

Financial Statements



UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

(Forward)

	December 31	
	2024	2023
Equity		
Equity attributable to equity holders of the parent		
Paid-up capital (Note 19)	₱23,422,134,732	₱23,422,134,732
Retained earnings (Note 19)	102,940,614,239	99,509,790,832
Other comprehensive income (Note 20)	5,122,698,158	3,702,389,026
Equity reserve (Note 19)	(5,077,957,067)	(5,077,957,067)
Treasury shares (Note 19)	(6,514,528,346)	(3,776,894,316)
	119,892,961,716	117,779,463,207
Equity attributable to non-controlling interest (Note 19)	1,346,899,978	712,399,945
	121,239,861,694	118,491,863,152
TOTAL LIABILITIES AND EQUITY	₱178,687,860,228	₱180,301,699,718

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

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

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to Equity Holders of the Parent													
Paid-up Capital (Note 19)						Other Comprehensive Income (Loss) (Note 20)						Equity Attributable to Non-controlling Interest (Notes 15, 19 and 20)	
	Capital Stock	Additional Paid-in Capital	Total Paid-up Capital	Unappropriated Retained Earnings	Cumulative Translation Adjustments (Note 20)	Net Unrealized Gain (Loss) on Financial Assets at FVOCI (Note 16)	Remeasurement Gain (Loss) on Defined Benefit Plans	Total Other Comprehensive Income (Loss)	Equity Reserve (Note 19)	Treasury Shares (Note 19)	Total		
Balances as at January 1, 2024	₱2,230,160,190	₱21,191,974,542	₱23,422,134,732	₱99,509,790,832	₱4,101,683,755	₱99,510,000	(₱498,804,729)	₱3,702,389,026	(₱5,077,957,067)	(₱3,776,894,316)	₱117,779,463,207	₱712,399,945	₱118,491,863,152
Net income for the year	—	—	—	11,661,557,770	—	—	—	—	—	—	11,661,557,770	692,086,082	12,353,643,852
Other comprehensive income	—	—	—	—	1,001,783,070	40,350,000	378,176,062	1,420,309,132	—	—	1,420,309,132	33,663,951	1,453,973,083
Total comprehensive income	—	—	—	11,661,557,770	1,001,783,070	40,350,000	378,176,062	1,420,309,132	—	—	13,081,866,902	725,750,033	13,807,616,935
Cash dividends (Note 19)	—	—	—	(8,230,734,363)	—	—	—	—	—	—	(8,230,734,363)	(98,000,000)	(8,328,734,363)
Acquisition of new subsidiary (Note 19)	—	—	—	—	—	—	—	—	—	—	—	6,750,000	6,750,000
Purchase of treasury shares (Note 19)	—	—	—	—	—	—	—	—	—	(2,737,634,030)	(2,737,634,030)	—	(2,737,634,030)
Balances as at December 31, 2024	₱2,230,160,190	₱21,191,974,542	₱23,422,134,732	₱102,940,614,239	₱5,103,466,825	₱139,860,000	(₱120,628,667)	₱5,122,698,158	(₱5,077,957,067)	(₱6,514,528,346)	₱119,892,961,716	₱1,346,899,978	₱121,239,861,694
 Balances as at January 1, 2023	 ₱2,230,160,190	 ₱21,191,974,542	 ₱23,422,134,732	 ₱95,304,192,226	 ₱5,290,601,426	 ₱84,360,000	 (₱41,242,577)	 ₱5,333,718,849	 (₱5,062,245,488)	 (₱3,652,109,120)	 ₱115,345,691,199	 ₱624,649,896	 ₱115,970,341,095
Net income for the year	—	—	—	12,091,292,370	—	—	—	—	—	—	12,091,292,370	613,307,500	12,704,599,870
Other comprehensive income (loss)	—	—	—	—	(1,187,909,063)	15,150,000	(457,562,152)	(1,630,321,215)	—	—	(1,630,321,215)	(29,793,185)	(1,660,114,400)
Total comprehensive income (loss)	—	—	—	12,091,292,370	(1,187,909,063)	15,150,000	(457,562,152)	(1,630,321,215)	—	—	10,460,971,155	583,514,315	11,044,485,470
Cash dividends (Note 19)	—	—	—	(7,885,693,764)	—	—	—	—	—	—	(7,885,693,764)	(512,050,000)	(8,397,743,764)
Acquisition of additional interest in a subsidiary (Note 19)	—	—	—	—	(1,008,608)	—	—	(1,008,608)	(15,711,579)	—	(16,720,187)	16,285,734	(434,453)
Purchase of treasury shares (Note 19)	—	—	—	—	—	—	—	—	—	(124,785,196)	(124,785,196)	—	(124,785,196)
Balances as at December 31, 2023	₱2,230,160,190	₱21,191,974,542	₱23,422,134,732	₱99,509,790,832	₱4,101,683,755	₱99,510,000	(₱498,804,729)	₱3,702,389,026	(₱5,077,957,067)	(₱3,776,894,316)	₱117,779,463,207	₱712,399,945	₱118,491,863,152
 Balances as at January 1, 2022	 ₱2,230,160,190	 ₱21,191,974,542	 ₱23,422,134,732	 ₱88,907,647,831	 ₱3,417,686,647	 ₱59,510,000	 (₱210,767,387)	 ₱3,266,429,260	 (₱5,075,466,405)	 (₱1,099,761,235)	 ₱109,420,984,183	 ₱346,749,649	 ₱109,767,733,832
Net income for the year	—	—	—	13,956,141,883	—	—	—	—	—	—	13,956,141,883	515,146,182	14,471,288,065
Other comprehensive income	—	—	—	—	1,872,914,779	24,850,000	169,524,810	2,067,289,589	—	—	2,067,289,589	59,221,966	2,126,511,555
Total comprehensive income	—	—	—	13,956,141,883	1,872,914,779	24,850,000	169,524,810	2,067,289,589	—	—	16,023,431,472	574,368,148	16,597,799,620
Cash dividends (Note 19)	—	—	—	(7,559,597,488)	—	—	—	—	—	—	(7,559,597,488)	(295,470,000)	(7,855,067,488)
Acquisition of new subsidiary (Note 19)	—	—	—	—	—	—	—	—	13,220,917	—	13,220,917	—	13,220,917
Derecognition of noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	(997,901)	(997,901)
Purchase of treasury shares (Note 19)	—	—	—	—	—	—	—	—	—	(2,552,347,885)	(2,552,347,885)	—	(2,552,347,885)
Balances as at December 31, 2022	₱2,230,160,190	₱21,191,974,542	₱23,422,134,732	₱95,304,192,226	₱5,290,601,426	₱84,360,000	(₱41,242,577)	₱5,333,718,849	(₱5,062,245,488)	(₱3,652,109,120)	₱115,345,691,199	₱624,649,896	₱115,970,341,095

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

The BCF group, including the packaging division, manufactures distributes, sells and markets a mix of food and beverage products. The Parent Company operates its URC Flexible Packaging division to produce flexible packaging materials for its various branded products.

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

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

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

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

2. Summary of Material Accounting Policy Information

Basis of Preparation

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

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

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

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

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

Statement of Compliance

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

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and the following wholly and majority owned direct subsidiaries as of December 31, 2024 and 2023.

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

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

Green Recovery, Incorporated

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

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

URC Snack Ventures Inc. and URC Beverage Ventures, Inc.

