567	₱26,689,650,885
(b) Equity	**₱121,239,861,694**	₱118,491,863,152
(c) Financial debt-to-equity ratio (a/b)	**0.17:1**	0.23:1

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, 2024 and 2023.

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 ₱83.8 billion and ₱83.3 billion as of December 31, 2024 and 2023, 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
2024	**August 2, 2024**	**₱1.90**	**₱4.1 billion**	**August 30, 2024**	**September 25, 2024**
2024	**March 14, 2024**	**₱1.90**	**₱4.1 billion**	**April 12, 2024**	**May 9, 2024**
2023	August 4, 2023	₱2.12	₱4.6 billion	September 1, 2023	September 27, 2023
2023	March 6, 2023	₱1.50	₱3.3 billion	March 31, 2023	April 28, 2023
2022	March 4, 2022	₱1.50	₱3.3 billion	April 3, 2022	April 29, 2022
2022	March 4, 2022	₱1.95	₱4.3 billion	April 3, 2022	April 29, 2022

NURC

Year	Date of declaration	Dividend per share	Total dividends	Date of record	Date of payment
2024	**June 5, 2024**	**₱1.06**	**₱200.0 million**	**December 31, 2023**	**September 30, 2024**
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

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 81.0 million shares (₱6.5 billion) and 52.7 million shares (₱3.8 billion) as of December 31, 2024 and 2023, 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 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 recorded 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, 2024 and 2023.

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

	2024	2023
Current assets	**₱4,892,427**	₱2,750,445
Noncurrent assets	**2,115,319**	1,904,365
Current liabilities	**3,950,515**	2,733,488
Noncurrent liabilities	**90,248**	114,835
Revenue	**11,706,119**	10,169,120
Costs and expenses	**9,938,251**	8,524,454
Net income	**1,363,759**	1,234,847

The accumulated non-controlling interest of material non-controlling interest as of December 31, 2024 and 2023 amounted to ₱1.4 billion and ₱875.8 million, respectively.

The profit allocated to total non-controlling interest for the years ended December 31, 2024, 2023, and 2022, amounted to ₱692.1 million, ₱613.3 million, and ₱515.1 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)
January 11, 2024 to December 12, 2024	Acquisition of Parent Company's shares under the share buy-back program	–	–	–	–	(28,226,150)
						2,149,196,818

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

	2024	2023	2022
Common shares	**986**	995	996

20. Components of Other Comprehensive Income

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

	2024	2023	2022
Items to be reclassified to profit or loss in subsequent periods, net of tax:			
Cumulative translation adjustments*			
Balance at beginning of year	**₱4,101,683,755**	₱5,290,601,426	₱3,417,686,647
Adjustments	**1,001,783,070**	(1,187,909,063)	1,872,914,779
Acquisition of additional interest in a subsidiary	**–**	(1,008,608)	–
Balance at end of year	**₱5,103,466,825**	₱4,101,683,755	₱5,290,601,426
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	**99,510,000**	84,360,000	59,510,000
Change in fair value during the year (Note 16)	**40,350,000**	15,150,000	24,850,000
Balance at end of year	**139,860,000**	99,510,000	84,360,000
Remeasurement losses on defined benefit plans, gross of tax:			
Balance at beginning of year	**(665,072,020)**	(54,989,150)	(281,022,230)
Remeasurement gain (loss) on defined benefit plans during the year (Note 28)	**504,234,748**	(610,082,870)	226,033,080
Balance at end of year	**(160,837,272)**	(665,072,020)	(54,989,150)
Income tax effect	**40,208,605**	166,267,291	13,746,573
Balance at end of year	**(120,628,667)**	(498,804,729)	(41,242,577)
	19,231,333	(399,294,729)	43,117,423
	₱5,122,698,158	₱3,702,389,026	₱5,333,718,849

**All movements in cumulative translation adjustments arise from translation of foreign operations. No foreign operations were disposed of in 2024, 2023 and 2022.*

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

	2024	2023	2022
Items to be reclassified to profit or loss in subsequent periods, net of tax:			
Cumulative translation adjustments	**₱35,263,720**	(₱27,669,021)	₱56,177,875
Item not to be reclassified to profit or loss in subsequent periods:			
Remeasurement loss (gain) on defined benefit plans (Note 28)	**(2,133,026)**	(2,832,217)	4,058,790
Income tax effect	**533,257**	708,053	(1,014,699)
	(1,599,769)	(2,124,164)	3,044,091
	₱33,663,951	(₱29,793,185)	₱59,221,966

21. Sale of Goods and Services/Cost of Sales

Sale of goods and services include revenue from tolling services amounting to ₱1.6 billion, ₱3.9 billion, and ₱2.9 billion for the years ended December 31, 2024, 2023, and 2022, respectively.

