1 June 2023

MR. VICENTE GRACIANO P. FELIZMENIO, JR.
Director, Market and Securities Regulation Department
Securities and Exchange Commission
17th Floor, SEC Headquarters, 7909 Makati Avenue, Salcedo Village
Barangay Bel-Air, Makati City

Re: Comments to Preliminary Information Statement and Submission of Definitive Information Statement and Management Report

Dear Director Felizmenio:

This refers to the Securities and Exchange Commission's ("SEC") e-mail dated 29 May 2023 regarding the SEC's comments on Vitarich Corporation's ("Vitarich") Preliminary Information Statement.

Vitarich hereby submits its Definitive Information Statement and Management Report with the updated information and/or explanation of compliance and/or non-applicability of the required information as stated below.

Vitarich shall also submit two (2) sets of hardcopies of the DIS and Management Report on or before 06 June 2023 as directed in the said e-mail.

SEC's Comment: Disclose the following:	Page No.	Vitarich's Remarks
Market Price Information – High and low sales prices for the 1st quarter of 2023	pp. 87 to 88	Updated the disclosure on Market Price Information under Item 5 of the Management Report to include the high and low sales prices for the 1st quarter of 2023.
Description of the opportunity given to stockholders to ask questions and a record of the questions asked and answers given.	pp. 28 to 35	As can be seen in Item 15 (Action with Respect to Reports), the Minutes of the June 24, 2022 were quoted in pages 28 to 35. As can be seen in Parts III to VIII of the said Minutes, which appear on pages 29 to 35, the stockholders were given an opportunity to raise questions on each item of the agenda before proceeding to the next agenda but none asked questions. These were already disclosed in the Preliminary Information Statement and we retained the same in this DIS.
Record of the voting results for each agenda item	pp. 28 to 35 and Annex	As can be seen in Item 15 (Action with Respect to Reports), the Minutes of the June 24, 2022 were quoted in pages 28 to 35.

	"D" of the DIS	As can be seen in Parts III to VIII of the said Minutes, which appear on pages 29 to 35, the voting results for each agenda item are disclosed already in the Preliminary Information Statement. We retained the disclosures in this DIS. We also included as Annex "D" of the Preliminary Information Statement the Certification dated June 21, 2022 issued by Stock Transfer Service, Inc. showing the voting results for each agenda item. We retained the same attachment to this DIS.
Dividends – An explanation of the dividend policy and the fact of payment of dividends or the reasons for non-payment thereof.	Page 88	Updated the disclosure on Dividends under Item 5 of the Management Report to include the Corporation's adherence to Section 42 of the Revised Corporation Code of the Philippines and the reasons for the non-payment of dividends since 1996.
A director attendance report at each of the meetings of its CG committees	Pages 99 to 107	The directors' attendance to the regular, special and organizational meetings of the Board of Directors as well as in the meetings of the Board Committees from their election on June 24, 2022 until April 30, 2023 had been disclosed in pages 98 to 105 of the Preliminary Information Statement. Updated the information in the DIS to include meetings held in May 2023.
Appraisal and performance reports for the Board and the criteria and procedures for assessment	Page 108	Updated the disclosure under Part V, Corporate Governance of the Management Report to include the details of the appraisal and performance reports for the Board of Directors and the criteria and procedures for assessment.
A director's compensation report on the amount of *per diem* received per CG committee attendance	Pages 22 and 99	Already included in Item 6, page 22 of the Preliminary Information Statement. Reiterated the disclosure in page 99, Part V (Corporate Governance) of the Management Report

Sincerely,

ATTY. MARY CHRISTINE DABU-PEPITO
Assistant Corporate Secretary/Compliance Officer/
Corporate Information Officer

COVER SHEET

2 1 1 3 4

S.E.C. Registration Number

V I T A R I C H   C O R P O R A T I O N

(Company's Full Name)

M A R I L A O - S A N   J O S E   R O A D ,   S T A .
R O S A   I ,   M A R I L A O ,   B U L A C A N

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

Atty. Mary Christine Dabu-Pepito

Contact Person

(+632) 8843-30-33

Company Telephone Number

DEFINITIVE INFORMATION STATEMENT

Last Friday of June

1 2 - 3 1	2 0 - I S	0 6
Month *Day*	Form Type	Month Day
Fiscal Year		

Secondary License Type. If Applicable

Dept. Requiring this Doc.

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

S T A M P S

TO ALL STOCKHOLDERS:

Please be informed that the Annual General Meeting of the Stockholders of VITARICH CORPORATION (the "Corporation") will be held on Friday, June 30, 2023, 2:00 P.M., at Royal Woods Resort, Ilang Ilang Extension, Sta. Rosa II, Marilao, Bulacan.

The Stockholders' Annual General Meeting shall have the following agenda:

1. Call to Order;
2. Certification of Notice and the Existence of a Quorum;
3. Approval of the Minutes of the Previous Stockholders' Annual General Meeting;
4. Report of the President on the Results of the 2022 Operations and the 2022 Audited Financial Statements;
5. Ratification of the Acts of Directors and Officers;
6. Election of Directors;
7. Appointment of External Auditor;
8. Appointment of Stock Transfer Agent;
9. Other matters; and
10. Adjournment.

A brief explanation of each item which requires the approval and/or ratification by the stockholders are provided in the Information Statement. Stockholders can get the electronic copies of the SEC-20-IS Definitive Information Statement, SEC 17-A Annual Report with 2022 Audited Financial Statements and other pertinent information from the PSE's EDGE system and the Corporation's website at https://vitarich.com/company-disclosure/sec-filings/.

Only stockholders of record as of May 30, 2023, which is the record date fixed by the Board, are entitled to notice of, and to vote at, this meeting.

Proxies must be submitted to the Special Committee of Election Inspectors of the Corporation located at Vitarich Corporation, Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan, on or before June 19, 2023. Proxies shall be validated by the Special Committee on Election Inspectors at said office on June 23, 2023.

On the day of the meeting, you or your duly designated proxy are required to show this Notice together with your government-issued ID to facilitate registration. Registration shall start at 1:00 pm and shall close at 1:45 pm.

ATTY. MARY CHRISTINE DABU-PEPITO
Asst. Corporate Secretary/Compliance Officer/
Corporate Information Officer

Annex “A”

EXPLANATION OF AGENDA ITEMS FOR STOCKHOLDERS’ APPROVAL AND/OR RATIFICATION

1. **Call to Order**

The Chairman of the Board will formally commence the meeting at approximately 2:00 p.m. on Friday, June 30, 2023.

2. **Certification of Notice and Certification of Quorum**

The Corporate Secretary will certify that the notice of the annual meeting was published in a newspaper of general circulation and was posted on the PSE’s EDGE system and the Corporation’s website in compliance with SEC requirements, and that a quorum exists for the valid transaction of business.

3. **Approval of the Minutes of the Annual Stockholders’ Meeting held on June 24, 2022**

The minutes of the last annual stockholders’ meeting held on June 24, 2022 can be viewed at the Corporation’s website at https://vitarich.com/wp-content/uploads/2022/06/Minutes-of-Annual-General-Meeting-2022.pdf and may be found in page 28 of this Information Statement.

4. Report of the President on the Results of the Operations for 2022 and the 2022 Audited Financial Statements of the Corporation

The President and Chief Executive Officer, Mr. Ricardo Manuel M. Sarmiento, will report on the Corporation’s 2022 performance and the outlook for this year. The audited financial statements for the year ended December 31, 2022 are included in the Annual Report posted on the PSE’s EDGE system and the Corporation’s website at https://vitarich.com/company-disclosure/sec-filings/.

5. Ratification of the Acts of Directors and Officers

The acts of the Board of Directors and its committees, officers and Management of the Corporation since May 01, 2022 up to April 30, 2023, as duly recorded in the corporate books, include the approval of all contracts and agreements, application for government permits and licenses, sale or lease of properties, and other transactions in the general conduct of business. The summary of the major resolutions approved and adopted by the Board and the Board Committees are discussed in the Information Statement.

6. Election of Directors

In accordance with the Corporation’s Amended Articles of Incorporation, Revised Manual on Corporate Governance and By-Laws, the stockholders must elect the members of the Board of Directors of the Corporation comprised of nine (9) directors, including independent directors who shall comprise at least 20% of the members of the Board of Directors, who shall hold office for a term of one (1) year, or until their successors shall have been duly elected and qualified.

Following the announcement on the holding of the annual stockholders’ meeting, the Nomination Committee accepted the nomination of any individual for election as directors. Thereafter, the Nominations Committee evaluated the initial list of nominees for the Board, including the nominees for independent directors, and determined that the nominees have all the qualifications and none of the disqualifications to serve in the Board of Directors. Thereafter, the Nominations Committee prepared and approved the Final List of Candidates. Such Final List of Candidates and the qualifications of each nominee director are discussed in the Information Statement and their names are included in the ballot form to be provided by the Corporation.

7. Appointment of the External Auditor

On February 16, 2023, the Board of Directors, upon the favorable recommendation of the Audit, Risk Oversight and Related Party Transactions Committee, approved the appointment of Reyes Tacandong & Co. as the Corporation's external auditor for the taxable year 2023. The details of the external auditor are provided in the Information Statement.

8. Appointment of the Stock Transfer Agent

The Board endorsed to the stockholders the re-appointment of Stock Transfer Services, Inc. as the stock transfer agent for the ensuing year. The details of the stock transfer agent are provided in the Information Statement.

Annex “B”

VITARICH CORPORATION
PROXY FORM

The undersigned stockholder of **VITARICH CORPORATION** (the "Corporation") hereby nominates, constitutes, and appoints the following:

Name of proxyholder: ____

or in his/her/its absence, the Chairman of the meeting, as his/her/its proxy, to represent and to vote all of his/her/its shares of stock in the Corporation registered in his/her/its name in the corporate books and records of the Corporation during the annual stockholders’ meeting of the Corporation scheduled on June 30, 2023 and on any postponement or adjournment thereof.

The proxy is authorized to attend the annual stockholders’ meeting and is given the following instructions as regards the matters to be taken up during the said meeting:

______The proxy is given the right to exercise his/her discretion in accomplishing the ballot form to be issued by the Corporation and in voting for the items in the agenda.

______The proxy shall vote strictly as follows:

Matter	**For**	**Against**	**Abstain**
Approval of the Minutes of the Last Annual Stockholders’ Meeting			
Report of the President on the Results of the 2022 Operations and the 2022 Audited Financial Statements			
Ratification of the Acts of Directors and Officers			
Appointment of Reyes Tacandong & Co. as External Auditor			
Appointment of Stock Transfer Services, Inc. as Stock Transfer Agent			

For the election of directors:

Number of shares owned	
Number of votes (no. of shares owned times nine (9) seats)	

Nominee	**Number of votes, or if you want to distribute your votes equally among the nominees, please place an “x” ***
Jose Vicente C. Bengzon, III	
Ricardo Manuel M. Sarmiento	
Stephanie Nicole S. Garcia	
Rogelio M. Sarmiento	
Benjamin I. Sarmiento, Jr.	
Lorenzo Vito M. Sarmiento, III	
Juan Arturo Iluminado De Castro	
Pierre Carlo C. Curay (Independent Director)	

Vicente J.A. Sarza (Independent Director)	
Total*	

** By placing (x) beside the name of the nominee, we shall consider the total number of votes that you are entitled to cast to have been distributed equally to the number of directors that you voted for.*

IN WITNESS WHEREOF, this proxy has been executed by the undersigned.

Signature: ________________________________

Name: ________________________________

Date: ________________________________

Annex "C"

VITARICH CORPORATION
BALLOT FORM

Name of stockholder	
Name of proxyholder	
Signature	

Please check:

Matter	For	Against	Abstain
Approval of the Minutes of the Last Annual Stockholders' Meeting			
Report of the President on the Results of the Operations for 2022 and the 2022 Audited Financial Statements			
Ratification of the Acts of Directors and Officers			
Appointment of Reyes Tacandong & Co. as External Auditor			
Appointment of Stock Transfer Services, Inc. as Stock Transfer Agent			

For the election of directors:

Number of shares owned	
Number of votes (no. of shares owned times nine (9) seats)	

Nominee	Number of votes, or if you want to distribute your votes equally among the nominees, please place an "x" *
Jose Vicente C. Bengzon, III	
Ricardo Manuel M. Sarmiento	
Stephanie Nicole S. Garcia	
Rogelio M. Sarmiento	
Benjamin I. Sarmiento, Jr.	
Lorenzo Vito M. Sarmiento	
Juan Arturo Iluminado De Castro	
Pierre Carlo C. Curay (Independent Director)	
Vicente J.A. Sarza (Independent Director)	
Total*	

** By placing (x) beside the name of the nominee, we shall consider the total number of votes that you are entitled to cast to have been distributed equally to the number of directors that you voted for.*

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [] Preliminary Information Statement
   [✔] Definitive Information Statement

2. Name of Registrant as specified in its charter: VITARICH CORPORATION

3. Bulacan, Philippines
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: 21134

5. BIR Tax Identification Code: 000-234-398-000

6. Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan 3019
   Address of principal office Postal Code

7. Registrant’s telephone number, including area code (+632) 8843-3033

8. Date, time and place of the meeting of security holders

   Date: Friday, June 30, 2023
   Time: 2:00 p.m.
   Place: Royal Woods Resort, Ilang Ilang Extension, Sta. Rosa II, Marilao, Bulacan.

9. Approximate date on which the Information Statement is first to be sent or given to security holders: June 6, 2023, subject to approval of the SEC.

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants)

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Stock	3,054,334,014 shares

11. Are any or all of registrant's securities listed on a Stock Exchange?
    Yes ✔ No _

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    Philippine Stock Exchange

WE ARE NOT SOLICITING A PROXY

PART I.

A. GENERAL INFORMATION

Item 1. Date, time, and place of meeting of security holders.

(a) The Annual Meeting of the Stockholders of VITARICH CORPORATION (the "Corporation" or "Vitarich") will be held on Friday, June 30, 2023 at 2:00 P.M. at Royal Woods Resort Ilang Ilang Extension, Sta. Rosa II, Marilao, Bulacan.

(b) Pursuant to the Notice dated March 13, 2023 of the SEC, this Information Statement and the accompanying Proxy Form and other necessary materials shall be sent or given to security holders through posting of the electronic copies of the said documents at the Corporation's website and PSE EDGE System not later than June 6, 2023 as well as publication of the notice of the annual meeting containing the information on the availability of the electronic copies of the documents on the Corporation's website and the PSE EDGE system not later than twenty one (21) days prior to the scheduled meeting or not later than June 7, 2023.

Item 2. Dissenter's Right of Appraisal

There is no matter to be taken up during the annual stockholders' meeting that may give rise to the exercise by any dissenting stockholder of the right of appraisal. For the guidance and information of the stockholders, any stockholder of the Corporation may exercise his/her right of appraisal in any of the instances enumerated under Section 80 of the Revised Corporation Code of the Philippines ("RCCP") and in the manner provided for under Section 81 of the RCCP. Sections 80 and 81 of the RCCP provide as follows:

> "SECTION 80. Instances of Appraisal Right. — Any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of the shares in the following instances:
>
> 1. In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
>
> 2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code;
>
> 3. In case of merger or consolidation; and
>
> 4. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation."
>
> "SECTION 81. How Right is Exercised. — The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the

date on which the vote was taken: Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days from the date the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: Provided, further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation."

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director, officer, or nominee for director or officer of the Corporation or associate of said director, officer or nominee for director or officer of the Corporation has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the corporate actions to be acted upon at the annual meeting of the stockholders. None of the directors of the Corporation has informed or signified his/her intention to oppose any of the corporate actions to be acted upon at the annual meeting of the stockholders.

B. CONTROL AND COMPENSATION INFORMATION

Item 4: Voting Securities and Principal Holders Thereof

(a) Number of Shares Outstanding: The Corporation's capital stock is composed of common shares, which are voting shares. The number of shares outstanding is 3,054,334,014 with each share entitled to one (1) vote. The Corporation's Filipino-Foreign equity ownership as of April 30, 2023 is as follows:

	No. Of Shares	% Ownership
Shares owned by Filipino	2,943,695,572	96%
Shares owned by Foreigners	110,638,442	4%
Total	3,054,334,014	100.00%

(b) Record Date: The record date, with respect to this solicitation, is on May 30, 2023. Only stockholders of record as at the close of business on May 30, 2023 are entitled to notice and vote at the meeting.

(c) Cumulative Voting Rights: At the election of directors, each stockholder may vote the shares registered in his/her name, either in person or by proxy, for as many persons as there are directors, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his/her shares shall equal, or he/she may distribute them on the same principles among as many candidates as he/she shall see fit: provided that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her multiplied by the whole number of directors to be elected.

(d) (i) Security Ownership of Certain Record and Beneficial Owners: Owners of record of more than 5% of the Corporation's voting securities as of April 30, 2023 are as follows:

Title of Class	Name, Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship W/ Record Owner	Citizenship	No. Of Shares	Percent of Class
Common Shares	PCD NOMINEE CORPORATION (Filipino) 37/F The Enterprise Center, Ayala Avenue Corner Makati Avenue, Makati City Beneficial owner of more than 5% of the outstanding shares.	Various beneficial owners	Filipino	2,924,397,240	95.75%
	KORMASINC, INC. 7th Floor, LTA Bldg., 118 Perea St., Legazpi Village, Makati City	Various beneficial owners	Filipino Corporation	1,480,532,604	48.47%
	CHOCOHOLIC HOLDINGS, INC. Vitarich Corporation Compound, Marilao San Jose Road, Brgy. Sta. Rosa I, Marilao, Bulacan	Various beneficial owners	Filipino Corporation	705,666,000	23.10%

The Corporation has no information yet on who will vote the shares of Kormasinc, Inc. and Chocoholic Holdings, Inc. since the due date for submission of their designated proxies is on June 19, 2023.

(ii) Security of Ownership of Management: The number of common shares beneficially owned by directors and executive officers as of April 30, 2023 are as follows:

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	AMOUNT & NATURE OF BENEFICIAL OWNERSHIP	CITIZENSHIP	PERCENT OF CLASS
Common	Jose Vicente C. Bengzon III	10,000	Filipino	0.00%
Common	Rogelio M. Sarmiento	6,386,320	Filipino	0.21%

Common	Benjamin I. Sarmiento Jr.	199	Filipino	0.00%
Common	Ricardo Manuel M. Sarmiento	55,240,990	Filipino	1.81%
Common	Stephanie Nicole S. Garcia	104,359	Filipino	0.00%
Common	Lorenzo Vito M. Sarmiento III	500	Filipino	0.00%
Common	Vicente J.A. Sarza	1	Filipino	0.00%
Common	Pierre Carlo C. Curay	1	Filipino	0.00%
Common	Juan Arturo Iluminado C. de Castro	19,523,034	Filipino	0.64%
Common	Aison Benedict C. Velasco	0	Filipino	0.00%
Common	Reynaldo D. Ortega	1,219,974	Filipino	0.04%
Common	Mary Christine Dabu-Pepito	0	Filipino	0.00%
Common	Alicia G. Danque	0	Filipino	0.00%
Common	Emmanuel S. Manalang	0	Filipino	0.00%
Common	Elaine C. Nantes	0	Filipino	0.00%
Common	Carmencita S. Policarpio	0	Filipino	0.00%
Common	Dilbert D. Tan	0	Filipino	0.00%
Common	Ma. Diana M. Cuna	0	Filipino	0.00%
Common	Marie Angelie Bautista-Macatual	0	Filipino	0.00%
Common	Xerxes Noel O. Ordanez	0	Filipino	0.00%

(iii) Voting Trust Holders of 5%or more: The Corporation is not aware of any person holding more than 5% of the common shares of the Corporation under a voting trust or similar agreement as there has been no voting trust agreement which has been filed with the Corporation and the Securities and Exchange Commission, as required under the RCCP.

(e) Change in Control of the Corporation: The Corporation is not a subsidiary of any other corporation or entity. There is no stockholder who owns at least 51% of the outstanding capital stock of the Corporation. Furthermore, there are no arrangements that will affect or change the ownership of the Corporation.

Item 5. Directors and Executive Officers

The following were elected as directors of the Corporation at the annual meeting of the stockholders of the Corporation on June 24, 2022 to hold office until the next succeeding annual meeting of the stockholders and until the respective successors have been elected and qualified:

Regular Directors:

1. Jose Vicente C. Bengzon, III
2. Rogelio M. Sarmiento
3. Ricardo Manuel M. Sarmiento
4. Stephanie Nicole S. Garcia
5. Benjamin I. Sarmiento, Jr.
6. Lorenzo Vito M. Sarmiento, III
7. Juan Arturo Iluminado C. De Castro

Independent Directors:

1. Vicente Julian A. Sarza
2. Pierre Carlo C. Curay

Their respective profile, background and credentials may be seen in pages 19 to 26 of the Corporation's SEC Form 17-A attached to and made an integral part of this Information Statement. The directors' attendance during the Board of Directors' meeting and Board Committee meetings are disclosed under Part V, Corporate Governance, on pages 104 to 106 of this Information Statement. The director's per diem are disclosed under Item 6 on page 22 of this Information Statement. Since they are also nominated for re-election during the annual stockholders' meeting on June 30, 2023, their respective profile, background and credentials may be seen below.