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

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

Merger of URCL and URCICL

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

Control

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

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

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

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

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

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

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

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

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

If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the related other comprehensive income recorded in equity and recycles the same to profit or loss or retained earnings;
- recognizes the fair value of the consideration received;

- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in the consolidated statement of income; and
- reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

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

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

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

**Dormant/non-operating subsidiaries*

Business Combinations

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

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

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

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

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

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

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

Combinations of Entities under Common Control

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

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

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.

- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity as other equity reserve, i.e., either contribution or distribution of equity.
- The consolidated statement of income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Goodwill

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

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

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

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

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

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

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following PFRS Accounting Standards and Philippine Accounting Standards (PAS) and Philippine Interpretations beginning January 1, 2024. The adoption of the new and amended standards and interpretations did not have any impact on the consolidated financial statements of the Group.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*
The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Material Accounting Policy Information

Fair Value Measurement

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

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

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

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

Cash and Cash Equivalents

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

Financial Instruments

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

a) Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

The financial assets of the Group as of December 31, 2024 and 2023 consist of financial assets at amortized cost, financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVTPL (equity and debt instruments).

Financial assets at amortized cost (debt instruments)

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

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

Financial assets designated at FVOCI (equity instruments)

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

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

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

Financial assets at FVTPL

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

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

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

Derecognition

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

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

Impairment of financial assets

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

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

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

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

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

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

Determining the stage for impairment

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

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

Staging assessment

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

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a SICR since initial recognition. Entities are required to recognize 12-month ECL for Stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.
- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. Entities are required to recognize lifetime ECL for Stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.
- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial instrument or a portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for financial assets that are in default. The Group considers a financial asset in default when contractual payments are 30-60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Financial liabilities at amortized cost

This pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. These include liabilities arising from operations and borrowings.

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

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

Derecognition

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

c) Offsetting of financial instruments

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

Inventories

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

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

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

Finished goods, goods-in-process, raw materials, containers and packaging materials, and spare parts and supplies

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

Materials in-transit

Cost is determined on a specific identification basis.

Biological Assets

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

- | | |
|-------------------|---|
| Swine livestock | <ul style="list-style-type: none">- Breeders (livestock bearer)- Sucklings (breeders' offspring)- Weanlings (comes from sucklings intended to be breeders or to be raised as fatteners/finishers)- Fatteners/finishers (comes from weanlings unfit to become breeders; intended for the production of meat and meat products or to be sold live) |
| Poultry livestock | <ul style="list-style-type: none">- Breeders (livestock bearer)- Chicks (breeders' offspring intended to be sold as breeders) |

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

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

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

Property, Plant and Equipment

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

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

Land is stated at cost less any impairment in value.

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

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

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

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

	Years
Land improvements	5 to 10
Buildings and improvements	10 to 30
Machinery and equipment	10 to 15
Transportation equipment	5
Furniture, fixtures and equipment	5

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

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

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

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

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

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

Investment Properties

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

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

Intangible Assets

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

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

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

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

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

	EUL	Amortization method used	Internally generated or acquired
Product formulation	Indefinite	No amortization	Acquired
Brands/Trademarks/Trade secrets	Indefinite	No amortization	Acquired
Trademarks	Finite (4 years)	Straight line amortization	Acquired
Software costs	Finite (3-8 years)	Straight line amortization	Acquired

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

Investment in Joint Ventures

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

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

Impairment of Nonfinancial Assets

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

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

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

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

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

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

Property, plant and equipment, right-of-use assets, investment properties, intangible assets with definite useful lives, and investments in joint ventures

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

Goodwill and intangible assets with indefinite useful lives

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

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

Discontinued Operations

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

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

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

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

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

Revenue Recognition

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

Revenue within the scope of PFRS 15:

Sale of goods

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

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

Sale of sugar and molasses

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

Rendering of tolling services

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

Revenue outside the scope of PFRS 15:

Dividend income

Dividend income is recognized when the shareholder's right to receive the payment is established.

Interest income

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

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense under 'Finance cost' in the consolidated statement of income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income, net of any reimbursement.

Contingencies

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

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

Pension Costs

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

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

Defined benefit costs comprise the following:

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

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

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

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

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

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

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

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

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

Termination benefit

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

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

Employee leave entitlement

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

Income Taxes

Current tax

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

Deferred tax

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

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

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

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor future taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

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

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

Leases

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

The Group as a lessee

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

Right-of-use assets

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

The depreciation period for each class of ROU assets follows:

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

Lease liabilities

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

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

Short-term leases

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

Group as a lessor

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

Rent income

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

Foreign Currency Translation/Transactions

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

Transactions and balances

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

Group companies

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

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

Common Stock

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

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

Retained Earnings

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

Treasury Shares

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

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

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

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

Equity Reserves

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

Dividends on Common Stocks

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

Earnings Per Share (EPS)

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

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

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6 to the consolidated financial statements.

Events after Reporting Date

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

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2025

- Amendments to PAS 21, *Lack of exchangeability*

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

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

Effective beginning on or after January 1, 2026

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

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

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

- Annual Improvements to PFRS Accounting Standards—Volume 11

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

- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

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

- Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9
 - Lessee Derecognition of Lease Liabilities

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

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to ‘transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*’ with ‘the amount determined by applying PFRS 15’. The term ‘transaction price’ in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.
- Amendments to PFRS 10, *Determination of a ‘De Facto Agent’*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.
- Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term ‘cost method’ with ‘at cost’, following the prior deletion of the definition of ‘cost method’.

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*

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

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

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

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

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

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

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

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

- PFRS 19, *Subsidiaries without Public Accountability*

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

Deferred effectivity

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

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

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRS Accounting Standards requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

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

a. Revenue recognition on sale of goods and services

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

i. *Existence of a contract*

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

ii. *Identifying performance obligation*

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

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

iii. *Recognition of revenue as the Group satisfies the performance obligation*

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

iv. *Method to estimate variable consideration and assess constraint*

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

v. *Recognition of milling revenue under output sharing agreement and cane purchase agreement*

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

b. *Determining whether it is reasonably certain that a renewal and termination option will be exercised - the Group as a lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to renew the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

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

c. *Discontinued operations*

The Group determined that the cessation of the China businesses will qualify for presentation as discontinued operations in 2024 since it represents a separate line of business for which the operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group (see Note 30). China represents a separate geographical area of operations of the Group, hence, the consolidated statements of income present its results of operations as discontinued operations in 2024. Comparative periods were also restated to align with this presentation.

Estimates

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

a. *Assessment of ECL on trade receivables*

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

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

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

The Group recognized provision for credit losses amounting to ₦11.4 million and ₦9.3 million for the years ended December 31, 2024 and 2023, respectively. The carrying amount of trade receivables is ₦16.4 billion and ₦17.9 billion as at December 31, 2024 and 2023, respectively (see Note 9).

b. Assessment for ECL on other financial assets at amortized cost

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

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

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

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

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

The carrying amount of other financial assets at amortized cost is ₦4.0 billion and ₦5.0 billion as at December 31, 2024 and 2023, respectively (see Note 9).

c. Determination of fair values less estimated costs to sell of biological assets

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

As of December 31, 2024 and 2023, the Group's biological assets carried at fair values less estimated costs to sell amounted to ₦273.8 million and ₦271.9 million, respectively (see Note 13). For the years ended December 31, 2024, 2023, and 2022, the Group recognized gain arising from changes in the fair value less costs to sell of biological assets amounting to ₦9.0 million, ₦0.3 million, and ₦0.3 million, respectively (see Note 13). Changes in fair value of biological assets are recognized in the consolidated statements of income.

d. Impairment of goodwill and intangible assets with indefinite useful lives

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

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

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

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

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

As of December 31, 2024 and 2023, the balance of the Group's goodwill and intangible assets with indefinite useful lives and accumulated impairment losses follow:

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

e. Assessment of impairment of nonfinancial assets

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

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

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

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from recent, binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

For the years ended December 31, 2024, 2023, and 2022 the Group recognized impairment losses on its property, plant and equipment amounting to ₦370.7 million, ₦226.5 million and ₦323.0 million, respectively (see Note 12).

