

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended
Mar 31, 2022
2. SEC Identification Number
0000086335
3. BIR Tax Identification No.
000-417-352-000
4. Exact name of issuer as specified in its charter
Monde Nissin Corporation
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
Felix Reyes Street, Barangay Balibago, City of Santa Rosa, Laguna
Postal Code
4026
8. Issuer's telephone number, including area code
+63277597595
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	17,968,611,496

11. Are any or all of registrant's securities listed on a Stock Exchange?

☒ Yes ☐ No

If yes, state the name of such stock exchange and the classes of securities listed therein:

The common shares are listed on the Philippine Stock Exchange

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the

Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

☒ Yes ☐ No

(b) has been subject to such filing requirements for the past ninety (90) days

☒ Yes ☐ No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Monde Nissin Corporation MONDE

PSE Disclosure Form 17-2 - Quarterly Report References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Mar 31, 2022
Currency (indicate units, if applicable)	PHP'000

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2022	Dec 31, 2021
Current Assets	30,934,280	30,613,003
Total Assets	100,616,915	99,857,628
Current Liabilities	20,814,954	22,408,914
Total Liabilities	29,832,108	31,442,048
Retained Earnings/(Deficit)	19,039,648	16,707,901
Stockholders' Equity	70,784,807	68,415,580
Stockholders' Equity - Parent	70,644,120	68,278,073
Book Value per Share	3.93	3.8

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	18,297,537	17,076,261	18,297,537	17,076,261
Gross Expense	15,392,379	13,705,405	15,392,379	13,705,405

Non-Operating Income	156,531	446,334	156,531	446,334
Non-Operating Expense	127,372	917,394	127,372	917,394
Income/(Loss) Before Tax	2,934,317	2,899,796	2,934,317	2,899,796
Income Tax Expense	599,390	543,032	599,390	543,032
Net Income/(Loss) After Tax	2,334,927	2,356,764	2,334,927	2,356,764
Net Income Attributable to Parent Equity Holder	2,331,747	2,233,188	2,331,747	2,233,188
Earnings/(Loss) Per Share (Basic)	0.13	0.16	0.13	0.16
Earnings/(Loss) Per Share (Diluted)	0.13	0.17	0.13	0.17

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.13	0.56
Earnings/(Loss) Per Share (Diluted)	0.13	0.56

Other Relevant Information

Please see attached Monde Nissin Corporation and Subsidiaries's SEC Form 17Q as of March 31, 2022. The aging analysis of trade and other receivables as at March 31, 2022 and December 31, 2021 are in Note 20 (page 24 of the Notes to Unaudited Interim Condensed Consolidated Financial Statements) of the attached SEC Form 17-Q

The book value per share is computed by dividing Stockholder's Equity-Parent over Issued Shares (adjusted for the effect of the reduction in par value in 2021).

Filed on behalf by:

Name	Jon Edmarc Castillo
Designation	Chief Compliance Officer

COVER SHEET

0000086335

S.E.C. Registration Number

M	O	N	D	E	N	I	S	S	I	N	C	O	R	P	O	R	A	T	I	O	N			

(Company's Full Name)

F	E	L	I	X		R	E	Y	E	S		S	T	.	,											
B	A	R	A	N	G	A	Y		B	A	L	I	B	A	G	O	,		C	I	T	Y		O	F	
S	A	N	T	A		R	O	S	A	,		L	A	G	U	N	A						4	0	2	6

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

g	Atty. Helen G. Tiu
	Corporate Secretary

Contact Person

7759 7595

Company Telephone Number

1	2	3	1
---	---	---	---

Month Day
Fiscal Year

SEC Form 17-Q

Form Type

0	6	2	4
---	---	---	---

Month Day
Annual Meeting

Issuer of Securities under SEC-MSRD
No. 27, Series of 2021

Secondary License Type, If Applicable

C	F	D
---	---	---

Dept. Requiring this Doc.

--

Amended Articles Number/Section

16

Total No. of Stockholders

--

Domestic

--

Foreign

To be accomplished by SEC Personnel concerned

--	--	--	--	--	--	--	--	--

File Number

LCU

--	--	--	--	--	--	--	--	--

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SEC Number 0000086335
File Number_____

Monde Nissin Corporation
(Company's Full Name)

Felix Reyes St. Balibago 4026, City of Santa Rosa, Laguna
(Company's Address)

(632) 7759 7595
Telephone Number

March 31, 2022
(Quarter Ending)
(month & day)

Form 17-Q
Form Type

N/A
Designation (If applicable)

31 March 2022
Period Date Ended

Issuer of Securities under SEC-MSRD No. 27, Series of 2021
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2022**
2. Commission Identification Number **0000086335**
3. BIR Tax Identification No. **000-417-352-000**
4. Exact name of issuer as specified in its charter: **Monde Nissin Corporation**
5. Province, country or other jurisdiction of incorporation or organization: **Laguna, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
Felix Reyes St., Barangay Balibago, City of Santa Rosa, Laguna **4026**
8. Issuer's telephone number, including area code
(632) 7759 7595
9. Former name, former address and former fiscal year, if changed since last report
Not applicable
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class stock outstanding and amount	Number of shares of common	of debt outstanding
---	----------------------------	---------------------

<u>Common</u>	<u>17,968,611,496</u>	
----------------------	------------------------------	--

11. Are any or all of the securities listed on a Stock Exchange?

Yes ☒ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

The common shares are listed on the Philippine Stock Exchange.

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed since it became listed on June 1, 2021 in accordance with Section 17 of the SRC, SRC Rule 17, Sections 11 of the RSA, RSA Rule 11(a)-1, and Sections 26 and 141 of the Corporation Code of the Philippines

Yes ☒ No ☐

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes ☒ No ☐

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

a.	Unaudited Interim Consolidated Statements of Financial Position as at March 31, 2022 with Comparative Audited Figures as at December 31, 2021
b.	Unaudited Interim Consolidated Statements of Comprehensive Income for the Quarters and Three Months Ended March 31, 2022 and 2021
c.	Unaudited Interim Consolidated Statements of Changes in Equity for the Three Months Ended March 31, 2022 and 2021
d.	Unaudited Interim Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2022 and 2021
e.	Notes to Unaudited Interim Condensed Consolidated Financial Statements

MONDE NISSIN CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION****(Amounts in thousands, with Comparative Audited Figures as at December 31, 2021)**

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱13,481,421	₱13,856,814
Trade and other receivables (Note 6)	6,915,712	6,248,732
Inventories (Note 7)	8,884,606	8,572,363
Current financial assets (Notes 18 and 20)	166,302	165,937
Prepayments and other current assets (Note 8)	1,486,239	1,769,157
Total Current Assets	30,934,280	30,613,003
Noncurrent Assets		
Intangible assets (Note 10)	35,521,701	35,646,756
Property, plant and equipment (Note 9)	30,369,525	29,952,260
Investments in associates and joint ventures	1,103,136	1,094,087
Deferred tax assets - net (Note 19)	999,184	885,485
Noncurrent receivables	500,000	500,000
Derivative asset	45,147	—
Other noncurrent assets (Note 11)	1,143,942	1,166,037
Total Noncurrent Assets	69,682,635	69,244,625
	₱100,616,915	₱99,857,628
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 12 and 18)	₱10,940,613	₱11,156,419
Acceptances and trust receipts payable (Note 7)	2,248,705	3,714,690
Loans payable (Note 13)	6,979,736	6,998,805
Refund liabilities (Note 12)	304,857	303,878
Current portion of lease liabilities	90,177	97,280
Income tax payable	250,866	137,842
Total Current Liabilities	20,814,954	22,408,914
Noncurrent Liabilities		
Deferred tax liabilities - net (Note 19)	5,666,076	5,702,436
Lease liabilities	2,670,255	2,661,581
Pension liability	660,409	648,692
Other noncurrent liabilities	20,414	20,425
Total Noncurrent Liabilities	9,017,154	9,033,134
Total Liabilities	29,832,108	31,442,048
Equity		
Capital stock (Note 14)	8,984,306	8,984,306
Additional paid-in capital (Note 14)	46,515,847	46,515,847
Retained earnings (Note 14):		
Appropriated	4,095,257	4,095,257
Unappropriated	14,944,391	12,612,644
Fair value reserve of financial assets at FVOCI	(189,983)	(235,130)
Remeasurement losses on pension liability	(289,263)	(289,263)
Equity reserve (Note 14)	(622,335)	(622,335)
Cumulative translation adjustments (Note 14)	(2,794,100)	(2,783,253)
Equity Attributable to Equity Holders of the Parent Company	70,644,120	68,278,073
Non-controlling Interests (Note 4)	140,687	137,507
Total Equity	70,784,807	68,415,580
	₱100,616,915	₱99,857,628

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED****STATEMENTS OF COMPREHENSIVE INCOME****(Amounts in Thousands, Except Earnings Per Share Value)**

	Quarters Ended March 31	
	2022	2021
NET SALES (Note 15)	₱18,297,537	₱17,076,261
COST OF GOODS SOLD (Note 15)	11,875,855	10,364,438
GROSS PROFIT	6,421,682	6,711,823
SALES, GENERAL AND ADMINISTRATIVE EXPENSES (Note 16)	3,516,524	3,340,967
	2,905,158	3,370,856
OTHER INCOME (EXPENSES)		
Foreign exchange gain - net (Notes 4 and 13)	32,804	8,147
Share in net earnings from associates and joint ventures	9,049	10,043
Impairment loss on property, plant and equipment (Note 9)	(1,247)	—
Miscellaneous income (Notes 6 and 17)	30,424	29,215
	71,030	47,405
INCOME BEFORE FINANCE INCOME (EXPENSES)	2,976,188	3,418,261
FINANCE INCOME (EXPENSES)		
Interest expense (Notes 13 and 17)	(126,125)	(917,394)
Derivative gain (Note 20)	75,477	381,835
Interest income (Note 17)	8,777	17,094
	(41,871)	(518,465)
INCOME BEFORE INCOME TAX	2,934,317	2,899,796
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	726,634	391,749
Deferred	(127,244)	151,283
	599,390	543,032
NET INCOME	2,334,927	2,356,764
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent Company	₱2,331,747	₱2,233,188
Non-controlling interests	3,180	123,576
	₱2,334,927	₱2,356,764
Earnings per Share (EPS) (Note 14)		
Basic, income attributable to equity holders of the parent	₱0.13	0.16
Diluted, income attributable to equity holders of the parent	0.13	0.17

(Forward)

	Quarters Ended March 31	
	2022	2021
NET INCOME	₱2,334,927	₱2,356,764
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income to be reclassified to profit and loss in subsequent periods:		
Exchange gains on foreign currency translation (including effective portion of the net investment hedge) (Note 20)	34,300	815,986
Other comprehensive loss not to be reclassified to profit and loss in subsequent periods:		
Remeasurement loss on defined benefit plans	—	(30,167)
Income tax effect	—	4,525
	—	(25,642)
Other comprehensive income - net of tax	34,300	790,344
TOTAL COMPREHENSIVE INCOME	₱2,369,227	₱3,147,108
Total comprehensive income attributable to:		
Equity holders of the Parent Company	₱2,366,047	₱3,023,532
Non-controlling interests	3,180	123,576
	₱2,369,227	₱3,147,108

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands, For the three months ended March 31, 2022 and 2021)

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 14)	Additional Paid-in Capital (Note 14)	Retained Earnings (Note 14)		Fair Value Reserve of Financial Assets at FVOCI	Remeasurement Losses on Pension Liability	Equity Reserve (Note 14)	Cumulative Translation Adjustments (Note 14)		Non-controlling Interests (Note 4)	
			Appropriated	Unappropriated					Total		Total Equity
Balance as at January 1, 2022	₱8,984,306	₱46,515,847	₱4,095,257	₱12,612,644	(₱235,130)	(₱289,263)	(₱622,335)	(₱2,783,253)	₱68,278,073	₱137,507	₱68,415,580
Net income	–	–	–	2,331,747	–	–	–	–	2,331,747	3,180	2,334,927
Other comprehensive income (loss), net of tax	–	–	–	–	45,147	–	–	(10,847)	34,300	–	34,300
Total comprehensive income (loss)	–	–	–	2,331,747	45,147	–	–	(10,847)	2,366,047	3,180	2,369,227
Balance as at March 31, 2022	₱8,984,306	₱46,515,847	₱4,095,257	₱ 14,944,391	(₱189,983)	(₱289,263)	(₱622,335)	(₱2,794,100)	₱70,644,120	₱140,687	₱70,784,807
Balance as at January 1, 2021	₱6,570,000	₱–	₱11,155,336	₱12,497,957	(₱235,130)	(₱289,889)	(₱89,762)	(₱4,366,784)	₱25,241,728	₱1,298,309	₱26,540,037
Net income	–	–	–	2,233,188	–	–	–	–	2,233,188	123,576	2,356,764
Other comprehensive income (loss), net of tax	–	–	–	–	–	(25,642)	–	815,986	790,344	–	790,344
Total comprehensive income (loss)	–	–	–	2,233,188	–	(25,642)	–	815,986	3,023,532	123,576	3,147,108
Issuance of shares	614,306	1,200,664	–	–	–	–	–	–	1,814,970	–	1,814,970
Acquisition during the period	–	–	–	–	–	–	(532,573)	–	(532,573)	(1,289,927)	(1,822,500)
Release of appropriation	–	–	(6,800,000)	6,800,000	–	–	–	–	–	–	–
Dividends	–	–	–	(10,060,424)	–	–	–	–	(10,060,424)	–	(10,060,424)
Balance as at March 31, 2021	₱7,184,306	₱1,200,664	₱4,355,336	₱11,470,721	(₱235,130)	(₱315,531)	(₱622,335)	(₱3,550,798)	₱19,487,233	₱131,958	₱19,619,191

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS****(Amounts in Thousands, For the three months ended March 31, 2022 and 2021)**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱2,934,317	₱2,899,796
Adjustments to reconcile income before income tax to net cash flows:		
Depreciation and amortization (Notes 9, 10, 15, 16 and 17)	655,269	585,736
Interest expense (Notes 13 and 17)	126,125	917,394
Derivative gain (Note 20)	(75,477)	(381,835)
Movement in pension liability	11,717	4,349
Share in net (earnings) from associates and joint venture	(9,049)	(10,043)
Interest income (Note 17)	(8,777)	(17,094)
Unrealized foreign exchange loss – net	2,948	65,532
Impairment loss on property, plant and equipment (Note 9)	1,247	–
Gain on sale of property, plant and equipment	(1,080)	(1,022)
Working capital adjustments:		
Decrease (increase) in:		
Trade and other receivables	(641,339)	324,297
Inventories	(312,243)	42,519
Prepayments and other current assets	282,918	(97,378)
Increase (decrease) in:		
Acceptance and trust receipts payable	(1,473,540)	365,699
Trade and other payables	(80,958)	(996,234)
Refund liabilities	979	(17,860)
Net cash generated from operations	1,413,057	3,683,856
Income tax paid	(613,610)	(364,680)
Interest received	9,682	18,454
Net cash flows from operating activities	809,129	3,337,630
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment (Notes 9 and 21)	(1,105,829)	(1,230,550)
Intangible assets (Note 10)	(27,613)	(75,733)
Current financial assets	(1,002)	–
Noncurrent receivables	–	(5,412)
Proceeds from sale of property, plant and equipment (Note 9)	1,576	71,704
Decrease (increase) in other noncurrent assets	45,061	(360,541)
Acquisition of a subsidiary, net of cash acquired	–	(1,822,500)
Net cash used in investing activities	(1,087,807)	(3,423,032)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payments for):		
Principal portion of lease liabilities	(82,362)	(70,299)
Derivatives	75,477	–
Interest	(65,158)	(352,726)
Loans - net of payment (Note 13)	300	(1,014,617)
Issuance of capital stock, net of transaction cost (Note 14)	–	1,814,970
Dividends paid	–	(1,511,100)
Other noncurrent liabilities	(11)	(2,813)
Net cash used in financing activities	(71,754)	(1,136,585)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(350,432)	(1,221,987)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(24,961)	16,632
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	13,856,814	7,093,015
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱13,481,421	₱5,887,660

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Number of Shares, Earnings Per Share Value and Unless Otherwise Specified)

1. General Information

Monde Nissin Corporation (the Parent Company or MNC) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 23, 1979 primarily to engage in manufacturing, processing, baking, packaging, servicing, repacking, assembling, importing, exporting, buying, selling, trading or otherwise dealing in all kinds of goods, wares and merchandises, which are or may become articles of commerce such as but not limited to noodles, candies, confectionaries, biscuits, cakes and other foods, drugs and cosmetics. The Parent Company and its subsidiaries are collectively referred to as the “Group” (see Note 4).