Officers are elected by the newly elected members of the Board of Directors at the first meeting. The Board also elects during its first meeting the chairman and members of the Audit, Risk Oversight and Related Party Transactions as well as the Nominations, Remunerations and Corporate Governance committees. The following officers were elected during the Organizational Meeting of the Board of Directors held on 24 June 24, 2022, and, unless removed by the Board of Directors, shall hold office until their successors are appointed. If any vacancy shall occur among the officers of the Corporation, such vacancy shall be filled by the Board of Directors:

Jose Vicente C. Bengzon III	- Chairman of the Board
Rogelio M. Sarmiento	- Chairman Emeritus
Ricardo Manuel M. Sarmiento	- Chief Executive Officer/President
Stephanie Nicole S. Garcia	- EVP, Corporate Management Services Director and Treasurer
Atty. Aison Benedict C. Velasco	- Corporate Secretary
Atty. Mary Christine Dabu-Pepito	- Asst. Corporate Secretary/Compliance Officer/ Corporate Information Officer
Reynaldo D. Ortega	- Senior Vice President and General Manager, Poultry, Food, and Feed Sales Division

Carmencita S. Policarpio	- Vice President and Poultry Production Operations Manager
Alicia G. Danque	- Vice President & Supply Chain Director/ Alternate Corporate Information Officer
Glenmark R. Seducon	- Chief Audit Executive
Emmanuel S. Manalang	- Vice President & Nutrition and Research & Development Manager
Elaine C. Nantes	- Vice President and Quality Assurance/Research and Development – Foods Technical Director
Maria Alicia C. Arnaldo	- Executive Vice President & Chief Finance Officer

Their respective profile, background and credentials may be seen in pages 19 to 26 of the Corporation's SEC Form 17-A attached to and made an integral part of this Information Statement. The respective profile, background and credentials of the officers being nominated for re-election during the annual stockholders' meeting on June 30, 2023 may be seen below.

Pursuant to Article VI of its Amended Articles of Incorporation, the Corporation shall have nine (9) directors. The independent directors were pre-screened by the Nominations, Remunerations and Corporate Governance Committee of the Corporation under the guidelines and procedures laid down in the RCCP as well as the Corporation's Amended By-Laws, Amended Manual on Corporate Governance, and existing circulars and regulations of the SEC. They possess all the qualifications and none of the disqualifications of being an independent director, pursuant to SRC Rule 38 of the Rules Implementing the Securities Regulations Code. Their respective Certifications are attached to and made an integral part of this Information Statement. The list of nominees for the members of the Board of Directors and Officers for the ensuing year as of the date of this report are the following:

1. Mr. Jose Vicente C. Bengzon III;
2. Mr. Ricardo Manuel M. Sarmiento;
3. Ms. Stephanie Nicole S. Garcia;
4. Rogelio M. Sarmiento;
5. Mr. Benjamin I. Sarmiento Jr.;
6. Mr. Lorenzo Vito M. Sarmiento, III;
7. Atty. Juan Arturo Iluminado C. de Castro;
8. Mr. Vicente Julian A. Sarza (Independent Director);
9. Mr. Pierre Carlo C. Curay (Independent Director)

Officers:

Mr. Jose Vicente C. Bengzon, III	- Chairman of the Board
Mr. Rogelio M. Sarmiento	- Chairman Emeritus
Mr. Ricardo Manuel M. Sarmiento	- President/Chief Executive Officer
Ms. Stephanie Nicole S. Garcia	- EVP, Chief Sustainability Officer/Corporate Management Services Director/Treasurer
Atty. Aison Benedict C. Velasco	- Corporate Secretary
Atty. Mary Christine Dabu-Pepito	- Assistant Corporate Secretary/Compliance Officer/Corporate Information Officer
Mr. Reynaldo D. Ortega	- Senior Vice President and General Manager, Poultry and Food Sales Division
Ms. Alicia G. Danque	- Senior Vice President & Feeds Business Unit Manager/ Alternate Corporate Information

	Officer
Ms. Ma. Diana M. Cuna	- Senior Vice President – Chief Human Resource Officer
Ms. Carmencita S. Policarpio	- Vice President and Poultry Production Operations Manager
Mr. Dilbert D. Tan	- Vice President and Finance Operations Director
Ms. Elaine C. Nantes	- Vice President & Corporate Quality and Technical Services Director
Mr. Emmanuel S. Manalang	- Vice President & Nutrition and Research & Development Manager
Ms. Mari Angelie Bautista-Macatual	- Vice President, Marketing and Business Development Director
Mr. Xerxes Noel O. Ordanez	- Corporate Audit Manager

All nominees for directors and officers are Filipino citizens and are currently serving as the Corporation's directors and/or officers. The following is a brief profile of each nominee for directors and/or officers:

Directors:

Jose Vicente C. Bengzon III, Filipino, 65 years old
Director/Chairman of the Board

Mr. Bengzon has been Vitarich's Chairman of the Board of Directors since 2012. He has been the President & CEO of Torres Trading Company, Inc. since January 2021 and an Independent Director of Upson International Corp. since 2022. He has been the Vice Chairman & Chairman of the Executive Committee of Commtrend Construction Corp. since 2014; Director and Treasurer of Inception Technology Philippines Corp. since 2019; and Senior Adviser to the Board of Malayan Bank since 2018. He was Director & Chairman of the Risk Management Committee of Rizal Microbank from 2010 to 2020. He was a Consultant at SGV from 1982-1985 and Financial Planning and Projects Manager for Reuters America from 1988 to 1990. From 1991 to 1996, he was with Dole Philippines and served in various capacities as Assistant to the Country Manager, Manager in the Financial Planning Group, and Financial Analyst. He was also an Entrepreneur of Westborough Food Corporation from 1993 to 2001. Mr. Bengzon was Director of the Philippine Quality Awards Foundation from 1998 to 2011; on the Board of Trustees at the Philippine Quality and Productivity Movement, Davao Chapter, from 1998 to 1999; on the Board of Trustees of the Davao City Chamber of Commerce and Industry from 1999 to 2000; President of the Productivity Development Council in Mindanao from 1999 to 2000; and President of Abarti Artworks Corporation from 2001 to 2004. In 2005, Mr. Bengzon was the Chief Privatization Officer of the Department of Finance and Director of Panaro Minerals Phils. and the Philippine Al Amanah Islamic Bank. He was President of the Duma Group of Companies from 2006 to 2011; President of UPCC Holdings Corp until 2020; acting Chairman at the Philippine National Construction Corp. from 2012 to 2013 and its Board Member from 2005 to 2011; Director of Manila North Tollways Corp. from 2012 to 2013; Director of the South Luzon Tollways Corp. from 2011 to 2012; an Independent Director of Bermaz Auto Phil's Inc. (2017); and Director & Chairman of the Audit Committee of Century Peak Mining Corp. from 2016 to 2018. He is a Certified Public Accountant and a graduate of De La Salle University having obtained his Bachelor of Science degree in Commerce and Bachelor of Arts degree in Economics in 1980 therefrom. He earned his Master of Business Administration at the J. L. Kellogg School of Management at Northwestern University in 1988.

Ricardo Manuel M. Sarmiento, Filipino, 46 years old
Director/President & Chief Executive Officer

Mr. Sarmiento is the President and Chief Executive Officer of Vitarich Corporation. He brings with him almost two decades of hands-on experience with the company. He is responsible for the overall success of the organization with primary responsibilities in setting corporate objectives and strategy, driving growth, and managing company operations towards achievement of goals.

He began his career with the company in 2005 as the Acting General Manager of Gromax and, eventually, as its General Manager. He later became its President in 2010. This was followed by his role as Vitarich's Sales and Marketing Director and his eventual promotion to Executive Vice-President and Chief Operating Officer in 2012. He is likewise the Treasurer of Precisione International Research and Diagnostic Laboratory, Inc., a position he has held since 2008.

Mr. Sarmiento is an active member of the Rotary Club of Manila, Upsilon Sigma Phi, and the Young President's Organization (YPO Philippines Chapter). He has been a panelist in various business forums including the Philippine Summit of The Asset and the Economic Forum of BusinessWorld. His team was recognized as the Executive Leadership Team of the Year and a Circle of Excellence Awardee at the Asia CEO Awards 2022. Mr. Sarmiento holds a bachelor's degree in tourism from the University of the Philippines, Diliman.

Stephanie Nicole M. Sarmiento-Garcia, Filipino, 43 years old
Director/Executive Vice-President, Chief Sustainability Officer (CSO)/Corporate Management Services Director/Treasurer

Ms. Garcia is the Executive Vice President - Chief Sustainability Officer and Corporate Management Services Director of Vitarich Corporation. She carries with her almost two decades of solid hands-on experience in the integrated feeds and foods businesses of the company. In addition to her integral role in the corporation, Ms. Garcia also oversees the external activities of Vitarich Corporation and manages its various partnerships with key stakeholders and the government. She is likewise the President of Precisione International Research & Diagnostic Laboratory, Inc. Due to her deep knowledge in the poultry and feeds business, she is recognized by the Philippine Department of Agriculture as a technical resource person and is often invited to share her expertise with the government and private sector groups. Ms. Garcia served as the President of the Philippine Association of Feed Millers, Inc. (PAFMI) from February 2020 to February 2021. Prior to Vitarich, she was a Store Manager at *Le Pain Quotidien,* an international chain of café-style restaurants, specializing in bakery items. Earlier on, she held a front desk position at the *Ritz Carlton Hotel* in San Francisco. She holds a degree in International Hospitality Management from the Glion Institute of Higher Education (formerly known as Glion Hotels School), a private, university-level Swiss hotel management school in Switzerland. Ms. Garcia joined Vitarich in October 2003.

Rogelio M. Sarmiento, Filipino, 74 years old
Director

Mr. Sarmiento served the Corporation in different capacities as director (1982 to 1991; 2003 until April 29, 2021; October 15, 2021 to present), President and Chief Executive Officer (2003 to June 24, 2016), and Chairman of the Board of Directors (2003 to June 29, 2012). He was elected on

October 15, 2021 as a director to fill in the vacancy that resulted from the untimely demise of Mr. Jose M. Sarmiento. He was also the President of L.S. Sarmiento & Co., Inc., Sarmiento Industries, Inc., Fortuna Mariculture Corporation, and Sarphil Corporation from 1968 to 1981. He obtained his Bachelor of Science in Business Administration degree from the University of San Francisco and his Master of Business Administration degree from the University of Santa Clara in the United States of America. He was President of the Philippine Association of Feed Millers Inc. from 1990 to 1992 and Vice-President of the Philippine Chamber of Commerce from 1988 to 1989. Formerly a member of the Interim Batasang Pambansa, he concurrently served as Minister of State for Transportation and Communications. He also served as Deputy Director General of the National Economic and Development Authority. He was a member of the House of Representatives representing the First District of the Province of Davao del Norte from 1992 to 2001.

Benjamin I. Sarmiento, Jr., Filipino, 53 years old
Director

Mr. Sarmiento was elected as Vitarich's Director in 1998. He is a graduate of the University of San Francisco with a Bachelor of Arts degree in Economics. He is the Chief Executive Officer of Sarmiento Pacific Holdings and Equities (formerly Pacific Equities, Inc.) from 1989 to the present. He is also a Director of the following companies: M3 Ventures International, Inc. since 1991, and Ultra-Seer, Inc., Hillsdale Marketing Inc., Specialized Products & Services, Inc., Escotek, Inc., and Diversified Industrial Technology, Inc. since 2002. He is the Chief Executive Officer of Sarmiento Pacific Agribusiness.

Lorenzo Vito M. Sarmiento, III, Filipino, 48 years old
Director

Mr. Sarmiento was elected as director on June 29, 2012. He is also the President of Lockbox Storage, Inc. He was Co-founder and Chief Operating Officer of Advanced Environmental Soil Solutions, Inc. He was President of Davito Holdings Corporation, President of Speed Space Systems, Chairman of Emphasys Process Corporation, Investor and co-founder at South Super Sports, Team Manager under contract with the Philippine Football Federation, and Creative Director of Speed HKG. He graduated in 1999 from the University of San Francisco with a Bachelor of Science degree in Business Administration with emphasis on Marketing and International Business. He took up special courses in International Studies at the Richmond College in London, England, and Network Engineering at Herald College, San Francisco, USA.

Atty. Juan Arturo Iluminado C. De Castro, J.S.D., LL.M., Filipino, 42 years old
Director

Atty. De Castro is a practicing lawyer with a Bachelor of Laws degree from the University of the Philippines College of Law, and is the first Filipino to obtain both a Doctorate in the Science of Law (J.S.D.) and a Master of Laws (LL.M.) degree at the University of California Berkeley School of Law in the USA in 2011. He authored the book on Philippine Energy Law (2012), which provides guidance for investing in the country's electric power industry. He has extensive experience in corporate rehabilitation, or Chapter 11, Bankruptcy, in the Philippines. He is also the managing partner of the De Castro & Cagampang-De Castro Law Firm, a boutique law firm in Makati. Their law practice includes civil and criminal litigation before various courts, appellate practice, real estate transactions, and cases before the Sandiganbayan, among others. He is currently also an Assistant Professorial Lecturer at the De La Salle University College of Law and a consultant at the Cybercrime Investigation and Coordinating Center (CICC).

Pierre Carlo C. Curay, Filipino, 44 years old
Independent Director

Mr. Curay was first elected as Independent Director on June 24, 2022. He has never been affiliated with the Corporation prior to his nomination and election as Independent Director. He has been an entrepreneur for 23 years to date and has 17 years of experience in Logistics and Supply Chain Management, in addition to being a technology professional. He is a Co-Founder and has been the CEO of Insight and Supply Chain Solutions (InsightSCS) since March 2019, a technology logistics start-up. He is also the Director of XVC Logistics, a transport and freight forwarding company serving multinational companies for their Philippine logistics needs. He concurrently serves different organizations in various capacities – Former President and currently Vice President of the Supply Chain Management Association of the Philippines; Co-Chair for Supply Chain Management of the Committee on Transport and Logistics of the Philippine Chamber of Commerce and Industry (since February 2022); Technical Consultant for the Regulatory Reform Support Program for National Development of the University of the Philippines Public Administration and Extension Services Foundation, Inc. (since March 2020); Pioneer Mentor of ASEAN Mentorship for Entrepreneurs Network (since November 2017); and Mentor for the Department of Trade and Industry (DTI) and the Department of Agriculture (DA) at GoNegosyo (since June 2016). Mr. Curay earned his Bachelor of Science degree in Management Information Systems, Information Technology from the Ateneo de Manila University in 1999. He also attended the Training Programs on Logistics Management for the Philippines and established the Logistics Qualifications System of the Association of Overseas Technical Scholarships in Japan (2010-2012) and the Entrepreneurship Acceleration Program at The Wharton School (2019).

Vicente Julian A. Sarza, Filipino, 70 years old
Independent Director

Mr. Sarza was first elected as Independent Director of the Corporation in 2016. He also serves as Independent Director of HC Consumer Finance Phils, Inc. (Home Credit) and the AIB Money Market Mutual Fund, Inc. He was a director and Chief Operating Officer of Mabuhay Capital until his retirement therefrom in 2020. However, he remains a consultant of Mabuhay Capital. Prior to joining Mabuhay Capital, Mr. Sarza was Senior Vice President, Head of institutional banking at Asia United Bank (AUB), a publicly listed company, which operates as a universal bank. Before moving to AUB, Mr. Sarza was a Principal, Head of Advisory Services, in KPMG Philippines. He was responsible for the significant expansion of market share and significant increase in recognition of KPMG Advisory as an advisory services firm in key industries, such as financial institutions, energy, water, infrastructure, insurance and in government and multilateral institutions. Over the years, Mr. Sarza's extensive experience included successful engagements as Director to Chief Privatization Officer, rank of Undersecretary in the Privatization and Management Office (an agency of the Department of Finance). Mr. Sarza was also a Director and Chairman of the Technical Committee on Privatization and Office for Special Concerns for the Department of Finance (Republic of the Philippines). Mr. Sarza had various roles in the successful privatization of Maynilad, International School Manila, Philippine Telecommunications Investment Corp., Energy Development Corp., and lloilo Airport. Mr. Sarza spent more than 25 years in banking, his stints spanning corporate, middle market, and consumer banking with added responsibilities in his last 8 years through involvement in senior functions such as Mancom, Asset and Liabilities Management, and Credit Committee duties, among others. Prior to the Department of Finance, Mr. Sarza spent a total of 14 years at United Coconut Planters Bank (UCPB) and UCPB Savings Banks as Manager to First Vice President-

Head of the Commercial Credit Division and President and COO, respectively. Mr. Sarza holds an A.B. degree in Economics from the Ateneo De Manila University.

Executive Officers

Atty. Aison Benedict C. Velasco, Filipino, 45 years old
Corporate Secretary

Atty. Velasco was first appointed as Corporate Secretary of the Corporation last April 26, 2019. He is presently a Partner of the Angara Abello Concepcion Regala & Cruz Law Office (ACCRALAW), the firm he joined in 2003. He obtained his bachelor's degree from the Ateneo de Manila University in 1999 and his Juris Doctor law degree from the same university in 2003 graduating with Second Honors. Presently, he acts as Corporate Secretary of several companies, including AB Mauri Philippines, Inc., ELC Beauty, Inc., Smartmatic Philippines, Inc., UBS Securities Philippines, Inc., UBS Investments Philippines, Inc., Grey Philippines, Inc., Shin Clark Power Holdings, Inc., Shin Clark Power Corporation, Makesense, Inc., Commonssense Philippines, Inc. and other Philippine companies.

Atty. Mary Christine C. Dabu-Pepito, CCO, Filipino, 37 years old
Assistant Corporate Secretary/Compliance Officer/Corporate Information Officer

Atty. Dabu-Pepito was first appointed as the Corporation’s Assistant Corporate Secretary/Compliance Officer/Corporate Information Officer on March 21, 2016. She obtained her Bachelor of Arts degree in Broadcast Communication from the University of the Philippines-Diliman and graduated *Cum Laude* in 2006. She took up her Bachelor of Laws degree at the San Beda University-Manila in 2011 and was admitted to the Bar on March 28, 2012. She practiced at Dulay, Pagunsan, & Ty Law Offices as one of its Associate Lawyers until May 2013. From June 2013 to March 2016, she was an Associate Lawyer at Dabu & Associates Law Office and was appointed as a Partner of the said firm on April 2016. Her areas of practice include civil, family, criminal, commercial, administrative, employment, and labor law litigation as well as corporate and commercial services. She is also one of the Corporation’s legal counsels. She is an alumna of the 5th cohort of the Applied Sustainability Management in Asia Pacific (ASMAP 5) held on October 2019. Organized by the Center for Social Responsibility of the University of Asia and the Pacific, ASMAP is an executive training program for linking sustainability and business performance. She is a Certified Compliance Officer having completed and passed the qualifying examinations of the Certification Course for Compliance Officers administered by the Center for Global Best Practices on April 5, 2022.

Other Executive Officers

Reynaldo D. Ortega, Filipino, 53 years old
Senior Vice President and General Manager Poultry and Food Sales Division

Dr. Ortega is a Doctor of Veterinary Science and Medicine who obtained his degree at the Central Luzon State University in 1992. He also earned his degree in Bachelor of Science in Animal Husbandry in the same University in 1990. He completed his Master’s Degree at the University of Asia and the Pacific in the Agribusiness Executive Program in 2018. Dr. Ortega started as Production Supervisor at Purefoods Corporation in Sto. Tomas, Batangas, and was later assigned as Veterinary Supervisor at Purefood's JMT office in Ortigas, Pasig. He joined Vitarich in 1994 as an Extension Veterinarian and, since then has handled various positions as Veterinary Services Group Head, Contract Growing Operations Head, Technical Head, and Poultry and Livestock Division Head, until his present appointment in March 2018. His training includes Poultry Tunnel Ventilation Systems, Poultry Management in Cage Systems, Immunology and Virology, and Artificial Insemination in Broiler Breeders. He attended various symposiums about Poultry production, processing, and marketing in the USA, Europe and Asia.

Alicia G. Danque, Filipino, 50 years old
Senior Vice President and General Manager of Feeds Business Unit/Alternate Corporate Information Officer

Hired in 1995, Ms. Danque handled various positions in the Company as Corporate Planning Manager, Chief of Staff, and Assistant Vice President for Animal Health Care. She was appointed Vice President & Supply Chain Director on January 1, 2020 to provide the overall direction for the supply chain and further improve productivity and efficiency and reduce costs while securing high quality materials. On October 1, 2022, she was appointed to her present role. Under her leadership and stewardship are procurement of raw materials and services, feed integrated planning, feed milling, warehousing, logistics operations, and commercial feed sales. Ms. Danque is presently serving as a member of the Board of Directors of the Philippine Association of Feed Millers, Inc. (PAFMI) and is the head of its Membership Committee.

She is a graduate of Mapua University with a Bachelor of Science degree in Industrial Engineering and took postgraduate courses at the Philippine Women's University and University of Asia and the Pacific.