Cost of sales account consists of:

	2024	2023 (As Restated – Note 30)	2022 (As Restated – Note 30)
Raw and packaging materials used	**₱82,344,236,761**	₱93,999,719,731	₱84,149,715,266
Direct labor	**5,486,625,949**	5,101,956,265	5,563,999,642
Overhead costs	**24,608,910,061**	25,058,309,767	23,986,618,358
Total manufacturing costs	**112,439,772,771**	124,159,985,763	113,700,333,266
Movement in goods in-process	**(76,070,989)**	190,513,917	(1,072,154,095)
Cost of goods manufactured	**112,363,701,782**	124,350,499,680	112,628,179,171
Movement in finished goods	**5,474,234,702**	(9,340,037,823)	(2,392,328,874)
	₱117,837,936,484	₱115,010,461,857	₱110,235,850,297

Overhead costs are broken down as follows:

	2024	2023 (As restated – Note 30)	2022 (As restated – Note 30)
Utilities	**₱9,559,773,180**	₱9,346,187,009	₱9,380,073,735
Depreciation and amortization (Note 24)	**4,180,537,786**	5,530,763,815	5,309,052,420
Repairs and maintenance	**3,730,908,354**	3,537,965,837	3,350,332,678
Personnel expenses (Note 25)	**3,496,289,718**	3,186,094,018	2,936,990,400
Security and other contracted services	**1,029,964,090**	1,093,492,053	730,333,437
Rental expense (Note 34)	**254,347,804**	317,811,163	144,492,124
Handling and delivery charges	**208,966,359**	207,245,379	79,798,368
Insurance	**185,159,059**	147,926,491	126,706,180
Research and development	**70,563,479**	35,526,237	48,330,866
Others	**1,892,400,232**	1,655,297,765	1,880,508,150
	₱24,608,910,061	₱25,058,309,767	₱23,986,618,358

Others include excise taxes amounting to ₱1.5 billion for the years ended December 31, 2024, 2023, and 2022, respectively.

22. **Selling and Distribution Costs**

This account consists of:

	2024	2023 (As Restated – Note 30)	2022 (As Restated – Note 30)
Freight and other selling expenses	**₱9,327,391,164**	₱9,150,693,387	₱8,631,961,932
Advertising and promotions	**8,929,813,192**	7,862,297,695	7,055,168,849
Personnel expenses (Note 25)	**2,358,363,763**	2,054,325,448	1,942,982,864
Depreciation and amortization (Note 24)	**373,057,014**	406,561,310	238,669,977
Rental expense (Note 34)	**368,919,215**	288,696,457	121,200,581
Repairs and maintenance	**207,347,473**	166,565,240	157,235,466
Others	**188,704,912**	238,137,553	253,628,943
	₱21,753,596,733	₱20,167,277,090	₱18,400,848,612

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

23. General and Administrative Expenses

This account consists of:

	2024	2023 (As restated – Note 30)	2022 (As restated – Note 30)
Personnel expenses (Note 25)	**₱2,869,781,371**	₱2,880,557,367	₱2,647,645,786
Security and contractual services	**553,796,275**	369,193,709	333,872,305
Repairs and maintenance	**424,808,384**	542,768,986	532,813,295
Depreciation and amortization (Note 24)	**415,111,992**	424,001,934	695,376,444
Miscellaneous expenses	**371,367,907**	79,220,543	100,640,587
Taxes, licenses and fees	**235,473,471**	199,806,593	189,931,891
Professional and legal fees	**142,194,605**	173,522,796	144,064,011
Travel and transportation	**105,898,933**	101,636,990	123,778,104
Communication	**89,436,897**	68,150,153	90,956,840
Rental expense (Note 34)	**45,704,098**	16,112,259	83,500,972
Utilities	**38,539,035**	20,012,281	27,967,684
Stationery and office supplies	**21,854,911**	19,197,405	21,036,303
Others	**309,704,205**	291,648,142	262,843,411
	₱5,623,672,084	₱5,185,829,158	₱5,254,427,633