On March 1, 2021, at least a majority of the members of the Board of Directors (BOD) of the Parent Company and stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Parent Company approved certain amendments to the Parent Company’s Articles of Incorporation (AOI) including the following: (a) include “noodles” in the articles of commerce that the Parent Company may manufacture, process, service, package, re-package, import, export, buy, sell, trade, or otherwise deal in; (b) amend the term of corporate existence from 50 years to a “perpetual corporate term unless the SEC issues a certificate providing otherwise”; (c) increase the number of directors of the Parent Company from 7 to 9; and (d) authorized number of shares, as amended, shall be 20,400,000,000 common shares with a par value of ₱0.50 per share, from the current par value of ₱1.00 per share. These amendments in the Parent Company’s AOI was approved by the SEC on April 7, 2021.

On April 20, 2021 and April 21, 2021, the SEC and Philippine Stock Exchange, Inc. (PSE), respectively, approved the application of the Parent Company for the listing of up to 17,968,611,496 common shares on the Main Board of the PSE.

On June 1, 2021, the Parent Company completed its initial public offering (IPO) and was listed in the PSE under the stock symbol “Monde”. As a public company, it is covered by the Revised Securities Regulation Code (SRC) Rule 68.

The Parent Company’s registered office address is at Felix Reyes St., Barangay Balibago, City of Santa Rosa, Laguna.

2. Basis of Preparation and Changes to Group’s Accounting Policies

Basis of Preparation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial statements 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) and derivative financial instruments that have been measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Philippine peso, which is the Parent Company’s functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2021. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2021.

Basis of Consolidation

The unaudited interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at March 31, 2022. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at and for the year ended December 31, 2021, except for the adoption of amendments effective beginning January 1, 2022, which did not have any significant impact on the Group's financial position or performance, unless otherwise indicated:

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately. The amendments also add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Annual Improvements to PFRSs 2018-2020 Cycle

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments, Fees in the "10 per cent" test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments did not have a material impact on the Group.

3. Significant Accounting Judgment, Estimates and Assumptions

The preparation of the unaudited interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, costs and expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Assessment for Expected Credit Loss (ECL) on Trade Receivables. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information on macro-economic factors. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For the three months ended March 31, 2022, the Group recognized reversal of provision for ECL on trade receivables amounting to ₱13.7 million due to effective collection efforts during the period. For the three months ended March 31, 2021, the Group recognized provision for ECL amounting to

₱4.0 million (see Note 16). Allowance for ECL on trade receivables amounted to ₱17.8 million and ₱31.4 million as at March 31, 2022 and December 31, 2021, respectively. The carrying amount of trade and other receivables amounted to ₱6,915.7 million and ₱6,248.7 million as at March 31, 2022 and December 31, 2021, respectively (see Note 6).

Impairment of Non-Financial Assets

- *Goodwill, Brand and Trademark.* The Group performed its annual impairment test in December and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the years ended March 31, 2022 and December 31, 2021.

As at March 31, 2022, management assessed that:

- there have been no significant changes in the assets and liabilities making up the CGUs since December 31, 2021;
 - the most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the unit by a substantial margin; and
 - the likelihood that a current recoverable amount determination would be less than the current carrying amount of the unit is remote.
- *Property, plant and equipment.* The Group assess impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group consider important, which could trigger an impairment review include the following:
 - Significant under-performance 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; and
 - Significant negative industry and economic trends.

In 2022, the Parent Company determined that the actual performance of certain property, plant and equipment in MNC below the estimated or planned outputs is an indicator of impairment resulting to additional impairment loss of ₱1.2 million.

The Parent Company determined that the VIU of these impaired property, plant and equipment, assets are zero since these assets pertain to discontinued product lines with no expected future cashflows. Management assessed that any scrap value (FVLCD) is not material.

There are no impairment indicators identified on other property, plant and equipment of the Group. Impairment loss on property, plant and equipment amounted to ₱1.2 million and nil for the three months ended March 2022 and 2021, respectively. Accumulated impairment losses amounted to ₱3,187.4 million and ₱3,172.6 million as at March 31, 2022 and December 31, 2021, respectively. The carrying value of the Group's property, plant and equipment amounted to ₱30,369.5 million and ₱29,952.3 million at March 31, 2022 and December 31, 2021, respectively (see Note 9).

Recognition of Deferred Taxes. The Group's assessment on the recognition of deferred tax assets on nondeductible temporary differences is based on the forecasted taxable income of the following reporting periods over which the deductible temporary differences can be utilized. This forecast is based on the Group's past results and future expectations on revenues and expenses.

Net deferred tax assets recognized in the consolidated financial statements amounted to ₱999.2 million and ₱885.5 million as at March 31, 2022 and December 31, 2021, respectively (see Note 19).

Estimation of Legal contingencies and Regulatory Assessments. As at March 31, 2022 and December 31, 2021, the Group is involved in various legal proceedings and regulatory assessments, and management believes that these proceedings will not have a material effect on the consolidated financial statements. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position and negotiating strategy.

The Group, in consultation with its external and internal legal and tax counsels, believes that its position on these assessments is consistent with relevant laws and believe that these proceedings will not have a material adverse effect on the consolidated financial statements. However, it is possible that future results of operations could be materially affected by changes in the estimates or the effectiveness of management's strategies relating to these proceedings. As at March 31, 2022 and December 31, 2021, management has assessed that the probable cash outflow to settle these assessments is not material.

As allowed by PAS 37, *Provisions, Contingent Liabilities, and Contingent Assets*, no further disclosures were provided as this might prejudice the Group's position on this matter.

4. Subsidiaries, Significant Acquisitions and Disposals, and Segment Information

The unaudited interim condensed consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries, which are prepared for the same reporting period as at March 31, 2022 and December 31, 2021, are set out below:

Subsidiaries	Principal Activity	Country of Incorporation	Percentage of Ownership			
			2022		2021	
			Direct	Indirect	Direct	Indirect
MNSPL	Investment/sales	Singapore	100.00	—	100.00	—
MNUKL	Investment holding	United Kingdom	—	100.00	—	100.00
Marlow Foods Limited	Manufacturing, Sales, and Marketing	United Kingdom	—	100.00	—	100.00
Quorn Smart Life GmbH	Sales, and Marketing	Germany	—	100.00	—	100.00
Quorn Foods Inc	Sales, and Marketing	United States of America	—	100.00	—	100.00
Cauldron Foods Ltd*	Sales, and Marketing	United Kingdom	—	100.00	—	100.00
Quorn Foods Italy SRL**	Sales, and Marketing	Italy	—	100.00	—	100.00
Quorn Foods Sweden	Sales, and Marketing	Sweden	—	100.00	—	100.00
MNNZ	Distribution of food related goods	New Zealand	—	100.00	—	100.00
MNHTL***	Investment company	Thailand	—	6.50	—	6.50
MIL	Manufacture of seasonings	Thailand	—	100.00	—	100.00
MNTH***	Manufacture and distribution of bread and cookies	Thailand	—	56.40	—	56.40
MNIL	Investment company	British Virgin Islands	100.00	—	100.00	—
MNHTL***	Investment company	Thailand	—	93.50	—	93.50
MNTH***	Manufacture and distribution of bread and cookies	Thailand	—	43.60	—	43.60
KBT International Holdings, Inc. (KBT)	Investment company	Philippines	95.69	—	95.69	—
MNAC*	Manufacture, process, and distribution of industrial coconut and agricultural products	Philippines	90.91	—	90.91	—
SFC****	Manufacture and process of bread	Philippines	80.00	—	80.00	—
All Fit & Popular Foods Inc. (AFPFI)	Manufacturing, importing, exporting, selling and distribution of breads; Purchasing or registering intellectual properties	Philippines	—	80.00	—	80.00
Monde M.Y. San Corporation (MMYSC)	Manufacture, process, and export of biscuits	Philippines	100.00	—	60.00	—

*Dormant

**Dissolved in 2021

***The Group effectively owns 100%

****80% owned and accounted as a subsidiary effective September 7, 2020.

a. Investment in MNSPL

On September 20, 2021, the BOD approved to subscribe additional 42,924,533 ordinary shares of MNSPL at an aggregate subscription price of ₱3,079.2 million (GBP45.0 million) payable in several tranches on or before March 31, 2022. On the following dates, the Parent Company paid for the following:

Payment date	No. of shares	Amount in GBP	Amount in PHP
	<i>(In Thousands, Except No. of Shares)</i>		
September 24, 2021	3,924,533	£6,000	₱410,238
October 12, 2021	9,000,000	9,000	624,139
November 15, 2021	6,000,000	6,000	409,318
December 31, 2021	12,000,000	12,000	826,969
February 14, 2022	6,000,000	6,000	421,430
March 14, 2022	6,000,000	6,000	429,259

b. Segment Information

For management purposes, the Group is organized into business units based on its products and has 2 reportable segments, as follows:

- Asia-Pacific Branded Food & Beverage (APAC BFB) manufactures and distributes a diverse mix of biscuits, bakery products, beverages, instant noodles and pasta.
- Meat Alternative manufactures and distributes a variety of meat alternative brands and products to the retail trade and food service customers in the UK, US, Europe and Asia-Pacific.

In the consumer goods industry, results of operations generally follow seasonality of consumer buying patterns and the Group's sales are affected accordingly. In the Philippines, most food and beverage products, including those of the Group, experience increased sales from October to December related to the Christmas and New Year's season. Seasonality during certain events also affect the Group's sales (e.g. calamities, COVID-19 pandemic, etc.). In addition, seasonality varies across product types as some of the Group's products have distinct seasonality. The Group believes that diversity of its product mix reduces the specific seasonality impact of certain products in its portfolio and concluded that this is not "highly seasonal" in accordance with PAS 34.

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

The Chief Executive Officer is the Chief Operating Decision Maker and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The following tables present the financial information of each of the operating segments in accordance with PFRSs. Inter-segment revenues, and finance income and expenses are eliminated upon consolidation and reflected in the “Eliminations” column.

March 31, 2022 (Unaudited)				
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Net sales - third parties	₱14,538,684	₱3,758,853	₱—	₱18,297,537
Costs and expenses	(11,195,322)	(3,541,788)	—	(14,737,110)
Depreciation and amortization	(483,725)	(171,544)	—	(655,269)
Finance income	373,268	76,115	(365,129)	84,254
Finance expense	(64,654)	(426,600)	365,129	(126,125)
Foreign exchange gain (loss) - net	26,998	5,806	—	32,804
Impairment loss	(1,247)	—	—	(1,247)
Share in net earnings from associates and joint venture	9,049	—	—	9,049
Other income	30,424	—	—	30,424
Income before income tax	3,233,475	(299,158)	—	2,934,317
Provision for (benefit from) income tax	607,932	(8,542)	—	599,390
Net income	₱2,625,543	(₱290,616)	₱—	₱2,334,927
Other information				
Total assets	₱70,299,118	₱55,212,296	(₱24,894,499)	₱100,616,915
Total liabilities	₱13,233,641	₱41,492,966	(₱24,894,499)	₱29,832,108
Investment in associates and joint venture	₱1,103,136	₱—	₱—	₱1,103,136
Capital expenditures	₱638,844	₱466,985	₱—	₱1,105,829

March 30, 2021 (Unaudited)				
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Net sales - third parties	₱13,394,355	₱3,681,906	₱—	₱17,076,261
Costs and expenses	(9,819,967)	(3,299,702)	—	(13,119,669)
Depreciation and amortization	(427,492)	(158,244)	—	(585,736)
Finance income	681,409	410	(282,890)	398,929
Finance expense	(889,495)	(310,789)	282,890	(917,394)
Foreign exchange gain – net	11,041	(2,894)	—	8,147
Share in net losses from associates and joint venture	10,043	—	—	10,043
Other income	29,215	—	—	29,215
Income before income tax	2,989,109	(89,313)	—	2,899,796
Provision for income tax	544,049	(1,017)	—	543,032
Net income	₱2,445,060	(₱88,296)	₱—	₱2,356,764

Other information

December 31, 2021 (Audited)				
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Total assets	₱69,493,886	₱54,170,503	(₱23,806,761)	₱99,857,628
Total liabilities	₱15,139,545	₱40,109,264	(₱23,806,761)	₱31,442,048
Investment in associates and joint venture	₱1,094,087	₱—	₱—	₱1,094,087

March 30, 2021 (Unaudited)				
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Capital expenditures	₱972,270	₱258,280	₱—	₱1,230,550

Geographic Information

The Group operates in the Philippines, Thailand, New Zealand, Singapore, and the United Kingdom.

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:

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Domestic	₱13,685,087	₱12,386,751
Foreign	4,612,450	4,689,510
	₱18,297,537	₱17,076,261

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 amount of non-current assets per geographic location, excluding noncurrent receivables, other noncurrent assets (advances to employees and withholding tax receivables), and deferred tax assets.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Domestic:		
Property, plant and equipment (see Note 9)	₱16,680,835	₱16,616,860
Investments in associates and joint ventures	1,103,136	1,094,087
Intangible assets (see Note 10)	667,998	657,953
Other noncurrent assets (see Note 11)	970,678	992,831
Total	19,422,647	19,361,731
Foreign:		
Property, plant and equipment (see Note 9)	13,688,690	13,335,400
Intangible assets (see Note 10)	34,853,703	34,988,803
Other noncurrent assets (see Note 11)	104,810	104,295
	48,647,203	48,428,498
	₱68,069,850	₱67,790,229

5. Cash and Cash Equivalents

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on hand and in banks	₱5,580,896	₱4,773,728
Cash equivalents	7,900,525	9,083,086
	₱13,481,421	₱13,856,814

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term deposits made for varying periods of one month up to three months depending on the immediate cash requirements and earn interest at the respective short-term deposit rates.