Ms. Ma. Diana Mascardo Cuna, 65 years old
Senior Vice President – Chief Human Resource Officer (SVP-CHRO)

Ms. Cuna was appointed to her current position on December 6, 2022. She is responsible for developing and executing human resources strategy in support of the overall business plan and strategic direction of the organization, specifically in the areas of succession planning, talent management, change management, organizational and performance management, learning and development, talent acquisition and compensation. As the CHRO she provides strategic leadership by articulating HR needs and plans to the leadership council.

Ms. Cuna was a management consultant in the areas of Human Resources and Corporate Risk Management, having been a practicing professional for almost four decades. Prior to her appointment as SVP-CHRO, Ms. Cuna has been the Corporation's Executive Advisor/Human Resources and Organization Development (HR OD) since 2015.

Prior to Vitarich, Ms. Cuna provided HR consultancy to various local and international private companies such as San Miguel Corporation, First Pacific / Maynilad Water Services, Inc., Ayala Land, Petron, Asian Institute of Management, Luen-Thai International (China/HK/Philippines), as well as local government institutions such as the Bureau of Customs, Commission on Elections, Civil Service Commission, NEDA, and the Department of Trade and Industry. She was the VP and HR/Communications Director for San Miguel Corporation, HR expert for USAID programs and for European Union (EU) Commission programs from 2003 to 2015. She earned both her Master's degree in Counseling and Bachelor of Science degree in Biology/FLCD from the University of the Philippines, earned units in Doctor's of Philosophy in Educational Psychology from the University of the Philippines and completed her Organization Behaviour program from INSEAD (Singapore).

Elaine C. Nantes, Filipino, 59 years old
Vice President & Corporate Quality and Technical Services Director

Ms. Nantes has more than 30 years of managerial experience in the food industry particularly in the aspects of Food Processing, Production, Engineering, Quality, and Food Safety Management. She was previously employed as Value-Added Operations Manager, Food Safety, Plant Manager, and Project Manager and has managed business relationships in a third-party tolling plant operation set-up. She was known as "the Food Safety Guru" of San Miguel Pure Foods, Co. She was responsible for establishing and championing quality and food safety, making sure guidelines, requirements, and known regulatory and voluntary food safety standards were followed by the company-owned manufacturing facilities and its third party-owned food plants. She was also responsible for ensuring that quality systems for the safety and suitability of food products will be established, implemented, controlled, and updated. Under her management, 43 food facilities were GMP and HACCP certified with over 80 food products receiving HACCP certification: 6 food plants with ISO 22000 and ISO 9001 certifications. She is the prime mover in decreasing the cost of non-conformities through quality and productivity initiatives while employed and serving as a consultant to her clients in the food industry. In 2005, she served as the Chairperson for the National Meat Advisory Council of the Department of Agriculture National Meat Inspection Service (Philippines). She was awarded by her alma mater, the University of Santos Tomas, *the Albertus Magnus Award* of the College of Science for alumna who excelled in their chosen field of expertise: Microbiology.

Emmanuel S. Manalang, Filipino, 59 years old
Vice President & Nutrition and Research & Development Manager

Dr. Emmanuel S. Manalang was appointed Vice President & Nutrition and Research & Development Manager on August 1, 2019. He is a graduate of Veterinary Medicine from the University of the Philippines in 1985. He started his career in Animal Nutrition working for ER Squibb and Sons Philippines as a Vitamin Mineral Specialist. He developed his skills by enriching his experience working with Ciba Geigy Philippines, and Ajinomoto, Amino Acid Department as a Technical Manager. He has been an Animal Nutritionist/Nutrition consultant for many commercial feed mills and farm operations nationwide since 1989. Dr. Manalang has a vast experience in the field of Swine and Poultry Nutrition, Aqua Nutrition and Pet Nutrition. He is also engaged in exotic bird breeding and management.

Carmencita S. Policarpio, Filipino, 59 years old
Vice President & Poultry Production Operations Manager

Ms. Policarpio is a Licensed Chemical Engineer and has been in the manufacturing industry for more than 30 years. On Sept. 25, 2021, Engr. Policarpio was conferred & included in the roster of ASEAN Engineering Register (AER) as ASEAN Engineer. This is under the AER Commission of the ASEAN Federation of Engineering Organizations (AFEO) among ASEAN countries. On the following year, March 27, 2022, she also received the highest level in the Chemical Engineering Profession as Internationally Recognized Chemical Engineer under PIChE (Philippine Institute of Chemical Engineers) Chemical Engineer Registry.

She has extensive work experience in developing and implementing effective quality control processes, quality management, laboratory and production/plant management. She has been with the Corporation since 10 October 2016 and as such, has been assigned in the Corporation's feed mill plants, hatcheries, poultry/swine farms, and warehouses. She has attended several trainings and conventions in Thailand, Singapore and Indonesia. It was under her management when the Corporation's feed mill plants were given ISO 22000:2018 FSMS (Food Safety Management System) Certification by the Certification International Phils, Inc. and when the Corporation was granted

HACCP (Hazard Analysis and Critical Control Points) certification. Ms. Policarpio is presently serving as a Technical Committee Member of the Philippine Institute of Chemical Engineers - CAMANAVA Chapter. Prior to joining the Corporation, she worked as Plant Manager of Secret Recipes Foods Corp. (Subsidiary of Robinson's Group), Assistant Manufacturing Manager of Plastic Container Packaging Corp, a food packaging company, and QA Manager then promoted to Plant Manager of Vassar Industries Inc. (Food Packaging company).

Engr. Policarpio is currently enrolled in Philippine Women's University, School of Food Science & Technology, Master in Food Safety Management. She is on her last term, preparing for Food Safety Management Case Study Defense.

Dilbert D. Tan, Filipino, 42 years old
Vice President and Finance Operations Director

Mr. Tan was first appointed on July 11, 2022. He is responsible for the management of the corporation's financial processes and risks. Mr. Tan has almost 20 years of career experience mostly in the banking and financial services industry as well as technology software and services. He led operations and support services for corporate loans, trade finance, fund transfer, treasury operations, and asset management for JP Morgan Chase Manila Corporate Center (May 2019 to July 2022), East West Banking Corporation (August 2016 to December 2018), and Deutsche Knowledge Services (January 2006 to September 2008). He has spearheaded system migration and business process transformation initiatives to upgrade efficiency, quality, and controls. He developed and implemented financial risk management policies for risk assessment, measurement, monitoring, and mitigation. In FIS (formerly SunGard Financial Systems) [November 2009 to August 2016], he managed corporate liquidity client services, market intelligence, and demand generation. Mr. Tan is a graduate of Ateneo de Manila University with a Bachelor of Science degree Major in Management and Minor in Finance.

Xerxes Noel O. Ordanez, Filipino, 40 years old
Corporate Audit Manager

Mr. Ordanez serves as the Corporate Audit Manager of Vitarich since January 24, 2023. He has over 16 years of audit and finance experience with exposure to hospitality, healthcare, manufacturing, sugar milling, banking, water utilities, and shared services industries. He has covered reviews of major business process such as IT General Controls, Revenue & Collection, Procure-to-Pay, Payroll, Construction Project Management and Operations & Maintenance.

He completed his Bachelor of Science in Business Administration and Accountancy in 2006 at the University of the Philippines-Diliman and passed the CPA licensure exam in the same year. He completed his MBA degree in the same university in 2018. He holds various audit-related certifications as Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), and Certified in Risk and Information Systems and Controls (CRISC).

He started his career in SGV & Co as an IT Auditor under IT Audit and Advisory Services. Prior to joining Vitarich Corporation, he worked for Manila Water Company, Inc. for 13 years heading the Internal Audit Department and, subsequently, heading the Controllership & Analysis Department.

Marie Angelie Bautista-Macatual, Filipino, 45 years old
Vice President – Marketing and Business Development Director

Ms. Macatual was appointed on February 20, 2023. She has more than 20 years of extensive experience in Marketing, Commercial Excellence, Project Management, Business Development and Cross-functional Leadership in both B2B/B2C and regional/global environments. She has specializations in End-to-End Consumer & Product Marketing, Brand Building, Cross-Market Research/ Data Analysis & Strategy Development - her previous roles include Regional Marketing Director/ Business Development Head (Globe Telecom), Strategic Marketing & Technology Director (Cargill ANH), Global Consultant for Strategic Marketing, Insights & Innovation (International Marketing Consultancy), and Global Marketing Director for Strategy & Innovations / APAC Segment Marketing Director (Koninklijke Philips N.V.) Ms. Macatual is a graduate of the University of the Philippines, Diliman, with a Bachelor of Arts degree in Communications.

Significant Employees: Other than the directors and officers, no other persons are expected to make significant contributions to the business of the Corporation.

Family Relationships Among the Nominees: Mr. Ricardo Manuel M. Sarmiento and Ms. Stephanie Nicole S. Garcia are siblings and they are the children of Mr. Rogelio M. Sarmiento. Mr. Benjamin I. Sarmiento Jr. and Mr. Lorenzo Vito M. Sarmiento III are the cousins of Mr. Ricardo Manuel M. Sarmiento and Stephanie Nicole S. Garcia. They are the nephews of Mr. Rogelio M. Sarmiento.

Involvement in Certain Legal Proceedings: To the knowledge of the Corporation, none of the members of the Board of Directors, officers and nominees for Board of Directors and officers of the Corporation are involved in any criminal or bankruptcy proceedings or subject of any order or judgment of any court or quasi-judicial agency, whether local or foreign effecting his involvement in business, securities, commodities or banking activities, for the past five (5) years up to the latest filing date.

Material Related Party Transactions: The Corporation has no material related party transactions over the last two years with any of its related parties or its directors, officers, or nominees for directors or officers.

Parent/s of the Corporation: The Corporation has no parent company as it has no stockholder owning at least 51% of its outstanding capital stock.

Item 6. Compensation of Directors and Executive Officers

The members of the Board of Directors are entitled to a per diem of P10,000.00 for regular meetings whereas the members of the Audit, Risk Oversight, Related Party Transactions, as well as the Nominations, Remunerations, and Corporate Governance Committees are entitled to a per diem of P5,000.00 for every meeting participation.

Arrangements with Directors & Officers: The Corporation does not extend or grant warrants or options to its executive officers and directors. Thus, the Corporation has no obligation to disclose information pertaining to warrants and options.

The market value of the shares of stock, if any, received by the Corporation's executives and officers approximate the compensation that they should have received had the payment been made in other form of consideration at the grant date.

Executive Compensation: The compensation includes the following:

	2022	2021	2020

Short-term employee benefits	**55,480,527**	35,561,950	31,959,666
Retirement benefits	**5,010,571**	5,872,830	2,984,183
Others	**17,133,565**	10,784,789	11,868,367
	77,624,663	52,219,569	46,812,216

The aggregate compensation including other remuneration during the last two fiscal years, as well as those estimated to be paid in the ensuing fiscal year to the Corporation's Chief Executive Officer and Officers is as follows: (in millions of Pesos)

NAME & PRINCIPAL POSITION	YEAR	SALARY	Bonus & Others
1. RICARDO MANUEL M. SARMIENTO – CEO/President	2022		
2. STEPHANIE NICOLE S. GARCIA- EVP, CSO/CMS Director /Treasurer	2022		
3. REYNALDO D. ORTEGA – SVP & GM Poultry & Food Sales Division	2022		
4. ALICIA G. DANQUE – SVP & Feeds Business Unit Manager / Alternate Corporate Information Officer	2022		
5. DILBERT D. TAN - VP & Finance Operations Director	2022		
TO T A L (Estimated)	2023	**21.60**	-
	2022	**19.91**	-
	2021	**20.40**	-
ALL OTHER OFFICERS & DIRECTORS AS A COMPANY UNNAMED (Estimated)	2023	**3.09**	-
	2022	**3.17**	-
	2021	**2.32**	-

The following are the five highest compensated officers of the Company:

1. **Ricardo Manuel M. Sarmiento** – CEO/President
2. **Stephanie Nicole S. Garcia** – EVP - CSO/CMS Director and Treasurer
3. **Reynaldo D. Ortega** – SVP & GM, Poultry & Food Sales Division
4. **Alicia G. Danque** – SVP & Feeds Business Unit Manager/ Alternate Corporate Information Officer
5. **Dilbert D. Tan** - VP & Finance Operations Director

Certain Relationship and Related Transactions: The Company engages, in the normal course of business, in various transactions with its related parties which include stockholders, entities under common control, key management and others, as described below. There are, however, no material related party transactions over the last two years.

Payable to a Stockholder

Settlement of Restructured Debt. Payable to a stockholder resulted mainly from the acquisition by Kormasinc, Inc. of the Company's restructured debt from creditors. Of the restructured debt of P3.2 billion acquired by Kormasinc (including interest of ₱200.0 million), ₱2.4 billion was converted to equity in 2013. On December 22, 2017, the SEC approved the debt-to-equity conversion of the remaining payable of P407.1 million to Kormasinc Inc. at ₱1.52 a share. As of April 30, 2023, Kormasinc Inc.'s ownership interest over the Corporation is at 48.47%.

Due to and from related parties

Trade Receivables. The Company sells animal feeds, raw materials, feed supplements and dressed chicken to related parties, which are due within 90 days and are noninterest bearing (see Note 7, Consolidated AFS for 2022).

Advances to and from Related Parties. The Company grants unsecured advances to its related parties for working capital requirements. These are payable on demand, hence, are classified under current assets in the consolidated statements of financial position.

Trade Payable. The Company buys raw materials, hogs, and breeder flocks from related parties. These are noninterest-bearing and are generally on a 90-day credit term (see Note 14, Consolidated AFS for 2022).

Operating leases - the Company as lessor. The Company is a lessor to related party leases covering the lease of a dressing plant, ice plant and rendering plant in Bulacan (i.e., dressing and rendering).

Summarized below are the outstanding accounts arising from these transactions (see Notes 7, 14 and 20 , Consolidated AFS for 2022).

		2022		2021	
Related Parties	Nature of Transactions	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Trade and other receivables					
Entities under common control	Sales	**₱509,194,217**		₱1,426,066,299	
	Collections	**(553,596,333)**	**₱218,397,603**	(1,358,918,127)	₱262,799,719
Trade and other payables					
Entities under common control	Purchases	**₱1,097,925,537**		₱1,744,904,273	
	Payments	**(1,183,299,952)**	**₱4,333,416**	(1,697,114,977)	₱89,707,830
Operating lease					
Entities under common control	Rental income	**₱19,877,100**		₱11,096,404	
	Collection	**(5,015,370)**	**20,122,723**	(5,835,411)	5,260,993

The Company also avails of interest-bearing advances from a shareholder which are payable within a year. On September 28, 2020 to November 27, 2020, the Company was granted a series of advances (term: 90 day; interest rate: 3% per annum) amounting to ₱87.4 million from one of the Company's stockholders.

Advances to Officers

The Company grants unsecured, uninterest-bearing advances to its officers which are normally collected within one year through salary deduction. Certain officers also pay operating expenses on behalf of the Company which are payable upon demand. Shown below are the movements in the accounts.

	Nature of Transactions	**2022** Amount of Transactions	**2022** Outstanding Balances	2021 Amount of Transactions	2021 Outstanding Balances
Advances to officers and employees	Net transactions	**₱6,589,468**	**₱19,063,764**	₱473,848	₱12,474,296

Compensation of Key Management Personnel: The compensation includes the following:

	2022	2021	2020
Short-term employee benefits	**55,480,527**	35,561,950	31,959,666
Retirement benefits	**5,010,571**	5,872,830	2,984,183
Others	**17,133,565**	10,784,789	11,868,367
	77,624,663	52,219,569	46,812,216

	2022	2021	2020
Short-term employee benefits	**55,480,527**	35,561,950	31,959,666
Retirement benefits	**5,010,571**	5,872,830	2,984,183
Others	**17,133,565**	10,784,789	11,868,367
	77,624,663	52,219,569	46,812,216

Item 7. Independent Public Accountants

For the year 2022, the audit of the financial statements of the Corporation was handled and certified by the engagement partner, Mr. Erwin A. Paigma. The firm has complied with the Revised SRC Rule 68, paragraph 3 (b) (iv) re: seven (7) years rotation requirement for the external auditor. The engagement of SyCip Gorres Velayo & Co. and the engagement partner for the year 2022 was approved by the Board of Directors and the stockholders of the Corporation.

External Audit Fees and Services: The work of SyCip Gorres Velayo & Co. ("SGV") consisted of an audit of the financial statements of the Corporation to enable them to express an opinion on the fair presentation, in all material respects, of the Corporation's statement of financial position, statement of comprehensive income, statement of changes in equity, and statement of cash flows in accordance with Philippine Financial Reporting Standards. For the year 2022, audit fees amounted to P4.25 million, exclusive of VAT and out of pocket expenses. Other than those mentioned, there were no other services obtained from SGV.

The Audit, Risk Oversight, and Related Party Transactions Committee has confirmed the terms of engagement and the scope of services of the external auditor as endorsed by the Management of the Corporation. The said committee's approval policies and procedure for external auditors are:

1. Statutory audit of company's annual financial statements
    a. The Audit, Risk Oversight, and Related Party Committee ensures that the services of the external auditor conform with the provision of the company's manual of corporate governance specifically articles 2.3.4.1; 2.3.4.3 and 2.3.4.4

b. The Audit, Risk Oversight, and Related Party Committee makes an assessment of the quality of prior year audit work services, scope, and deliverables and makes a determination of the reasonableness of the audit fee based on the proposed audit plan for the current year.

2. For services other than annual F/S audit:
   a. The Audit, Risk Oversight, and Related Party Committee evaluates the necessity of the proposed services presented by Management taking into consideration the following:

      i. The effectiveness of company's internal control and risk management arrangement, systems and procedures, and management degree of compliance.
      ii. The effect and impact of new tax and accounting regulations and standards.
      iii. Cost benefit of the proposed undertaking

   b. The Audit, Risk Oversight, and Related Party Committee approves and ensures that other services provided by the external auditor shall not be in conflict with the functions of the external auditor for the annual audit of its financial statements.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Pursuant to the Corporation's policies on good corporate governance, the Board of Directors, upon on the favorable recommendation of the Audit, Risk Oversight and Related Party Transactions Committee, approved on February 16, 2023 the appointment of Reyes Tacandong & Co. as the Corporation's external auditor for the taxable year 2023.

The appointment of Reyes Tacandong & Co. is being subjected to the approval and ratification of the stockholders on June 30, 2023.

For the information of the stockholders, Reyes Tacandong & Co is registered with the Securities and Exchange Commission (SEC) on May 7, 2010 and the Bureau of Internal Revenue on July 2, 2010. The Firm has:

- 36 partners and principals
- A complement of over 900 professionals,
- Offices in Makati, Davao, Cebu, Iloilo, and Clark

It is a member firm of RSM, which is the 6th largest network of independent audit, tax, and advisory firms in the world.

The engagement partner is Ms. Michelle M. Cruz, who has over 25 years of experience in providing audit services to multinational and local clients in various industries such as healthcare, real estate, call centers, manufacturing, retail and services. She has handled financial audits in accordance with Philippine and United States Generally Accepted Auditing Standards, SOX 404 engagements, due diligence reviews, and various agreed upon procedures engagements.

There was no event in the last two fiscal years where the previous and current external auditors or previous and current engagement partners had any disagreements regarding any matter relating to accounting principles or practices, financial statement disclosures, or auditing scope or procedure. There were no disagreements with the external auditor of the Corporation on any matter of accounting and financial disclosure.

Item 8. Compensation Plan

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation other than those received pursuant to existing labor laws and company policies may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

No action is to be taken with respect to the authorization or issuance of securities, whether the same be for exchange for outstanding securities of the Corporation or not.

Item 10. Modification or Exchange of Securities

No action is to be taken with respect to the modification of any class of securities of the registrant or the issuance of authorization for issuance of one class of securities of the registrant in exchange for outstanding securities of another class.

Item 11. Financial and other Information

While no action is to be taken with respect to any matter specified in Items 9 or 10 above, the information required under item 11 (a) of SEC Form 20-IS are contained in the Corporation's SEC Form 17-A regarding its 2022 Annual Report and 2022 Audited Financial Statements accompanying this Information Sheet.

Item 12. Mergers, Consolidation, Acquisitions and Similar Matters

No action is to be taken with respect to any transaction involving the merger, consolidation, acquisition of the Corporation with another person/entity, by another person/entity. Neither is there any action to be taken with respect to any transaction involving the sale or transfer of all or any substantial part of the assets of the Corporation. Neither is there any action to be taken as regards liquidation or dissolution proceedings as the Corporation's business operations continue to be on-going.

Item 13. Acquisition or Disposition of Property

There is no item in the agenda for this year's annual meeting regarding acquisition or disposition of property.