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

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

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

f. Determination of the fair value of intangible assets and property, plant and equipment acquired in a business combination

The Group measures the identifiable assets and liabilities acquired in a business combination at fair value at the date of acquisition.

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

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

g. Estimation of pension and other benefits costs

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

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

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

As of December 31, 2024 and 2023, the balance of the Group's present value of defined benefit obligations and other benefits is shown in Note 28 to the consolidated financial statements.

h. Recognition of deferred tax assets

The Group reviews the carrying amounts of its deferred income taxes at each reporting date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no guarantee that the Group will generate sufficient taxable income to allow all or part of the deferred tax assets to be utilized. As of December 31, 2024 and 2023, the Group recognized net deferred tax assets amounting to ₱1.3 billion and ₱969.0 million, respectively (see Note 29), as the Group believes sufficient taxable income will allow these deferred tax assets to be utilized.

Net deferred tax liabilities amounted to ₦1.9 billion and ₦2.1 billion as of December 31, 2024 and 2023, respectively (see Note 29).

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

i. *Valuation of ROU assets and lease liabilities*

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

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

Discount rate. The Company cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is determined using risk-free rates applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Group's rating, observed in the period when the lease contract commences or is modified. The discount rates applied range from 3.99% to 7.98% for the years ended December 31, 2024 and 2023, respectively.

j. *Estimation of useful life of property, plant and equipment*

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

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

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

k. Estimation of useful life of intangible assets

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

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

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

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

l. Contingencies

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

4. Financial Risk Management Objectives and Policies

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

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

Risk Management Structure

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

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

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

BROC

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

Corporate Governance Compliance Officer

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

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

Enterprise Resource Management (ERM) Framework

The ERM framework revolves around the following activities:

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

Risk Management Policies

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

Credit risk

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

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

a. Credit risk exposure

With respect to credit risk arising from financial assets of the Group, which comprise cash and cash equivalents and receivables, the Group's maximum exposure to credit risk is equal to its carrying amount as of December 31, 2024 and 2023, except for the Group's trade receivables as of December 31, 2024 and 2023 with carrying value of ₱16.4 billion and ₱17.9 billion, respectively, and collateral or credit enhancements with fair value amounting to ₱4.4 billion and ₱3.0 billion as of December 31, 2024 and 2023, respectively, resulting to net exposure of ₱12.0 billion and ₱14.8 billion, respectively.

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

b. Risk concentrations of the maximum exposure to credit risk

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

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

i. Concentration by geographical location

The Group's credit risk exposures as of December 31, 2024 and 2023 before taking into account any collateral held or other credit enhancements are categorized by geographic location follow:

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

* Excludes cash on hand

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

* Excludes cash on hand

ii. Concentration by industry

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

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

*Includes real estate, agriculture, automotive, mining and electrical industries

**Excludes cash on hand

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

*Includes real estate, agriculture, automotive, mining and electrical industries

**Excludes cash on hand

iii. Credit risk under general approach and simplified approach

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

*Excludes cash on hand

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

*Excludes cash on hand

iv. Aging analysis

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

	2024				
	Past Due but Not Impaired				Total
	Current	Less than 30 Days	30 to 60 Days	60 to 90 Days	
Gross carrying amount of trade receivables	₱11,435,717,113	₱3,101,323,761	₱598,162,907	₱561,544,624	₱800,384,211
Expected credit losses	₱–	₱–	₱–	₱–	₱89,350,222
					₱89,350,222

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

Liquidity risk

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

Maturity Profile of Financial Assets and Liabilities

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

	2024					Total
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 years	
Cash and cash equivalents* (Note 7)	₱7,391,789,957	₱4,157,685,571	₱-	₱-	₱-	₱11,549,475,528
Financial assets at FVTPL	1,080,645,488	-	-	-	-	1,080,645,488
Receivables (Note 9):						
Trade receivables	1,960,091,742	14,537,040,874	-	-	-	16,497,132,616
Due from related parties	2,955,316,604	-	-	-	-	2,955,316,604
Non-trade and other receivables	1,246,845,566	-	-	-	-	1,246,845,566
Financial assets at FVOCI	-	-	-	160,950,000	-	160,950,000
Deposits (Note 16)	-	-	-	39,931,325	962,840,689	1,002,772,014
	₱14,634,689,357	₱18,694,726,445	₱-	₱200,881,325	₱962,840,689	₱34,493,137,816

*Excludes cash on hand

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

*Excludes cash on hand

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

	2024					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 years	Total
Accounts payable and other accrued liabilities:						
Trade payables, accrued expenses and other payables*	₱10,883,285,016	₱16,977,511,245	₱2,747,528,995	₱1,671,647	₱—	₱30,609,996,903
Due to related parties	614,004,861	—	—	—	—	614,004,861
Short-term debts**	—	11,667,052,365	1,052,009,975	—	—	12,719,062,340
Trust receipts payable**	—	7,970,900,118	—	—	—	7,970,900,118
Lease liabilities**	—	74,648,961	149,496,990	576,761,897	1,385,970,586	2,186,878,434
	₱11,497,289,877	₱36,690,112,689	₱3,949,035,960	₱578,433,544	₱1,385,970,586	₱54,100,842,656

*Excludes statutory liabilities

**Includes future interest

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

*Excludes statutory liabilities

**Includes future interest

Market risk

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

Foreign currency risk

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

The Group has transactional currency exposures. Such exposures arise from sales and purchases in currencies other than the entities' functional currency. For the years ended December 31, 2024, 2023, and 2022, approximately 21.5%, 20.4%, and 21.1% of the Group's total sales, respectively, are denominated in currencies other than the functional currency. In addition, 21.3% and 11.7% of the Group's debts and 58.9% and 68.7% of short-term investments are denominated in various currencies as of December 31, 2024 and 2023, respectively.

The Group estimates a reasonably possible change of +5.00 in the US Dollar to Philippine Peso exchange rate would have an impact of approximately ₱16.1 million and ₱60.1 million on income before income tax, and equity for the years ended December 31, 2024 and 2023, respectively. An equal change in the opposite direction would have decreased income before income tax by the same amount.

The impact of the range of reasonably possible changes in the exchange rates of the other currencies against the Philippine Peso on the Group's income before income tax as of December 31, 2024 and 2023 are not significant.

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

Equity price risk

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

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

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

The Group's investment in golf shares designated as financial assets at FVOCI are susceptible to market price risk arising from uncertainties about future values of the investment security. The Group estimates an increase of 1.00% would have an impact of approximately ₦1.6 million and ₦1.2 million on equity for the years ended December 31, 2024 and 2023. An equal change in the opposite direction would have decreased equity by the same amount.

Interest rate risk

As of December 31, 2024 and 2023, the Group has no interest rate risk exposure since there are no outstanding interest rate-sensitive assets and liabilities.

5. Fair Value Measurement

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

Cash and cash equivalents, receivables (except amounts due from and due to related parties), accounts payable and other accrued liabilities, short-term debts and trust receipts payable

Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

Amounts due from and due to related parties

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

Financial assets at FVTPL and financial assets at FVOCI

Fair values of quoted equity securities are based on quoted prices published in markets while fair values of private equity funds are based on capital statements.