6. Trade and Other Receivables

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade receivables:		
Non-related parties	₱6,811,345	₱6,164,997
Related parties (see Note 18)	33,777	33,777
Other receivables	88,433	81,330
	6,933,555	6,280,104
Allowance for ECL	(17,843)	(31,372)
	₱6,915,712	₱6,248,732

Trade receivables pertain to receivables from sale of goods which are noninterest-bearing and are generally on 30-60 days' terms.

Other receivables comprise of various receivables from employees, accruals for interest from short term placements, receivable from a supplier, and advances made to employees for SSS claims. These are noninterest-bearing and normally settled through salary deductions.

Movements in the allowance for ECL follow:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at January 1	₱31,372	₱67,575
Reversal of ECL	(13,685)	(31,189)
Write-off	—	(5,989)
Currency translation adjustments	156	975
Balance at end of period	₱17,843	₱31,372

7. Inventories

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
At cost:		
Finished goods	₱268,066	₱190,468
In-transit	238,634	319,180
Raw materials	123,847	124,999
Packaging and other materials	12,702	12,128
Work in-process	10,936	1,813
	654,185	648,588
At NRV:		
Finished goods	3,428,616	3,079,954
Raw materials	2,204,142	2,702,461
Work in-process	1,748,154	1,425,579
Packaging and other materials	849,509	715,781
	8,230,421	7,923,775
	₱8,884,606	₱8,572,363

The costs of inventories carried at NRV are as follows:

	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)
Finished goods	₱3,605,131	₱3,317,671
Raw materials	2,319,051	2,752,449
Work in-process	1,791,544	1,463,761
Packaging and other materials	939,132	833,914
	₱8,654,858	₱8,367,795

Provision for inventory obsolescence amounted to ₱46.0 million and ₱40.6 million for the three months ended March 31, 2022 and 2021, respectively. The Company has written off inventories amounted to ₱65.3 million for the three months ended March 31, 2022.

The cost of inventories recognized under “Cost of goods sold” account amounted to ₱11,875.9 million and ₱10,364.4 million for the three months ended March 31, 2022 and 2021, respectively.

The carrying value of the Group’s right of return assets amounted to nil as at March 31, 2022 and December 31, 2021.

Under the terms of the agreements covering liabilities under trust receipts totaling ₱2,248.7 million and ₱3,714.7 million as at March 31, 2022 and December 31, 2021, respectively, certain inventories which approximate the trust receipts payable, have been released to the Group under trust receipt agreement with the banks. The Group is accountable to these banks for the trusteed merchandise or their sales proceeds.

8. Prepayments and Other Current Assets

	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)
Prepayments	₱454,530	₱538,754
Creditable withholding tax (CWT) and other credits	434,544	686,087
Deferred input VAT	344,306	294,801
Input VAT	199,523	201,610
Other current assets	54,095	48,664
	1,486,998	1,769,916
Allowance for non-recoverability of other current assets	(759)	(759)
	₱1,486,239	₱1,769,157

9. Property, Plant and Equipment

March 31, 2022																
	Land	Land Improvements	Buildings	Building Improvements	Leasehold Improvements	Plant Machinery and Fixtures	Office Furniture and Equipment	Transportation Equipment	Computer and Communications Equipment	Machineries Under Installation	Construction In-progress	ROU Land	ROU Building	ROU Leasehold Improvements	ROU Others	Total
Cost																
Balance at January 1, 2022	P441,083	P5,283	P10,788,016	P1,965,963	P149,289	P32,500,137	P357,281	P155,538	P264,147	P1,374,644	P5,085,405	P2,906,919	P260,812	P66,869	P394,188	P56,715,574
Additions	—	—	15	145	—	50,282	4,039	6,006	173	416,603	537,648	—	—	—	31,413	1,046,324
Disposals	—	—	—	—	—	(2,369)	(149)	(2,817)	(59)	—	—	—	—	—	—	(5,394)
Reclassifications	—	—	54,219	14,812	—	147,694	4,707	—	—	(122,075)	(99,357)	—	—	—	—	—
Foreign currency translation adjustments	6,065	134	(934)	—	—	92,574	1,076	28	557	22,056	—	—	—	—	—	121,556
Balance at March 31, 2022	447,148	5,417	10,841,316	1,980,920	149,289	32,788,318	366,954	158,755	264,818	1,691,228	5,523,696	2,906,919	260,812	66,869	425,601	57,878,060
Accumulated Depreciation																
Balance at January 1, 2022	—	3,802	4,203,467	862,445	98,071	17,379,819	296,563	78,348	195,772	—	—	220,879	155,492	19,207	76,820	23,590,685
Depreciation (see Notes 15 and 16)	—	67	113,996	28,277	1,744	407,272	12,963	4,689	20,471	—	—	21,592	18,380	1,391	5,365	636,207
Disposals	—	—	—	—	—	(2,298)	(149)	(2,392)	(59)	—	—	—	—	—	—	(4,898)
Reclassifications	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Foreign currency translation adjustments	—	96	24,771	—	—	72,673	1,075	28	525	—	—	—	—	—	—	99,168
Balance at March 31, 2022	—	3,965	4,342,234	890,722	99,815	17,857,466	310,452	80,673	216,709	—	—	242,471	173,872	20,598	82,185	24,321,162
Accumulated Impairment Loss																
Balance at January 1, 2022	—	—	828,420	104,167	967	1,491,884	—	—	36	571,765	175,390	—	—	—	—	3,172,629
Provision for impairment loss – net	—	—	—	—	—	—	—	—	—	—	1,247	—	—	—	—	1,247
Foreign currency translation adjustments	—	—	1,403	—	—	12,094	—	—	—	—	—	—	—	—	—	13,497
Balance at March 31, 2022	—	—	829,823	104,167	967	1,503,978	—	—	36	571,765	176,637	—	—	—	—	3,187,373
Net Book Value	P447,148	P1,452	P5,669,259	P986,031	P48,507	P13,426,874	P56,502	P78,082	P48,073	P1,119,463	P5,347,059	P2,664,448	P86,940	P46,271	P343,416	P30,369,525

December 31, 2021																
	Land	Land Improvements	Buildings	Building Improvements	Leasehold Improvements	Plant Machinery and Fixtures	Office Furniture and Equipment	Transportation Equipment	Computer and Communications Equipment	Machineries Under Installation	Construction In-progress	ROU Land	ROU Building	ROU Leasehold Improvements	ROU Others	Total
Cost																
Balance at January 1, 2021	P456,119	P5,577	P8,613,002	P1,643,602	P145,198	P30,313,880	P362,439	P115,322	P234,304	P1,863,902	P3,933,034	P2,906,919	P325,391	P42,697	P289,829	P51,251,215
Additions	—	—	7,552	4,323	2,591	191,209	13,939	13,676	14,788	1,777,948	3,281,159	—	2,586	24,172	105,730	5,439,673
Disposals	—	—	(6,288)	—	—	(453,657)	(71,305)	(6,649)	(1,142)	—	(373)	—	(67,165)	—	(1,371)	(607,950)
Reclassifications	—	—	1,453,586	320,917	1,500	2,523,225	55,408	33,242	20,250	(2,293,781)	(2,114,347)	—	—	—	—	—
Foreign currency translation adjustments	(15,036)	(294)	720,164	(2,879)	—	(74,520)	(3,200)	(53)	(4,053)	26,575	(14,068)	—	—	—	—	632,636
Balance at December 31, 2021	441,083	5,283	10,788,016	1,965,963	149,289	32,500,137	357,281	155,538	264,147	1,374,644	5,085,405	2,906,919	260,812	66,869	394,188	56,715,574
Accumulated Depreciation																
Balance at January 1, 2021	—	3,690	3,761,226	778,907	90,693	16,326,942	274,737	67,338	161,726	—	—	134,512	101,054	10,431	65,856	21,777,112
Depreciation (see Notes 15 and 16)	—	270	399,627	102,400	7,431	1,549,919	96,852	17,316	39,009	—	—	86,367	77,676	8,776	10,964	2,396,607
Disposals	—	—	(4,716)	—	(53)	(452,748)	(71,270)	(6,253)	(1,094)	—	—	—	(23,238)	—	—	(559,372)
Foreign currency translation adjustments	—	(158)	47,330	(18,862)	—	(44,294)	(3,756)	(53)	(3,869)	—	—	—	—	—	—	(23,662)
Balance at December 31, 2021	—	3,802	4,203,467	862,445	98,071	17,379,819	296,563	78,348	195,772	—	—	220,879	155,492	19,207	76,820	23,590,685
Accumulated Impairment Loss																
Balance at January 1, 2021	—	—	694,313	104,167	967	1,343,318	—	—	36	543,684	151,044	—	—	—	—	2,837,529
(Reversal of) provision for impairment loss – net (—	—	(4,240)	—	—	174,874	—	—	—	28,081	24,346	—	—	—	—	223,061
Foreign currency translation adjustments	—	—	138,347	—	—	(26,308)	—	—	—	—	—	—	—	—	—	112,039
Balance at December 31, 2021	—	—	828,420	104,167	967	1,491,884	—	—	36	571,765	175,390	—	—	—	—	3,172,629
Net Book Value	P441,083	P1,481	P5,756,129	P999,351	P50,251	P13,628,434	P60,718	P77,190	P68,339	P802,879	P4,910,015	P2,686,040	P105,320	P47,662	P317,368	P29,952,260

The Group recognized additional impairment loss of ₱1.2 million in 2022 and nil in 2021.

The Group acquired property, plant and equipment and recognized depreciation expense amounting to ₱636.2 million and ₱568.1 million for the three months ended March 31, 2022 and 2021, respectively (see Note 17).

There are no idle property, plant and equipment nor property, plant and equipment used as collateral as at March 31, 2022 and December 31, 2021.

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱1,433.8 million and ₱1,423.5 million as at March 31, 2022 and December 31, 2021, respectively.

10. Intangible Assets

	March 31, 2022							Total
	Goodwill	Brand	Distribution Rights	License	Trademarks with definite useful life	Trademarks with indefinite useful life	Software	
Cost								
Balance at January 1, 2022	₱16,810,906	₱18,262,118	₱727,560	₱34,639	₱2,451	₱14,459	₱362,333	₱36,214,466
Additions	—	—	—	—	—	—	27,613	27,613
Foreign currency translation adjustments	(64,879)	(70,132)	—	—	62	—	1,813	(133,136)
Balance at March 31, 2022	16,746,027	18,191,986	727,560	34,639	2,513	14,459	391,759	36,108,943
Accumulated Amortization								
Balance at January 1, 2022	—	43,063	269,804	—	1,469	—	163,232	477,568
Amortization (see Note 17)	—	—	9,094	—	45	—	9,923	19,062
Foreign currency translation adjustments	—	(167)	—	—	37	—	600	470
Balance at March 31, 2022	—	42,896	278,898	—	1,551	—	173,755	497,100
Accumulated Impairment Loss	—	90,142	—	—	—	—	—	90,142
Net Book Value	₱16,746,027	₱18,058,948	₱448,662	₱34,639	₱962	₱14,459	₱218,004	₱35,521,701

	December 31, 2021							Total
	Goodwill	Brand	Distribution Rights	License	Trademarks with definite useful life	Trademarks with indefinite useful life	Software	
Cost								
Balance at beginning of year	₱15,851,354	₱17,224,878	₱727,560	₱—	₱3,412	₱14,459	₱272,742	₱34,094,405
Additions	—	—	—	34,639	424	—	78,396	113,459
Foreign currency translation adjustments	959,552	1,037,240	—	—	(1,385)	—	11,195	2,006,602
Balance at end of year	16,810,906	18,262,118	727,560	34,639	2,451	14,459	362,333	36,214,466
Accumulated Amortization								
Balance at beginning of year	—	40,605	233,426	—	2,602	—	127,299	403,932
Amortization (see Note 17)	—	—	36,378	—	218	—	37,669	74,265
Foreign currency translation adjustments	—	2,458	—	—	(1,351)	—	(1,736)	(629)
Balance at end of year	—	43,063	269,804	—	1,469	—	163,232	477,568
Accumulated Impairment Loss	—	90,142	—	—	—	—	—	90,142
Net Book Value	₱16,810,906	₱18,128,913	₱457,756	₱34,639	₱982	₱14,459	₱199,101	₱35,646,756

In 2021, the Group acquired intellectual property license with indefinite useful life amounting to ₱34.6 million. This pertains to acquisition of know-how and other intellectual property from a third party.

Amortization of the intangible assets for the three months ended March 31, 2022 and 2021 amounted to ₱19.1 million and ₱17.6 million, respectively (see Note 17).

Goodwill, brand, trademark and license with indefinite useful life per entity are as follows:

	March 31, 2022 (Unaudited)				December 31, 2021 (Audited)			
	Goodwill	Brand	Trademark	License	Goodwill	Brand	Trademark	License
MNUKL	₱16,746,027	₱18,058,948	₱–	₱–	₱16,810,906	₱18,128,913	₱–	₱–
MNC	–	–	14,459	34,639	–	–	14,459	34,639
Total	₱16,746,027	₱18,058,948	₱14,459	₱34,639	₱16,810,906	₱18,128,913	₱14,459	₱34,639

The Group performs its annual impairment test every year-end.