Item 14. Restatement of Accounts

There is no item in the agenda for this year's annual meeting regarding any restatement of accounts as the Corporation did not restate any of its asse, capital or surplus account for the taxable year 2022.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The following are included in the Agenda of the Annual Meeting of Stockholders of the Corporation scheduled on June 30, 2023 for the approval of the stockholders:

1. Call to order;
2. Certification of notice to the stockholders and the presence of a quorum to do business;
3. Approval of the minutes of the previous annual meeting; *(See Minutes as quoted below)*
4. Report of the President on the Results of the 2022 Operations and the 2022 Audited Financial Statements; *(As will be presented and reported during the meeting; See also attached SEC Form 17-A regarding the 2022 Annual Report, 2022 Consolidated AFS, 2022 Parent AFS and SEC Form 17-Q regarding the Corporation's 1st Quarter Report)*
5. Ratification of the acts of the Board of Directors and officers; *(See list below)*
6. Election of directors; *(See Item 5)*
7. Appointment of the external auditor; *(See Item 7)*
8. Appointment of the stock and transfer agent; *(See Item 18)*
9. Other matters; and
10. Adjournment

Approval of the Minutes of the Previous Annual Meeting: The Minutes of the Annual Meeting of Stockholders of the Corporation held on June 24, 2022, which will be submitted for the approval of the stockholders during the meeting on June 30, 2023, is as follows:

"I. CALL TO ORDER

The Chairman of the Board, Mr. Jose Vicente C. Bengzon III, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Aison Benedict C. Velasco, recorded the minutes of the proceedings.

Before proceeding to the agenda for the stockholders' annual general meeting for 2022, the Chairman introduced the members of the Board of Directors, the Corporate Secretary and Assistant Corporate Secretary. He also informed the body that the profiles of the incumbent directors and their attendance and compensation reports are contained in the Annual Report, Definitive Information Statement and Integrated Annual Corporate Governance Reportsubmitted to the Securities Exchange Commission ("SEC") and posted on the Corporation's website and on the Philippine Stock Exchange ("PSE") Edge.

Thereafter, the Corporate Secretary read and enumerated the following ground rules and voting procedures for the meeting as set forth in the Information Statement:

1. Only stockholders and/or their proxies who have successfully registered during the registration period may attend the meeting. Non-stockholders and non-proxyholders are not allowed to join the meeting.
2. If a stockholder has any question or clarification on the agenda items, he/she should press the "message/chat" button on the screen. The Corporate Secretary will read the questions during the Question and Answer portion of the meeting.
3. As indicated in the notice and in the ballot form, there are five (5) resolutions proposed for adoption by the stockholders during the meeting in addition to the election of the Corporation's directors.
4. Stockholders or their proxies who registered during the registration period have already submitted their ballot forms upon registration. The votes cast in the ballot forms

have been tabulated by the Corporation's stock and transfer agent, Stock Transfer Services, Inc.

5. The Corporate Secretary will report on the votes received and tabulated as of 2:00pm of 24 June 2022 based on the *Certification* issued by Stock Transfer Services, Inc.

II. CERTIFICATION OF NOTICE TO STOCKHOLDERS AND EXISTENCE OF A QUORUM

The Corporate Secretary certified that the stockholders of record as of 24 May 2022 wereduly notified of the annual general meeting in accordance with law and the By-laws of the Corporation. The notice of this meeting was submitted to the SEC and was published in the newspapers and posted on the PSE's EDGE system as well as on the Corporation's website.

He further certified that based on the certification of the stock transfer agent which is attached as Annex "A" hereof, a quorum existed for the transaction of business considering that out of a total of 3,054,334,014 issued and outstanding shares, the stockholders holding 2,262,227,982 shares or 74.30% of the total number of outstanding shares were present in personor by proxy.

III. APPROVAL OF THE MINUTES OF THE ANNUAL GENERAL MEETING OF THE STOCKHOLDERS HELD ON 25 JUNE 2021

The Chairman informed the stockholders that copies of the minutes of the annual general meeting of the stockholders held on 25 June 2021 were made available to the stockholders in the Information Statement filed with the SEC and PSE, and posted online on the Corporation's website.

Upon motion duly made and seconded, and based on the ballot forms received by the Corporation and tabulated by the stock transfer agent, the stockholders holding 2,269,109,982 shares, representing 74.29% of the outstanding capital stock of the Corporation voted to dispense with the reading of the minutes of the annual general meeting of the stockholders of the Corporation held on 25 June 2021 and to approve the said minutes as presented. The stockholder/s holding 118,000 shares or 0.01% of the outstanding capital stock voted against the motion. On the other hand, none abstained from voting on the matter, as certified by the stock transfer agent in its certification attached as Annex "B". Further, despite opportunity to ask questions or make objections, none was made.

IV. REPORT BY THE PRESIDENT/CEO AND AUDITED FINANCIAL STATEMENTS

The Chairman informed the body that copies of the annual report and the audited financial statements have been submitted to the SEC and were also posted on the PSE's website and the Corporation's website.

Thereafter, Mr. Ricardo Manuel M. Sarmiento, President and Chief Executive Officer, reported on the results of the operations of the Corporation for the year 2021, including the audited financial statements for the year ending 31 December 2021.

He reported that in 2021, the Corporation chose to see opportunities instead of challenges. It marked the year with expansion, innovation, team building, and lessons from successes and challenges. The Corporation continued to transform the business. Vitarich takesthe opportunity to reaffirm who it is, what it does, and where it wants to be.

Who is Vitarich and what it does

Vitarich is a pioneer, agribusiness partner, and leader in the animal feeds industry in the Philippines. It is present in three markets - namely feeds, foods, and farms. Its footprint extends over 1,100 stores and 140 partner broiler farms nationwide. Its workforce includes more than 800 people. And most of all, Vitarich's management systems are certified to international standards for sanitation, food safety, and quality, including ISO Food Safety Management Systems (FSMS) and Hazard Analysis Critical Control Points (HACCP).

Mr. Sarmiento reported that Vitarich is firmly committed to evolve in support of food security and nutrition. With an unwavering focus on excellence and care for others, it is constantly looking for ways to help many of its customers provide safe, nutritious, and sufficient food—whether they are micro-scale businesses or large corporations such as Jollibee, Max's, Andok's, Mang Inasal, Okada Manila, SM Supermarket, and Lawson, among others.

Without question, the future holds exceptional opportunity. Vitarich has already built a solid foundation on which it can grow and meet the urgency of what's ahead for it.

Where it wants to be

Vitarich wants to become an original equipment manufacturer (OEM) for many hospitality and food companies and ultimately, a key pillar of the country's food ecosystem.

Thus, according to him, the need to act has never been more urgent.

The food supply chain has undergone significant restructuring in the past two years, with an increased focus on diversifying supply chain risks. Businesses are adding raw material suppliers to improve resilience, and Vitarich is benefiting from that decision. For example, the hotel, restaurant, and institutional (HRI) customers are increasingly adopting enhanced riskmanagement practices. This includes finding suitable suppliers and facilitating knowledge and technology transfer to strengthen their partners and in turn, their supply chains. At the same time, it is clear that the food industry has yet to fully rebuild after the AfricanSwine Fever (ASF) outbreak that started in July 2019.

Certainly, capturing these opportunities will require new strategies and management approaches. The good news is, while Vitarich is in the very early stages, it is already seeing positive outcomes from its initiatives. Taken together, Vitarich believes its strategy will drive growth, build differentiation, and enable its business to create value for all stakeholders. This includes:

1. Growing the core

Over the coming years, Vitarich will work towards adding new OEM accounts and deepening businesses with many of its existing HRI customers through joint product development, customization, and collaborative demand planning with customers.

For the branded consumer products, Vitarich will expand its food processing operations and introduce new products such as ready-to-cook lines to deliver more distinctive and differentiated items. Its focus regions in the near term are Greater Manila, Central Luzon, and Bicol given the Corporation's strengths in these areas particularly on supply chain infrastructure.

2. Diversifying into adjacent opportunities

Following the African Swine Fever (AFS), Vitarich intends to capture prospects in hog repopulation and pork meat market. After all, it knows the market and has the resources to take this next step. Vitarich plans to replicate the contract growing model being used in its poultry business to manage risks and venture into hog raising and marketing.

3. Transforming the cost base and enhancing risk management processes

Vitarich has developed new warehouses over the past year and it will continue to do so.

Further to this, it will strive to offset cost inflation through automation, further integration, supply chain optimization as well as continuous improvements in feeds formulation and efficiency.

4. Investing and adapting for the future

Vitarich has repeatedly, and with good reason, highlighted the importance of continuing to invest in the business. That's why it is committed to allocate resources for facilities, technology, research and development, strategic alliances and acquisitions, and its people.

All things considered, Vitarich views these future investments as core to its growth strategy and sustained performance.

5. Creating shared value

Finally, Vitarich will continue building on its nationwide footprint and trusted partnerships to create value for everyone and towards food self-sufficiency for the country.

Specifically, it will pursue initiatives where it can have a meaningful impact to achieve three key Sustainable Development Goals (SDGs) - namely SDG 2 (Zero Hunger), SDG 8 (Decent Work and Economic Growth), and SDG 12 (Responsible Production and Consumption).

Financial and Operating Highlights

Continuing his report, Mr. Sarmiento discussed that 2021 remained volatile. It was still dominated by the COVID-19 pandemic and the responses of governments, businesses, and individuals to the unfolding situation. At Vitarich, it was a time of both challenge and substantialprogress. Specifically:

- Its revenues reached an all-time high of P9.7 billion, rising 23% from the previous year driven by new revenue records in all three business segments.
- Within the Feeds segment, revenues grew 14% to P4.7 billion with volumes of tie-up and commercial customers registering the highest levels. At the same time, it also

made great strides in new product development. In the fourth quarter, Vitarich Poultry Advantage was launched to address the needs of backyard and general poultry farmers.

- Within Foods, revenues jumped 36% to P4.2 billion on both increased volume and pricing. Overall, Vitarich continued to expand *Cook's* portfolio by customizing *Cook's Premium Chicken* products for HRI clients as well as grew its branded retail business, *Cook's Freshly Frozen*.

- Turning to costs, cost of goods increased 21% to P8.9 billion reflecting higher prices of raw materials such as wheat, soybean, and corn in the second half of the year. So were the operating expenses, which were up 31% to P700.9 million to ensure current and future market competitiveness and to support marketing activities for the recently launched *Freshly Frozen* line.

- Even then, Vitarich's net income rose nearly ten-fold to P89.4 million or P0.029 per share with stronger profitability in the first half, thanks to higher selling prices of chicken, coupled with lower raw material and production costs compared to the second half of the year.

Environmental, Social, and Governance (ESG) and Sustainability

Beyond tackling COVID-19, another important area that Vitarich is working on is sustainability.

Mr. Sarmiento discussed that on a broader level, Vitarich looks at sustainability as a business approach—one that enhances long-term shareholder value and partnerships with stakeholders where the employees are engaged, product integrity is prioritized, productivity is improved, and negative impacts of the operations to the environment and social risks are minimized.

He likewise reported that overall, Vitarich is making progress in embedding its commitments into our day-to-day business operations. Mr. Sarmiento also expressed confidence that Vitarich's sustainability framework is helping its stakeholders to be on the same page. Recognizing that change takes time and no one can accomplish this alone, Vitarich commits that in 2022, it will work on how it can amplify its communications in this area and make its commitments visible to all stakeholders, which it believes is another step towards being transparent and keeping its employees and external stakeholders engaged.

Mr. Sarmiento expressed gratitude to Vitarich's employees for their dedication and hard work, and to Vitarich's shareholders for their continued trust and confidence. He recognized that many of the shareholders have been alongside Vitarich for decades and their support is particularly welcome during these extraordinary times.

Mr. Sarmiento concluded by recognizing that while there is more work to be done, Vitarich is equally energized by the opportunities ahead of it. He likewise expressed confidence in Vitarich's ability to deliver another year of strong performance in 2022 as it grows its footprint and embark on initiatives inherent in its Lifetime Profitable Partnership™ approach.

The floor was then opened for questions from the stockholders. There being no questions and upon motion duly made and seconded, and based on the ballot forms received by the Corporation and tabulated by the stock transfer agent, the stockholders holding 2,269,227,982 shares, representing 74.30% of the outstanding capital stock of the Corporation unanimously voted to approve President Sarmiento's report as well as the audited financial statements of the Corporation for the period ending 31 December 2021. None of the stockholders voted against or abstained from voting on the matter, as certified by the stock transfer agent in its certification attached as Annex "B".

V. CONFIRMATION AND RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS AND OFFICERS SINCE THE LAST ANNUAL GENERAL MEETING

The Chairman informed the stockholders that the list of all the acts of the Board of Directors and officers of the Corporation is included in the Information Statement submitted to the SEC and PSE.

Upon motion duly made and seconded, and based on the ballot forms received by the Corporation and tabulated by the stock transfer agent, the stockholders holding 2,269,227,982 shares, representing 74.30% of the outstanding capital stock of the Corporation unanimously voted to approve, confirm, and ratify all acts, contracts or deeds performed, entered into or executed by the Board of Directors and officers of the Corporation from the last annual general meeting up to this day. There were no objections and abstentions as certified by the stock transfer agent in its certification attached as Annex "B". Further, despite opportunity to ask questions or make objections, none was made.

VI. ELECTION OF DIRECTORS

The Chairman informed the body of the mandatory requirement of electing independent directors. As a publicly listed company, the Corporation is required to have at least two (2) independent directors. Pursuant to SEC Regulations, the Amended By-Laws and the Amended Manual on Corporate Governance, a Nomination Committee was created to screen the qualifications and prepare a final list of all candidates for independent and regular directors. He also informed the stockholders that the profiles of the nominees for directors are indicated in the Definitive Information Statement submitted to the SEC and posted on the website and on thePSE Edge.

Such Final List of Candidates for independent and regular directors was made availableto all stockholders through the distribution of the information statement and the ballot form.

The Assistant Corporate Secretary, Atty. Mary Christine C. Dabu-Pepito, announced that as pre-screened and listed by the Nominations Committee and as indicated in the Definitive Information Statement submitted to the SEC and posted on the PSE's website and the Corporation's website, the following were nominated as members of the Board of Directors ofthe Corporation for the ensuing year:

1. Mr. Jose Vicente C. Bengzon III;
2. Mr. Rogelio M. Sarmiento
3. Mr. Ricardo Manuel M. Sarmiento;

4. Ms. Stephanie Nicole S. Garcia;
5. Mr. Lorenzo Vito M. Sarmiento III;
6. Atty. Juan Arturo Iluminado C. De Castro;
7. Mr. Benjamin I. Sarmiento, Jr.;
8. Mr. Vicente Julian A. Sarza (Independent Director); and
9. Mr. Pierre Carlo C. Curay (Independent Director).

Upon motion duly made and seconded, the Corporate Secretary announced that the results of the elections were tabulated by the stock transfer agent. He also announced that based on the certification submitted by the stock transfer agent and attached as Annex "B", thefollowing individuals have received the following number of votes for his/her election as director:

1. Mr. Jose Vicente C. Bengzon III – 2,268,096,982 votes (74.26%);
2. Mr. Ricardo Manuel M. Sarmiento – 2,269,227,982 votes (74.30%);
3. Ms. Stephanie Nicole S. Garcia – 2,268,096,982 votes (74.26%);
4. 4. Mr. Rogelio M. Sarmiento – 2,268,096,982 votes (74.26%);
5. Mr. Benjamin I. Sarmiento, Jr. – 2,268,096,982 votes (74.26%);
6. Mr. Lorenzo Vito M. Sarmiento III – 2,268,096,982 votes (74.26%);
7. Atty. Juan Arturo Iluminado C. De Castro – 2,268,096,982 votes (74.26%);
8. Mr. Vicente Julian A. Sarza (Independent Director) – 2,269,227,982 votes(74.30%); and
9. Mr. Pierre Carlo C. Curay (Independent Director) - 2,268,096,982 votes(74.26%).

The stockholder/s holding 1,131,000 shares, representing 0.04% of the outstanding capital stock voted against the elections of the following directors:

1. Mr. Jose Vicente C. Bengzon III;
2. Ms. Stephanie Nicole S. Garcia;
3. Mr. Rogelio M. Sarmiento;
4. Mr. Benjamin I. Sarmiento, Jr.;
5. Mr. Lorenzo Vito M. Sarmiento III; and
6. Atty. Juan Arturo Iluminado C. De Castro.

The stockholder/s holding 1,131,000 shares, representing 0.04% of the outstanding capital stock abstained from voting Mr. Pierre Carlo C. Curay.

Further, despite opportunity to ask questions or make objections, none was made.

Thereafter, the following were declared elected as members of the Board of Directors of the Corporation to serve as such until their successors are duly elected and qualified:

1. Mr. Jose Vicente C. Bengzon III;
2. Mr. Rogelio M. Sarmiento;
3. Mr. Ricardo Manuel M. Sarmiento;
4. Ms. Stephanie Nicole S. Garcia;
5. Mr. Lorenzo Vito M. Sarmiento III;
6. Atty. Juan Arturo Iluminado C. De Castro;
7. Mr. Benjamin I. Sarmiento, Jr.;
8. Mr. Vicente Julian A. Sarza (Independent Director); and

9. Mr. Pierre Carlo C. Curay (Independent Director).

VII. APPOINTMENT OF THE EXTERNAL AUDITOR

Upon motion duly made and seconded, and based on the ballot forms received by the Corporation and tabulated by the stock transfer agent, the stockholders holding 2,269,227,982 shares, representing 74.30% of the outstanding capital stock of the Corporation voted to appoint **SyCip Gorres Velayo and Co.** as the Corporation's external auditor for the ensuing year, as recommended by the Audit, Risk Oversight, and Related Party Transactions Committee and approved by the Board of Directors. None of the stockholders voted against or abstained from voting, as certified by the stock transfer agent in its certification attached as Annex "B". Further, despite opportunity given, no questions or objections were made.

VIII. APPOINTMENT OF THE STOCK TRANSFER AGENT

Upon motion duly made and seconded, and based on the ballot forms received by the Corporation and tabulated by the stock transfer agent, the stockholders holding 2,269,227,982 shares, representing 74.30% of the outstanding capital stock of the Corporation voted to appoint **Stock Transfer Services, Inc.** as the Corporation's stock transfer agent for the ensuing year and to serve as such until its successor shall have been appointed and qualified. None of the stockholders voted against or abstained from voting, as certified by the stock transfer agent in its certification attached as Annex "B". Further, despite opportunity given, none of the stockholders asked questions or made objections.

IX. ADJOURNMENT

There being no other matters to discuss, and upon motion duly made and seconded, themeeting was adjourned at 2:45 o'clock in the afternoon."

Voting and Vote Tabulation Procedures During the 2022 Annual General Meeting of the Stockholders

Pursuant to Item 19 of the 2022 Definitive Information Statement, for the election of the directors, in accordance with the RCCP, the Corporation's Revised Manual on Corporate Governance, Amended Articles of Incorporation and Amended By-Laws, the stockholders must elect the members of the Board of Directors of the Corporation comprised of nine (9) directors, including independent directors who shall comprise at least 20% of the Board of Directors, who shall hold office for a term of one (1) year, or until their successors shall have been duly elected and qualified.

Following the announcement on the holding of the annual stockholders' meeting, the Nominations, Remunerations, and Corporate Governance Committee accepted the nomination of any individual for election as directors. Thereafter, the Nominations Committee evaluated the nominees for the Board, including nominees for independent directors, and determined that they have all the qualifications and none of the disqualifications to serve in the Board of Directors.

The nominees for the Board of Directors are indicated in the Ballot Form (Annex "C" of the Notice of Meeting). Each stockholder entitled to vote may vote on the shares registered in his/her/its name for as many persons as there are directors, or he/it may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his/her/its shares shall equal, or he/it may distribute them on the same principle among as many candidates as he/she/it shall see fit; provided that the total number of votes cast by him/her/it shall not exceed the number of shares owned by him/her/it multiplied by the whole number of directors to be elected.

For all other matters requiring the vote or resolution of the stockholders, the affirmative vote of the stockholders present and constituting a quorum during the meeting is necessary. All matters requiring the vote of the stockholders were indicated in the Ballot Form provided to the stockholders and uploaded in the website. The tabulation of votes was conducted by Stock Transfer Service, Inc., the Corporation's stock and transfer agent. Attached as Annex "D" is the Certification dated June 21, 2022 issued by Stock Transfer Service, Inc.