Deposits

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

Biological assets

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

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

Investment properties

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

The fair values of the Group's investment properties have been determined by appraisers in 2022, including independent external appraisers, on the basis of the recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time of the valuations are made.

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

Lease liabilities

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

Fair Value Measurement Hierarchy for Assets and Liabilities

	December 31, 2024				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets measured at fair value					
Financial assets					
Financial assets at FVTPL (Note 8):					
Quoted equity securities	₱883,830,510	₱883,830,510	₱-	₱-	₱883,830,510
Private equity and unquoted equity securities	196,814,978	196,814,978	-	-	196,814,978
Financial assets at FVOCI					
Quoted equity securities (Note 16)	160,950,000	-	160,950,000	-	160,950,000
Deposits (Note 16)	1,002,772,014	-	-	989,435,760	989,435,760
	₱2,244,367,502	₱1,080,645,488	₱160,950,000	₱989,435,760	₱2,231,031,248
Financial liability					
Lease liabilities (Note 34)	₱1,298,285,815	₱-	₱-	₱1,298,285,815	₱1,298,285,815
Nonfinancial assets					
Biological assets (Note 13)	₱273,798,527	₱-	₱36,254,945	₱237,543,582	₱273,798,527
Assets for which fair values are disclosed					
Investment properties (Note 16)	₱1,452,839	₱-	₱-	₱47,823,000	₱47,823,000

	December 31, 2023				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets measured at fair value					
Financial assets					
Financial assets at FVTPL (Note 8):					
Quoted equity securities	₱1,002,776,456	₱753,346,917	₱—	₱—	₱753,346,917
Private equity, bonds and unquoted equity securities	249,429,539	249,429,539	—	—	249,429,539
Financial assets at FVOCI					
Quoted equity securities (Note 16)	120,600,000	—	120,600,000	—	120,600,000
Deposits (Note 16)	1,261,369,646	—	—	1,227,975,725	1,227,975,725
	₱2,634,175,641	₱1,002,776,456	₱120,600,000	₱1,227,975,725	₱2,351,352,181
Financial liability					
Lease liabilities (Note 34)	₱1,442,568,136	₱—	₱—	₱1,442,568,136	₱1,442,568,136
Nonfinancial assets					
Biological assets (Note 13)	₱271,933,727	₱—	₱20,311,419	₱251,622,308	₱271,933,727
Assets for which fair values are disclosed					
Investment properties (Note 16)	₱1,705,506	₱—	₱—	₱47,823,000	₱47,823,000

For the years ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements. Nonfinancial assets determined under Level 3 include investment properties and biological assets. No transfers between any level of the fair value hierarchy took place in the equivalent comparative period.

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

Account	Valuation Technique	Significant Unobservable Inputs
Biological assets	Adjusted commercial farmgate prices	Commercial farmgate prices
Investment properties	Market data approach and cost approach	Price per square meter, size, shape, location, time element, replacement cost and depreciation for improvements
Deposits	Discounted cash flow method	Credit spread
Private equity and unquoted equity securities	Net asset approach	Net asset value
Lease liabilities	Discounted cash flow	Discount rate

Significant unobservable inputs

Adjusted commercial farmgate prices	Fair value based on commercial farmgate prices, adjusted by considering the age, breed and genetic merit
Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.
Time element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time. In which case, the current data is superior to historic data.
Replacement cost	Estimated amount of money needed to replace in like kind and in new condition an asset or group of assets, taking into consideration current prices of materials, labor, contractor's overhead, profit and fees, and all other attendant costs associated with its acquisition and installation in place without provision for overtime or bonuses for labor, and premiums for materials.
Depreciation	Depreciation as evidenced by the observed condition in comparison with new units of like kind tempered by consideration given to extent, character, and utility of the property which is to be continued in its present use as part of a going concern but without specific relations to earnings.
Credit spread	Determined by reference to internal data and used to arrive at a discount rate by adding to the risk-free rate

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

6. Business Segment Information

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has three (3) reportable operating segments as follows:

- The BCF group manufactures, distributes, sells and markets a diverse mix of food and beverage products. This segment also includes the packaging division, which manufactures BOPP films primarily used in packaging; and its subsidiary, which manufactures flexible packaging materials for the packaging requirements of various branded food products. Its revenues are in their peak during the opening of classes and Christmas season.
- The AIC group segment operates three divisions: (1) AIG, which operates three divisions – a) Farms, b) Animal Nutrition and Health and c) Food, Drugs and Disinfectants with peak season during summer and before Christmas season; (2) Flour Division engages in flour milling and pasta manufacturing with peak season before and during the Christmas season; and (3) SURE, which operates the a) Sugar, b) Distillery, and c) Cogeneration divisions with peak season during its crop season, which normally starts in November and ends in April.
- The corporate business segment engages in bonds and securities investment and fund sourcing activities.

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

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

The following tables present the financial information of each of the operating segments in accordance with PFRS Accounting Standards except for Earnings before interest, income taxes and depreciation/ amortization (EBITDA) and Earnings before interest and income taxes (EBIT) as of and for the years ended December 31, 2024, 2023, and 2022.

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

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

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

As of and for the year ended December 31, 2023
(As restated – Note 30)

	Branded Consumer Food	Agro-Industrial and Commodity Food	Corporate Business	Eliminations	Total
Sale of Goods and Services					
Third party	₱109,000,792	₱48,751,388	₱—	₱—	₱157,752,180
Inter-segment	22,470,346	13,094,660	—	(35,565,006)	—
	₱131,471,138	₱61,846,048	₱—	(₱35,565,006)	₱157,752,180
Result					
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱16,245,970	₱10,364,021	(₱2,860,052)	₱—	₱23,749,939
Depreciation and amortization (Note 24)	(4,300,590)	(1,826,947)	(233,790)	—	(6,361,327)
Earnings before interest and income tax (EBIT)	₱11,945,380	₱8,537,074	(₱3,093,842)	₱—	₱17,388,612
Finance costs (Note 27)	(₱153,393)	(₱680,914)	(₱753,523)	₱—	(1,587,830)
Finance revenue (Note 26)	₱211,904	₱50	₱99,246	₱—	311,200
Equity in net loss of joint ventures (Note 15)	₱20,961	₱—	(₱308,211)	₱—	(287,250)
Provision for credit and impairment losses (Notes 9 and 12)	(₱30,399)	(₱205,487)	₱—	₱—	(235,886)
Market valuation gain on financial assets and liabilities at FVTPL (Note 8)	₱3,077	₱—	₱169,237	₱—	172,314
Other losses - net*					(61,687)
Income before income tax					₱15,699,473
Provision for income tax (Note 29)					(2,976,821)
Net income from continuing operations					₱12,722,652
Net loss from discontinued operations (Note 30)					(18,052)
					₱12,704,600
Other Information					
Total assets	₱114,894,756	₱63,905,437	₱1,501,507	₱—	₱180,301,700
Total liabilities	₱27,456,610	₱17,561,702	₱16,791,525	₱—	₱61,809,837
Capital expenditures	₱4,772,656	₱5,017,717	₱424,975	₱—	₱10,215,348
Non-cash expenses other than depreciation and amortization:					
Impairment losses on:					
Receivables (Note 9)	(₱9,338)	₱—	₱—	₱—	(₱9,338)
Property, plant and equipment (Note 12)	(21,061)	(205,487)	—	—	(226,548)
	(₱30,399)	(₱205,487)	₱—	₱—	(₱235,886)