11. Other Noncurrent Assets

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Advances to suppliers and contractors	₱701,039	₱705,290
Deferred input VAT for amortization	339,302	360,263
Advances to employees	68,454	68,911
Refundable and other deposits	67,530	74,586
Others	23,404	12,774
	1,199,729	1,221,824
Less allowance for advances to suppliers and contractors	55,787	55,787
	₱1,143,942	₱1,166,037

12. Accounts Payable and Other Current Liabilities and Refund Liabilities

Accounts Payable and Other Current Liabilities

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade payables		
Non-related parties	₱5,922,242	₱4,962,761
Related parties (see Note 18)	25,513	21,888
Nontrade payables	1,960,280	2,450,725
Accruals for:		
Advertising and promotions	1,111,639	1,196,211
Selling, general and administrative expenses	302,349	368,792
Trade spend	330,423	382,207
Personnel costs	290,267	319,150
Freight	64,714	93,572
Interest	572	1,081
Other accruals	103,788	58,463
Provisions	140,717	118,891
Statutory payables	542,316	1,053,318
Others	145,793	129,360
	₱10,940,613	₱11,156,419

Refund Liabilities

As at March 31, 2022 and December 31, 2021, the Group's refund liabilities consist of the following:

	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)
Refund liabilities:		
Arising from rights of return	₱177,739	₱181,697
Arising from retrospective volume discounts	127,118	122,181
	₱304,857	₱303,878

13. Loans Payable

	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)
MFL	₱7,032,097	₱7,059,040
Parent Company	5,000	5,000
	7,037,097	7,064,040
Unamortized debt issue costs	(57,361)	(65,235)
	₱6,979,736	₱6,998,805

Details of the Group's loans are as follows:

			March 31, 2022 (Unaudited)	December 31, 2021 (Audited)		
Description	Maturities	Interest Rates	£ Balances	Php Equivalent	£ Balances	Php Equivalent
Parent						
₱18,700.0 million Floating Rate Corporate Notes (FRCNs)	December 2022	Higher of (a) 3-day average of the 3-month BVAL + 75 bps per annum or (b) the BSP overnight borrowing rate + 30 bps per annum effective April 5, 2021; Effective after December 31, 2021, the interest will be the higher of (a) 3-day average of the 3-month BVAL + 75 bps per annum or (b) the overnight deposit facility rate.	£—	₱5,000	\$—	₱5,000
MFL						
£113.0 million term loan	March 2024	Margin and SONIA	78,004	5,325,342	103,000	7,059,040
£25.0 million term loan	June 2022	Margin and SONIA	25,000	1,706,755	—	—
				₱7,037,097	₱7,064,040	

a. MFL Loan

MFL has an outstanding unsecured loans payable amounting to ₱7,032.1 million (£103.0 million) and ₱7,059.0 million (£103.0 million) as at March 31, 2022 and December 31, 2021, respectively. Interest rate is based on Margin and LIBOR as at December 31, 2021. MFL transitioned its interest rate from LIBOR to SONIA as at March 31, 2022. The change is a direct consequence of IBOR reform, and the new basis for determining cash flows is economically equivalent to the previous one. This does not affect the overall fixed interest payable.

The Group is obligated to perform certain covenants with respect to maintaining specified debt-to-equity, gross leverage and minimum debt service cover ratios, as set in the agreements with creditors.

Loans of MFL, a wholly owned UK-based indirect subsidiary, was classified as current as MFL exceeded the gross leverage covenant threshold of 3.0x. To address this issue, on March 24, 2022, the Parent Company entered into a Guarantee Agreement with Citicorp International Limited (as agent for and on behalf of certain financial institutions) to guarantee the ₱7,059.4 million (£103.0 million). The financial institutions formally granted a waiver of the covenant requirement on January 11, 2022, which became effective on March 24, 2022. The waiver is effective covering December 31, 2021 covenant requirement. On April 29, 2022, the financial institutions subsequently granted the same waiver for the relevant period ended March 31, 2022. As a result, the long-term loans payable is presented as current as at March 31, 2022.

For the three months ended March 31, 2022 and 2021, interest expense related to the loans amounted to ₱48.8 million and ₱167.8 million, respectively (see Note 17).

The movement in unamortized debt issue costs of loans payable is as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Loans Payable		
Balance at January 1	₱65,235	₱191,374
Amortization during the period (see Note 17)	(8,956)	(133,534)
Foreign currency translation adjustments	1,082	7,395
Total	₱57,361	₱65,235

For the three months ended March 31, 2021, amortization of debt issue costs amounted to ₱23.4 million and ₱12.5 million on loans payable and convertible note, respectively (see Note 17).

14. Equity

Capital Stock and Additional Paid-in Capital (APIC)

The details of the Parent Company's common stock as at March 31, 2022 and December 31, 2021 follows:

Authorized number of shares	20,400,000,000	20,400,000,000
Par value per share	₱0.50	₱0.50
Issued and outstanding common shares	17,968,611,496	17,968,611,496

The balance of the Parent Company's additional paid-in capital net of share issuance cost amounted to ₱46,515.8 million as at March 31, 2022 and December 31, 2021.

The Parent Company's record of registration of its securities follows:

Number of shares registered	17,968,611,496
Issue/offer price	₱13.50
Date of approval	April 20, 2021

The total number of stockholders was 16 and 12 as at December 31, 2021 and 2020, respectively. With respect to the Parent Company's stockholders as at December 31, 2021, the shares were either held through stock certificates issued to the stockholders or in scripless form, held in the account of the PCD Nominee Corporation (PCD Nominee) through 136 trading participants (e.g. brokers and custodians) of the Philippine Depository and Trust Corporation, Inc. (PDTC). The shares lodged with PCD Nominee is counted as two stockholders (i.e., PCD Nominee (Filipino) and PCD Nominee (Non-Filipino)).

Restriction on Retained Earnings

As at March 31, 2022 and December 31, 2021, undistributed retained earnings of subsidiaries amounting to ₱12,255.4 million and ₱11,766.9 million, respectively, are not available for dividend declaration until the actual declaration of the subsidiaries. Further, the undistributed retained earnings include appropriated retained earnings of MMYSC and MIL amounting to ₱2,195.3 million as at March 31, 2022 and December 31, 2021.

Equity Reserve

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
MMYSC	(₱532,573)	(₱532,573)
MNTH	(115,390)	(115,390)
MNAC	(7,733)	(7,733)
KBT	33,361	33,361
	(₱622,335)	(₱622,335)

Cumulative Translation Adjustments

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
MNSPL	₱2,422,782	₱2,326,573
MNII	185,788	186,001
MNTH	108,826	176,761
MIL	76,704	93,918
	₱2,794,100	₱2,783,253

Cumulative translation adjustments are attributable to equity holders of the Parent Company as at March 31, 2022 and December 31, 2021.

Earnings per Share

The following reflects the income and share data used in the basic and diluted EPS computation:

Basic EPS

	Quarters Ended March 31	
	2022 (Unaudited)	2021 (Unaudited)
Net income attributable to equity holders of the parent	₱2,331,747	₱2,233,188
Number of shares:		
Common shares outstanding at January 1	17,968,611,496	6,570,000,000
Effect of common share issuance	—	409,537,165
Effect of reduction in par	—	6,979,537,165
Weighted average number of common shares	17,968,611,496	13,959,074,330
Basic EPS	₱0.13	₱0.16

Diluted EPS

	Quarters Ended March 31	
	2022 (Unaudited)	2021 (Unaudited)
Net income attributable to equity holders of the parent (a)	₱2,331,747	₱2,233,188
Adjustments, net of tax:		
Unrealized foreign exchange loss	—	64,119
Accretion of interest (see Note 17)	—	493,734
Derivative gain	—	(286,376)
Accretion of debt issue cost (see Note 17)	—	9,445
Net income as adjusted for the effect of dilution (b)	2,331,747	2,514,110
Number of shares:		
Common shares outstanding at January 1	17,968,611,496	6,570,000,000
Effect of common share issuance	—	409,537,165
Effect of reduction in par	—	6,979,537,165
Weighted average number of common shares (c)	17,968,611,496	13,959,074,330
Effects of dilution from Convertible Note	—	989,032,200
Weighted average number of common shares adjusted for the effects of dilution (d)	17,968,611,496	14,948,106,530
Diluted EPS (b)/(d)	₱0.13	₱0.17

Potentially dilutive shares were redeemed in June 2021, hence, basic EPS equals diluted EPS.

15. Net Sales and Cost of Goods Sold

Net Sales by Geography and Operating Segment

	March 31, 2022	March 31,
	(Unaudited)	(Unaudited)
APAC BFB		
Philippines	₱13,685,087	₱12,386,751
Other countries	853,597	1,007,604
	14,538,684	13,394,355
Meat Alternative		
United Kingdom	2,897,795	2,774,539
United States	345,191	388,454
Other countries	515,867	518,913
	3,758,853	3,681,906
	₱18,297,537	₱17,076,261

All revenues are recognized at a point in time.

Cost of Goods Sold

	March 31, 2022	March 31,
	(Unaudited)	(Unaudited)
Direct materials	₱9,350,696	₱7,744,328
Direct labor	783,784	813,604
Manufacturing overhead (see Notes 9, 10 and 17)	2,484,612	2,059,648
Total manufacturing costs	12,619,092	10,617,580
Inventory movements (see Note 7):		
Finished goods	(406,331)	(182,742)
Work in-process	(336,906)	(70,400)
	₱11,875,855	₱10,364,438

16. Sales, General and Administrative Expenses

	March 31, 2022	March 31,
	(Unaudited)	(Unaudited)
Salaries, wages and employee benefits	₱1,031,176	₱868,676
Advertising and promotional expenses	983,020	1,037,191
Transportation and delivery	708,094	632,506
Outside services	186,847	193,491
Dealer support	86,006	36,744
Repairs and maintenance	76,884	58,556
Depreciation and amortization (see Notes 9 and 10)	113,743	120,009
Insurance	62,728	47,225

(Forward)

	March 31, 2022	March 31, 2021
	(Unaudited)	(Unaudited)
Taxes and licenses	₱46,657	₱78,123
Entertainment, amusement and recreation	22,923	14,482
Warehouse supplies	16,057	12,145
Research and development	15,037	23,722
Light, water, and telecommunication	12,570	18,906
Rent	8,353	3,167
Fringe benefit tax	4,126	8,967
Provision for (reversal of) ECL (see Note 6)	—	4,049
Others	142,303	183,008
	₱3,516,524	₱3,340,967

17. Interest Income and Expense, Depreciation and Amortization Expense, Personnel Costs and Miscellaneous Income

Interest Income

Interest income from cash and cash equivalents amounted to ₱8.8 million and ₱17.1 million for the three months ended March 31, 2022 and 2021, respectively.

Interest Expense

	March 31, 2022	March 31, 2021
	(Unaudited)	(Unaudited)
Interest expense on lease liabilities	₱52,520	₱52,275
Interest on loans payable (see Note 13)	48,832	167,825
Acceptance and trust receipts payable	15,817	2,940
Amortization of debt issue costs (see Note 13):		
Loans payable	8,956	23,449
Convertible Note	—	12,593
Accretion of interest on convertible note	—	658,312
	₱126,125	₱917,394

Depreciation and Amortization Expense

	March 31, 2022	March 31, 2021
	(Unaudited)	(Unaudited)
Property, plant and equipment (see Note 9)	₱636,207	₱568,111
Intangible assets (see Note 10)	19,062	17,625
	₱655,269	₱585,736

	March 31, 2022	March 31, 2021
	(Unaudited)	(Unaudited)
Cost of goods sold (see Note 15)	₱541,526	₱465,727
Sales, general and administrative expense (see Note 16)	113,743	120,009
	₱655,269	₱585,736

Miscellaneous Income

Miscellaneous income mainly comprises of service fees charged by the Parent Company primarily for reimbursement of share of principals in common expenses, reversal of provision for ECL (see Note 6), gain/loss on sale of property, plant and equipment and other miscellaneous items which are recorded under the “Miscellaneous income” account in the consolidated statements of comprehensive income.

18. Related Party Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The following are the significant transactions with related parties:

Nature	Period ended	Volume of Transactions	Outstanding Balance	Terms	Conditions
<i>Associates and joint ventures</i>					
Monde Land, Inc. (MLI)					
Rent expense	March 31, 2022	₱16,134	₱—	15 days;	Unsecured
	December 31, 2021	62,987	—	noninterest-bearing	
	March 31, 2021	15,730	—		
Monde Malee Beverages Corporation (MMBC)					
Miscellaneous income	March 31, 2022	—	33,777	30 days;	Unsecured;
	December 31, 2021	5,125	33,777	noninterest-bearing	no ECL
	March 31, 2021	2,292	48,445		
Trade purchases, net	March 31, 2022	16,847	(5,056)	30 days;	Unsecured
	December 31, 2021	57,131	(3,799)	noninterest-bearing	
	March 31, 2021	14,220	(12,456)		
YCE Group Pte. Ltd. (YCE)					
Advances and interest income	March 31, 2022	—	—	Interest-bearing;	Unsecured
	December 31, 2021	5,412	—		
	March 31, 2021	5,412	5,412		
Calaca Harvest Terminal Inc. (CHTI)					
Transportation and delivery expense and wheat handling fees	March 31, 2022	59,977	(17,704)	15 days;	Unsecured
	December 31, 2021	258,902	(18,089)	noninterest-bearing	
	March 31, 2021	57,301	—		
Advances	March 31, 2022	—	—	On demand;	Unsecured
	December 31, 2021	—	—	noninterest-bearing	
	March 31, 2021	2,399	2,399		
<i>Common shareholders</i>					
PT. Nissin Biscuit Indonesia					
Trade purchases, net	March 31, 2022	5,452	(2,753)	45 days;	Unsecured
	December 31, 2021	27,063	—	noninterest-bearing	
	March 31, 2021	—	—		
MNSG Holdings Pte. Ltd.					
Loans receivable*	March 31, 2022	—	164,299	2 years;	Unsecured
	December 31, 2021	—	164,936	interest-bearing	
	March 31, 2021	—	160,249		
Trade and other receivables (see Note 6)	March 31, 2022		₱33,777		
	December 31, 2021		33,777		
	March 31, 2021		50,844		
Loans receivable*	March 31, 2022		164,299		
	December 31, 2021		164,936		
	March 31, 2021		165,661		
Trade payables (see Note 12)	March 31, 2022		25,513		
	December 31, 2021		21,888		
	March 31, 2021		12,456		

*Presented under current financial assets

19. Income Tax

Deferred Income Tax

The components of the Group's net deferred tax assets and net deferred tax liabilities are as follow:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Deferred tax assets - net		
Allowance for impairment loss	₱330,818	₱330,506
NOLCO	195,077	192,577
Pension liability	146,708	144,859
Refund liabilities	76,214	75,970
Unearned interest income	(59,086)	(59,315)
Allowance for inventory obsolescence	54,695	45,784
Accrued expenses	34,337	84,838
Unrealized profits from intercompany sales	32,118	34,858
Advances from customers	28,484	24,338
Right-of-use assets and lease liabilities	28,283	27,864
Excess of the tax base over the carrying amounts of non-monetary assets	6,346	2,498
Unamortized past service cost	5,533	5,770
Unrealized foreign exchange gain	(1,544)	(26,326)
Allowance for ECL	1,499	1,264
Mark-to-market valuation	119,702	—
	999,184	885,485
Deferred tax liabilities – net		
Brand	(4,514,737)	(4,532,229)
Property, plant and equipment	(1,589,629)	(1,335,703)
NOLCO	437,098	166,137
Unrealized foreign exchange gain	(4,145)	(6,085)
Others	5,337	5,444
	(5,666,076)	(5,702,436)
	(₱4,666,892)	(₱4,816,951)

20. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, loans receivable, noncurrent receivables, withholding tax receivables and advances to employees. The main purpose of these financial instruments is to fund the Group's operations. The Group has various other financial instruments such as accounts payable and other current liabilities, acceptance and trust receipts payable, and loan payable, which arise directly from its operations.