Ratification of Acts and Resolutions of the Board of Directors and Officers of the Corporation: The following acts and resolutions of the Board of Directors and/or Officers from May 1, 2022 to April 30, 2023 are submitted for the ratification of the stockholders during the annual general meeting on June 30, 2023:

<table>
<tr><th>Date of Action</th><th>Description</th></tr>
<tr><td>May 11, 2022</td><td>RESOLUTION NO. 2022-26

"RESOLVED AS IT IS HEREBY RESOLVED, that the Corporation approve as it hereby approves the 2022 First Quarter Financial Statements (Unaudited) of Vitarich Corporation as presented;

"RESOLVED FURTHER, that the Corporation approve as it hereby approves, the release of the 2022 First Quarter Financial Statements (Unaudited) of Corporation."</td></tr>
<tr><td>May 24, 2022</td><td>RESOLUTION NO. 2022-27

"RESOLVED AS IT IS HEREBY RESOLVED, that the Corporation be as it is hereby authorized to apply for, negotiate or obtain a loan or Credit Line, and Revolving Promissory Note Line (RPNL) from MALAYAN SAVINGS BANK INC. up to the principal amount of SEVENTY MILLION PESOS (Php70,000,000.00) with clean security/collateral structure;

"RESOLVED FURTHER, that the Corporation authorize, as it hereby authorizes, any two (2) of the following officers, provided that at least one (1) of the signatories is a principal signatory, to sign for and in behalf of VITARICH CORPORATION credit line/loan agreement, promissory notes, disclosure statement, amortization schedule, and all other documents relative to the loan or credit line including, but not limited to renewals, extensions, increase or decrease of the loan/ or other amendments of the same, under such terms and conditions as the above Corporation may deem necessary or convenient:

PRINCIPAL — POSITION — SIGNATURE

Ricardo Manuel M. Sarmiento — CEO/President — ______________

Stephanie Nicole S. Garcia — EVP Corporate Management Services Director / Treasurer — ______________

SECONDARY — POSITION — SIGNATURE

Maria Alicia C. Arnaldo — Executive Vice President and Chief Finance Officer — ______________

Reynaldo D. Ortega — Senior Vice President / General Manager, Poultry, Food and Feed Sales Division — _______________

Alicia G. Danque — Vice President & Supply Chain Director /Alternate Corporate Information Officer — ______________"</td></tr>
</table>

RESOLUTION NO. 2022-28

"**RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation authorize as it hereby authorizes its EVP/Corporate Management Services Director, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Ms. Rosalyn Lobo relative to the sale of the Corporation's vehicle, more particularly described as follows:

Make & Type	:	2016 ISUZU D-MAX 4x2 LT MT
Plate No.	:	CAC5848
Motor No.	:	4JK1PH9397
Chassis No.	:	PABTFR86DG2002025"

RESOLUTION NO. 2022-29

"**WHEREAS,** the Corporation is the owner of a 2017 Isuzu Dmax, more particularly described as follows:

Make & Type	:	2017 ISUZU D-MAX 4X2 LT
Plate No.	:	CT0115/ CAF4164
Motor No.	:	4JK1RE2091
Chassis No.	:	CT0115/ CAF4164

June 24, 2022

RESOLUTION NO. 2022-30

"**WHEREAS,** the Corporation is the owner of a 2017 Isuzu Dmax, more particularly described as follows:

Make & Type	:	2017 ISUZU D-MAX LT 2WD 2.5 MT
Plate No.	:	CAC8731
Motor No.	:	4JK1PX0216
Chassis No.	:	PABTFR86DH2002375

RESOLUTION NO. 2022-31

"**RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation authorize as it hereby authorizes its EVP/Corporate Management Services Director, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. Francis Mindac relative to the sale of the Corporation's vehicle, more particularly described as follows:

Make & Type	:	2017 ISUZU D-MAX 4x2 LT MT
Plate No.	:	CAC8733
Motor No.	:	4JK1PX0212
Chassis No.	:	PABTFR86DH2002373"

RESOLUTION NO. 2022-32

"**RESOLVED AS IT IS HEREBY RESOLVED**, that the Corporation authorize as it hereby authorizes its Credit and Collection Officer in General Santos City, Mr. Keen Aliver Legara, to represent the Corporation in all labor cases filed by or against the Corporation in General Santos City and as such representative:

1. To cause the preparation and/or filing and to prepare and file Position Papers, Memoranda, Petitions, Affidavits, Comments, Motions, Appeals, and any other pleadings relative to the labor cases filed by or against the Corporation in Mindanao;

2. To execute, sign, subscribe and/or swear to any of the above-mentioned pleadings as well as to motion, verification, certification against forum shopping, affidavit and such other document or statement as may be necessary in connection with labor cases filed by and/or against the Corporation in Mindanao;

3. To do any and all of the following acts and deeds:

a. To negotiate, conclude, enter into and execute a compromise agreement under such terms and conditions as are reasonable and to submit to alternative modes of dispute resolution;
b. To obtain stipulations or admissions of facts and of documents to avoid unnecessary proof;
c. To agree on simplification of issues; and
d. To do and agree on such other matters as may aid in prompt disposition of the action.

"**RESOLVED FURTHER**, that Mr. Legara's exercise of any of the above-mentioned authority shall be subject to the prior written approval of either the Corporation's President, Mr. Ricardo Manuel M.

	Sarmiento, or the Corporation's EVP/Corporate Management Services Director, Ms. Stephanie Nicole S. Garcia."
	RESOLUTION NO. 2022-33 "RESOLVED, AS IT IS HEREBY RESOLVED, that in special recognition of the invaluable insights, suggestions, wisdom, counsel and guidance through the years during his tenure as Vitarich's independent director, the Board of Directors, the Management, the principal stockholders of the Corporation and the Vitarich Family would like to extend its appreciation and gratitude to Director Manuel D. Escueta, and wish him well and success in his future endeavors."
	RESOLUTION NO. 2022-34 "RESOLVED, AS IT IS HEREBY RESOLVED, that the following persons have been duly elected on 24 June 2022 as officers of the Corporation for the coming year and until their successors are duly elected and qualified: POSITION — NAME Chairman of the Board of Directors — Mr. Jose Vicente C. Bengzon, III Chairman *Emeritus* — Mr. Rogelio M. Sarmiento President/Chief Executive Officer — Mr. Ricardo Manuel M. Sarmiento EVP & Corporate Management Services Director/Treasurer — Ms. Stephanie Nicole S. Garcia Corporate Secretary — Atty. Aison Benedict C. Velasco Assistant Corporate Secretary/Corporate Information Officer/Compliance Officer — Atty. Mary Christine C. Dabu-Pepito EVP, Chief Finance Officer — Ms. Maria Alicia C. Arnaldo Senior Vice President and General Manager, Poultry, Food and Feed Sales Division — Mr. Reynaldo D. Ortega Vice President, Nutrition and R&D Manager — Mr. Emmanuel S. Manalang Vice President, Supply Chain Director and Alternate Corporate Information Officer — Ms. Alicia G. Danque Vice President, Quality Assurance, Research & Development Foods Technical Director — Ms. Elaine C. Nantes Vice President, General Manager — Ms. Carmencita S. Policarpio Chief Audit Executive — Mr. Glenmark R. Seducon
	RESOLUTION NO. 2022-35 "RESOLVED AS IT IS HEREBY RESOLVED, that the following persons have been duly elected on 24 June 2022 as members of the Audit, Risk Oversight, and Related Party Transactions Committee, and Nominations, Remunerations, and Corporate Governance Committee, respectively, for the coming year and until their successors are duly elected and qualified: Audit, Risk Oversight, and Related Party Transactions Committee: Chairman: Mr. Vicente Julian A. Sarza Members: Mr. Pierre Carlo C. Curay Mr. Jose Vicente C. Bengzon, III Dr. Juan Arturo Iluminado C. De Castro Mr. Benjamin I. Sarmiento, Jr.

	Nominations, Remunerations, and Corporate Governance Committee: Chairman: Mr. Pierre Carlo C. Curay Members: Mr. Vicente Julian A. Sarza Mr. Ricardo Manuel M. Sarmiento Ms. Stephanie Nicole S. Garcia Mr. Jose Vicente C. Bengzon, III"
July 22, 2022	**RESOLUTION NO. 2022-36** "**RESOLVED, AS IT IS HEREBY RESOLVED**, that the Corporation be as it is hereby authorized to actively prosecute the criminal case for Grave Coercion against Basilio Sy Co, Eduardo Molina, Josefa Opino, Jubrie Rivera, and Aaron Manjares pending before the Municipal Trial Court of Marilao, Bulacan, titled "*People of the Philippines v. Basilio Sy Co, Eduardo Molina, Josefa Opino, Jubrie Rivera, and Aaron Manjares*" docketed as Criminal Case No. 07-018; "**RESOLVED, FURTHER**, that the Corporation authorize as it hereby authorizes its President/CEO, Mr. Ricardo Manuel M. Sarmiento, to do any one (1) of the following: 1. Cause the preparation and filing of any and all pleadings necessary to prosecute this case, including but not limited to Petition for Certiorari, Mandamus or Prohibition, Memorandum, Notice of Appeal, or Petition for Review under Rules 42 and/or 45; 2. Verify any and all pleadings necessary to prosecute this case and attest that: a. the allegations in the pleading are true and correct based on his personal knowledge, or based on authentic documents; b. the pleading is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation; and c. the factual allegations therein have evidentiary support after a reasonable opportunity for discovery. 3. Sign the Certification of Non-Forum Shopping; 4. Whenever applicable and proper, apply for the issuance of a Temporary Restraining Order or Injunction and sign the Affidavit of Merit in support of said application; 5. Enter into plea-bargaining; 6. Enter into stipulation of facts; 7. Agree on limitation of issues and/or number of witnesses; 8. Enter into amicable settlement of the case and sign compromise agreement; 9. Submit to alternative modes of dispute resolution; 10. Dismiss, withdraw, or desist from prosecuting the case, in case of full settlement of the civil aspect of the case, if any; 11. Do any act necessary or authorized under the rules; 12. Appoint a substitute to do any and all of the foregoing authority for and in behalf of the Corporation to prosecute the above-mentioned case. "**RESOLVED, LIKEWISE**, that the Corporation authorize as it hereby authorizes Atty. Arturo M. De Castro or Atty. Juan Arturo Iluminado C. De Castro or any other lawyer of the De Castro & Cagampang-De Castro Law Firm to appear for and in behalf of the Corporation in the above-mentioned case, and to do any one (1) of the following: a. Represent the Corporation in all stages of the proceedings, including pre-trial, mediation, judicial dispute resolution, or appeal in the above-mentioned case; b. Enter into plea-bargaining; c. Enter into stipulation of facts; d. Agree on limitation of issues and/or number of witnesses; e. Enter into amicable settlement of the civil aspect of the case and sign compromise agreement;

	f. Submit to alternative modes of dispute resolution; g. Dismiss, withdraw, or desist from the case upon full settlement; or h. Do any act necessary or authorized under the rules.”
	RESOLUTION NO. 2022-37 “**RESOLVED, AS IT IS HEREBY RESOLVED**, that the Corporation be as it is hereby authorized to process and secure the building permits for the remaining six (6) buildings of the Corporation in Tugbok, Davao City as well as all other relevant permits relative to the application and/or renewal of the Corporation’s business permits in its Davao City operations; “**RESOLVED, FURTHER**, that the Corporation authorize as it hereby authorizes **Nilda Celi** as its duly authorized representative to submit the requirements, process and secure the building permits for the remaining six (6) buildings of the Corporation in Tugbok, Davao City as well as all other relevant permits relative to the application and/or renewal of the Corporation’s business permits in its Davao City operations.”
August 3, 2022	**RESOLUTION NO. 2022-38** **“RESOLVED AS IT IS HEREBY RESOLVED,** that the Corporation approve as it hereby approves the 2022 Second Quarter Financial Statements (Unaudited) of Vitarich Corporation as presented; “**RESOLVED FURTHER**, that the Corporation approve as it hereby approves, the release of the 2022 Second Quarter Financial Statements (Unaudited) of Corporation.”
August 18, 2022	**RESOLUTION NO. 2022-39** “**RESOLVED AS IT IS HEREBY RESOLVED**, that the Corporation authorize as it hereby authorizes, any one (1) of the named persons below, whose specimen signatures appear on the spaces set after their respective names, to sign, execute and deliver, for and in behalf of the Corporation, all pre-qualification papers, bidding, bid proposals, and such other contracts, documents or instruments as may be necessary in connection with the accreditation of the Corporation with ArmyNavy Burger, Inc.: NAME — POSITION — SIGNATURE Mr. Ricardo Manuel M. Sarmiento — President/CEO — __________________ Mr. Reynaldo D. Ortega — SVP, General Manager, Poultry, Food and Feed Sales Division — __________________ Mr. Jose Magtanggol Macaraeg — HRI Manager — __________________ “**RESOLVED FURTHER**, that the Corporation authorize as it hereby authorizes any one (1) of the foregoing persons to negotiate, sign, execute and deliver, for and in behalf of the Corporation, all contracts, agreements, documents, invoices, receipts, releases, waivers or such other instruments as may be necessary and required in connection with the entry by the Corporation of transactions with ArmyNavy Burger, Inc.; **“RESOLVED FINALLY**, that the exercise of any of the above-mentioned authority by either Mr. Ortega or Mr. Macaraeg shall be subject to the prior written approval of the Corporation’s President/CEO, Mr. Ricardo Manuel M. Sarmiento.”
	RESOLUTION NO. 2022-40 “**RESOLVED AS IT IS HEREBY RESOLVED**, that the Corporation authorize as it hereby authorizes, any one (1) of the named persons below, whose specimen signatures appear on the spaces set after their respective names, to sign, execute and deliver, for and in behalf of the Corporation, all pre-qualification papers, bidding, bid proposals, and such other contracts, documents or instruments as may be necessary in connection with the accreditation of the Corporation with Golden Arches Development Corporation: NAME — POSITION — SIGNATURE Mr. Ricardo Manuel M. Sarmiento — President/CEO — __________________ Mr. Reynaldo D. Ortega — SVP, General Manager, Poultry, Food and Feed Sales Division — __________________

	Mr. Jose Magtanggol Macaraeg HRI Manager ___________________ "RESOLVED FURTHER, that the Corporation authorize as it hereby authorizes any one (1) of the foregoing persons to negotiate, sign, execute and deliver, for and in behalf of the Corporation, all contracts, agreements, documents, invoices, receipts, releases, waivers or such other instruments as may be necessary and required in connection with the entry by the Corporation of transactions with Golden Arches Development Corporation; "RESOLVED ALSO, that the Corporation affirm and ratify as it hereby affirms and ratifies any and all contracts and documents signed by any one (1) of the foregoing officers pursuant to the Corporation's accreditation with Golden Arches Development Corporation; "RESOLVED FINALLY, that the exercise of any of the above-mentioned authority by either Mr. Ortega or Mr. Macaraeg shall be subject to the prior written approval of the Corporation's President/CEO, Mr. Ricardo Manuel M. Sarmiento."
	RESOLUTION NO. 2022-41 "RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation be as it is hereby authorized to offer or bid to supply and deliver its feed products to the Philippine Carabao Center ("PCC") and its subsidiaries, affiliates, and branches; "RESOLVED, LIKEWISE, that the Corporation authorize as it hereby authorizes its Key Account Manager (CALABARZON), Mr. Alex A. Magua, to represent the Corporation in the bidding for the supply and delivery of its feed products to the PCC and its subsidiaries, affiliates, and branches; "RESOLVED, FURTHER, that the Corporation authorize as it hereby authorizes Mr. Magua to represent the Corporation in the biddings yet to be conducted for the supply and delivery of its feed products to the PCC and its subsidiaries, affiliates, and branches; "RESOLVED, FINALLY, that the exercise of any of the above-mentioned authority by Mr. Magua shall be subject to the prior written approval of the Corporation's Senior Vice President and General Manager, Poultry, Feeds, and Foods Division, Mr. Reynaldo D. Ortega."
	RESOLUTION NO. 2022-42 "RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes its Credit and Collection Area Head for Bacolod, Mr. Rolly M. Casa, to transact with the Bureau of Internal Revenue of Binalbagan and Register of Deeds relative to the Corporation's foreclosure of and transfer of title of the following properties to the name of the Corporation: 1. Parcel of land covered by Transfer Certificate of Title No. 85853 located at Brgy. Buenavista, Himamaylan registered under the name of Mr. Emilio Arsenio married to Concepcion Arsenio; 2. Parcel of land covered by Transfer Certificate of Title No. 69290 located at Himaya Hinigaran registered under the name of Mr. Ananias Acma married to Dionio Leonora Acma; and 3. Parcel of land covered by Transfer Certificate of Title No. 139655 located at Central Tabao, Villadolid registered under the name of Rosario Tolarba."
	RESOLUTION NO. 2022-43 "RESOLVED AS IT IS HEREBY RESOLVED THAT, the Corporation authorize as it hereby authorizes its Credit and Collection Supervisor in Mindanao, Mr. Hezron Vincent Y. Aquino, to do any of the following acts: 1. to process foreclosure proceedings, annotations, issuance of and registration of Certificate of Sale, and revocation of title in Davao, as well as to sign, execute, and deliver and all documents necessary to implement said authority; 2. institute and cause the filing of civil, or criminal cases against delinquent customers, clients, or distributors of the Corporation; 3. sign and file the Complaint, Statement of Claim, Complaint-Affidavit, Petition, Comment, Memorandum, Position Paper, Affidavit, Motion, Petition for Review, Petition for Certiorari, Prohibition, or Mandamus and all other documents and pleadings as may be necessary; 4. verify the Complaint, Statement of Claim, Petition, Petition for Review, Petition for Certiorari, Prohibition or Mandamus, Memorandum, Position Paper, Affidavit, Motion and all other pleadings, and to sign, execute and file the Verification, and attest that:

a. the allegations in the pleading are true and correct based on his personal knowledge, or based on authentic documents;
b. the pleading is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation; and
c. the factual allegations therein have evidentiary support after a reasonable opportunity for discovery.

5. sign, execute and file the Certification against Forum Shopping;

6. represent Vitarich Corporation in all stages of trial, including small claims cases, and to testify as witness;

7. represent Vitarich Corporation during the pre-trial, mediation, and judicial dispute resolution proceedings in the cases filed in Mindanao, with power to do the following:

a. Enter into amicable settlement of the case and sign compromise agreement;
b. Submit to alternative modes of dispute resolution;
c. Enter into stipulations and admissions of facts and of documents;
d. Agree on simplification of issues;
e. Limit the number of witnesses;
f. Enter into plea-bargaining arrangement;
g. Dismiss or withdraw case or execute an Affidavit of Desistance upon full settlement;
h. Do any act necessary or authorized under the rules;

8. serve the summons in any of the following cases:

a. Failure of service of summons by the sheriff, his or her deputy or other proper court officer, in which case, the summons shall be served by Mr. Aquino, together with the sheriff, his or her deputy or other proper court officer;
b. The summons is to be served outside the judicial region of the court where case is pending;
c. The summons is returned without being served on any or all of the defendants;
d. Other cases allowed or authorized by the court or the Rules of Court, as amended;

9. process the renewal of the Corporation's business permits and/or licenses for the year 2022 and/or the closure of the Corporation's business operations with all government offices and agencies in their assigned areas;

10. sign, execute, and deliver any and all documents necessary or required for said renewal of business permits and/or licenses;

11. process the necessary payments for the application, renewal, or processing said business permits and/or licenses; and

12. secure and claim the said business permits and/or licenses;

"RESOLVED FURTHER, that Mr. Aquino's exercise of any of the above-mentioned authority shall be subject to the prior written approval of the Corporation's Credit and Collection Manager, Mr. Marlowe C. Mediante;

"RESOLVED, FINALLY, that Resolution Nos. 2019-35, 2020-26 and 2021-72, and their amendments, shall remain valid and effective with respect to the other matters therein and that the same shall as they are hereby amended only in so far as the same is inconsistent with this Resolution."