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

As of and for the year ended December 31, 2022
(As restated – Note 30)

	Branded Consumer Food	Agro-Industrial and Commodity Food	Corporate Business	Eliminations	Total
Sale of Goods and Services					
Third party	₱106,987,628	₱42,136,319	₱—	₱—	₱149,123,947
Inter-segment	24,009,123	11,851,292	—	(35,860,415)	—
	₱130,996,751	₱53,987,611	₱—	(₱35,860,415)	₱149,123,947
Result					
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱15,275,195	₱8,892,328	(₱2,691,603)	₱—	₱21,475,920
Depreciation and amortization (Note 24)	(4,151,383)	(1,762,844)	(328,872)	—	(6,243,099)
Earnings before interest and income tax (EBIT)	₱11,123,812	₱7,129,484	(₱3,020,475)	₱—	₱15,232,821
Finance revenue (Note 26)	₱178,469	₱982	₱94,088	₱—	273,539
Finance costs (Note 27)	(₱194,551)	(₱267,862)	(₱343,762)	₱—	(806,175)
Equity in net loss of joint ventures (Note 15)	₱1,350	₱—	(₱380,317)	₱—	(378,967)
Market valuation gain on financial assets and liabilities at FVTPL (Note 8)	₱—	₱—	₱70,404	₱—	70,404
Provision for credit and impairment losses (Notes 9, 10 and 12)	(₱33,846)	(₱293,193)	₱—	₱—	(327,039)
Other income - net*					3,379,533
Income before income tax					₱17,444,116
Provision for income tax (Note 29)					(2,994,763)
Net income from continuing operations					₱14,449,353
Net income from discontinued operations (Note 30)					21,935
					₱14,471,288
Other Information					
Total assets	₱113,352,380	₱51,272,556	₱5,328,693	₱—	₱169,953,629
Total liabilities	₱27,082,074	₱14,900,584	₱12,000,630	₱—	₱53,983,288
Capital expenditures	₱5,389,404	₱3,489,206	₱256,302	₱—	₱9,134,912
Non-cash expenses other than depreciation and amortization:					
Impairment losses on:					
Receivables (Note 9)	(₱4,054)	₱—	₱—	₱—	(₱4,054)
Property, plant and equipment (Note 12)	(29,792)	(293,193)	—	—	(322,985)
	(₱33,846)	(₱293,193)	₱—	₱—	(₱327,039)

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

Inter-segment Revenues

Inter-segment revenues are eliminated at the consolidation level.

Segment Results

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

Segment Assets

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

Segment Liabilities

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

Capital Expenditures

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

Geographic Information

The Group operates in the Philippines, Vietnam, Thailand, Myanmar, Indonesia, Malaysia, Singapore, China and Hong Kong. As of December 31, 2024, the Group has discontinued its operations in China (see Note 30).

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

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

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

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

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

7. Cash and Cash Equivalents

This account consists of:

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

Cash in banks consist of savings and current accounts that earn interest at the prevailing bank deposit rates. Short-term investments represent money market placements that are made for varying periods depending on the immediate cash requirements of the Group and earn interest ranging from 0.01% to 5.30%, 0.10% to 7.30%, and from 0.35% to 7.30% for foreign currency-denominated money market placements for the years ended December 31, 2024, 2023, and 2022, respectively. Peso-denominated money market placements, on the other hand, earn interest ranging from 3.60% to 4.90% and 4.00% for the years ended December 31, 2024 and 2023, respectively, and interest ranging from 3.40% to 4.60% for the year ended December 31, 2022.

Interest earned on cash and cash equivalents amounted to ₱327.6 million, ₱259.6 million, and ₱214.3 million for the years ended December 31, 2024, 2023, and 2022, respectively (see Notes 26 and 30).

8. Financial Assets at Fair Value Through Profit or Loss

This account consists of investments held-for-trading amounting to ₦1.1 billion and ₦1.0 billion as of December 31, 2024 and 2023, respectively. Investments held-for-trading consist of private equity funds, bonds, and quoted and unquoted equity securities issued by certain domestic and foreign entities.

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

The Group received dividends from its quoted equity securities amounting to ₦48.5 million, ₦64.6 million and ₦80.8 million for the years ended December 31, 2024, 2023, and 2022, respectively (see Note 26).

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

9. Receivables

This account consists of:

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

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

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

Allowance for ECLs on Receivables

Changes in allowance for impairment losses on receivables follow:

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

	2023			
	Individual Assessment		Collective Assessment	
	Trade Receivables	Other Receivables	Trade Receivables	Total
Balances at beginning of the period	₱50,651,246	₱157,169,779	₱19,140,527	₱226,961,552
Provision for credit losses	9,337,591	—	—	9,337,591
Write-off/others	(30,165)	—	—	(30,165)
Balances at end of the period	₱59,958,672	₱157,169,779	₱19,140,527	₱236,268,978

Allowance for ECLs on other receivables includes credit losses on nontrade receivables, advances to officers and employees and other receivables.

Allowance for ECLs on advances to officers and employees amounted to ₱19.6 million as of December 31, 2024 and 2023. Allowance for credit losses on nontrade and other receivables amounted to ₱137.6 million as of December 31, 2024 and 2023.

10. Inventories

This account consists of inventories as follows:

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

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

Under the terms of the agreements covering interest-bearing liabilities under trust receipts totaling ₱8.0 billion and ₱10.2 billion as of December 31, 2024 and 2023, respectively, certain inventories which approximate the trust receipts payable have been released to the Group under trust receipt agreements with the banks. The Group is accountable to these banks for the trusted merchandise. Interest expense from trust receipts payable amounted to ₱541.5 million, ₱677.4 million and ₱266.1 million for the years ended December 31, 2024, 2023, and 2022, respectively (see Note 27). Accrued interest payable on the Group's trust receipts liabilities amounted to ₱14.7 million and ₱16.0 million as of December 31, 2024 and 2023, respectively (see Note 18).

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

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

11. Advances to Suppliers and Other Current Assets

Advances to Suppliers

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

Other Current Assets

This account consists of:

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

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

Others include prepayments of advertising, office supplies and deferred charges.

12. Property, Plant and Equipment

The rollforward of this account follows:

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

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

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

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

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

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

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

Borrowing Costs

For the years ended December 31, 2024, 2023, and 2022, no borrowing costs have been incurred related to property, plant and equipment under construction.

Depreciation

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

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

Impairment Losses

The Group recognized impairment losses on property, plant and equipment amounting to ₦370.6 million, ₦226.5 million and ₦323.0 million in 2024, 2023, and 2022, respectively. The impairment losses pertain to (a) property and equipment in non-operational plants; (b) office space leasehold improvements and furniture and fixtures; and (c) discontinued production lines and hog farms.

Collateral

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

13. Biological Assets

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

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

These biological assets consist of:

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

The rollforward analysis of this account follows:

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

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

14. Goodwill and Intangible Assets

The movement of the goodwill is as follows:

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

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

	2024	2023
Acquisition of Munchy's Group in December 2021	₱18,965,749,940	₱17,691,511,167
The excess of the acquisition cost over the fair values of the net assets acquired by UABCL in 2000	775,835,598	775,835,598
<u>Acquisition of Balayan Sugar Mill in February 2016</u>	<u>12,409,626</u>	12,409,626
	₱19,753,995,164	₱18,479,756,391

The composition and movements of intangible assets follow:

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

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

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

The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of December 31, 2024 and 2023. In 2024 and 2023, the recoverable amounts of goodwill and other intangible assets were determined based on value in use calculations.