Set out below, is an overview of financial assets and financial liabilities held by the Group as at March 31, 2022 and December 31, 2021:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Financial Assets		
Cash and cash equivalents	₱13,481,421	₱13,856,814
Trade and other receivables	6,915,712	6,248,732
Current financial assets	166,302	165,937
Noncurrent receivables	500,000	500,000
Withholding tax receivables*	4,497	12,038
Advances to employees**	68,454	68,911
	21,136,386	20,852,432
Financial Liabilities		
Accounts payable and other current liabilities***	10,398,297	10,103,101
Loans payable****	6,979,736	6,998,805
Acceptance and trust receipts payable	2,248,705	3,714,690
Lease liabilities	2,760,432	2,758,861
	22,387,170	23,575,457
	(₱1,250,784)	(₱2,723,025)

* Recorded under "Prepayments and other current assets"

**Recorded under "other noncurrent assets"

*** Excluding statutory payables.

****Includes future interest.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The BOD reviews and agrees the policies for managing each of these risks and they are summarized below:

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk and foreign currency risk. Financial instruments affected by market risk include cash and cash equivalents, trade and other receivables, accounts payable and other current liabilities, and loans payable.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Since the Group trades only with recognized third parties, there is no requirement for collateral.

The aging analysis of trade and other receivables as at March 31, 2022 and December 31, 2021 follows:

March 31, 2022							
	Days Past Due					ECL	Total
	Current	1–30 Days	31–60 Days	61–90 Days	More than 90 Days		
Trade receivables:							
Non-related parties	P5,827,543	P741,689	P113,306	P79,149	P31,815	P17,843	P6,811,345
Related parties	–	–	–	–	33,777	–	33,777
Other receivables	79,027	2,091	92	3,685	3,538	–	88,433
Loans receivables*	164,299	–	–	–	–	–	164,299
Noncurrent receivables	500,000	–	–	–	–	115,266	615,266
	P6,570,869	P743,780	P113,398	P82,834	P69,130	P133,109	P7,713,120

*Presented under current financial assets

December 31, 2021							
	Days Past Due					ECL	Total
	Current	1–30 Days	31–60 Days	61–90 Days	More than 90 Days		
Trade receivables:							
Non-related parties	P5,409,111	P641,732	P48,252	P26,712	P7,818	P31,372	P6,164,997
Related parties	–	–	–	–	33,777	–	33,777
Other receivables	77,622	127	72	54	3,455	–	81,330
Loans receivables*	164,936	–	–	–	–	–	164,936
Noncurrent receivables	500,000	–	–	–	–	115,266	615,266
	P6,151,669	P641,859	P48,324	P26,766	P45,050	P146,638	P7,060,306

*Presented under current financial assets

Liquidity Risk

Liquidity risk is the risk the Group will be unable to meet its payment obligations when they fall due. The Group monitors and maintains a level of cash deemed adequate by management to finance the Group's operations, ensure continuity of funding and to mitigate the effects of fluctuations in cash flows.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and lease contracts. The Group's policy is that not more than 50% of long-term debt should mature in the next 12-month period. Approximately 25% and 32% of the Group's long-term debt will mature in less than one year at March 31, 2022 and December 31, 2021, respectively, based on the carrying value of debt reflected in the financial statements. The Group assessed the concentration risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of source of funding and debt maturing within 12 months can be rolled over with existing lenders.

Excessive concentration risk. Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by change in economic, political and other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio of distributors and distribution channels. Identified concentration of credit risks are controlled and managed accordingly.

Derivative Financial Instruments

The Group engages in derivative transactions, particularly cross currency swaps and European Knockout Option, to manage its foreign currency risk arising from its net investment. These derivatives are accounted for as accounting hedges.

Cross Currency Swap (CCS) Contract

On March 4, 2022, the Group entered into a non-deliverable CCS Agreement with a notional amount of ₱5,839.5 million (£85.0 million). Under the CCS agreement, the Group will receive Philippine Peso interest at 9% p.a. and will pay fixed Pound Sterling interest at 6% p.a. The Group will also pay the notional Pound Sterling amount in exchange for the Philippines Peso amount at the end of the swap period. The CCS, which will be designated as a hedge of a portion of the net investment in MNSPL, is used to hedge the Parent Company's exposure to the GBP foreign exchange risk on its investment in MNSPL. As of March 31, 2022, the Group recognized ₱45.1 million fair value gain under other comprehensive income.

Embedded Derivatives

The Convertible Note issued by the Group in 2019 has embedded equity conversion and redemption options which separated from the host contract.

Shown below are the movements in the value of the embedded derivatives (shown as part of derivative liability) as at December 31, 2021:

	December 31, 2021 (Audited)
Embedded derivatives:	
Beginning balance	₱2,513,886
Mark-to-market valuation	2,239,232
Redemption of convertible note	(4,753,118)
	₱—

The Group recognized the loss on fair value changes on the embedded derivatives amounting to ₱381.8 million under the "Derivative gain" account in the consolidated statement of comprehensive income for the three months ended March 31, 2021.

The derivative gain recognized for the three months ending March 31, 2022 amounting to ₱75.5 million pertains to fair value changes of the interest rate swap agreement.

Capital Management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Group's capital management is to maximize the shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the periods ended March 31, 2022 and December 31, 2021.

The Group monitors capital on the basis of the debt-to-equity ratio and makes adjustments to it in light of changes in economic conditions and its financial position. This ratio is calculated as total debt divided by total equity. Debt comprises all liabilities of the Group. Equity comprises all components of equity attributable to equity holders of the Parent Company.

The Group's debt-to-equity ratios are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Total debt	₱29,832,108	₱31,442,048
Total equity attributable to equity holders of the Parent Company	70,644,120	68,278,073
Debt-to-Equity Ratio	0.42:1.00	0.46:1.00

Fair Value of Financial Instruments

Cash and Cash Equivalents, Trade and Other Receivables, Accounts Payable and Other Current Liabilities, and Acceptance and Trust Receipts Payable. The carrying value of these financial assets and liabilities approximate their fair values as at March 31, 2022 and December 31, 2021 due to the short-term nature of these financial instruments.

Financial assets at FVTPL. The financial assets at FVTPL account consists of unit investment trust funds (UITFs). As at March 31, 2022, the fair values of these financial assets are based on their published net asset value per share. These are presented under "current financial assets" in the consolidated statement of financial position.

Noncurrent Receivables, Withholding Tax Receivables and Advances to Employees and Loans Payable. As at March 31, 2022 and December 31, 2021, the fair value of noncurrent receivables and loans payable with variable interest rates approximates the carrying amount due to frequent repricing of interest. Fair value of loans with fixed interest rate are determined using the discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

21. Supplemental Disclosure to Cash Flow Statements

The Group's material noncash activities are as follows:

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Cumulative translation adjustments	₱10,847	(₱815,986)
Additions to ROU assets	31,413	—

Item 2

Management's Discussion and Analysis of Financial Condition and Results of Operations

Group Overview

MNC and its subsidiaries (the “**Group**”) is among the frontrunners in the food manufacturing industry in the Philippines with a portfolio of various iconic and well-recognized brands. The Group’s two core businesses are the Asia-Pacific Branded Food and Beverage Business (“**APAC BFB Business**”) and the Meat Alternative Business (“**Meat Alternative Business**”), which includes the production, marketing, and sales of the Quorn and Cauldron meat alternatives brands.

The APAC BFB Business comprises three product groups: (i) instant noodles; (ii) biscuits; and (iii) other products (such as beverages, baked goods, and culinary aids). According to Nielsen, a global marketing research company, for the three months ended March 31, 2022, the Group’s APAC BFB Business ranked first based on retail sales value in the Philippines in the instant noodles and biscuits, as well as in the oyster sauce and yogurt drinks, sub-categories of the Others product group. Flagship brands contributing to the APAC BFB Business’ market-leading position include: *Lucky Me!* for instant noodles; *SkyFlakes*, *Fita*, *Nissin*, and *M.Y. San Grahams* for biscuits; *Mama Sita’s* for culinary aids; and *Dutch Mill* for yogurt drinks.

Quorn Foods is the market leader in the meat alternatives market in the UK with *Quorn* and *Cauldron* being the No. 1 and No. 4 brands. Quorn Foods is the only large-scale commercial provider of mycoprotein. The fermentation process required to produce mycoprotein at scale requires significant capital investment and importantly a unique know-how which Quorn Foods has derived from over 30 years of operating experience in order to maximize yield and efficiency.

The Group operates with an aspiration to improve the well-being of people and the planet by creating sustainable solutions for food security. These values are reflected in its product innovations and various aspects of its operations that create value to society and contribute to sustainable development. For example, to promote well-being, the Group made a move to offer noodles with no artificial preservatives added in *Lucky Me!* wet pouch and cups. It also made an investment in the development and implementation of the first high-speed airflow technology (“**HSAF**”) in one of its noodle productions lines to reduce the palm oil content in its noodle products and promote health. In 2015, MNC acquired Quorn Foods, which operates in the Meat Alternative Business with sustainability at its heart. Other initiatives have been implemented by the Group to utilize resources efficiently, move towards zero-waste-to-nature operations, and transit to low-carbon economy. In addition, the Group believes that its Meat Alternative Business represents a breakthrough innovation with the mycoprotein technology serving as a sustainable source of protein. According to a report by Carbon Trust (2018), the production of mycoprotein-based *Quorn Mince* results in only 7%, 11%, and 8% of beef’s carbon, land, and water footprint, respectively. Similarly, the production of mycoprotein-based *Quorn Pieces* results in only 29%, 36%, and 34% of chicken’s carbon, land, and water footprint, respectively

SIGNIFICANT FACTORS AFFECTING THE GROUP’S RESULTS OF OPERATIONS

The Group’s results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected its results in the past, and which the Group expects that they will continue to affect its results in the foreseeable future. Factors other than those discussed below could also significantly impact the Group’s results of operations and financial condition in the future.

Demand and Pricing

The Group’s results of operations are affected by consumers’ demand for its products, and pricing, in turn, affects demand. When determining its selling prices, the Group considers various factors, including, among others, prices of raw materials and packaging materials, taxes, fuel prices and other costs of doing business, distribution channels, and general economic conditions. The Group believes that instant noodles, bread, biscuits, and culinary aids are considered consumer staples. Biscuits, beverages, and packaged cakes are less of a priority during a period of high inflation and restricted mobility. These products can be sensitive to movements in disposable incomes, changes in product prices, and competitive pressures. 2021 saw flat

to declining demand for biscuits and beverages as these products are purchased for lunch boxes, between meals, and on-the-go consumption. Restricted mobility affected some occasions for use of biscuits, beverages, and packaged cakes during the COVID-19 pandemic.

Demand for fast-moving consumer goods is price elastic in general, particularly for consumers in the lower socio-economic classes where disposable income is limited. When prices increase or during periods of relatively weak economic growth where disposable income falls, consumers tend to switch to comparable lower-priced staple products and cut back on their consumption of discretionary products, particularly those in the lower socio-economic classes. With the inflation continuing to breach the BSP target in Quarter 1 2022, such effects may be more prone to drive consumer behavior if the high inflation scenario persists.

In addition, demand for fast-moving consumer goods is also influenced by the relative price relationships between such goods, consumer products, and other products and services in general. Consumers are prone to adjust their buying choices according to shifts in the perceived value-for-money propositions of the products. The Group intends to continue to innovate its products to enhance the perceived product values.

Changes in Consumer Tastes and Preferences

The Group's future growth will depend on its ability to maintain the competitive positions of its product portfolios and brands by proactively anticipating and responding to constant changes in consumer tastes and preferences. A key element in maintaining the market share for the Group's product portfolios is the ability to continuously and successfully introduce new products and product extensions to capture prevailing consumer preferences.

Consumer preferences may change due to various factors, including changes in economic conditions and income levels, shifts in demographic and social trends, changes in lifestyle and leisure activity patterns, regulatory actions and actions of competitors, any of which may affect consumers' perception of and willingness to purchase the Group's products, which may significantly impact its results of operations.

The Group regularly keeps abreast of the evolving consumer preferences and believes that its current broad array of products can address the shifts in trends. For example, to cater to a preference for a healthier product, the Group adopted high-speed airflow technology, infused its instant noodles with vegetable oil, and reduced palm oil in one of its *Lucky Me!* products. The Group believes that Quorn mycoprotein meat alternative products are well-placed to serve this segment for customers who demand food products that are more environment-friendly and offer health benefits. To take advantage of the "premiumization" trend of consumers, particularly from the growing rising middle class seeking higher quality and higher value products, the Group expanded its mass premium segment (the segment between premium and mainstream price points) by launching instant noodles with Asian flavors and instant pasta under the *Lucky Me!* brand and introducing *Monde Specials* as its mass premium packaged baked goods line offering high-quality baked products such as sponge cake, among other initiatives.

Effectiveness of Sales and Marketing Activities

The effectiveness of the Group's sales and marketing activities is critical to its market share expansion and revenue growth. The Group communicates with consumers through various channels and touchpoints, including advertisement on television, radio programs, social media platforms (such as YouTube, Facebook, Instagram, and Twitter), its website, program sponsorships, billboards, and brand activation roadshows. Customer touchpoints at the purchase stage include in-store promotions and loyalty programs. In addition, the Group partners with celebrities and other key influencers for media or online collaborations and events.

Advertising affects consumer awareness of the Group's products and brands, which, in turn, affects purchase decisions and, consequently, sales volumes. The Group believes that product differentiation and brand loyalty are achieved through its marketing and image-building efforts, and consumer brand preferences are the cumulative result of exposure to the brands over an extended period of time. However, the effects of these sales and marketing activities may be delayed, resulting in a delayed revenue growth which may not be fully reflected during the period in which the sales and marketing activities took place.

Prices of Raw Materials and Packaging Materials

Direct materials are major components of the Group's cost of goods sold. Direct materials comprise raw materials and packaging materials. Raw materials primarily consist of wheat, palm oil, flour, sugar, and coconut oil. The Group sources a majority of raw materials and all of its packaging materials from third parties in the Philippines and internationally.

Raw materials are subject to significant price volatility caused by a number of factors, including changes in global supply and demand, extreme weather conditions, size of harvests, transportation and storage costs, governmental agricultural policies, and currency exchange rate fluctuations. In addition, the Group's ability to obtain raw materials and packaging materials is affected by a number of factors beyond its control, including armed conflict, natural disasters, governmental laws and policies, interruptions in production by suppliers, and the availability of transportation.

The Group's profitability is dependent on, among other things, its ability to anticipate and react to fluctuations in the price of commodities, raw materials, and packaging materials. An increase in prices for or shortage of the Group's raw materials and packaging materials generally leads to an increase in production costs or interruption in the Group's production schedules, each of which could adversely affect its operating margins. Production delays could lead to reduced sales volumes and profitability as well as loss of market share. Conversely, favorable movements of raw materials costs and other items might improve the Group's margins and results of operations. The Group has been able to mitigate price fluctuations in raw materials to some extent through a combination of (i) operational synergy, (ii) the use of long-term contracts with suppliers to lock in pricing, (iii) diversification of sources of supply, and (iv) the Government price control of sugar, its second most consumed raw material.