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:

	2024	2023 (As restated – Note 30)	2022 (As restated – Note 30)
Cost of sales (Notes 12, 21 and 34)	**₱4,180,537,786**	₱5,530,763,815	₱5,309,052,420
Selling and distribution costs (Notes 12, 22 and 34)	**373,057,014**	406,561,310	238,669,977
General and administrative expenses (Notes 12, 16, 23 and 34)	**415,111,992**	424,001,934	695,376,444
Discontinued operations (Notes 12, 14 and 30)	**18,813,228**	41,767,708	45,153,859
	₱4,987,520,020	₱6,403,094,767	₱6,288,252,700

25. Personnel Expenses

This account consists of:

	2024	2023 (As restated – Note 30)	2022 (As restated – Note 30)
Salaries and wages	**₱6,138,350,638**	₱5,652,580,726	₱5,395,676,872
Other employee benefits	**2,283,420,026**	2,237,616,532	1,890,206,614
Pension expense (Note 28)	**302,664,188**	230,779,575	241,735,564
	₱8,724,434,852	₱8,120,976,833	₱7,527,619,050

The breakdown of personnel expenses follows:

	2024	2023 (As Restated – Note 30)	2022 (As Restated – Note 30)
Cost of sales (Note 21)	**₱3,496,289,718**	₱3,186,094,018	₱2,936,990,400
Selling and distribution costs (Note 22)	**2,358,363,763**	2,054,325,448	1,942,982,864
General and administrative expenses (Note 23)	**2,869,781,371**	2,880,557,367	2,647,645,786
	₱8,724,434,852	₱8,120,976,833	₱7,527,619,050

Personnel expenses exclude ‘Salaries and Wages’ for direct labor amounting to ₱5.4 billion, ₱5.1 billion and ₱5.6 billion in 2024, 2023 and 2022, respectively, recorded under ‘Cost of Sales’.

26. Finance Revenue

This account consists of:

	2024	2023 (As Restated – Note 30)	2022 (As Restated – Note 30)
Bank interest income (Notes 7 and 30)	**₱315,910,082**	₱240,795,929	₱192,781,407
Dividend income (Note 8)	**48,454,304**	64,605,739	80,757,174
Interest income from financial assets at FVTPL	**–**	5,798,206	–
	₱364,364,386	₱311,199,874	₱273,538,581

27. Finance Costs

This account consists of finance costs arising from:

	2024	2023	2022
Short-term debts (Note 17)	**₱894,256,129**	₱744,405,338	₱324,236,395
Trust receipts (Note 10)	**541,536,262**	677,369,640	266,115,272
Interest expense on lease liabilities (Note 34)	**108,558,210**	117,107,665	189,697,980
Net interest on net pension liability (Note 28)	**86,278,460**	41,940,792	25,086,626
Others	**5,403,922**	7,006,322	1,038,792
	₱1,636,032,983	₱1,587,829,757	₱806,175,065

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 BPI Asset Management and Trust Corporation (BPI AMTC) as Trustee, following the merger of Robinsons Bank Corporation (previous Trustee) and Bank of the Philippine Islands effective January 1, 2024. 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. BPI AMTC 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, 2024 and 2023, the Group recognized net pension liability amounting to ₱1.2 billion and ₱1.3 billion, respectively.

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

2024

		Net benefit cost in consolidated statements of income				**Remeasurements in other comprehensive income (Note 20)**					
	January1, 2024	**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**	**December 31, 2024**
Present value of defined benefit obligation	**₱3,346,821,570**	**₱302,664,188**	**₱204,498,892**	**₱507,163,080**	**(₱213,191,322)**	**₱–**	**(₱280,114,348)**	**₱11,291,859**	**(₱58,382,048)**	**(₱327,204,537)**	**₱3,313,588,791**
Fair value of plan assets	**(2,041,449,422)**	**–**	**(118,220,432)**	**(118,220,432)**	**213,191,322**	**(174,897,185)**	**–**	**–**	**–**	**(174,897,185)**	**(2,121,375,717)**
	₱1,305,372,148	**₱302,664,188**	**₱86,278,460**	**₱388,942,648**	**₱–**	**(₱174,897,185)**	**(₱280,114,348)**	**₱11,291,859**	**(₱58,382,048)**	**(₱502,101,722)**	**₱1,192,213,074**