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

Growth rate estimates - growth rates include revenue growth and terminal growth rates that are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates. Terminal growth rates used in computing the projected future cash flows ranged from 2.00% to 4.62% and 2.00% to 4.61% as of December 31, 2024 and 2023, respectively.

Discount rates - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio. The discount rates applied to cash flow projections range from 8.40% to 12.43% and 8.59% to 12.86% for the years ended December 31, 2024 and 2023, respectively.

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

15. Investments in Joint Ventures

The rollforward analysis of this account follows:

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

Vitasoy-URC, Inc.

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

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

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

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

Danone Universal Robina Beverages, Inc.

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

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

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

Calbee-URC Malaysia

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

As of December 31, 2024 and 2023, the Parent Company has the following percentage of ownership of shares in its joint ventures and its related equity in the net assets as summarized below:

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

Summarized financial information in respect of the Group's joint ventures as of December 31, 2024 and 2023 are presented below (in thousands).

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

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

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

No dividends were declared by and received from the joint ventures for the years ended December 31, 2024 and 2023.

As of December 31, 2024 and 2023, there were no agreements entered into by the joint ventures that may restrict dividends and other capital distributions to be paid, or loans and advances to be made or repaid to or from the Group. In addition, the Group has no share on commitments and contingencies of its joint ventures.

16. Other Noncurrent Assets

This account consists of:

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

Deposits

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

Input VAT

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

Financial Assets at FVOCI

As of December 31, 2024 and 2023, financial assets at FVOCI consists of equity securities with the following movements:

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

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

Investment Properties

The rollforward analysis of investment properties follows:

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

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

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

Total rental income earned from investment properties included under ‘Other income (losses) - net’ in the consolidated statements of income amounted to ₱11.2 million, ₱10.8 million, and ₱84.4 million for years ended December 31, 2024, 2023, and 2022, respectively.

Direct operating expenses (included under ‘General and administrative expenses’ in the consolidated statements of income) arising from investment properties amounted to ₱0.4 million, ₱0.4 million, and ₱0.9 million for the years ended December 31, 2024, 2023, and 2022, respectively.

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

17. Short-term Debts

This account consists of:

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

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

18. Accounts Payable and Other Accrued Liabilities

This account consists of:

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

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

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

The accrued expenses account consists of:

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

Accrued professional and legal fees include fees or services rendered by third party consultants to review the Group's new business and channel entry opportunities within the food and beverage space to drive additional growth. The related expense recognized under 'Other income (losses) – net' in the 2024, 2023 and 2022 consolidated statements of income amounted to ₦18.8 million, ₦57.9 million and ₦43.2 million, respectively.

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

19. Equity

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

	2024	2023
Authorized shares	2,998,000,000	2,998,000,000
Par value per share	₦1.00	₦1.00
Issued shares:		
Balance at beginning and end of year	2,230,160,190	2,230,160,190
Outstanding shares	2,149,196,818	2,177,422,968

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

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

Capital Management

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

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

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

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

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

Cumulative Redeemable Preferred Shares

The Group's authorized preferred shares of stock are 12.00% cumulative, nonparticipating, and nonvoting. In case of dissolution and liquidation of the Parent Company, the holders of the preferred shares shall be entitled to be paid an amount equal to the par value of the shares or ratably insofar as the assets of the Parent Company may warrant, plus accrued and unpaid dividends thereon, if any, before the holders of the common shares of stock can be paid their liquidating dividends. The authorized preferred stock is 2,000,000 shares at par value of ₱1.00 per share. There have been no issuances of preferred stock as of December 31, 2024 and 2023.

Retained Earnings

Accumulated equity in net earnings of the subsidiaries

A portion of the Group's retained earnings corresponding to the undistributed net earnings of the subsidiaries and joint ventures amounting to ₱83.8 billion and ₱83.3 billion as of December 31, 2024 and 2023, respectively, is not available for dividend declaration. This becomes available for dividend declaration upon dividend distribution by the investees.

Dividends

Details of the Group's dividend declarations follow:

Parent Company

Year	Date of declaration	Dividend per share	Total dividends	Date of record	Date of payment
2024	August 2, 2024	₱1.90	₱4.1 billion	August 30, 2024	September 25, 2024
2024	March 14, 2024	₱1.90	₱4.1 billion	April 12, 2024	May 9, 2024
2023	August 4, 2023	₱2.12	₱4.6 billion	September 1, 2023	September 27, 2023
2023	March 6, 2023	₱1.50	₱3.3 billion	March 31, 2023	April 28, 2023
2022	March 4, 2022	₱1.50	₱3.3 billion	April 3, 2022	April 29, 2022
2022	March 4, 2022	₱1.95	₱4.3 billion	April 3, 2022	April 29, 2022

NURC

Year	Date of declaration	Dividend per share	Total dividends	Date of record	Date of payment
2024	June 5, 2024	₱1.06	₱200.0 million	December 31, 2023	September 30, 2024
2023	July 20, 2023	₱5.53	₱1,045.0 million	December 31, 2022	September 29, 2023
2022	June 21, 2022	₱3.19	₱603.0 million	December 31, 2021	September 30, 2022

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

Treasury Shares

The Parent Company has outstanding treasury shares of 81.0 million shares (₱6.5 billion) and 52.7 million shares (₱3.8 billion) as of December 31, 2024 and 2023, respectively, restricting the Parent Company from declaring an equivalent amount from unappropriated retained earnings as dividends.

Equity Reserve

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

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

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

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

Non-controlling Interest

The equity interest held by non-controlling interest in NURC, a subsidiary with material non-controlling interest, is 49.0% as of December 31, 2024 and 2023.

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

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

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

The profit allocated to total non-controlling interest for the years ended December 31, 2024, 2023, and 2022, amounted to ₦692.1 million, ₦613.3 million, and ₦515.1 million, respectively.

Record of Registration of Securities with SEC

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

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

(Forward)

Date of offering	Type of offering	No. of shares offered	Par value	Offer price	Authorized number of shares	Issued and outstanding shares
February 7, 2006	New share offering for common shares:					
	a. Primary shares	282,400,000	₱1.00	₱17.00	—	282,400,000
	b. Secondary shares	352,382,600				
	c. Over-allotment shares	95,217,400				
November 14, 2007 to October 20, 2008	Acquisition of Parent Company's shares under the share buy-back program	—	—	—	—	(75,104,200)
April 21, 2009	Issuance of shares to JGSHI	—	—	—	—	5,787,452
December 8, 2009 to January 27, 2011	Acquisition of Parent Company's shares under the share buy-back Program	—	—	—	—	(91,032,800)
June 14, 2012	Sale of treasury shares	—	—	—	—	120,000,000
September 30, 2016	Sale of treasury shares	—	—	—	—	22,659,935
April 24, 2018	Issuance of shares to stockholders	—	—	—	—	2,521,257
April 24, 2018	Re-purchase of shares issued to stockholders	—	—	—	—	(2,521,257)
November 8, 2021 to December 13, 2021	Acquisition of Parent Company's shares under the share buy-back program	—	—	—	—	(3,178,490)
January 17, 2022 to August 22, 2022	Acquisition of Parent Company's shares under the share buy-back program	—	—	—	—	(22,475,760)
August 16, 2023 to December 22, 2023	Acquisition of Parent Company's shares under the share buy-back program	—	—	—	—	(1,084,650)
January 11, 2024 to December 12, 2024	Acquisition of Parent Company's shares under the share buy-back program	—	—	—	—	(28,226,150)
					—	2,149,196,818