Given that a significant portion of the Group's flour requirement is produced in-house at its Santa Rosa facility, the Group enjoys consistent supply, quality, and cost savings for flour from this operational synergy. Operational synergy is also achieved in the supply of seasoning for instant noodles production, and the Group set up a seasoning plant in Thailand to produce seasoning and condiments for its noodle plants in the Philippines.

Increases in costs of raw materials and packaging materials can typically be passed on to consumers. However, this may affect consumer demand as the Group's consumers are generally price sensitive. In some cases, these increases are not immediately passed on, if at all, to consumers in order to maintain or grow sales volumes and to protect the Group's market share. As a result, any material increase in the market price of raw materials could adversely affect the Group's operating margins, which may affect its financial position and operating performance.

Product Mix

The Group has a diversified product mix which primarily includes instant noodles, biscuits, other fast-moving consumer products, and meat alternatives. The Group adopts a multi-brand approach, pursuant to which there are one or more brands or product lines under each product category. Under each brand, the Group offers products with different flavors, different package sizes and/or different types of products to provide varieties. For example, in the instant noodles product group, there are three product lines under the *Lucky Me!* brand: (i) wet pouch; (ii) dry pouch; and (iii) cups. Each *Lucky Me!* product line offers a wide array of flavors. In the Meat Alternative Business, *Quorn* has an extensive range of vegan and vegetarian, some of which are gluten-free. *Quorn* products also cover all key shop aisles: frozen, chilled, and ambient products. The ability of the Group to continuously develop new products and launch product extensions to capture various consumer preferences enables the Group to successfully make available to its consumers a diverse and innovative product mix in a timely manner.

Typically, different products vary in product pricing, revenue growth rate, and gross profit margin. Each of the Group's brands has its own unique positioning with different marketing strategies and promotional costs. As a result, the Group's revenue and profitability are largely affected by its product mix.

Competition

The Group's products face competition from other domestic producers as well as from imported products and foreign brands. Competitive factors facing the Group's products include price, product quality, and availability, production efficiency, brand awareness and loyalty, distribution coverage, security of raw material supply, customer service, and the ability to respond effectively to changes in the regulatory environment as well as to shifting consumer tastes and preferences.

The Group's main competitors for the instant noodles product group are domestic producers which compete on pricing and regional brands that offer different flavors and taste experiences. The biscuits and other fast-moving consumer product groups face competition from multinational, national, regional, and local competitors. Similar to the instant noodles product group, these players compete on pricing, taste, and innovation. The Meat Alternative Business competes with a broad category of market participants such as multi-national corporates, venture capital-backed newer entrants, and private labels, and the product group also competes with traditional meat brands. Changes in the competitive landscape, including new entrants into the market, consolidation of existing competitors, and other factors, could have a material impact on the Group's financials and results of operations.

Economic, Social and Political Conditions in the Philippines and Other Countries

The majority of the Group's assets and revenues from its APAC BFB Business are located in or derived from its operations in the Philippines. Therefore, the Group's business, financial condition, results of operations, and prospects are substantially influenced by the economic, social, and political conditions in the Philippines. While the group is also significantly exposed to global commodity markets, mainly those for agricultural goods and energy. Although the Philippine economy has experienced stable growth in recent years prior to the COVID-19 outbreak, the Philippine economy has in the past experienced periods of slow or negative growth, high inflation, interest rates, fuel prices, power rates, other costs of doing business, and significant depreciation of the Peso. It has been significantly affected by weak economic conditions and volatilities in the global economy and the Asia-Pacific region. The COVID-19 pandemic, which led to nationwide and global restrictions and lockdown, has caused global and local economic recessions, and the Philippines economy has been hard hit as a result. We expect the effects of the COVID-19 pandemic will extend well into 2022, and recovery remains challenging. In addition, the Russia-Ukraine conflict and the attached impacts on the global markets will materially influence the group in areas such as commodity

costs, supply constraints and shipping. As consumers grapple with uncertainty, their buying behavior and preferences become more erratic. Please see further discussion under “Geopolitical Situation in Ukraine and Russia”, outlining our management response to address challenges arising from geopolitical situation in Ukraine and Russia.

Sales of most of the products of the Group’s APAC BFB Business have been influenced and will continue to be influenced, to some degree, by the general state of the Philippine economy as well as the stability of social and political conditions in the country, with 2022 being particularly impacted by the national elections. While sales of a portion of the Group’s products such as biscuits, beverages, and packaged cakes can be sensitive to changes in income and social conditions such as restricted mobility, the Group offers products that are considered as staple items or components to staple items which are less sensitive to income changes and adverse economic, social and political conditions. These include instant noodles, bread, and culinary aids.

The Group also conducts its APAC BFB Business in Thailand, including its export operations. As such, economic, social, and political conditions in Thailand may also affect the Group’s business, financial condition, results of operations, and prospects. In addition, the COVID-19 pandemic presented certain challenges in relation to the Group’s interactions with its export distributors and assessment of the quality of in-market execution. As a main factor the global situation in the shipping industry with significant price increases, availability of ships and containers, and resulting delays may influence growth and profitability of the export business.

A significant portion of the Group’s assets and revenue from its Meat Alternative Business are also located in or derived from its operations in the U.K. Therefore, economic, social, and political conditions in the United Kingdom may also affect the Group’s business and financial condition results of operations and prospects. The UK continues to be affected by the ongoing Covid pandemic and extended recovery period, as well as the lingering effects of the exit from the EU. Labor shortages in the food and transport industry and significant commodity and utility inflation are present and may persist well into 2022. The UK presently posts material inflation numbers which reached levels not experienced in more than 25 years. This strong inflation footprint may impact the consumer buying behavior, and the company’s input costs.

Seasonality

In the consumer goods industry, results of operations generally follow the seasonality of consumer buying patterns, and the Group’s sales are affected accordingly. In the Philippines, most food and beverage products, including those of the Group, experience increased sales from October to December related to the Christmas and New Year’s season. Consequently, the fourth quarter has historically been the Group’s strongest quarter by volume for culinary aids and some of its biscuit products, including *M.Y. San Grahams*. Seasonality during certain events also affects the Group’s sales. In addition, seasonality varies across product types. Some of the Group’s products have distinct seasonality. For instance, *Lucky Me!* wet pouch instant noodles see an increase in sales in the colder months as customers’ preference for warm food increases. The Government also sources instant noodles, a staple in its relief goods package, from the Group for distribution to the public. A number of biscuit products experience higher sales during the school year as the Group’s products are generally purchased for lunch boxes, between-meals, on-the-go consumption, and consumption at home. As a result, seasonality could affect the Group’s financial condition and results of operations from one quarter to another, particularly in relation to the fourth quarter of each year. To counter the seasonality of some of its products, the Group created marketing and advertising initiatives that encourage the sustained consumption of its products throughout the year. The Group believes that the diversity of its product mix reduces the specific seasonality impact of certain products in its portfolio.

Innovation

In addition to its ability to introduce new product innovations and renovations, delivering on the Group's aspiration will also depend on the Group's ability to continuously drive loss-eliminating process innovations and work system innovation. Continuous improvement in process innovation and work system redesign will impact multiple fronts such as superior quality and consumer experience, fresher products to market, higher productivity, and improved sustainability via less wastage/use of resources and better process reliability.

COVID-19 Pandemic

During the COVID-19 pandemic, the Group prioritizes the safety of its employees and provides various support to ensure the well-being of its workforce. For example, the Group, in coordination with the local government, has implemented free vaccination programs, installed sanitization equipment such as alcohol gel dispensers throughout its facilities, handed out masks, allowed employees to take special leaves, and provided isolation facilities for suspected cases. The Group encourages employees to care for their health and implemented the "Commit to COVID-19 free" program, which provides incentives to employees who do not contract COVID-19 throughout the relevant period.

In the quarter ending March 31st we experienced a gradual reduction in lockdowns, and a return of pre-pandemic consumer behavior due to increased mobility. APAC BFB saw increased offtake in modern trade as shoppers return to supermarkets, while the Meat Alternative segment saw strong increases in food service as out of home consumption rebounded.

The group is continuously monitoring the situation as infection case resurgences may impact the ongoing economic recovery, and operations. The group has supply exposure to regions with continued lockdowns during Q1 2022 and may experience disruptions due to delayed shipments of raw or packaging materials.

Geopolitical Situation in Russia and Ukraine

In February of 2022 an armed conflict between Russia and Ukraine commenced. Due to this action numerous sanctions were implemented against Russia. Both countries account for large parts of global agricultural supply. Specifically, wheat, corn, and sunflower seeds and oil. Furthermore, other key commodities such as oil and gas, related petrochemical products, and fertilizer amongst others.

The armed conflict has put the 2022 growing season in the Ukraine at risk, and the export infrastructure inland and in the Black Sea inaccessible or destroyed it. Possible effects may continue during the 2022-2023 growing. Potentially further amplified if weather in other growing regions may not produce optimum output impacting already low stock to use ratios of most agricultural commodities.

The Group is impacted by the accompanying world market movements tied to the limited access to these resources due to sanctions on Russia, and possible shortage in certain commodities and the resulting increased prices. In addition to increased prices short supply in certain inputs may occur because of the conflict and impact revenue and profitability of the Group.

The Group is putting mitigating actions in place such as long-term supply contract, increased inventory holding of key materials, and exploring of diversification of sourcing regions. The Group also plan to accelerate productivity improvement measures and another round of price actions to recover inflation hit on gross profit.

Capacity and Utilization of the Group's Facilities

The ability of the Group to meet the demand for its products depends on its ability to build, maintain and expand its production capacity. Capacity expansion affects the ability of the Group to introduce new products or new uses for its existing products, which, in turn, impacts the ability of the Group to be agile and responsive to rapidly changing customer needs and expectations.

Capacity improvement and expansion require significant capital investment, including in rapidly changing technologies and innovations. An investment in new technology or an enhancement of existing technology, in each case to increase capacity and utilization, may result in similar or other operational challenges. Furthermore, the effects of these investments may be delayed, resulting in a delayed revenue growth which may not be fully reflected during the period in which the investments were made.

Financial Highlights and Key Indicator

The summary financial information presented as at December 31, 2021, and for the three months ended March 31, 2022, and March 31, 2021, was derived from the Group's unaudited interim consolidated financial statements, prepared in accordance with Philippine Accounting Standard 34, *Interim Financial Reporting*. The information below is not necessarily indicative of the results of future operations

In this report and as defined below, Core EBITDA, Core EBITDA Margin, Core Income Before Tax, Core Income Before Tax Margin, Core Income (After Tax), Core Income (After Tax) Margin, Core Income (After Tax) at Ownership, and Core Income (After Tax) at Ownership Margin are internal management performance measures and are not measures of performance under Philippines Financial Reporting Standards (PFRSs). Thus, users of this report should not consider foregoing financial non-PFRS measures in isolation or as an alternative to Net Income as an indicator of the Company's operating performance or to cash flow from operating, investing, and financing activities.

Core EBITDA is measured as net income excluding depreciation and amortization of property and equipment and intangible assets, asset impairment on noncurrent assets, financing costs, interest income, share in net earnings (losses) of associates and joint ventures, net foreign exchange gains (losses), net gains (losses) on derivative financial instruments, loss on redemption of Arran's convertible note, and provision for (benefit from) income tax. Core EBITDA margin pertains to Core EBITDA divided by segment net sales.

Core Income Before Tax is measured as net income excluding the effects of asset impairment on noncurrent assets, non-recurring financing costs, interest income, equity in net earnings (losses) of associates and joint ventures, net foreign exchange gains (losses) except those related to U.S dollar balances that the company hedge against foreign exchange risks, net gains (losses) on derivative financial instruments, loss on redemption of Arran's convertible note, NRI/(E). Core Income Before Tax Margin pertains to Core Income Before Tax divided by segment net sales.

Core Income (After Tax) pertains to Core Income Before Tax less income tax based on recurring tax rate per entity. Core Income (After Tax) Margin pertains to Core Income (after tax) divided by segment net sales.

Core Income (After Tax) at Ownership pertains to Core Income (After Tax) less core income attributable to non-controlling interest (NCI).

The following discussion should be read in conjunction with the attached Unaudited Consolidated Financial Statements and related notes of Monde Nissin Corporation (“MNC” or “the Parent Company” and its subsidiaries (collectively, referred to as the “Group”) as at and for the three months ended March 31, 2022.

I. SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

I.A CORE INCOME AFTER TAX RECONCILIATION

in PhP millions, except percentages						
	YTD 2022 (Unaudited)	% to Net Sales (in %)	YTD 2021 (Unaudited)	% to Net Sales (in %)	Inc (Dec)	Inc (Dec) (in %)
Net Sales	18,298	100.0	17,076	100.0	1,222	7.2
Less: Cost of Goods Sold	11,876	64.9	10,364	60.7	1,512	14.6
Gross Profit	6,422	35.1	6,712	39.3	(290)	(4.3)
Less: Sales, General & Administrative (SGA)	3,517	19.2	3,341	19.6	176	5.3
Other Income (Expense)						
Less: Interest expense ⁽¹⁾	(74)	(0.4)	(29)	(0.1)	(45)	155.2
Foreign exchange loss (gain) - net ⁽²⁾	(35)	(0.2)	—	—	(35)	n/m
	(109)	(0.6)	(29)	(0.1)	(80)	275.9
Core Income Before Tax	2,796	15.3	3,342	19.6	(546)	(16.3)
Less: Provision for income tax ⁽³⁾	672	3.7	767	4.5	(95)	(12.4)
Core Income (After Tax)	2,124	11.6	2,575	15.1	(451)	(17.5)
Less: Non-Controlling Interest	3	—	124	0.7	(121)	(97.6)
Core Income (After Tax) at Ownership	2,121	11.6	2,451	14.4	(330)	(13.5)

n/m = not meaningful %

⁽¹⁾ Recurring interest expense on Loans and Trust Receipts Payable

⁽²⁾ Foreign exchange gain on U.S dollars balances for the Group's natural hedge

⁽³⁾ Based on recurring income tax rate per entity

I.B REPORTED INCOME AFTER TAX RECONCILIATION

in PhP millions, except percentages						
	YTD 2022 (Unaudited)	% to Net Sales (in %)	YTD 2021 (Unaudited)	% to Net Sales (in %)	Inc (Dec)	Inc (Dec) (in %)
Core Income (After Tax)	2,124	11.6	2,575	15.1	(451)	(17.5)
Other income (expenses)						
Foreign exchange gain (loss) – net ⁽¹⁾	68	0.4	8	—	60	750.0
Share in net earnings (losses) from associates and Joint ventures	9	—	10	0.1	(1)	(10.0)
Gain on sale of property, plant and equipment	1	—	1	—	—	—
Miscellaneous income ⁽²⁾	29	0.2	28	0.2	1	3.6
Impairment (loss)/reversal	(1)	—	—	—	(1)	n/m
	106	0.6	47	0.3	59	125.5
Finance income (expense)						
Interest expense ⁽³⁾	(52)	(0.3)	(888)	(5.2)	836	(94.1)
Interest income	9	—	17	0.1	(8)	(47.1)
Derivative gain (loss) - net	75	0.4	382	2.2	(307)	(80.4)
	32	0.2	(489)	(2.9)	521	n/m
Add: Provision for income tax ⁽⁴⁾	73	0.4	224	1.3	(151)	(67.4)
Reported net income (after tax)	2,335	12.8	2,357	13.8	(22)	(0.9)

n/m = not meaningful %

⁽¹⁾ Excluding foreign exchange gain on USD reserves for the Group's natural hedge (included in the Core Income calculation above)

⁽²⁾ Miscellaneous income includes the reversal of provision for expected credit losses, market valuation gain on financial instruments on FVTL, and other income.