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	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

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

	2024	2023
Assets		
Cash and cash equivalents (Note 32)	**₱158,135,725**	₱176,852,438
Financial assets at FVOCI	**860,807**	46,833,611
Financial assets at FVTPL	**506,905,872**	136,155,749
Held to collect	**971,202**	211,275,401
Unit Investment Trust Fund (UITF)	**1,631,740,212**	1,541,496,051
Interest receivable	**2,307,386**	7,671,554
Prepaid tax	**595**	595
Land	**143,201,000**	143,201,000
	2,444,122,799	2,263,486,399
Liabilities		
Accounts payable, accrued trust and management fees	**1,294,246**	49,840
Due to Universal Robina Corporation	**321,452,836**	221,987,137
	₱2,121,375,717	₱2,041,449,422

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, 2024	December 31, 2023	**December 31, 2024**	December 31, 2023
Discount rate	**6.10%**	6.11%	**6.10%**	6.12%
Salary increase	**5.50%**	5.70%	**5.50%**	5.70%

	Parent Company		NURC	
	January 1, 2024	January 1, 2023	**January 1, 2024**	January 1, 2023
Discount rate	**6.11%**	7.27%	**6.12%**	7.28%
Salary increase	**5.70%**	5.50%	**5.70%**	5.50%

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)	**2024**	2023	**2024**	2023
Discount rate	1.00%	**(₱273,895,927)**	(₱275,512,016)	**(₱6,858,334)**	(₱6,287,793)
	(1.00%)	**318,258,156**	320,002,031	**7,985,965**	7,338,968
Salary increase	1.00%	**₱316,968,568**	₱318,093,773	**₱7,953,576**	₱7,295,826
	(1.00%)	**(277,786,702)**	(278,955,603)	**(6,955,666)**	(6,366,778)

The Group expects to contribute ₱295.9 million in the pension fund in 2025.

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

	2024	2023
Less than one year	**₱221,693,894**	₱257,664,019
More than one year to five years	**1,221,844,519**	1,220,507,774
More than five years to 10 years	**2,289,442,798**	2,291,891,965
More than 10 years to 15 years	**2,664,148,592**	2,780,080,896
More than 15 years to 20 years	**3,314,485,726**	3,381,469,664
More than 20 years	**8,050,642,611**	8,056,787,071

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

	2024	2023
	(Years)	
Parent Company	**9**	9
NURC	**8**	8

29. Income Taxes

Provision for income tax consists of:

	2024	2023 (As restated – Note 30)	2022 (As restated – Note 30)
Current	**₱3,685,863,955**	₱3,252,575,152	₱2,941,581,158
Deferred	**(627,901,697)**	(275,753,927)	53,181,603
	₱3,057,962,258	₱2,976,821,225	₱2,994,762,761

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

	Net deferred tax assets		Net deferred tax liabilities	
	2024	2023	**2024**	2023
Deferred tax assets on:				
Pension liabilities	**₱285,147,252**	₱315,286,071	**₱–**	₱–
Accrued expenses	**321,856,813**	214,287,867	**262,193,248**	361,951,293
Lease liabilities	**591,096,328**	527,840,893	**6,014,149**	9,124,043
Impairment losses on trade receivables and property and equipment	**188,655,479**	174,966,443	**7,606,947**	3,441,568
Inventory write-downs	**120,618,391**	96,532,565	**–**	2,026,484
NOLCO	**259,655,988**	138,206,779	**–**	–
Others	**12,505,349**	–	**41,835,430**	–
	1,779,535,600	1,467,120,618	**317,649,774**	376,543,388
Deferred tax liabilities on:				
ROU assets	**456,918,201**	403,808,484	25,332,521	8,784,989
Gain arising from changes in fair value less estimated point-of-sale costs of swine stocks	**3,902,183**	1,658,136	**–**	–
Accelerated depreciation	**–**	–	**277,627,343**	523,699,019
Intangibles	**–**	–	**1,052,702,987**	981,975,745
Undistributed income of subsidiaries	**–**	–	**869,472,418**	923,275,657
Accrued revenue	**2,601,020**	6,586,472	**–**	–
Net unrealized foreign exchange gain	**27,819,499**	26,995,159	**–**	–
Others	**–**	59,055,165	**–**	63,065,587
	491,240,903	498,103,416	**2,225,135,269**	2,500,800,997
Net deferred tax assets (liabilities)	**₱1,288,294,697**	₱969,017,202	**(₱1,907,485,495)**	(₱2,124,257,609)