RESOLUTION NO. 2022-44

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes its EVP/Corporate Management Services Director, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. Jeffrey Neil Aquino relative to the sale of the Corporation's vehicle, more particularly described as follows:

Make & Type	:	2017 ISUZU D-MAX 4x2 LT MT
Plate No.	:	CAF4167
Motor No.	:	4JK1RE3884
Chassis No.	:	PABTFR86DH2002634"

RESOLUTION NO. 2022-45

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes its

EVP/Corporate Management Services Director, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. Jeggy Dela Cruz relative to the sale of the Corporation's vehicle, more particularly described as follows:

Make & Type	:	2017 ISUZU D-MAX 4x2 LT MT
Plate No.	:	LAA8077
Motor No.	:	4JK1RE2089
Chassis No.	:	PABTFR86DH2002657"

RESOLUTION NO. 2022-46

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes its EVP/Corporate Management Services Director, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. Charlie Adarne relative to the sale of the Corporation's vehicle, more particularly described as follows:

Make & Type	:	2007 MITSUBISHI ADVENTURE GLX
Plate No.	:	LFY950
Motor No.	:	4D56-AR7198
Chassis No.	:	PAEVB5NJ16B009238"

RESOLUTION NO. 2022-47

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes its EVP/Corporate Management Services Director, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. Adria Bajamundi relative to the sale of the Corporation's vehicle, more particularly described as follows:

Make & Type	:	2017 ISUZU DMAX 4X2 LT MT
Plate No.	:	CAF4166
Motor No.	:	4JK1RE2090
Chassis No.	:	PABTFR86DH2002661"

RESOLUTION NO. 2022-48

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes its EVP/Corporate Management Services Director, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. Bryan I. Tumarong relative to the sale of the Corporation's vehicle, more particularly described as follows:

Make & Type	:	2017 ISUZU DMAX 4X2 LT MT
Plate No.	:	LAA8074
Motor No.	:	4JK1RE4451
Chassis No.	:	PABTFR86DH2002655"

RESOLUTION NO. 2022-49

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes its EVP/Corporate Management Services Director, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. Christopher Enriquez relative to the sale of the Corporation's vehicle, more particularly described as follows:

Make & Type	:	2017 ISUZU DMAX 4X2 LT MT
Plate No.	:	CAF4164
Motor No.	:	4JK1RE2091
Chassis No.	:	PABTFR86DH2002662"

RESOLUTION NO. 2022-50

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes its EVP/Corporate Management Services Director, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. Joven Llorente relative to the sale of the Corporation's vehicle, more particularly described as follows:

Make & Type	:	2017 ISUZU DMAX 4X2 LT MT
Plate No.	:	LAA4725
Motor No.	:	4JK1PX0219
Chassis No.	:	PABTFR86DH2002382"

RESOLUTION NO. 2022-51

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes its EVP/Corporate Management Services Director, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. Archie Zamora relative to the sale of the Corporation's vehicle, more particularly described as follows:

Make & Type	:	2017 ISUZU DMAX 4X2 LT MT
Plate No.	:	LAA4724
Motor No.	:	4JK1PX0213
Chassis No.	:	PABTFR86DH2002374"

RESOLUTION NO. 2022-52

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes its EVP/Corporate Management Services Director, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. Joefred Sampiano relative to the sale of the Corporation's vehicle, more particularly described as follows:

Make & Type	:	2017 ISUZU DMAX 4X2 LT MT
Plate No.	:	CAC5847
Motor No.	:	4JK1PV7538
Chassis No.	:	PABTFR86DG2002355"

RESOLUTION NO. 2022-53

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes its EVP/Corporate Management Services Director, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Ms. Grace Lamperang relative to the sale of the Corporation's vehicle, more particularly described as follows:

Make & Type	:	2017 ISUZU DMAX 4X2 LT MT
Plate No.	:	LAA4723
Motor No.	:	4JK1PX0209
Chassis No.	:	PABTFR86DH2002371"

RESOLUTION NO. 2022-54

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes its EVP/Corporate Management Services Director, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Ms. Olivia Pungtilan relative to the sale of the Corporation's vehicle, more particularly described as follows:

Make & Type	:	2018 MITSUBISHI MIRAGE G4 GLS
Plate No.	:	CAL8791
Motor No.	:	3A92UGR0681
Chassis No.	:	PAEA13TXJJA002965"

RESOLUTION NO. 2022-55

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation be as it is hereby authorized to file the Petition for Cancellation of the annotation on Section 4, Rule 74 of the New Rules of Court on its property in Pavia, Iloilo covered by Transfer Certificate of Title No. (T-176299) 090-2018012377;

"RESOLVED, ALSO that the Corporation authorize as it hereby authorizes its Credit and Collection Supervisor in Iloilo, Ms. Julie Ann G. Leida, to do any of the following acts in connection with the cancellation of the aforementioned annotation:

1. Sign and/or verify the above-mentioned Petition for Cancellation;

2. Sign and execute the Application Form and any and all other documents necessary for the cancellation of the said annotation;

3. File the said verified Petition, application, and all documents to the Register of Deeds of Iloilo;

4. Process the cancellation of the aforesaid annotation and represent the Corporation before the Register of Deeds of Iloilo; and

5. Secure and claim the Owner's Duplicate Copy of TCT No. (T-176299) 090-2018012377 after the said annotation is cancelled.

"**RESOLVED, FINALLY**, that the Corporation authorize as it hereby authorizes Atty. Arturo M. De Castro or Atty. Juan Arturo Iluminado C. De Castro or any other lawyer of the De Castro & Cagampang-De Castro Law Firm to assist the Corporation and/or Ms. Leida in the preparation and filing of the said Petition for Cancellation and to appear and represent the Corporation before the Register of Deeds of Iloilo in connection with the Petition for Cancellation."

RESOLUTION NO. 2022-56

"**RESOLVED, AS IT IS HEREBY RESOLVED**, that the Corporation authorize as it hereby authorizes its President/CEO, Mr. Ricardo Manuel M. Sarmiento, to represent the Corporation in Civil Case No. 501-M-2018, titled "*National Transmission Corporation (TransCo) versus Vitarich Corporation*" pending before the Regional Trial Court of Malolos City, Bulacan, Branch 19, with power to do any one (1) of the following:

1. Cause the preparation and filing of any and all necessary pleadings, including but not limited to Petition for Certiorari, Mandamus or Prohibition, Memorandum, Notice of Appeal, or Petition for Review under Rules 42 and/or 45;

2. Verify any and all pleadings and attest that:

    d. the allegations in the pleading are true and correct based on his personal knowledge, or based on authentic documents;
    e. the pleading is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation; and
    f. the factual allegations therein have evidentiary support after a reasonable opportunity for discovery.

3. Sign the Certification of Non-Forum Shopping;

4. Whenever applicable and proper, apply for the issuance of a Temporary Restraining Order or Injunction and sign the Affidavit of Merit in support of said application;

5. Enter into stipulation of facts;

6. Agree on limitation of issues and/or number of witnesses;

7. Agree on referral of issue/s to a commissioner;

8. Enter into amicable settlement of the case and sign compromise agreement;

9. Submit to alternative modes of dispute resolution;

10. Dismiss or withdraw the case;

11. Do any act necessary or authorized under the rules;

12. Testify as witness;

13. Appoint a substitute to do any and all of the foregoing authority for and in behalf of the Corporation.

"**RESOLVED, LIKEWISE**, that the Corporation authorize as it hereby authorizes Atty. Arturo M. De Castro or Atty. Juan Arturo Iluminado C. De Castro or any other lawyer of the De Castro & Cagampang-De Castro Law Firm to appear for and in behalf of the Corporation in the above-mentioned case, and to do any one (1) of the following:

i. Represent the Corporation in all stages of the proceedings, including pre-trial, mediation, judicial dispute resolution, or appeal in the above-mentioned case;

j. Enter into stipulation of facts;

k. Agree on limitation of issues and/or number of witnesses;

l. Agree on referral of issue/s to a commissioner;

m. Enter into amicable settlement of the civil aspect of the case and sign compromise agreement;

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n. Submit to alternative modes of dispute resolution;

o. Dismiss or withdraw from the case upon full settlement; or

p. Do any act necessary or authorized under the rules."
</td></tr>
<tr><td>September 19, 2022</td><td>
RESOLUTION NO. 2022-57

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation be as it is hereby authorized, to apply for and obtain a loan/credit facility up to the amount of One Hundred Twenty Million Pesos (Php120,000,000.00) from China Bank Savings;

"RESOLVED, FURTHER, that the Corporation authorize, as it hereby authorizes, any two (2) of the following officers, provided that at least one (1) of the signatories is a principal signatory, be as they are hereby authorized to sign, execute and deliver all purchase orders/agreements and/or loan documents, promissory notes, mortgage and other collateral documents, including renewals, extensions or terminations of the loan contracts, increase or decrease of interests, and with authority to issue, sign, negotiate or endorse checks or bills of exchange and other orders for the payment of money in connection with the loan, and all other documents necessary to implement the foregoing authority:

<table>
<tr><td></td><td><u>Position</u></td><td><u>Specimen Signature</u></td></tr>
<tr><td><u>Principal</u></td><td></td><td></td></tr>
<tr><td>MR. RICARDO MANUEL M. SARMIENTO</td><td>CEO/President</td><td>______________</td></tr>
<tr><td>MS. STEPHANIE NICOLE S. GARCIA</td><td>EVP Corporate Management Services Director/Treasurer</td><td>______________</td></tr>
<tr><td><u>Secondary</u></td><td></td><td></td></tr>
<tr><td>MR. REYNALDO D. ORTEGA</td><td>Senior Vice President/General Manager, Poultry, Food and Feeds Sales Division</td><td>______________</td></tr>
<tr><td>MS. ALICIA G. DANQUE</td><td>Vice President & Supply Chain Director/Alternate Corporate Information Officer</td><td>_____________"</td></tr>
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RESOLUTION NO. 2022-58

"RESOLVED, AS IT IS HEREBY RESOLVED, that Resolution No. 2022-25 approved on 21 April 2022 be as it is hereby amended to read as follows:

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation be, as it is hereby authorized, to apply for and obtain a loan/credit facility up to the amount of Four Hundred Fifty Million Pesos (PhP450,000,000.00) from Asia United Bank Corporation (the "Bank") and to assign, mortgage, pledge, or otherwise encumber to the Bank such corporate assets, securities, receivables, deposits, contract rights and equipment now held or may be held by and belonging to this Corporation and acceptable to the Bank;

"RESOLVED, FURTHER, that the Corporation authorize, as it hereby authorizes, any two (2) of the following officers, provided that at least one (1) of the signatories is a principal signatory, be as they are hereby authorized to sign, execute and deliver all purchase orders/agreements and/or loan documents, promissory notes, mortgage, security agreements and collateral documents, including renewals, extensions, terminations, amendments or restructurings, increase/s or decrease/s of said loan/credit facility/ies, and with authority to issue, sign, negotiate or endorse checks or bills or exchange and other orders for the payment of money in connection with the loan, and all other documents necessary to implement the foregoing authority:

<table>
<tr><td>PRINCIPAL</td><td>POSITION</td><td>SIGNATURE</td></tr>
<tr><td>Ricardo Manuel M. Sarmiento</td><td>CEO/President</td><td>______________</td></tr>
<tr><td>Stephanie Nicole S. Garcia</td><td>EVP Corporate Management Services Director / Treasurer</td><td>______________</td></tr>
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SECONDARY | POSITION | SIGNATURE

SECONDARY	POSITION	SIGNATURE
Reynaldo D. Ortega	Senior Vice President / General Manager, Poultry, Food and Feed Sales Division	_______________
Alicia G. Danque	Vice President & Supply Chain Director /Alternate Corporate Information Officer	______________"

RESOLUTION NO. 2022-59

"**RESOLVED, AS IT IS HEREBY RESOLVED,** that Resolution No. 2022-27 approved on 24 May 2022 be as it is hereby amended to read as follows:

"**RESOLVED AS IT IS HEREBY RESOLVED**, that the Corporation be as it is hereby authorized to apply for, negotiate or obtain a loan or Credit Line, and Revolving Promissory Note Line (RPNL) from **MALAYAN SAVINGS BANK INC.** up to the principal amount of **SEVENTY MILLION PESOS (Php70,000,000.00) with clean security/collateral structure;**

"**RESOLVED FURTHER**, that the Corporation authorize, as it hereby authorizes, any two (2) of the following officers, provided that at least one (1) of the signatories is a principal signatory, to sign for and in behalf of **VITARICH CORPORATION** credit line/loan agreement, promissory notes, disclosure statement, amortization schedule, and all other documents relative to the loan or credit line including, but not limited to renewals, extensions, increase or decrease of the loan/ or other amendments of the same, under such terms and conditions as the above Corporation may deem necessary or convenient:

PRINCIPAL	POSITION	SIGNATURE
Ricardo Manuel M. Sarmiento	CEO/President	_______________
Stephanie Nicole S. Garcia	EVP Corporate Management Services Director / Treasurer	_______________

SECONDARY	POSITION	SIGNATURE
Reynaldo D. Ortega	Senior Vice President / General Manager, Poultry, Food and Feed Sales Division	_______________
Alicia G. Danque	Vice President & Supply Chain Director /Alternate Corporate Information Officer	______________"

RESOLUTION NO. 2022-60

"**RESOLVED, AS IT IS HEREBY RESOLVED,** that bank account(s) be opened in Security Bank Corporation ("the Bank"), in the name and for the use of this Corporation as executed by any two (2) of the following officers, provided that at least one of the signatories is a principal signatory:

PRINCIPAL	POSITION	SIGNATURE
Ricardo Manuel M. Sarmiento	CEO/President	_______________
Stephanie Nicole S. Garcia	EVP Corporate Management Services Director / Treasurer	_______________

SECONDARY | POSITION | SIGNATURE

Reynaldo D. Ortega	Senior Vice President / General Manager, Poultry, Food and Feed Sales Division	_______________
Alicia G. Danque	Vice President & Supply Chain Director /Alternate Corporate Information Officer	_______________

"RESOLVED, that all moneys, checks or other funds of this Corporation be deposited in said Bank and that until otherwise ordered, said Bank be and it hereby is authorized to make payments from the funds of this Corporation on deposit with it upon and according to the check of this Corporation, or allow withdrawal of funds therefrom in case of savings accounts by way of withdrawal slips, in either case executed by any two (2) of the following officers, provided that at least one of the signatories is a principal signatory:

PRINCIPAL	POSITION	SIGNATURE
Ricardo Manuel M. Sarmiento	CEO/President	_______________
Stephanie Nicole S. Garcia	EVP Corporate Management Services Director / Treasurer	_______________

SECONDARY	POSITION	SIGNATURE
Reynaldo D. Ortega	Senior Vice President / General Manager, Poultry, Food and Feed Sales Division	_______________
Alicia G. Danque	Vice President & Supply Chain Director /Alternate Corporate Information Officer	_______________

"RESOLVED, that the Bank is authorized to receive for deposit or collection any items purporting to be endorsed in the name of the Corporation; that all such checks, drafts, notes or other negotiable papers endorsed to or signed by this Corporation, as aforesaid, including checks drawn to cash or bearer or to the individual order of any officer of this Corporation, shall be honored and paid by the Bank without inquiry as to whether the same be drawn or required for this Corporation's business or benefit; and all such payments shall be charged to the Corporation's account; that any two (2) of the above-mentioned officers, provided that at least one of the signatories is a principal signatory, be authorized as authority is hereby given to designate or further authorize a representative to receive the proceeds of funds withdrawn from the Corporation's account and to perform clerical matters pertaining to the account, such as but not limited to claiming passbooks (if applicable), returned checks, requested documents or evidence of transactions; hereby ratifying and approving all that the Bank may do or cause to be done by virtue hereof;

"RESOLVED, that **Security Bank Corporation (SBC)** is hereby authorized to allow and to effect transfers of funds from the Corporation's deposit account/s maintained with any SBC Branch, to other accounts, including such third party accounts as may be instructed by the Corporation's authorized signatories, ratifying said fund transfers whether done electronically thru DigiBanker facility, Funds Transfer facility, or thru over-the-counter Telegraphic Transfer application or Money Transfer application, as emanating from valid and legal transactions, and holding SBC, its officers, employees, agents, assigns, and other authorized representatives, free and harmless from any claims which may arise as a result of the authority given to its authorized signatories.

"RESOLVED, that any two (2) of the above-mentioned signatories, provided that at least one of the signatories is a principal signatory, be authorized as authorized is hereby given to apply for and obtain from the Bank, in the name of the Corporation, any of its banking services such as Telebanker and Mobilebanker Products, enroll the corporate bank account(s) in Fund Transfer Facilities (Security Check Protector, Security Maximizer, and Security Scheduler), and obtain such other services including, but not limited to, Deposit Pick Up, Cash Delivery and Bills Payment Services, under such terms and conditions as are or may be required by the Bank; to apply for, invest in and/or obtain from the Bank any of its Treasury Products such as, but not limited to, Fixed Income Security, Money Market, Foreign Exchange, and Derivatives (hereinafter referred to as banking/treasury transactions) in the name of the Corporation subject to such terms and conditions and collateral agreements, if any, as are or may be required by the Bank, consistent with the risk management techniques and systems which the Corporation has in place, sufficient to manage and monitor the risk that the Corporation will take in engaging in derivative transactions;

"**RESOLVED,** further that any two (2) of the above-mentioned signatories, provided that at least one of the signatories is a principal signatory, be authorized to invest its funds in any one of the Unit Investment Trust Funds (UITFs) managed, administered, and operated by SBC – Trust Division, to sign and execute the UITF Participating Trust Agreement and any and all documents and papers as may be necessary with respect to the investment of the Corporation in any one or a combination of the UITFs such as but not limited to the issuance of proper written instructions for additional or new investment/s and redemption of investment in UITFs, certifications, directives, orders and communications with SBC-Trust Division.

"**RESOLVED,** further that any two (2) of the above-mentioned signatories, provided that at least one of the signatories is a principal signatory, be authorized to invest its funds in any one of the Treasury products managed, invested, administered and/or operated by SBC – Treasury Group and any and all such documents and papers as may be necessary with respect to the investment of the Corporation such as but not limited to the issuance of proper written instructions.

"**RESOLVED,** further that any two (2) of the above-mentioned signatories, provided that at least one of the signatories is a principal signatory, be authorized as authority is hereby given them to renew, roll-over, amend, revise, convert or substitute, as may be necessary and/or applicable, the above-mentioned deposits, placements, investments, banking/treasury transactions and other banking services, and to execute, sign and deliver any and all such agreements, contracts, and other documents as are or may be necessary to implement the foregoing authorization;

"**RESOLVED**, that any two (2) of the above-mentioned signatories, provided that at least one of the signatories is a principal signatory, be authorized as authority is hereby given, to apply for and obtain BusinessPlus Debit MasterCards on behalf of the Corporation, assign the debit cardholders and their respective debit limits, change the debit cardholders and/or their debit limits from time to time, and to claim the said debit cards from the Bank; Provided, hoever, that said signatories may delegate the act of claiming the debit cards from the Bank by way of a letter of authority to be issued by them for said purpose, naming the responsible persons authorized to claim and receive the same. Authority is hereby given by the Corporation to the assigned debit cardholders who are employed with the Corporation to use the same subject to their assigned limits, including signing whatever documents may be necessary to effect transactions using the debit card;

"**RESOLVED,** further that any two (2) of the above-mentioned signatories, provided that at least one of the signatories is a principal signatory, be authorized to apply for and obtain from SBC, its subsidiaries and affiliates (including but not limited to SBM Leasing, Inc., SB Capital Investment Corporation, SB Cards Corporation), from time to time and in the name of the Corporation, loans and other credit accommodations whether on line or non-line arrangement in such amount and under such terms and conditions and collateral arrangements as are or may be required by the creditor-entity; to pledge, mortgage, assign or otherwise hypothecate any asset of the Corporation as are or may be required therefore, including the execution of guarantees or suretyships; to make availments therefrom for such amounts as said signatories may deem beneficial to the Corporation, even if in excess of the amount of the original line granted to it by the creditor-entity; and to execute, sign, and deliver any and all such credit and collateral agreements, Promissory Notes, drafts, import documents, Letters of Credit, Trust Receipts, and the like as are or may be necessary for and in connection therewith;

"**RESOLVED**, further that any two (2) of the above-mentioned signatories, provided that at least one of the signatories is a principal signatory, be authorized, as authority is hereby given, to negotiate, from time to time, for the renewals, extension, amendments, revisions, restructuring, conversions and/or substitutions of such loans and other credit accommodations;

"**RESOLVED**, further, that for the Everyday Mastercards issued to the Corporation's employees upon the Corporation's execution of the Payroll Agreement pertinent to this bank product, that authority is hereby given to the Bank to effect mass generation of the Everyday Mastercards prior to delivery, for eventual use by the Corporation's employees, to enable them to use said cards;

"**RESOLVED**, that in relation to the request for mass generation, and upon receipt of the Everyday Mastercards and related documents from the Bank, the Corporation agrees to be held solely liable for any and all claims, liabilities, actions or proceedings which may arise out of, or as a consequence of the implementation of the above-stated accommodation in favor of the Corporation;

"**RESOLVED,** further that any two (2) of the following officers, provided that at least one of the signatories is a principal signatory, be as they are hereby authorized to receive and sign for the Everyday Mastercards and any other related documents, if any, to be delivered by the Bank, and thereafter be responsible therefore:

PRINCIPAL	POSITION	SIGNATURE
Ricardo Manuel M. Sarmiento	CEO/President	______________

	Stephanie Nicole S. Garcia	EVP Corporate Management Services Director / Treasurer	_______________
	SECONDARY	POSITION	SIGNATURE
	Reynaldo D. Ortega	Senior Vice President / General Manager, Poultry, Food and Feed Sales Division	_______________
	Alicia G. Danque	Vice President & Supply Chain Director /Alternate Corporate Information Officer	_______________

"**RESOLVED**, further that any two (2) of the above-mentioned signatories, provided that at least one of the signatories is a principal signatory, be named as they are hereby named for control purposes, such that one shall receive the Everyday Mastercards while the other shall receive the PIN mailers. Consequently, each shall be responsible for the distribution thereof to the Corporation's employees upon receipt from the Bank;

"**RESOLVED**, further that any two (2) of the above-mentioned signatories, provided that at least one of the signatories is a principal signatory, be authorized as authority is hereby given, to apply, obtain and sign any and all documents necessary for availing from Security Bank Corporation, in the name of the Corporation, the services of Security Bank DigiBanker and all its related modules/function, to include but not limited to account balance viewing, fund transfers, payroll, auto credit payments, auto debit payments, check cutting and designating officers who will be assigned as the System Administrator Maker and System Administrator Checker for Security Bank DigiBanker;

"**RESOLVED,** that as the System Administrator Maker and System Administrator Checker, they are hereby authorized to assign users who may have access to the Security DigiBanker and their corresponding access levels;

"**RESOLVED,** further that any two (2) of the following officers, provided that at least one of the signatories is a principal signatory, is hereby authorized to approve the transactions effected through the DigiBanker Online Trade and Supply Chain Finance Services facility of Security Bank Corporation, and to execute, sign and deliver any and all such agreements, contracts, and other documents as are or may be necessary to avail of the Letter(s) of Credit or Supply Chain Financing with SBC and implement the foregoing authorities:

PRINCIPAL	POSITION	SIGNATURE
Ricardo Manuel M. Sarmiento	CEO/President	_______________
Stephanie Nicole S. Garcia	EVP Corporate Management Services Director / Treasurer	_______________
SECONDARY	POSITION	SIGNATURE
Reynaldo D. Ortega	Senior Vice President / General Manager, Poultry, Food and Feed Sales Division	_______________
Alicia G. Danque	Vice President & Supply Chain Director /Alternate Corporate Information Officer	_______________

"**RESOLVED,** that any of the aforesaid transactions implemented or effected prior to the issuance of this Resolution are hereby ratified and held to be valid acts of the Corporation;

"**FINALLY RESOLVED,** that the foregoing resolutions shall continue and remain in full force and effect until repealed and/or amended by subsequent resolutions of the Board of Directors and appropriate copies thereof served upon and received by the Bank."