⁽³⁾ Excluding recurring interest expense on Loans and Trust Receipts Payable (included in the Core Income calculation above)

⁽⁴⁾ Income tax effect of Other Income(expenses). To simplify, this is the difference between Total provision for income tax as reported and provision for income tax related to Core Income.

II – OPERATING SEGMENTS OF THE GROUP

As mentioned in the business overview section, the Group's two core businesses are the Asia-Pacific Branded Food and Beverage Business (**APAC BFB Business**) and the Meat Alternative Business (**Meat Alternative Business**).

Segment performance is evaluated based on: Core Earnings before interest, taxes, and depreciation and amortization, or Core EBITDA; Core EBITDA margin; and Core Income before tax, Core Income before margin, Core Income (after tax), Core Income (after tax) margin, Core Income (after tax) at Ownership and Core Income (after tax) at Ownership margin.

The table below presents certain financial information relating to the Group's results of operation by segment for the periods indicated.

	in PhP millions, except percentages					
	YTD 2022	% to Total	YTD 2021	% to Total	Inc/(Dec)	Inc/(Dec)
	(Unaudited)	(in %)	(Unaudited)	(in %)		(in %)
Net Sales						
APAC BFB	14,539	79.5	13,394	78.4	1,145	8.6
Meat Alternative	3,759	20.5	3,682	21.6	77	2.1
Total	18,298	100.0	17,076	100.0	1,222	7.2
Gross Profit						
APAC BFB	4,995	34.4	5,204	38.9	(209)	(4.0)
Meat Alternative	1,427	38.0	1,508	41.0	(81)	(5.4)
Total	6,422	35.1	6,712	39.3	(290)	(4.3)
Core Income before Tax						
APAC BFB	2,808	19.3	3,144	23.5	(336)	(10.7)
Meat Alternative	(12)	(0.3)	198	5.4	(210)	(106.1)
Total	2,796	15.3	3,342	19.6	(546)	(16.3)
Core Income (after tax)						
APAC BFB	2,137	14.7	2,407	18.0	(270)	(11.2)
Meat Alternative	(13)	(0.3)	168	4.6	(181)	(107.7)
Total	2,124	11.6	2,575	15.1	(451)	(17.5)
Core Income (after tax) at Ownership						
APAC BFB	2,134	14.7	2,283	17.0	(149)	(6.5)
Meat Alternative	(13)	(0.3)	168	4.6	(181)	(107.7)
Total	2,121	11.6	2,451	14.4	(330)	(13.5)
Core EBITDA ⁽¹⁾						
APAC BFB	3,382	23.3	3,613	27.0	(231.0)	(6.4)
Meat Alternative	218	5.8	382	10.4	(164.0)	(42.9)
Total	3,600	19.7	3,995	23.4	(395.0)	(9.9)

Note: (1) See "Other Financial Data - Core EBITDA Reconciliation"

RESULTS OF OPERATIONS

For the three months ended March 31, 2022, compared to three months ended March 31, 2021

Net Sales

Net sales continued to grow, up by 7.2%, from ₱17,076 million in YTD 2021 to ₱18,298 million in YTD 2022, driven by 10.5% growth in domestic business.

APAC BFB

Net sales in the APAC BFB segment increased by 8.6%, from ₱13,394 million in YTD 2021 to ₱14,539 million in YTD 2022. The increase was driven by improving performance of the domestic business, which grew 10.5% on price increases and continued volume growth for the noodles, culinary and package cakes. Biscuits continued to stabilize, volume grew high single-digit compared with YTD 2021 and at par with Q1 2019 level. Biscuits growth was driven by successful campaigns and improvement in mobility. Beverage also saw recovery; overall volume grew double-digit, driven by accelerated growth of *Dutch Mill Yoghurt* and partial supply recovery of *Dutch Mill Delight*. Meanwhile, international business declined by 15.4%, mainly due to shipping constraints during the quarter. This was tapered by continued growth of biscuits in Thailand market, driven by successful campaigns and new products launch.

Meat Alternative

Net sales in the Meat Alternative segment increased by 2.1% from ₱3,682 million in YTD 2021 to ₱3,759 million in YTD 2022, driven by the positive effect of forex and price increase in UK. Excluding the effect of forex, Meat Alternative's overall net sales growth was slightly down by 1.3% as the UK grocery market remains in decline and as the country continues to experience challenging macroeconomic conditions. Retail sales posted a decline as the market rebalances to out of home consumption. Meanwhile, foodservice delivered a record quarter growth of 124%

Cost of Goods Sold

Cost of goods sold increased by 14.6%, from ₱10,364 million in YTD 2021 to ₱11,876 million in YTD 2022, primarily due to increase in volume in APAC BFB and effect of continuing commodity and energy price increases across business segment. Cost of goods sold as a percentage of net sales increased by 4.2%, from 60.7% in YTD 2021 to 64.9% in YTD 2022.

APAC BFB

The cost of goods sold in the APAC BFB segment increased by 16.5%, from ₱8,190 million in YTD 2021 to ₱9,544 million in YTD 2022, primarily due to higher volume and continuing commodity and energy price increases. Prices of key raw materials and ingredients such wheat/flour, palm oil, coconut oil, and shortening liquid have increased significantly in YTD 2022 as compared last year. The effect of rising commodity and energy prices was contained mainly through hedging of wheat and palm oil, maximizing internal flour supply, inventory management and on-going productivity initiatives.

Meat Alternative

The cost of goods sold in the Meat Alternative segment increased by 7.3%, from ₱2,174 million in YTD 2021 to ₱2,332 million in YTD 2022, primarily due higher commodity and energy prices heightened by recent geopolitical situation in Ukraine and Russia.

Gross Profit

Gross profit decreased by 4.3%, from ₱6,712 million in YTD 2021 to ₱6,422 million in YTD 2022, due to on-going margin recovery from rising commodity and energy prices. The gross margin decreased by 4.2%, from 39.3% in YTD 2021 to 35.1% in YTD 2022.

APAC BFB

Gross profit for the APAC BFB segment decreased by 4.0%, from ₱5,204 million in YTD 2021 to ₱4,995 million in YTD 2022, for the reasons discussed above. Gross margin decreased by 4.5%, from 38.9% in YTD 2021 to 34.4% in YTD 2022.

Meat Alternative

Gross profit for the Meat Alternative segment decreased by 5.4%, from ₱1,508 million in YTD 2021 to ₱1,427 million in YTD 2022, for the reasons discussed above. The gross margin decreased by 3.0%, from 41.0% in YTD 2021 to 38.0% in YTD 2022.

Sales, General and Administrative Expenses

Sales, general and administrative expenses increased by 5.3%, from ₱3,341 million in YTD 2021 to ₱3,517 million in YTD 2022, primarily due to higher volume, forex, salary inflation, and carry-over effect of the investment decisions, particularly to improve research and development and administrative capabilities in Meat Alternative business. Advertising and promo were contained, slightly lower than last year and significantly lower than Q4 2021 level.

APAC BFB

Sales, general and administrative (SG&A) expenses in the APAC BFB segment increased by 3.8%, from ₱2,057 million in YTD 2021 to ₱2,136 million in YTD 2022. The increase was mainly due to higher sales volume, and salary inflation. Overall, the SG&A was contained, SG&A as % of sales was lower by 0.7%, from 15.4% in YTD 2021 to 14.7% in YTD 2022.

Meat Alternative

Sales, general, and administrative expenses for the Meat Alternative segment increased by 7.6%, from ₱1,284 million in YTD 2021 to ₱1,381 million in YTD 2022. The increase was due to effect of forex and the carry-over effect of the investment decision made in 2021 primarily in improving research development and administrative capabilities. In British pound terms, SG&A increased by 3.5% from £19,289 million in YTD 2021 to £19,963 million in YTD 2022.

Core Income (After Tax)

Core Income (after tax) decreased by 17.5%, from ₱2,575 million in YTD 2021 to ₱2,124 million in YTD 2022, for the reasons discussed above.

Core Income (After Tax) at Ownership

Core Income (after tax) at Ownership declined by 13.5%, from ₱2,451 million in YTD 2021 to ₱2,121 million in YTD 2022. Core Income attributable to non-controlling interest was significantly down by 97.6%, from ₱124 million to ₱3 million, due to acquisition by the Parent Company on January 29, 2021, of the minority shares of MMYSC owned by MY Cracker Inc. (MCI).

Share in Net Gains of Associates and Joint Ventures

Share in net gains of associates and joint ventures decreased by 10%, from ₱10 million in YTD 2021 to ₱9 million in YTD 2022 due to lower income from KBT International Holdings, Inc.

Foreign Exchange Gain – Net (excluding foreign exchange on USD reserves for natural hedge against foreign exchange risks)

Net foreign exchange (forex) gain increased by 750.0%, from ₱8 million in YTD 2021 to ₱68 million in YTD 2022, primarily due to realized gains from market placement of the outstanding balance of IPO proceeds.

Interest Expense (excluding recurring interest on Loans Payable and Trust Receipts Payable)

Interest expense significantly decreased by 94.1%, from ₱888 million in YTD 2021 to ₱52 million in YTD 2022 mainly due to redemption of Arran's convertible notes and bank loans. YTD 2021 includes ₱658 million related to accretion of interest on Arran's convertible notes.

Interest Income

Interest income from cash and cash equivalents decreased by 47.1%, from ₱17 million in YTD 2021 to ₱9 million in YTD 2022 due to lower interest.

Derivative Gain (Loss)

Derivative gains decreased by 80.4% from ₱382 million in YTD 2021 to ₱75 million in YTD 2022 mainly due to redemption of Arran's convertible. Derivative gain for YTD 2021 came from fair market valuation of convertible note. In YTD 2022, the derivative gains from Marlow Foods changed in fair value of the interest rate swap to eliminate the cash flow risk around the interest on loans payable.

Income Before Income Tax

Income before income tax increased by 1.2%, from ₱2,900 million in YTD 2021 to ₱2,934 million in YTD 2022 mainly due to lower interest expense, as discussed above.

Total Income Tax Expense

Income tax expense increased by 10.3%, from ₱543 million in YTD 2021 to ₱599 million in YTD 2022 due to overpayment of tax in 2020 due to Corporate Recovery and Tax Incentives for Enterprise (CREATE) Act from 30% to 25%. The benefit from overpayment was recognized in Q1 2021 resulting to lower income tax expense.

Reported Net Income (after tax)

As a result of the foregoing, net income slightly declined by 0.9%, from ₱2,357 million in YTD 2021 to ₱2,335 million in YTD 2022. Net income as a percentage of net sales decreased by 1.0%, from 13.8% in YTD 2021 to 12.8% in YTD 2022.

STATEMENT OF FINANCIAL POSITION

Financial condition as at December 31, 2021, compared to as at March 31, 2022.

Current Assets

The Group's current assets slightly increased by 1.0%, from ₱30,613 million as at December 31, 2021, to ₱30,934 million as at March 31, 2022.

	March 31, 2022		December 31, 2021		Increase (Decrease)	
	% to Total		% to Total			
	Unaudited	(In %)	Audited	(In %)	Amount	In %
	In PhP millions, except percentages					
Cash and cash equivalents	13,481	44	13,857	45	(376)	(2.7)
Trade and other receivables	6,916	22	6,249	20	667	10.7
Inventories	8,885	29	8,572	28	313	3.7
FVTPL	2	—	—	—	2	n/m
Loans Receivable – Current	164	—	165	1	(1)	(0.6)
Prepayments and other current assets	1,486	5	1,770	6	(284)	(16.0)
Total	30,934	100	30,613	100	321	1.0

¹ Financial assets at fair value through profit or loss (FVTPL)

Trade and other receivables increased by 10.7%, from ₱6,249 million as at December 31, 2021, to ₱6,916 million as at March 31, 2022 due to higher sales. Days sales outstanding improved by 2 days from 34 days as at December 31, 2021 to 32 days as at March 31, 2022.

Prepayments and other current assets decreased by 16.0%, from ₱1,770 million as at December 31, 2021, to ₱1,486 million as at March 31, 2022, due to usage of prepaid income tax due to higher taxable income in Q1 2022 resulting to payable position.

Noncurrent Assets

The Group's noncurrent assets slightly increased by 0.6%, from ₱69,245 million as at December 31, 2021, to ₱69,683 million as at March 31, 2022.

	March 31, 2022		December 31, 2021		Increase (Decrease)	
	% to Total		% to Total			
	Unaudited	(In %)	Audited	(In %)	Amount	In %
	in PhP millions, except percentages					
Intangible assets	35,522	51	35,647	51	(125)	(0.4)
Property, plant and equipment	30,370	44	29,952	43	418	1.4
Investments in associates and joint ventures	1,103	2	1,094	2	9	0.8
Deferred tax assets – net	999	1	886	1	113	12.8
Derivative asset	45	–	–	–	45	n/m
Noncurrent receivables	500	1	500	1	–	–
Other noncurrent assets	1,144	1	1,166	2	(22)	(1.9)
Total	69,683	100	69,245	100	438	0.6

Deferred tax asset increased by 12.8%, from ₱886 million as at December 31, 2021, to ₱999 million as at March 31, 2022, due to mark to market adjustment for British pounds hedge amounting ₱479 million.

Current Liabilities

The Group's current liabilities decreased by 7.1%, from ₱22,409 million as at December 31, 2021, to ₱20,815 million as at March 31, 2022. The decrease was mainly due lower acceptances and trust receipts payable.

	March 31, 2022		December 31, 2021		Increase (Decrease)	
	Unaudited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	In PhP millions, except percentages					
Accounts payable and other current liabilities	10,941	53	11,156	50	(215)	(1.9)
Acceptances and trust receipts payable	2,248	11	3,715	17	(1,467)	(39.5)
Current portion of loans payable	6,980	34	6,999	31	(19)	(0.3)
Refund liabilities	305	1	304	1	1	0.3
Current portion of lease liabilities	90	—	97	—	(7)	(7.2)
Income tax payable	251	1	138	1	113	81.9
Total	20,815	100	22,409	100	(1,594)	(7.1)

Acceptances and trust receipts payable decreased by 39.5%, from ₱3,715 million as at December 31, 2021, to ₱2,248 million as at March 31, 2022. The decrease was due to retirement of some trust receipts payable.