As of December 31, 2024 and 2023, the Group's subsidiaries did not recognize deferred tax assets amounting to ₱319.1 million and ₱624.5 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 consist mainly of unutilized losses.

The balance of NOLCO with its corresponding year of expiry are as follows:

Indonesia

Year Incurred	Amount	Used	Expired	Balance	Expiry Year
2018	₱21,199,710	₱–	₱–	₱21,199,710	2023
2019	709,400	–	–	709,400	2024
2020	71,510,110	–	–	71,510,110	2025
2021	15,277,495	–	–	15,277,495	2026
2022	144,224,898	–	–	144,224,898	2027
	₱252,921,613	₱–	₱–	₱252,921,613	

Hong Kong

Year Incurred	Amount	Used	Expired	Balance	Expiry Year
2021	₱2,152,508	₱164,720	₱–	₱1,987,788	No expiration
2022	1,621,963	–	–	1,621,963	No expiration
2024	3,124,626	–	–	3,124,626	No expiration
	₱6,899,097	₱164,720	₱–	₱6,734,377	

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

	December 31, 2024	December 31, 2023 (As restated – Note 30)	December 31, 2022 (As restated – Note 30)
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	**(4.00)**	(4.51)	(9.17)
Income subject to lower tax rate	**(0.90)**	(1.20)	(0.93)
Equity in net income of a joint venture	**0.23**	0.46	0.54
Change in value of financial assets at FVTPL	**(0.21)**	(0.27)	(0.10)
Income exempt from tax	**(0.06)**	(0.01)	(0.06)
Interest income subjected to final tax	**(0.19)**	(0.09)	(0.04)
Nondeductible interest expense	**0.04**	0.14	0.03
Others	**(0.58)**	(0.56)	1.90
Effective income tax rate	**19.33%**	18.96%	17.17%

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.

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 ₱69.3 million, ₱75.4 million, and ₱40.6 million for the years ended December 31, 2024, 2023, and 2022, 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**

Cessation of China businesses
In June 2024, several China entities ceased operations and abandoned their business activities.

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 consolidated statements of income for the years ended December 31, 2023 and 2022 have been restated to present the results of operations of China as 'Net income or loss after tax from discontinued operations.'

The assets and liabilities of these entities as of December 31, 2024 remained in the consolidated statements of financial position. Management has assessed the carrying amounts of the assets and liabilities of the discontinued operations. An impairment loss on property, plant and equipment of ₱316.9 million has been recognized under 'Net income or loss after tax from discontinued operations' in the consolidated statements of income.

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

	2024	2023	2022
Sale of goods and services	**₱227,019,552**	₱614,528,835	₱779,696,483
Cost of sales	**116,446,593**	348,693,872	450,613,778
Gross profit	**110,572,959**	265,834,963	329,082,705
Selling and distribution costs	**72,417,519**	174,684,757	207,971,659
General and administrative expenses	**98,229,411**	127,534,369	130,327,502
Operating loss	**(60,073,971)**	(36,384,163)	(9,216,456)
Impairment loss	**(316,867,584)**	–	–
Finance revenue	**11,643,528**	18,838,452	21,479,686
Net foreign exchange gains	**3,708,501**	2,737,379	10,248,737
Other income (losses) - net	**(42,922,374)**	103,257	4,858,672
Income (loss) before income tax	**(404,511,900)**	(14,705,075)	27,370,639
Provision for income tax	**1,037,237**	3,346,544	5,435,270
Net income (loss) after tax from discontinued operations	**(₱405,549,137)**	(₱18,051,619)	₱21,935,369
Earnings (loss) per share	**(₱0.19)**	(₱0.01)	₱0.01