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

	2024	2023	2022
Common shares	986	995	996

20. Components of Other Comprehensive Income

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

	2024	2023	2022
<i>Items to be reclassified to profit or loss in subsequent periods, net of tax:</i>			
Cumulative translation adjustments*			
Balance at beginning of year	₱4,101,683,755	₱5,290,601,426	₱3,417,686,647
Adjustments	1,001,783,070	(1,187,909,063)	1,872,914,779
Acquisition of additional interest in a subsidiary	—	(1,008,608)	—
Balance at end of year	₱5,103,466,825	₱4,101,683,755	₱5,290,601,426
<i>Item not to be reclassified to profit or loss in subsequent periods:</i>			
Net unrealized gain on financial assets at FVOCI			
Balance at beginning of year	99,510,000	84,360,000	59,510,000
Change in fair value during the year (Note 16)	40,350,000	15,150,000	24,850,000
Balance at end of year	139,860,000	99,510,000	84,360,000
Remeasurement losses on defined benefit plans, gross of tax:			
Balance at beginning of year	(665,072,020)	(54,989,150)	(281,022,230)
Remeasurement gain (loss) on defined benefit plans during the year (Note 28)	504,234,748	(610,082,870)	226,033,080
Balance at end of year	(160,837,272)	(665,072,020)	(54,989,150)
Income tax effect	40,208,605	166,267,291	13,746,573
Balance at end of year	(120,628,667)	(498,804,729)	(41,242,577)
	19,231,333	(399,294,729)	43,117,423
	₱5,122,698,158	₱3,702,389,026	₱5,333,718,849

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

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

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

21. Sale of Goods and Services/Cost of Sales

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

Cost of sales account consists of:

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

Overhead costs are broken down as follows:

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

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

22. Selling and Distribution Costs

This account consists of:

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

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

23. General and Administrative Expenses

This account consists of:

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

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

24. Depreciation and Amortization

The breakdown of consolidated depreciation and amortization follows:

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

25. Personnel Expenses

This account consists of:

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

The breakdown of personnel expenses follows:

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

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

26. Finance Revenue

This account consists of:

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

27. Finance Costs

This account consists of finance costs arising from:

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

28. Pension Costs

The Group has a funded, noncontributory defined benefit retirement plan covering all its employees. The pension funds are being administered and managed through JG Summit Multi-Employer Retirement Plan, with BPI Asset Management and Trust Corporation (BPI AMTC) as Trustee, following the merger of Robinsons Bank Corporation (previous Trustee) and Bank of the Philippine Islands effective January 1, 2024. The plan provides for retirement, separation, disability and death benefits to its members. The Group, however, reserves the right to discontinue, suspend or change the rates and amounts of its contributions at any time on account of business necessity or adverse economic conditions. The retirement plan has an Executive Retirement Committee that is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the Plan. Certain members of the BOD of the Ultimate Parent Company are represented in the Executive Retirement Committee. BPI AMTC manages the funds based on the mandate as defined in the trust agreement.

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

As of December 31, 2024 and 2023, the Group recognized net pension liability amounting to ₱1.2 billion and ₱1.3 billion, respectively.

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

2024											
Net benefit cost in consolidated statements of income					Remeasurements in other comprehensive income (Note 20)						
January 1, 2024	Current service cost (Note 25)	Finance cost (Note 27)	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest cost)	Actuarial changes arising from changes in experience cost)	Actuarial changes arising from demographic adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	December 31, 2024	
Present value of defined benefit obligation	₱3,346,821,570	₱302,664,188	₱204,498,892	₱507,163,080	(₱213,191,322)	₱-	(₱280,114,348)	₱11,291,859	(₱58,382,048)	(₱327,204,537)	₱3,313,588,791
Fair value of plan assets	(2,041,449,422)	-	(118,220,432)	(118,220,432)	213,191,322	(174,897,185)	-	-	-	(174,897,185)	(2,121,375,717)
	₱1,305,372,148	₱302,664,188	₱86,278,460	₱388,942,648	₱-	(₱174,897,185)	(₱280,114,348)	₱11,291,859	(₱58,382,048)	(₱502,101,722)	₱1,192,213,074

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

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

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

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

	Parent Company		NURC	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Discount rate	6.10%	6.11%	6.10%	6.12%
Salary increase	5.50%	5.70%	5.50%	5.70%

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

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

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

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

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

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

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

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

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

29. Income Taxes

Provision for income tax consists of:

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

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

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

As of December 31, 2024 and 2023, the Group's subsidiaries did not recognize deferred tax assets amounting to ₱319.1 million and ₱624.5 million, respectively, since management believes that future taxable income will not be available to allow all or part of the deferred tax assets to be utilized. The unrecognized deferred tax assets consist mainly of unutilized losses.

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

Indonesia

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

Hong Kong

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

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

	December 31, 2024	December 31, 2023 (As restated – Note 30)	December 31, 2022 (As restated – Note 30)
Statutory income tax rate	25.00%	25.00%	25.00%
Increase (decrease) in tax rate resulting from:			
Net income of subsidiaries with different tax rate	(4.00)	(4.51)	(9.17)
Income subject to lower tax rate	(0.90)	(1.20)	(0.93)
Equity in net income of a joint venture	0.23	0.46	0.54
Change in value of financial assets at FVTPL	(0.21)	(0.27)	(0.10)
Income exempt from tax	(0.06)	(0.01)	(0.06)
Interest income subjected to final tax	(0.19)	(0.09)	(0.04)
Nondeductible interest expense	0.04	0.14	0.03
Others	(0.58)	(0.56)	1.90
Effective income tax rate	19.33%	18.96%	17.17%

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

Entertainment, Amusement and Recreation (EAR) Expenses

Current tax regulations define expenses to be classified as EAR expenses and set a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1.0% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling on such expenses. The Group recognized EAR expenses (included under 'General and administrative expenses' in the consolidated statements of income) amounting to ₱69.3 million, ₱75.4 million, and ₱40.6 million for the years ended December 31, 2024, 2023, and 2022, respectively.

MCIT

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

30. Discontinued Operations

Cessation of China businesses

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

PFRS 5 requires income and expenses from disposal groups to be presented separately from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the consolidated statements of income. Accordingly, the consolidated statements of income for the years ended December 31, 2023 and 2022 have been restated to present the results of operations of China as 'Net income or loss after tax from discontinued operations.'

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

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

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

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

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

31. Earnings Per Share

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

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

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

There were no potential dilutive shares for the years ended December 31, 2024, 2023, and 2022.