The current portion of loans payable as at December 31, 2021 and March 31, 2022 pertains to MNUK's outstanding loan which was reclassified from noncurrent. As at December 31, 2021, loans of MFL, a wholly owned UK-based indirect subsidiary, was reclassified to current portion as MFL exceeded the gross leverage covenant threshold of 3.0x. To address this issue, on March 24, 2022, the Parent Company entered into a Guarantee Agreement with Citicorp International Limited (as agent for and on behalf of certain financial institutions) to guarantee the 7,059.4 million (£103.0 million) (see Note 29). The financial institutions formally granted a waiver of the covenant requirement on January 11, 2022, which became effective on March 24, 2022. The waiver is effective covering December 31, 2021 covenant requirement. Long-term loans payable presented as current as at December 31, 2021 amounted to 5,346.0 million (£78.0 million).

Income tax payable increased by 81.9%, from ₱138 million as at December 31, 2021, to ₱251 million as at March 31, 2022, mainly due to income tax payable of MMYSC related to Q1 2022 taxable income.

Noncurrent Liabilities

The Group's noncurrent liabilities flat, from ₱9,033 million as at December 31, 2021, to ₱9,017 million as at March 31, 2022.

	March 31, 2022		December 31, 2021		Increase (Decrease)	
	Unaudited	In %	Audited	In %	Amount	%
	in PhP millions, except percentages					
Deferred tax liabilities – net	5,666	63	5,702	64	(36)	(0.6)
Lease liabilities	2,670	30	2,662	29	8	0.3
Pension liability	661	7	649	7	12	1.8
Other noncurrent liabilities	20	—	20	—	—	—
Total	9,017	100	9,033	100	(16)	(0.2)

Equity

The Group's total equity increased by 3.4%, from ₱68,416 million as at December 31, 2021, to ₱70,785 million as at March 31, 2022 due to recognition of the results of operations in Q1 2022.

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Group's principal sources of liquidity are cash flows from its operations, borrowings, and IPO proceeds. For the three months ended March 31, 2021, the Group's cash flow from operations were sufficient to provide for its operations, partial settlement of outstanding loans and dividend payments. For the three months ended March 31, 2022, the Group's cash flows from operations were sufficient to provide for its operations. The IPO proceeds financed the Company's capital expenditures requirements for YTD 2022.

The Group's principal requirements for liquidity are for purchases of raw materials and payment of other operating expenses, investments in production equipment, payment of cash dividends, and other working capital requirements.

The cash flows of the Group are primarily from the operations of its APAC BFB Business. The Group expects that its operating cash flow will continue to be sufficient to fund its operating expenses for the foreseeable future. The Group also maintains long- and short-term credit facilities with various financial institutions, which can support any temporary liquidity requirements. Part of the operating cash flow will also be used to fund capital expenditures. Any excess CapEx beyond the operating cash flow will be funded by the IPO proceeds or bank borrowings.

Cash Flows

The following discussion of the Group's cash flows for the year ended March 31, 2022, and March 31, 2021 should be read in conjunction with the statements of cash flows and notes included in Unaudited Interim Consolidated Financial Statements.

The table below sets forth the principal components of the Group's statements of cash flows for the years indicated.

	Three months ended March 31,	
	2022	2021
	In PhP millions	
Net cash flows provided by operating activities	809	3,339
Net cash flows used in investing activities	(1,088)	(3,424)
Net cash flows from (used in) financing activities	(72)	(1,137)
Net increase in cash and cash equivalents	(351)	(1,222)
Effect of foreign exchange rate changes on cash and cash equivalents	(25)	17
Cash and cash equivalents at beginning of year	13,857	7,093
Cash and cash equivalents as at March 31,	13,481	5,888

Net cash flow provided by operating activities

The net cash flows provided by operating activities were ₱809 million for the three months ended March 31, 2022. The Group's income before income tax for the year was ₱2,934 million. Cash generated from operations (after adjusting for, among other things, depreciation, and amortization, and working capital changes) was ₱1,413 million. The Group paid income taxes of ₱614 million.

The net cash flows provided by operating activities were ₱3,339 million for three months ended March 31, 2021. The Group's income before income tax for this period was ₱2,900 million. Cash generated from operations (after adjusting for, among other things, depreciation, and amortization, and working capital changes) was ₱3,685 million. The Group generated cash from interest received amounting to ₱18 million and paid income taxes of ₱365 million.

Net cash flows used in investing activities

The Group's net cash flows used in investing activities were ₱1,088 million for the three months ended March 31, 2022. The cash outflow primarily for the Group's payments for CapEx of ₱1,106 million.

The Group's net cash flows used in investing activities were ₱3,424 million for three months ended March 31, 2021. The cash outflow primarily for the Group's payments for CapEx of ₱1,231 million and MNC also bought the additional shares in MMYSC from MCI, amounting to ₱1,822 million, increasing its ownership to 100%.

Net cash flows used in financing activities

The net cash flows used in financing activities were ₱72 million for the three months ended March 31, 2022. The net cash outflow primarily consists of payment of interest expense and lease liabilities.

The net cash flows used in financing activities were ₱1,137 million for the three months ended March 31, 2021. The cash outflow primarily for the payment of dividends, loans, and related interest expense. The cash inflow primarily for issuance of additional capital of ₱1,815 million from MCI.

FINANCIAL RATIOS / KEY PERFORMANCE INDICATORS

The following are the major financial ratios that the Group uses and monitors.

The top 5 key performance indicators are Sales Growth, Gross Margin, Net Profit margin, Core EBITDA margin, and Core Return on equity.

	March 31, 2022	December 31, 2021
Current ratio	1.49	1.37
Acid test ratio	0.99	0.90
Solvency ratio	0.19	0.18
Debt-to-equity ratio	0.42	0.46
Asset-to-equity ratio	1.42	1.46

	For the three months March 31,	
	2022	2021
Net Sales Growth	7.2%	1.8%
Gross Margin	35.1%	39.3%
Core Net Income After Tax margin (at ownership)	11.6%	14.4%
Core EBITDA Margin	19.7%	23.4%
Core Return on equity *	11.3%	17.5%
Core Return on assets *	7.8%	8.9%
Interest rate coverage ratio	24.2	4.1

*Annualized

The manners by which the ratios are computed are as follows:

Financial ratios	Formula
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Acid test ratio	$\frac{\text{Cash and cash equivalents} + \text{Current receivables} + \text{Current Financial Assets}}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Net income attributable to equity holders of the Company} + \text{Depreciation and amortization}^{**}}{\text{Total liabilities}}$
Debt-to-equity ratio	$\frac{\text{Total liabilities (current + noncurrent)}}{\text{Equity attributable to equity holders of the Company}}$
Asset-to-equity ratio	$\frac{\text{Total assets (current + noncurrent)}}{\text{Equity attributable to equity holders of the Company}}$
Interest rate coverage ratio	$\frac{\text{EBIT}}{\text{Interest Expense}}$
Net Sales Growth	$\frac{\text{Current period net sales} - \text{prior period net sales}}{\text{Prior period net sales}}$
Gross margin	$\frac{\text{Gross profit}}{\text{Net sales}}$
Core EBITDA Margin	$\frac{\text{Core EBITDA}}{\text{Net sales}}$
Net profit margin	$\frac{\text{Core Income after-tax at Ownership}}{\text{Net sales}}$
Core Return on equity	$\frac{\text{Core income after-tax at Ownership}^{**}}{\text{Equity attributable to equity holders of the Company (average)}^*}$
Core Return on assets	$\frac{\text{Core income after tax at Ownership}^{**}}{\text{Total assets (average)}^*}$

Note:

* (average) means the average of the amounts from the beginning and end of the same period.

** January to March 2022 and April to December 2021 to get annualized results.

OTHER FINANCIAL DATA

I. EBITDA Reconciliation

The following tables set out EBITDA reconciliation with respect to the Group's business segments for the period indicated:

For the three months ended March 31, 2022 (Unaudited)			
	APAC BFB	Meat Alternative	Total
	(in PhP millions)		
Income before Income Tax	2,867	67	2,934
Interest Expense	65	61	126
Interest Income	(8)	(1)	(9)
EBIT	2,924	127	3,051
Derivative Gain	-	(75)	(75)
Foreign Exchange (Gain) – Net	(27)	(6)	(33)
Impairment	1	-	1
Depreciation and Amortization Expense	484	172	656
EBITDA	3,382	218	3,600

For the three months ended March 31, 2021 (Unaudited)			
	APAC BFB	Meat Alternative	Total
	(in PhP millions)		
Income before Income Tax	2,707	193	2,900
Interest Expense	889	28	917
Interest Income	(17)	-	(17)
EBIT	3,579	221	3,800
Derivative Gain	(382)	-	(382)
Foreign Exchange Gain – Net	(11)	3	(8)
Depreciation and Amortization Expense	427	158	585
EBITDA	3,613	382	3,995

FINANCIAL LIABILITIES

The following table summarizes the Group's financial liabilities as at March 31, 2022.

	In PhP millions			1 to 5 Years	More than 5 Years	Total
	On Demand	1 to 3 Months	3 to 12 Months			
Financial Liabilities						
Trade and other payables *	2,403	7,951	44	-	-	10,398
Loans Payable **	-	-	7,037	-	-	7,037
Convertible note	-	-	-	-	-	-
Lease liabilities	-	112	174	1,078	7,097	8,462
Acceptance and trust receipts payable	-	-	2,249	-	-	2,249
	2,403	8,063	9,504	1,078	7,097	28,146

* Including statutory payable

**Includes principal amount and interest expense.

Capital Expenditures

The Group's Capital Expenditures were primarily attributable to positioning the Group's APAC BFB Business and Meat Alternative Business to develop new business, expand the Group's production capacity and capability, and improve operational efficiencies. The Group invested in the construction of a new manufacturing plant, new production lines, and machineries.

The table below sets out the CapEx for the three months ended March 31, 2022 and March 31, 2021 of the Group:

	For the three months ended March 31,	
	2022	2021
	(in PhP millions)	
APAC BFB	639	972
Meat Alternative	467	258
Total	1,106	1,231

In 2021 and 2022, the Group's major CapEx in its APAC BFB segment was primarily for additional investment for new manufacturing plant in Malvar Batangas, investment in machineries to improve operational efficiencies and new noodles production lines.

In 2021 and 2022, the Group's major Capital Expenditure in its Meat Alternative segment was mainly to increase production fermentation capacity.

Off-Balance Sheet Arrangements

As at March 31, 2022, the Group did not have any material off-balance sheet arrangements or obligations that were likely to have a current or future effect on the Group's financial condition, revenues or expenses, results of operations, liquidity, Capital Expenditures, or capital resources.

Quantitative and Qualitative Disclosure of Market Risk

The Group's APAC BFB Business and Meat Alternative Business are exposed to various types of market risks in the ordinary course of business, including foreign currency risk, commodity price risk, interest rate risk, liquidity risk, and credit risk. For more information, please see Note 26 to the Unaudited Consolidated Financial Statements.

1. Foreign Currency Risk

The Group operates internationally and is exposed to foreign currency risk arising from currency fluctuations in respect of business transactions denominated in foreign currencies. The Group enters into derivative transactions to manage foreign currency risks, including currency swaps and currency options.

2. Commodity Price Risk

The Group is exposed to price volatility arising from the utilization of certain commodities as raw materials, packaging materials, and fuel in its production processes. To minimize the Group's risk of potential losses due to volatility of international crude and product prices, the Group enters in longer tenor contracts such as flour and palm oil. In the past, the Group utilized derivative instruments to mitigate the price movement of certain commodities.

3. Interest Rate Risk

The Group is exposed to interest rate risk arising from its long-term debt obligations with floating interest rates. The Group manages its interest rate risk by maintaining a balanced portfolio of fixed and variable rate loans and borrowings.

4. Liquidity Risk

The Group is exposed to the risk of not meeting its payment obligations when they fall due. The Group manages its liquidity risk by monitoring and maintaining a level of cash deemed adequate by management to finance the Group's operations, ensure continuity of funding, and mitigate the effects of fluctuations in cash flows.

5. Credit Risk

The Group is exposed to the risk that a counterparty may not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating (primarily trade receivables) and financing activities. The Group manages its credit risk by monitoring receivables from each customer.

Contingencies

As at March 31, 2022, the Group is involved in various legal proceedings and regulatory assessments, and management believes that these proceedings will not have a material effect on the consolidated financial statements. Disclosure of additional details beyond the present disclosure may seriously prejudice the Group's position and negotiating strategy.

Commitments

The Group has capital commitments for acquisitions of machineries and building expansions amounting to 1,433.8 million and 1,423.5 million as at March 31, 2022 and December 31, 2021, respectively.

OTHER MATTERS

- There are no unusual items regarding the nature and amount affecting assets, liabilities, equity, net income, or cash flows, except those stated in Management's Discussion and Analysis of Financial Position and Financial Performance.
- There were no material changes in estimates of amounts reported in prior interim periods of the current year or changes in estimates of amounts reported in prior financial years.
- As at December 31, 2021, loans of MFL, a wholly owned UK-based indirect subsidiary, was reclassified to current portion as MFL exceeded the gross leverage covenant threshold of 3.0x. To address this issue, on March 24, 2022, the Parent Company entered into a Guarantee Agreement with Citicorp International Limited (as agent for and on behalf of certain financial institutions) to guarantee the 7,059.4 million (£103.0 million) (see Note 29). The financial institutions formally granted a waiver of the covenant requirement on January 11, 2022, which became effective on March 24, 2022. The waiver is effective covering December 31, 2021 covenant requirement. Long-term loans payable presented as current as at December 31, 2021 amounted to 5,346.0 million (£78.0 million).

- Below is the foreign exchange rate used in the translation of the Income Statement and Balance Sheet Items to Philippine Peso.

	Three Months Average Rate		Closing Rate	
	2022	2021	March 31, 2022	December 31, 2021
1 GBP	69.1711	66.5575	68.2702	68.5347
1 USD	51.5730	48.2800	51.7400	50.2980

PART II--OTHER INFORMATION

Board of Directors

The following table sets forth the Company's Board of Directors as at March 31, 2022:

Name	Position
Hartono Kweefanus	Chairperson Emeritus
Kataline Darmono	Chairperson
Hoediono Kweefanus	Vice-Chairperson
Betty T. Ang	President
Henry Soesanto	Executive Vice President and Chief Executive Officer
Monica Darmono	Treasurer
Delfin L. Lazaro	Lead Independent Director*
Nina Perpetua D. Aguas	Independent Director
Marie Elaine Teo	Independent Director

*Mr. Delfin L. Lazaro resigned on April 27, 2022 for personal reasons. He has served as a member of the Board of Directors and its board committees from April 15, 2021 to April 27, 2022. Mr. Romeo L. Bernardo was elected to the Board as an interim Independent Director on May 10, 2022 to serve the remaining term of Mr. Delfin Lazaro.

SIGNATURES

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

MONDE NISSIN CORPORATION

Issuer



HENRY SOESANTO
Chief Executive Officer



JESSE C. TEO
Chief Financial Officer

May 15, 2022

Date