The related cash flows arising from China business activities for the year ended December 31, 2024 follow:

Net cash used in operating activities	(₱274,690,209)
Net cash provided by investing activities	2,729,127
Net cash provided by financing activities	–
Cash flows used in discontinued operations	(₱271,961,082)

31. Earnings Per Share

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

	2024	2023	2022
Net income attributable to equity holders of the parent	**₱11,661,557,770**	₱12,091,292,370	₱13,956,141,883
Weighted average number of common shares	**2,165,236,219**	2,178,351,440	2,185,417,208
Basic/dilutive EPS	**₱5.39**	₱5.55	₱6.39

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, 2024, 2023, and 2022.

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, 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, 2024								
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	**₱152,739,772**	**₱–**	**₱198,677,387**	**₱–**	**₱–**		
	Management services	**155,255,929**	–	–	**(33,232,622)**	**655,756,573**	On demand	Unsecured
Entities under common control								
Due from related parties	Management services	**1,762,494,807**	–	–	**129,761,054**	**1,651,494,847**	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	**43,449,148**	–	–	**10,652,229**	**327,421,264**	On demand; non-interest bearing	Unsecured; no impairment
	Advances	–	–	–	–	**227,500,854**	On demand; non-interest bearing	Unsecured; no impairment
	Sale of goods	–	–	–	**358,115**	–	On demand; non-interest bearing	Unsecured; no impairment
Due to related parties	Rental expense	**300,961,157**	–	**158,933,212**	–	**(41,860,845)**	On demand	Unsecured
	Purchases	**3,670,668,639**	–	–	**(345,109,440)**	**(104,965,070)**	On demand	Unsecured
	Contracted services	**232,496,767**	–	–	–	**(24,200)**	On demand	Unsecured
Joint Venture								
Due from related parties	Sale of goods	**202,606,082**	–	–	–	–		
	Management services	**553,087,880**	–	–	**1,231,205,388**	**63,068,804**	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	**23,546,567**	–	–	–	–		
Due to related parties	Purchases	**1,300,941,067**	–	–	**(100,000,000)**	**(437,438,599)**	1 to 30 days; non-interest bearing	Unsecured

				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
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
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

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, 2024, this local commercial bank is no longer a related party.

As of December 31, 2024 and 2023, the Group has advances from stockholders amounting to ₱268.3 million and ₱267.2 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, 2024 and 2023. Terms are unsecured, noninterest-bearing and payable on demand.

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

	2024	2023 (As restated – Note 30)	2022 (As restated – Note 30)
Short-term employee benefits	**₱226,961,724**	₱196,586,183	₱169,695,891
Post-employment benefits	**192,738,441**	143,395,882	136,134,954
	₱419,700,165	₱339,982,065	₱305,830,845

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 - 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 2024 and 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.

<u>Robina Farms (RF) - Hogs</u>
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 December 5, 2018, URC Flour Davao was registered with the BOI, under Certificate of Registration no. 2018-255, as an expanding producer of flour with a non-pioneer status.

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 a period of three (3) years from July 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 the registered project; (b) importation of capital equipment, spare parts and accessories at zero (0) duty under Executive Order No. 57 and its Implementing Rules and Regulations; (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 and, 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, which 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; and (j) additional deduction from taxable income equivalent to 100% of expenses incurred in the development of necessary and major infrastructure facilities.

Furthermore, on July 7, 2023, URC Flour Sariaya was registered with the BOI, under Certificate of Registration no. 2023-134, as a new producer of wheat flour (flour milling except cassava flour milling).

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) enhanced deductions for five (5) years; and lastly, (c) duty exemption on the importation of capital equipment, spare parts and accessories for a maximum of eleven (11) years.

No commercial operations have started in Sariaya for the calendar year 2024.