RESOLUTION NO. 2022-61

"WHEREAS, sometime in April 2021, the Corporation engaged SyCip Gorres Velayo and Co.

	("SGV") to conduct a Forensic Audit of the Corporation's Inventory Management Process; "WHEREAS, during the meeting of the Audit, Risk Oversight and Related Party Transactions Committee ("Committee") on 03 August 2022, the SGV presented the results of the supposed forensic audit conducted from May 2021 to November 2021; "WHEREAS, per SGV's report and upon clarifications from the Committee, SGV confirmed that it was not able to conduct site visit at the Sahara Toll plant, and interviews were not held with the concerned personnel; "WHEREAS, upon the assessment of the Committee, the report presented on 03 August 2022 was inaccurate and did not meet the purposes and goals of the Forensic Audit; "WHEREAS, the Committee recommended the rejection of the above-mentioned report due to its inaccuracy and failure to meet the Forensic Audit's purposes and goals; "**THEREFORE, IT IS HEREBY RESOLVED**, that the Corporation adopt as it hereby adopts the rejection of the Committee of SGV's report during the Committee meeting on 03 August 2022 in view of the report's inaccuracy and failure to meet the Forensic Audit's purposes and goals; **"RESOLVED, LIKEWISE,** that the Corporation be as it is hereby allowed to cancel the contract and seek the refund of the initial payment made to SGV in the amount of Php672,000.00; **"RESOLVED, ALSO**, that Director Vicente J. A. Sarza be as he is hereby authorized to implement the foregoing authority; **"RESOLVED, FINALLY,** that Director Sarza be as he is hereby authorized to appoint a substitute to implement the foregoing."
October 17, 2022	**RESOLUTION NO. 2022-62** "**RESOLVED, AS IT IS HEREBY RESOLVED**, that the Corporation be as it is hereby authorized to apply for and obtain a credit line of up to the amount of Three Hundred Thousand Pesos (Php300,000.00) from Acacia Hotel Davao; "**RESOLVED, FURTHER**, that the Corporation authorize, as it hereby authorizes any one (1) of the following officers to: (a) sign, execute, and deliver the documents necessary to implement the foregoing authority, including the credit line application form; and (b) process and book rooms for and in behalf of the Corporation or its executives or officers on official business to Davao: Name — Position 1. Ms. Maricar T. Gedalanga — HR Assistant Manager 2. Ms. Jenefer C. Piscos — HR Specialist 3. Ms. Phoebe S. Generana — HR Assistant **"RESOLVED, FINALLY,** that the exercise of authority of any of the above-mentioned officers shall be subject to the prior written approval of either the EVP & Corporate Management Services Director, Ms. Stephanie Nicole S. Garcia, or the President/CEO, Mr. Ricardo Manuel M. Sarmiento."
	RESOLUTION NO. 2022-63 "**RESOLVED, AS IT IS HEREBY RESOLVED**, that the Corporation be as it is hereby authorized to apply for and obtain a credit line of up to the amount of Three Hundred Thousand Pesos (Php300,000.00) from Dusit D2 Davao Hotel; "**RESOLVED, FURTHER**, that the Corporation authorize, as it hereby authorizes any one (1) of the following officers to: (a) sign, execute, and deliver the documents necessary to implement the foregoing authority, including the credit line application form; and (b) process and book rooms for and in behalf of the Corporation or its executives or officers on official business to Davao: Name — Position 1. Ms. Maricar T. Gedalanga — HR Assistant Manager 2. Ms. Jenefer C. Piscos — HR Specialist 3. Ms. Phoebe S. Generana — HR Assistant
	RESOLUTION NO. 2022-64

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<tr>
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<td>"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes its Credit and Collection Officer in Cagayan De Oro City, Mr. Felix D. Ondo, Jr., to transact with the Bureau of Internal Revenue ("BIR") Gingoog City, BIR Camiguin, Registry of Deeds ("RD") Gingoog City, RD Camiguin, and Municipal Assessor of Camiguin relative to the transfer of tax declaration of the property (Lot No. 1993) located at Sudlon, Cabuan, Guinsilaban Camiguin registered in the names of Jaime Popera, Dorothy Antillon and Agustin Antillon, Jr. covered by Tax Declaration Numbers 0401758 (new) and 0402296 (old), with an area of 1,796 sq.m. to the Corporation's name."</td>
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<tr>
<td rowspan="2">November 4, 2022</td>
<td>RESOLUTION NO. 2022-65

"RESOLVED AS IT IS HEREBY RESOLVED, that the Corporation approve as it hereby approves the 2022 Third Quarter Financial Statements (Unaudited) of Vitarich Corporation as presented;

"RESOLVED FURTHER, that the Corporation approve as it hereby approves, the release of the 2022 Third Quarter Financial Statements (Unaudited) of Corporation."</td>
</tr>
<tr>
<td>RESOLUTION NO. 2022-66

"RESOLVED AS IT IS HEREBY RESOLVED THAT, the Corporation be as it is hereby authorized to enroll and/or sign-up in the Electronic Invoicing/Receipting System (EIS) Portal;

"RESOLVED FURTHER, that the Corporation authorize as it hereby authorizes its Tax Manager, Mr. Giann Carlo V. Gandia, to enroll and/or sign-up the Corporation in the EIS Portal, as well as to transact, accomplish and handle the Corporation's EIS Portal account."</td>
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<tr>
<td rowspan="2">November 17, 2022</td>
<td>RESOLUTION NO. 2022-67

"RESOLVED AS IT IS HEREBY RESOLVED, that Resolution No. 2020-42 approved on 20 November 2020, be as it is hereby amended to read as follows:

"RESOLVED AS IT IS HEREBY RESOLVED THAT, the Corporation designate as it hereby designates the following e-mail addresses and mobile numbers as the official and alternate e-mail addresses and mobile numbers of the Corporation:

<table>
<tr><td></td><td>Email Address and Mobile Number</td></tr>
<tr><td>Official E-Mail Address</td><td>mccdabu-pepito@vitarich.com</td></tr>
<tr><td>Official Mobile Number</td><td>0925-5121013</td></tr>
<tr><td>Alternate E-Mail Address</td><td>info@vitarich.com</td></tr>
<tr><td>Alternate Mobile Number</td><td>0998-5309741</td></tr>
</table>

"RESOLVED, FURTHER, that the Corporation's Assistant Corporate Secretary/Corporate Information Officer/Compliance Officer, Atty. Mary Christine C. Dabu-Pepito, be as she is hereby designated as the person-in-control of the foregoing official and alternate e-mail addresses and mobile numbers of the Corporation;

"RESOLVED, ALSO, that Atty. Dabu-Pepito be as she is hereby authorized, for and in behalf of the Corporation, to sign and submit to the SEC the official and alternate e-mail addresses and mobile numbers of the Corporation, and to notify the SEC regarding any changes thereto;

"RESOLVED, FINALLY, that the Corporation authorize as it hereby authorizes the SEC to send notices, letter-replies, orders, decisions, and/or other documents emanating from the SEC through the foregoing e-mail addresses and mobile numbers for the purpose of complying with the notice requirement of administrative due process."</td>
</tr>
<tr>
<td>RESOLUTION NO. 2022-68</td>
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</table>

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes the following employees to: (a) process the renewal of the Corporation's business permits and/or licenses for the year 2023 and/or the closure of the Corporation's business operations with all government offices and agencies in their assigned areas; (b) sign, execute, and deliver any and all documents necessary or required for said renewal of business permits and/or licenses; (c) process the necessary payments for the application, renewal, or processing said business permits and/or licenses; and (d) secure and claim the said business permits and/or licenses:

Area	Name	Designation
Luzon	Faith Marie Donadillo	HR/Admin. Assistant Manager
Naga	Rhona Sioco	Junior Analyst (Accounting)
Isabela	Laisa Jane Tubban	Junior Analyst (Accounting)
Bacolod	Rolly Casa	Credit & Collection Head
Cebu	Erwin Tragico	Credit & Collection Head
Iloilo	Julie Anne Leida	Credit & Collection Supervisor
Davao	Hezron Vincent Aquino	Credit & Collection Head
Gen. Santos	Keen Aliver Legara	Credit & Collection Officer
CDO	Dolly Jiz	Cashier"

RESOLUTION NO. 2022-69

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation grant as it hereby grants Manila Electric Company ("Meralco") right of way for the sole purpose of installing additional pole inside the Corporation's premises in connection with the on-going electrical system upgrade of Barbatos Ventures Corporation;

"RESOLVED, LIKEWISE, that the Corporation authorize as it hereby authorizes its President/CEO, Mr. Ricardo Manuel M. Sarmiento, to execute, sign, and deliver any and all documents relative to the above-mentioned grant of right of way to Meralco."

December 16, 2022

RESOLUTION NO. 2022-70

"WHEREAS, the Corporation decided to secure a Bureau of Internal Revenue ("BIR") Ruling for confirmation of exemption from Value Added Tax of its Contract Growing Agreement packaged with Dressing/Processing with its business partners, pursuant to Section 109 (1) of the National Internal Revenue Code of 1997, as amended by Republic Act No. 10963 ("NIRC");

"RESOLVED, THEREFORE, that the Corporation be as it is hereby authorized to secure a BIR Ruling for the confirmation of Value Added Tax Exemption of its Contract Growing Agreement packaged with Dressing/Processing with its business partners, pursuant to Section 109 (1) of the National Internal Revenue Code of 1997, as amended by Republic Act No. 10963 ("NIRC");

"RESOLVED, LIKEWISE, that for said purpose, the Corporation appoint, designate and authorize as it hereby appoints, designates, and authorizes its **President/CEO, Mr. Ricardo Manuel M. Sarmiento, and/or its Director/Counsel, Atty. Juan Arturo Iluminado C. De Castro**, whose signatures appear below, to: (a) represent the Corporation before the BIR; (b) sign, execute, sign, and deliver the Letter-Request for BIR Ruling, and any and all required documents and papers, and to perform any and all acts and deeds as may be necessary relative thereto; and (c) receive the ruling/decision, document or any paper from BIR:

Name	Position	Signature
Ricardo Manuel M. Sarmiento	President/CEO	____________
Juan Arturo Iluminado C. De Castro	Director/Counsel	___________"

RESOLUTION NO. 2022-71

"RESOLVED AS IT IS HEREBY RESOLVED, that the Corporation shall transact with **BDO UNIBANK, INC. or any of its branches, its subsidiaries, and affiliates such as BDO Leasing and Finance, Inc. (BDOLFI), BDO Rental, Inc. (BDORI), BDO Capital & Investments Corporation and BDO Private Bank, Inc. (BDOPBI),** [singularly or collectively referred to as "the Bank"] for the obtainment of loan facilities and availment of banking products and services;

"RESOLVED, FURTHER, as it is hereby resolved, that in this regard, the Corporation shall be authorized to do the following:

1. OPEN AND MAINTAIN DEPOSITORY ACCOUNTS. To open, maintain, reactivate, and manage in the name of the Corporation, any number of peso or foreign currency savings/current/time and other accounts with the Bank ("Depository Accounts"), and in this regard, it may:

   1a. Deposit to and withdraw from the Depository Accounts, in whatever form and manner, and in such amount as the Corporation may deem appropriate or necessary;
   1b. Transfer funds from the Depository Accounts to other corporate, partnership, cooperative and/or individual accounts being maintained with the Bank and other banks;
   1c. Perform balance inquiries and bills payment;
   1d. Reactivate and close the Depository Account, including the reactivation and closure of the Corporation's Savings Account No. 000830023046 with BDO Iloilo-Molo branch, and ask, demand, sue for, collect and receive the proceeds of the Depository Account in the name of the Corporation;
   1e. Receive, accept, endorse, and negotiate all checks, drafts, or orders of payment payable to the Corporation or its order which may require the Corporation's endorsement;
   1f. Request for issuance of certificates of bank deposits/placements in favor of various institutions, both government and/or private, relative to the Corporation's accounts and authorizing the Bank to disclose any and all information relative thereto as requested by the addressee institution. For the foregoing purposes, the Corporation hereby waives its rights in favor of the Bank under Republic Act No. 1405 (The Bank Secrecy Act of 1955) as amended, Section 55 of Republic Act No. 8791 (The General Banking Law of 2000), as amended, Republic Act No. 6426 (Foreign Currency Deposit Act of the Philippines of 1974), as amended, and other laws/regulations, including all subsequent amendments or supplements thereto, relative to the confidentiality of secrecy of banks deposits/accounts, placements, investments and similar or related assets in the custody of the Bank. The Corporation shall hold the Bank, its directors, officers, employees, representatives and agents, free and harmless from any liability arising from its exercise of its remedies and authorities hereunder, or from any action taken by it on the basis of and within the framework of the foregoing authority;
   1g. Consent to or allow the: (a) enrollment, use, and aggregation of the Corporation's Depository Accounts with the Bank for purposes of compliance by the Corporation, its parent company, subsidiaries and/or affiliates, as may be identified by the Corporation, with any average daily balance requirement (ADB) of the Bank; and (b) enrollment and use of the Corporation's Depository Accounts with the Bank to serve as debit account/s to fund the needs/requirements of the Corporation, its parent company, subsidiaries and/or affiliates, as may be identified by the Corporation, subject to existing policies of the Bank thereon;

2. OPEN AND MAINTAIN CORPORATE CARD ACCOUNT. To apply, establish, maintain, and manage in the name of the Corporation, any number of corporate card account of any card brand/product offered by the Bank, including but not limited to Purchasing, Distribution and Fleet Card, with the Bank or any of its branches (hereinafter to be referred to as "Corporate Card Accounts"), and in this regard, it may:

   2a. Authorize the Bank to issue corporate cards from said Corporate Card Accounts to the Corporation's qualified officers or employees ("Assignees");
   2b. Fully pay and settle any and all purchases made and/or expenses incurred by said Assignees through the use of the issued Corporate Cards, including interest and service charges that may accrue thereto, through any means, including the enrollment and use of the Corporation's Depository Accounts under automatic debit arrangement, if applicable;

3. AVAIL OF PRODUCTS AND SERVICES. To apply for, avail and/or register for any and all products and services offered by the Bank, including but not limited to:

   3a. Product and services offered by the Bank's **Consumer Lending Group – Credit Card Unit** such as merchant affiliation to honor and accept credit cards and/or ATM/debit cards, mobile wallets and/or other types of cards and/or payment transactions that will pass through the Bank's Point-of-Sale (POS) terminals and/or internet transactions and/or other payment platforms;
   3b. Products and services offered by the Bank's **Transaction Banking Group**, such as integrated disbursement services (IDS), payment collection services, payroll services, liquidity management, account services, remittance products and services, cash management services, retail products, and such other existing and future products and services and in this regard, it may:
      i. Enroll, dis-enroll, re-enroll the following:
         - Depository Account/s in and from BOB;
         - Corporation System Administrator authorized to do and perform acts allowed under the Bank's terms and conditions;
         - Merchant/subscriber and/or third party accounts in BOB for bills/other purposes.

      ii. Enroll, dis-enroll, re-enroll and designate the respective roles, access rights and authorized acts and transactions of users in BOB Facility (maker, approver, and/or verifier) with respect to the enrolled Depository Accounts as may be allowed under the Bank's terms and conditions.

3c. Products and services offered by the Bank's **Trust and Investments Group** and in this regard, it may:

i. Open and maintain trust (including unit investment trust funds), investment management, custodianship and other fiduciary accounts, as well as other trust banking products;
ii. Open and maintain trust or investment management accounts for retirement funds of its employees;
iii. Appoint the Bank as trustee, investment manager, agent, custodian, and/or fiduciary.

3d. Products and services offered by **BDO Capital & Investments Corporation** and in this regard, it may:

i. Purchase and sell securities, as well as to invest in and other money market instruments and products such as but not limited to government securities and corporate papers including those issued by BDO;
ii. Appoint authorized trader/s of the Corporation to deal with BDO Capital & Investments Corporation, as well as to execute, deliver and perform any and all agreements, instruments, contracts, documents as may be necessary to effect the foregoing transactions.

3e. Products and services offered by the Bank's **Treasury Group** and in this regard, it may:

i. Purchase, sell and invest in debt securities and other money market instruments and products such as but not limited to government securities and corporate papers including those issued by the Bank, and to execute, deliver and perform any and all agreements, instruments, documents as may be necessary to effect such transactions;
ii. Enter into foreign exchange dealings as well as derivative transactions and contracts with the Bank such as buying and selling of foreign exchange, under spot, swaps, options and forwards transactions;
iii. Allow the authorized representatives/signatories of the Corporation to appoint authorized trader/s of the Corporation to deal with the Bank in relation to the foregoing transactions.

For the purpose of investments or dealings in or purchase/sale of securities or other documents of title, to appoint the Bank and/or its subsidiaries as the Corporation's true and lawful attorney, to act for its name and in its behalf in transacting business directly or indirectly with the appropriate government securities registry/custodian, a BSP accredited securities custodian/securities registry or a Securities Exchange Commission (SEC) authorized central securities depository in accordance with the relevant BSP or SEC regulations, to do and perform every act necessary that the Corporation might or could do in reference to any and all corporate and government bonds, bills of exchange, certificates of deposits, convertible bonds, debentures, promissory notes, shares of stock, certificates of participation in any fund, and such other commercial paper, documents and instruments of any kind or nature.

4. <u>AVAIL OF CREDIT AND LEASE FACILITIES</u>. To apply for, negotiate and obtain loans, credit and/or lease accommodations or facilities, such as letters of credit, trust receipts, bills purchases, foreign exchange settlement lines from time to time in amounts which may be required by the Corporation, which authority shall include extensions, renewals, re-availments, increases, excess/over-availments, roll-overs, restructurings, novations, amendments or conversions into other credit form or type, and in this regard, it may:

4a. Execute, sign and deliver from time to time the relevant loan, lease agreements, promissory note/s, disclosure statements, lease schedules, trust receipts, and any and all other documents pertinent and necessary to implement the accommodations/facilities referred hereto;
4b. Lease from and/or sell to BDOLFI and/or BDORI real and/or personal property (such as motor vehicle/s, vessels, aircraft, equipment, and/or machinery), including availment of BDOLFI and BDORI facilities such as Installment Paper Purchase, factoring, floor stock financing, assignment of trade receivables and sale-and-lease back transactions.

5. <u>AVAILABILITY OF CREDIT FACILITY/IES TO CO-USER/S</u>. To allow individual/s, subsidiary/ies, affiliate/s, entity/ies as indicated in any and all contracts, instruments, documents or writings relative to the credit facilities executed, signed, delivered by the Corporation to the Bank to share/use/avail/earmark against its credit facility/ies with the Bank.

6. MORTGAGE, PLEDGE, ASSIGN CORPORATION PROPERTY. To mortgage, pledge, assign or otherwise encumber properties of the Corporation, whether real or personal, as collaterals for credit accommodations extended by the Bank.

7. APPOINT AND CONSTITUTE ATTRONEY-IN-FACT. The Corporation appoints and constitutes the Bank as its attorney-in-fact, with full powers of substitution, to register the lease, sale, mortgage, pledge, assignment and/or encumbrance as well as cancellation thereof, including the payment of any taxes such as but not limited to capital gains, creditable withholding tax(es), documentary stamp taxes, to receive the Certificate Authorizing Registration (CAR), transfer and/or reclassification of the necessary tax declaration(s), to file and request for the conversion of non-PHILARIS manually issued titled over the mortgaged property(ies) to electronic PHILARIS title with any and all appropriate government offices/agencies. The power of attorney given by the Corporation is coupled with interest and is irrevocable until all obligations secured by the aforementioned properties of the Corporation are fully paid to the entire satisfaction of the Bank.

"RESOLVED, FURTHER, that any two (2) of the following officers of the Corporation, provided, that at least one (1) of the signatories is a principal signatory:

Name	Position	Signature
Principal		
Ricardo Manuel M. Sarmiento	President/CEO	____________
Stephanie Nicole S. Garcia	EVP-Corporate Management Services Director/Treasurer/ Chief Sustainability Officer	____________
Secondary		
Reynaldo D. Ortega	Senior Vice President, General Manager, Poultry and Foods Division	____________
Alicia G. Danque	Senior Vice President, Feeds Business Unit Manager	____________

shall be authorized on behalf of the Corporation to enter into the above-specified arrangements with the Bank under such terms and conditions as they may deem necessary for the implementation of the foregoing transactions. Provided, further, that the afore-mentioned officers are hereby authorized with full powers of substitution, to receive, for and on behalf of the Corporation any and all of the mortgaged/pledged/assigned and encumbered property/ies of the Corporation upon full payment to the entire satisfaction of the Bank of the obligations secured thereby;

"RESOLVED ALSO, that all transactions, warranties, representations, covenants, dealings and agreements by the Corporation through the above-named individuals with the Bank prior to the approval of this Resolution are all hereby approved, confirmed, and ratified to be the valid and binding acts, representations, warranties, and covenants of the Corporation as they may lawfully do or cause to be done by virtue of authorities given to them;

"RESOLVED, FINALLY, that the foregoing Resolutions shall remain valid and subsisting unless otherwise revoked or amended in writing by the Corporation and duly served on the Bank."