32. Related Party Transactions

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

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

December 31, 2024								
Related Party	Category/ Transaction	Amount/ Volume	Cash and Cash Equivalents (Note 7)	Lease Liability (Note 34)	Trade Receivable (Payable) - net (Notes 9 and 18)	Non-trade Receivable (Payable) - net (Notes 9 and 18)	Terms	Conditions
Ultimate Parent Company	Rental expense	₱152,739,772	₱-	₱198,677,387	₱-	₱-	On demand	Unsecured
	Management services	155,255,929	–	–	(33,232,622)	655,756,573		
Entities under common control								
Due from related parties	Management services	1,762,494,807	–	–	129,761,054	1,651,494,847	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	43,449,148	–	–	10,652,229	327,421,264	On demand; non-interest bearing	Unsecured; no impairment
	Advances	–	–	–	–	227,500,854	On demand; non-interest bearing	Unsecured; no impairment
	Sale of goods	–	–	–	358,115	–	On demand; non-interest bearing	Unsecured; no impairment
Due to related parties	Rental expense	300,961,157	–	158,933,212	–	(41,860,845)	On demand	Unsecured
	Purchases	3,670,668,639	–	–	(345,109,440)	(104,965,070)	On demand	Unsecured
	Contracted services	232,496,767	–	–	–	(24,200)	On demand	Unsecured
Joint Venture								
Due from related parties	Sale of goods	202,606,082	–	–	–	–	On demand; non-interest bearing	Unsecured; no impairment
	Management services	553,087,880	–	–	1,231,205,388	63,068,804	–	
	Rental income	23,546,567	–	–	–	–		
Due to related parties	Purchases	1,300,941,067	–	–	(100,000,000)	(437,438,599)	1 to 30 days; non-interest bearing	Unsecured

December 31, 2023

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

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

The Group maintains savings and current accounts and time deposits with an entity under common control which is a local commercial bank. Cash and cash equivalents earn interest at the prevailing bank deposit rates. As of December 31, 2024, this local commercial bank is no longer a related party.

As of December 31, 2024 and 2023, the Group has advances from stockholders amounting to ₦268.3 million and ₦267.2 million, respectively (see Note 18). These advances are non-interest bearing and payable on demand.

Transactions with the retirement plan

The Parent Company entered into an agreement to lease the land of the retirement plan for a period of one (1) year, renewable annually. Rentals incurred amounted to ₦25.3 million for the years ended December 31, 2024 and 2023. Terms are unsecured, noninterest-bearing and payable on demand.

Compensation of Key Management Personnel

The compensation of the Group's key management personnel by benefit type follows:

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

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

Approval Requirements and Limits on the Amount and Extent of Related Party Transactions

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

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

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

33. Registration with the BOI

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

Sugar Millsite - Balayan

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

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

The said expansion started commercial operation early of 2019.

Sugar Millsite – URSUMCO

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

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

importation of equipment, spare parts, raw materials and supplies; (g) exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten (10) years from date of registration; (h) access to Custom Bonded Manufacturing Warehouse (CBMW) subject to Custom rules and regulations; (i) tax and duty exemption on imported breeding stocks and genetic materials within ten (10) years from date of registration; and (j) tax credit on tax and duty portion of domestic breeding stocks and genetic materials within ten (10) years from date of registration.

The said expansion started commercial operation on April 1, 2021. For calendar year 2024 and 2023, URSUMCO did not meet baseline figures for sales volume; hence not qualified to avail ITH benefits.

Cogeneration

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

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

Liquefied Carbon Dioxide (LCO2)

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

Under the general terms and conditions of the registration, the Parent Company is eligible to the grant of the following incentives under Tier I of R.A. No. 11534:

(a) Income Tax Holiday (ITH) for six (6) years from October 2023 or actual start of commercial operations, whichever is earlier but availment shall be in no case earlier than the date of registration; (b) after ITH, enhanced deductions for five (5) years; and lastly, (c) duty exemption on the importation of capital equipment, raw materials, spare parts and accessories for a maximum of twelve (12) years.

Distillery

Producer of bioethanol (anhydrous) under RA 9513

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

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

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

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

and custom duties that would have been paid on the RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

Renewable energy developer of biomass resources

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

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

Robina Farms (RF) - Hogs

Producer of processed meat products

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

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of four (4) years from October 2019 or actual start of commercial operations, whichever is earlier, but availment shall not be earlier than the date of registration. The income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from registered project. The enterprise can avail of bonus year subject to certain terms and conditions provided that the aggregate ITH availment (regular and bonus years) shall not exceed eight (8) years. The ITH bonus year shall not be applicable to expansion and modernization project; (b) importation of capital equipment, spare parts and accessories at zero (0) duty under Executive Order No. 85 and its Implementing Rules and Regulation; (c) exemption from taxes and duties on imported spare parts and consumable supplies for export producers

with CBMW exporting at least seventy percent (70%) of production; (d) additional deduction for labor expense for a period of five (5) years from registration an amount equivalent to fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH; (e) importation of consigned equipment for a period of ten (10) years from date of registration subject to posting of re-export bond; (f) employment of foreign nationals. This may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration; (g) simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies; (h) exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten (10) years from date of registration; (i) access to CBMW subject to the Customs rules and regulations; (j) tax and duty exemption on imported breeding stocks and genetic materials within ten (10) years from the date of registration; and (k) tax credit on tax and duty portion of domestic breeding stocks and genetic materials within ten (10) years from date of registration.

URC Flour

On December 5, 2018, URC Flour Davao was registered with the BOI, under Certificate of Registration no. 2018-255, as an expanding producer of flour with a non-pioneer status.

Under the general terms and conditions of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) Income Tax Holiday (ITH) for a period of three (3) years from July 2019 or actual start of commercial operations, whichever is earlier, but availment shall not be earlier than the date of registration. The income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from the registered project; (b) importation of capital equipment, spare parts and accessories at zero (0) duty under Executive Order No. 57 and its Implementing Rules and Regulations; (c) exemption from taxes and duties on imported spare parts and consumable supplies for export producers with Customs Bonded Manufacturing Warehouse (CBMW) exporting at least seventy percent (70%) of production; (d) additional deduction for labor expense for a period of five (5) years from registration an amount equivalent to fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board and, may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH; (e) importation of consigned equipment for a period of ten (10) years from date of registration, subject to posting of re-export bond; (f) employment of foreign nationals, which may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration; (g) simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies; (h) exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten (10) years from date of registration; (i) access to CBMW subject to the Customs rules and regulations; and (j) additional deduction from taxable income equivalent to 100% of expenses incurred in the development of necessary and major infrastructure facilities.

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

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

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

34. Commitments and Contingencies

Milling Contracts

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

Sugar under Custody but Not Owned

As of December 31, 2024 and 2023, the Group has in its custody sugar owned by several quedan holders amounting to ₱1.8 billion (714,905 Lkg) and ₱2.3 billion (913,415 Lkg), respectively. The said volume of sugar is not reflected in the consolidated statements of financial position since this is not owned by the Group. The Group is accountable to both quedan holders and sugar traders for the value of these trustee sugar or their sales proceeds.

Leases

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

Right-of-use Assets

Set out below are the carrying amounts of ROU assets recognized and the movements during the year ended December 31, 2024 and 2023:

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

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

Lease Liabilities

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

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

Derecognitions arose from lease terminations during the period.

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

Summarized below are the amounts recognized in the 2024, 2023 and 2022 consolidated statements of comprehensive income in relation to the Group's leases:

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

Operating Lease Commitments - Group as a Lessor

The Group has entered into (1) one-year renewable, noncancelable leases with various related parties covering certain land and buildings where office spaces are located. Future minimum rentals receivable under noncancelable operating leases amounted to ₡53.8 million, ₡50.2 million, and ₡40.2 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Operating Lease Commitments - Group as a Lessee

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

Future minimum rentals payable under noncancelable operating leases follow:

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

Others

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

35. Supplemental Disclosure to Cash Flow Statements

The Group's noncash activities are as follows:

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

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

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

As of December 31, 2024, part of the proceeds from disposal of property, plant and equipment and investment properties is recognized under current and noncurrent receivables from an affiliate (see Notes 12 and 16).

36. Approval for the Release of the Financial Statements

The accompanying consolidated financial statements of the Group were authorized for issue by the Audit Committee and the BOD on March 31, 2025.