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, 2024 and 2023, the Group has in its custody sugar owned by several quedan holders amounting to ₱1.8 billion (714,905 Lkg) and ₱2.3 billion (913,415 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, 2024 and 2023:

	As of and for the year ended December 31, 2024			
	Land and Land improvements	**Buildings and Improvements**	**Furniture and Fixtures**	**Total**
Cost				
Balance at beginning of year	**₱206,116,327**	**₱2,125,835,005**	**₱5,857,066**	**₱2,337,808,398**
Additions	**–**	**48,927,535**	**–**	**48,927,535**
Derecognition	**–**	**(60,772,341)**	**–**	**(60,772,341)**
Other adjustments	**928,320**	**9,195,086**	**(5,857,066)**	**4,266,340**
Balance at end of year	**207,044,647**	**2,123,185,285**	**–**	**2,330,229,932**
Accumulated Depreciation				
Balance at beginning of year	**98,408,166**	**935,723,695**	**1,010,482**	**1,035,142,343**
Depreciation (Note 24)	**19,636,202**	**209,820,033**	**–**	**229,456,235**
Derecognition	**–**	**(60,334,726)**	**–**	**(60,334,726)**
Other adjustments	**(1,795,626)**	**59,139,328**	**(1,010,482)**	**56,333,220**
Balance at end of year	**116,248,742**	**1,144,348,330**	**–**	**1,260,597,072**
Net Book Value at End of Year	**₱90,795,905**	**₱978,836,955**	**₱–**	**₱1,069,632,860**

	As of and for the year ended December 31, 2023			
	Land and Land improvements	Buildings and Improvements	Furniture and Fixtures	Total
Cost				
Balance at beginning of year	₱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

Lease Liabilities
The rollforward analysis of the Group's lease liabilities as at December 31, 2024 and 2023 follow:

	2024	2023
As at January 1	**₱1,442,568,136**	₱2,274,854,777
Additions	**48,737,308**	103,131,143
Accretion from continued operations (Note 27)	**108,558,210**	117,107,665
Payments	**(305,417,456)**	(358,364,833)
Derecognition	**–**	(692,690,596)
Other adjustments	**3,839,617**	(1,470,020)
As at December 31	**₱1,298,285,815**	₱1,442,568,136

Derecognitions arose from 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 2024, 2023 and 2022 consolidated statements of comprehensive income in relation to the Group's leases:

	2024	2023 (As restated – Note 30)	2022 (As restated – Note 30)
Cost of Sales			
Cost of services - depreciation of ROU assets (Note 21)	**₱27,756,474**	₱28,908,442	₱123,701,844
Rent expense - short term leases	**254,347,804**	317,811,163	144,492,124
	282,104,278	346,719,605	268,193,968
Operating Expenses			
Selling and distribution costs:			
Depreciation of ROU assets (Note 22)	**₱112,988,485**	₱151,646,652	₱149,036,499
Rent expense - short term leases	**368,919,215**	288,696,457	121,200,581
General and administrative expenses:			
Depreciation of ROU assets (Note 23)	**88,711,276**	81,879,403	96,470,872
Rent expense - short term leases	**45,704,098**	16,112,259	83,500,972
	616,323,074	538,334,771	450,208,924
Finance Cost and Other Charges - Accretion of Lease Liabilities (Note 27)	**₱108,558,210**	₱117,107,665	₱189,697,980
Rent Income	**₱11,592,271**	₱2,905,749	₱111,263,169

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 ₱53.8 million, ₱50.2 million, and ₱40.2 million for the years ended December 31, 2024, 2023, and 2022, 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:

	2024	2023	2022
Within one year	**₱224,145,951**	₱422,884,568	₱423,371,120
After one year but not more than five years	**576,761,897**	637,741,087	1,152,560,695
More than five years	**1,385,970,586**	1,511,435,564	1,809,101,854
	₱2,186,878,434	₱2,572,061,219	₱3,385,033,669

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:

	2024	2023	2022
Cumulative translation adjustment (Note 20)	**₱1,001,783,070**	(₱1,188,917,671)	₱1,872,914,779
Acquisition of property, plant and equipment on account (Note 12)	**1,828,238,519**	1,761,130,808	–

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

	January 1	Availment	Settlement	CTA/Others	December 31
2024	**₱16,516,814,596**	**₱15,649,569,036**	**(₱19,600,000,000)**	**₱96,538,863**	**₱12,662,922,495**
2023	₱11,762,287,539	₱11,550,000,000	(₱6,800,000,000)	₱4,527,057	₱16,516,814,596

As of December 31, 2024, 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 March 31, 2025.

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Navigating Transitions

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