Atty. Velasco discussed that the Corporation has a bank account with BDO Iloilo-Molo branch which the Corporation intends to close already. However, since this account became dormant and since there's still money left in the account, there is a need to reactivate it before it can be closed. The foregoing resolution came from the bank and covers already both the reactivation and closure of the account.

RESOLUTION NO. 2022-72

"RESOLVED AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes its **Plant Manager, Mr. Edilberto A. Manuel**, to do any or all of the following acts for and in behalf of the Corporation:

1. Institute, cause the filing of and file civil, administrative or criminal cases against any and all the following persons:

a. Judy Boy Bation Jr.
b. Leonardo G Bation Jr.
c. Vincent Jay Bayo Ang Judilla
d. Robert Engay
e. Samuel Garcia
f. Darel Wata
g. Jamesly Ordaneza
h. Rogie E. Endrina
i. Jeffrey S. Señoron Jr.
j. Glenn Garcia
k. Radsmill Odiaman

2. Sign and file the Complaint-Affidavit, Reply-Affidavit, Petition, Complaint, Comment, Memorandum, Position Paper, Affidavit, Motion, Petition for Review, Petition for Certiorari, Prohibition, or Mandamus and all other documents and pleadings as may be necessary;

3. Verify the Complaint, Petition, Petition for Review, Petition for Certiorari, Prohibition or Mandamus, Memorandum, Position Paper, Affidavit, Motion and all other pleadings, and to sign, execute and file the Verification, and attest that:

a. the allegations in the pleading are true and correct based on his/her personal knowledge, or based on authentic documents;
b. the pleading is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation; and
c. the factual allegations therein have evidentiary support after a reasonable opportunity for discovery.

4. Sign, execute and file the Certification against Forum Shopping;

5. Serve the summons in any of the following cases:

a. Failure of service of summons by the sheriff, his or her deputy or other proper court officer, in which case, the summons shall be served by Mr. Manuel, together with the sheriff, his or her deputy or other proper court officer;
b. The summons is to be served outside the judicial region of the court where case is pending;
c. The summons is returned without being served on any or all of the defendants;
d. Other cases allowed or authorized by the court or the Rules of Court, as amended.

6. To represent Vitarich Corporation in all stages of trial, including appeal, pre-trial, mediation, and judicial dispute resolution proceedings, with power to do the following:

a. Enter into amicable settlement of the case and sign compromise agreement;
b. Submit to alternative modes of dispute resolution;
c. Enter into stipulations and admissions of facts and of documents;
d. Agree on simplification of issues;
e. Limit the number of witnesses;
f. Enter into plea-bargaining arrangement;
g. Dismiss or withdraw case or execute an Affidavit of Desistance upon full settlement;
h. Testify as witness;
i. Do any act necessary or authorized under the rules;

7. To engage the services of a lawyer to represent the Corporation in all stages of the case, provided, that such engagement shall have the prior and subsequent approval of the Corporation's President/CEO, Mr. Ricardo Manuel M. Sarmiento;

8. With the assistance of the Corporation's lawyer, to choose and appoint the witness/witnesses necessary in prosecuting the case/s to be instituted against any or all of the foregoing persons;

"RESOLVED FINALLY, that the Corporation authorize as it hereby authorizes Mr. Manuel to appoint, subject to the prior approval of the Corporation's President/CEO, Mr. Ricardo Manuel M. Sarmiento, any of the Corporation's lawyers as substitute to do any or all of the foregoing acts for and in behalf of the Corporation."

RESOLUTION NO. 2022-73

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"RESOLVED AS IT IS HEREBY RESOLVED, that the Corporation be as it is hereby authorized to engage MediCard Philippines, Inc. as its HMO provider for 2023;

"RESOLVED LIKEWISE, that the Corporation authorize as it hereby authorizes its EVP-Corporate Management Services Director/Treasurer/Chief Sustainability Officer, Ms. Stephanie Nicole S. Garcia, to represent the Corporation before MediCard Philippines, Inc. and to sign, execute, and deliver any and all documents to implement the foregoing authority;

"RESOLVED FINALLY, that the Corporation authorize as it hereby authorizes Ms. Garcia to appoint a substitute to do any and all of the foregoing acts."

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<tr><td>January 16, 2023</td><td>

RESOLUTION NO. 2023-01

"**RESOLVED, AS IT IS HEREBY RESOLVED**, that the Corporation be as it is hereby authorized to register its books of accounts with the Online Registration and Update System ("ORUS") of the Bureau of Internal Revenue ("BIR");

"RESOLVED, FURTHER, that the Corporation authorize as it hereby authorizes its Tax Manager, Mr. Gian Carlo V. Gandia, to: (a) process the Corporation's registration of its books of accounts with the BIR ORUS; (b) execute, sign, and deliver any and all documents necessary for said registration; and (c) secure and receive the Corporation's registration with the BIR ORUS."

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RESOLUTION NO. 2023-02

"**RESOLVED, AS IT IS HEREBY RESOLVED**, that the Corporation be as it is hereby authorized, to apply for and obtain a fleet line facility up to the amount of Seventy Million Pesos (Php70,000,000.00) from Asia United Bank;

"**RESOLVED, FURTHER**, that the Corporation authorize, as it hereby authorizes, any two (2) of the following officers, provided that at least one (1) of the signatories is a principal signatory, be as they are hereby authorized to sign, execute and deliver all purchase orders/agreements and/or loan documents, promissory notes, chattel mortgage and other collateral documents, including renewals, extensions or terminations of the loan contracts, increase or decrease of interests, and with authority to issue, sign, negotiate or endorse checks or bills of exchange and other orders for the payment of money in connection with the purchase on credit of the subject Motor Vehicles, and all other documents required by the Car Dealer or the bank/financial institution to whom the promissory note/s and mortgage agreements may be assigned by the Car Dealer for financing purposes, inclusive of the authority to conform to any assignment thereof by the Car Dealer:

	Position	Specimen Signature
Principal		
MR. RICARDO MANUEL M. SARMIENTO	CEO/President	____________________
MS. STEPHANIE NICOLE S. GARCIA	EVP Corporate Management Services Director/Chief Sustainability Officer/ Treasurer	____________________
Secondary		
MR. REYNALDO D. ORTEGA	Senior Vice President/General Manager, Poultry and Foods Division	____________________
MS. ALICIA G. DANQUE	Senior Vice President & Feeds Business Unit Manager/Alternate Corporate Information Officer	__________________"

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RESOLUTION NO. 2023-03

"**RESOLVED AS IT IS HEREBY RESOLVED**, that the Corporation be as it is hereby authorized to apply for, negotiate or obtain a loan or Credit Line, and Revolving Promissory Note Line (RPNL) from **MALAYAN SAVINGS BANK INC.** up to the principal amount of **SEVENTY MILLION PESOS (Php70,000,000.00) with clean security/collateral structure;**

"**RESOLVED FURTHER**, that the Corporation authorize, as it hereby authorizes, any two (2) of the

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following officers, provided that at least one (1) of the signatories is a principal signatory, to sign for and in behalf of **VITARICH CORPORATION** credit line/loan agreement, promissory notes, disclosure statement, amortization schedule, and all other documents relative to the loan or credit line including, but not limited to renewals, extensions, increase or decrease of the loan/ or other amendments of the same, under such terms and conditions as the above Corporation may deem necessary or convenient:

	Position	Specimen Signature
Principal		
MR. RICARDO MANUEL M. SARMIENTO	CEO/President	____________________
MS. STEPHANIE NICOLE S. GARCIA	EVP Corporate Management Services Director/Chief Sustainability Officer/ Treasurer	___________________
Secondary		
MR. REYNALDO D. ORTEGA	Senior Vice President/General Manager, Poultry and Foods Division	___________________
MS. ALICIA G. DANQUE	Senior Vice President & Feeds Business Unit Manager/Alternate Corporate Information Officer	__________________"

RESOLUTION NO. 2023-04

"**RESOLVED AS IT IS HEREBY RESOLVED**, that the Corporation be as it is hereby authorized to open and maintain deposit accounts and/or trust accounts (the "Deposit Account/s") with the PHILIPPINE BANK OF COMMUNICATIONS ("Bank"), Meycauayan City Branch, or any other branch of the Bank, where the signatures of any two (2) of the following officers, provided that at least one (1) of the signatories is a principal signatory, shall be required:

	Position	Specimen Signature
Principal		
MR. RICARDO MANUEL M. SARMIENTO	CEO/President	____________________
MS. STEPHANIE NICOLE S. GARCIA	EVP Corporate Management Services Director/Chief Sustainability Officer/ Treasurer	___________________
Secondary		
MR. REYNALDO D. ORTEGA	Senior Vice President/General Manager, Poultry and Foods Division	___________________
MS. ALICIA G. DANQUE	Senior Vice President & Feeds Business Unit Manager/Alternate Corporate Information Officer	__________________"

"RESOLVED, FURTHER, that the above signatories signing in the manner indicated above, be as they are hereby authorized to execute, sign and deliver any or all paper and documents required for the opening, maintenance or withdrawals from said Deposit Account/s in behalf of the Corporation, including all checks, withdrawal slips, drafts, and other acceptable orders for the payment of money drawn against the Deposit Account/s; endorse checks, drafts and other instruments for deposit to the credit of the Corporation and/or for collection for the account of the Corporation;

"RESOLVED, ALSO, that the named signatories signing in the manner indicated above, be as they are hereby authorized and empowered by the Corporation to transact corporate business of whatever kind or nature with or through the Bank, at any time and for such amount/s and under such terms as may be determined by said officers, including but without limiting the generality of the foregoing, the authority to invest the funds of the Corporation, through the investment outlets/deposit products of the Bank, such as time deposits, money market or trust and other deposit placements; borrow, apply for, negotiate and/or

	secure credit accommodations/facilities from the Bank such as letters of credit and loans, under such terms and conditions deemed by said officers to be advantageous to the Corporation, effect renewals or extensions thereof, with or without security, and/or bind the Corporation as a guarantor or surety to the obligation of third persons to the Bank; assign, mortgage or otherwise hypothecate the deposits/funds in the said deposit account to secure the loans/obligations of the Corporation with the Bank; make, execute and/or deliver to the Bank and all documents/agreements/negotiable instruments necessary to effect the corporate transactions that may be entered into by said officers with the Bank, such as investment agreements, letters of credit, draft, bills of exchange, trust receipts, bills purchase agreements, cash transport agreements, payroll service agreements, cash management service agreements to include but not limited to: Corporate Cash Card Program, Disbursement, Collection and Electronic Banking services, undertakings, guaranties, surety agreements, assignments, pledges, mortgages and to rent a safety deposit box; enter into settlements with the Bank in all matters affecting the corporate transactions made in accordance with the authorities granted herein; **"RESOLVED, FURTHER,** that any and all corporate transactions entered into and by above named officers of the Corporation pursuant to the foregoing resolutions shall be valid and binding against the Corporation and its successors and assigns until the Bank shall have received a notarized Secretary's Certification of a Board resolution of the Corporation revoking or modifying the aforesaid Board resolutions."
January 23, 2023	RESOLUTION NO. 2023-05 **"RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation appoint as it hereby appoints Mr. Xerxes Noel O. Ordanez as Corporate Audit Manager effective 24 January 2023; "**RESOLVED, FURTHER**, that Mr. Ordanez be as he is hereby authorized to perform the duties and responsibilities given to a Chief Audit Executive under the Code of Corporate Governance for Publicly Listed Companies, Amended Manual on Corporate Governance of the Corporation, Internal Audit Charter, and other existing laws, rules, and regulations."
February 16, 2023	RESOLUTION NO. 2023-06 "**WHEREAS**, on 3 February 2023, the Corporation learned the untimely demise of Mrs. Trixie Uson-Curay, the beloved wife of Mr. Pierre Carlo Curay, a Director of the Corporation; "**THEREFORE, IT IS HEREBY RESOLVED**, that the Corporation hereby extends its sincerest condolences to Director Curay and his family, and hereby offers its prayers for the eternal repose of Mrs. Curay's soul."
	RESOLUTION NO. 2023-07 "**RESOLVED AS IT IS HEREBY RESOLVED**, that the Corporation's Tax Manager, Mr. Giann Carlo V. Gandia, be as he is hereby authorized to apply for, process, and secure the Corporation's Tax Clearance Certificate for the year April 2023 to March 2024 from the Bureau of Internal Revenue; **"RESOLVED, FURTHER,** that Mr. Gandia be as he is hereby authorized to sign, execute, and deliver any and all documents to implement the foregoing authority."
	RESOLUTION NO. 2023-08 "**RESOLVED AS IT IS HEREBY RESOLVED**, that the Corporation be as it is hereby authorized to apply for, process, and secure accreditation and membership with the Philippine Alliance for Recycling and Materials Sustainability ("PARMS"); **"RESOLVED LIKEWISE**, that the Corporation's EVP Corporate Management Services Director/Chief Sustainability Officer/Treasurer, Ms. Stephanie Nicole S. Garcia to do any and all of the following acts: a. Represent the Corporation with PARMS; b. Apply for, process, and secure the Corporation's accreditation and membership with PARMS; c. Approve and recommend to the Corporate Governance Committee and/or to the Board of Directors the Corporation's Extended Producer Responsibility ("EPR") program; d. Oversee and monitor compliance with the Corporation's EPR program; e. Oversee and monitor compliance with the EPR Act of 2022 or the Ecological Solid Waste Management Act of 2022; f. Sign, execute, and submit the application for accreditation and membership with PARMS as well as the application for registration of the Corporation's EPR program; g. Any and all acts necessary to implement the foregoing authority; **"RESOLVED, FINALLY**, that Ms. Garcia be as she is hereby given full authority to appoint and

designate any of the Corporation's officers, managers, supervisors, or employees, by or through a Special Power of Attorney, as her substitute and to do and perform, for and in behalf of the Corporation, all or any of the same powers, authority, acts and things herein given, conferred or granted upon Ms. Garcia."

RESOLUTION NO. 2023-09

"RESOLVED AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes Forms International to print the Corporation's Provisional Receipts, and to apply, process, and secure the Authority to Print (ATP) of said Provisional Receipts from the Bureau of Internal Revenue;

"RESOLVED LIKEWISE, that the Corporation authorize as it hereby authorizes any of the following employees of Forms International implement the foregoing authority:

1. Randy Dela Cruz
2. Danilo Alcantara
3. Gary Paculio
4. Ramil Pollo
5. Edgar Allan Lapidario."

RESOLUTION NO. 2023-10

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation shall transact with BDO UNIBANK, INC. or any of its branches, its subsidiaries, and affiliates such as BDO Leasing and Finance, Inc. (BDOLFI), BDO Rental, Inc. (BDORI), BDO Capital & Investments Corporation and BDO Private Bank, Inc. (BDOPBI), [singularly or collectively referred to as "the Bank"] for the obtainment of loan facilities and availment of banking products and services;

"RESOLVED, FURTHER, as it is hereby resolved, that in this regard, the Corporation shall be authorized to do the following:

1. <u>OPEN AND MAINTAIN DEPOSITORY ACCOUNTS</u>. To open, maintain, reactivate and manage in the name of the Corporation, any number of peso or foreign currency savings/current/time and other accounts with the Bank ("Depository Accounts"), and, in this regard, it may:

   1a. Deposit to and withdraw from the Depository Accounts, in whatever form and manner, and in such amount as the Corporation may deem appropriate or necessary.
   1b. Transfer funds from the Depository Accounts to other corporate, partnership, cooperative and/or individual accounts being maintained with the Bank and other banks.
   1c. Perform balance inquiries and bills payment.
   1d. Close the Depository Account and ask, demand, sue for, collect, and receive the proceeds of the Depository Account in the name of the Corporation.
   1e. Receive, accept, endorse and negotiate all checks, drafts, or orders of payment payable to the Corporation or its order which may require the corporation's endorsement.
   1f. Request for issuance of certificates of bank deposits/placements in favor of various institutions, both government and/or private, relative to the Corporation's accounts and authorizing the Bank to disclose any and all information relative thereto as requested by the addressee institution. For the foregoing purposes, the Corporation hereby waives its rights in favor of the Bank under Republic Act No. 1405 (The Bank Secrecy Act of 1955) as amended, Section 55 of Republic Act No. 8791 (The General Banking Law of 2000), as amended, Republic Act No. 6426 (Foreign Currency Deposit Act of the Philippines of 1974), as amended, and other laws/regulations, including all subsequent amendments or supplements thereto, relative to the confidentiality of secrecy of banks deposits/accounts, placements, investments and similar or related assets in the custody of the Bank. The Corporation shall hold the Bank, its directors, officers, employees, representatives and agents, free and harmless from any liability arising from its exercise of its remedies and authorities hereunder, or from any action taken by it on the basis of and within the framework of the foregoing authority.
   1g. Consent to or allow the (a) enrollment, use, and aggregation of the Corporation's Depository Accounts with the Bank for purposes of compliance by the Corporation, its parent company, subsidiaries and/or affiliates, as may be identified by the Corporation, with any average daily balance requirement (ADB) of the Bank; and (b) enrollment and use of the Corporation's Depository Accounts with the Bank to serve as debit account/s to fund the needs/requirements of the Corporation, its parent company, subsidiaries and/or affiliates, as may be identified by the Corporation, subject to existing policies of the Bank thereon.

2. <u>OPEN AND MAINTAIN CORPORATE CARD ACCOUNT</u>. To apply, establish, maintain and manage in the name of the Corporation, any number of corporate card account of any card brand / product offered by the Bank, including but not limited to Purchasing, Distribution and Fleet Card, with the Bank or any of its branches (hereinafter to be referred to as "Corporate Card Accounts"), and in this regard, it may:

2a. Authorize the Bank to issue corporate cards from said Corporate Card Accounts to the Corporation's qualified officers or employees ("Assignees").

2b. Fully pay and settle any and all purchases made and/or expenses incurred by said Assignees through the use of the issued Corporate Cards, including interest and service charges that may accrue thereto, through any means, including the enrollment and use of the Corporation's Depository Accounts under automatic debit arrangement, if applicable.

3. AVAIL OF PRODUCTS AND SERVICES. To apply for, avail, and/or register for any and all products and services offered by the Bank, including but not limited to:

3a. Product and services offered by the Bank's **Consumer Lending Group – Credit Card Unit** such as merchant affiliation to honor and accept credit cards and/or ATM / debit cards, mobile wallets and/or other types of cards and/or payment transactions that will pass through the Bank's Point-of-Sale (POS) terminals and/or for internet transactions and/or other payment platforms.

3b. Products and services offered by the Bank's **Transaction Banking Group**, such as integrated disbursement services (IDS), payment collection services, payroll services, cash card services, electronic banking services, Business Online Banking (BOB) services, collection and disbursement services, liquidity management, account services, remittance products and services, cash management services, retail products, and such other existing and future products and services and in this regard, it may.

i. Enroll, dis-enroll, re-enroll the following:

- Depository Account/s in and from BOB.
- Corporation System Administrator authorized to do and perform acts allowed under the Bank's terms and conditions.
- Merchant/subscriber and/or third party accounts in BOB for bills/other payment purposes.

ii. Enroll, dis-enroll. re-enroll and designate the respective roles, access rights and authorized acts and transactions of users in BOB Facility (maker, approver, and/or verifier) with respect to the enrolled Depository Account/s as may be allowed under the Bank's terms and conditions.

3c. Products and services offered by the Bank's **Trust and Investments Group** and in this regard, it may:

i. Open and maintain trust (including unit investment trust funds), investment management, custodianship and other fiduciary accounts, as well as other trust banking products.

ii. Open and maintain trust or investment management accounts for retirements funds of its employees.

iii. Appoint the Bank as trustee, investment manager, agent, custodian, and/or fiduciary.

3d. Products and services offered by **BDO Capital & Investments Corporation** and in this regard, it may:

i. Purchase and sell securities, as well as to invest in and other money market instruments and products such as but not limited to, government securities and corporate papers including those issued by BDO.

ii. Appoint authorized trader/s of the Corporation to deal with BDO Capital & Investments Corporation, as well as execute, deliver and perform any and all agreements, instruments, contracts, documents as may be necessary to effect the foregoing transactions.

3e. Products and services offered by the Bank's **Treasury Group** and in this regard, it may:

i. Purchase, sell and invest in debt securities and other money market instruments and products such as but not limited to, government securities and corporate papers including those issued by the Bank and to execute, deliver and perform any and all agreements, instruments, documents as may be necessary to effect such transactions.

ii. Enter into foreign exchange dealings as well as derivative transactions and contracts with the Bank such as buying and selling of foreign exchange, under spot, swaps, options, and forwards transactions.

iii. Allow the authorized representative/signatories of the Corporation to appoint authorized trader/s of the Corporation to deal with the Bank in relation to the foregoing transactions.

For the purpose of investments or dealings in or purchase/sale of securities or other documents of title, to appoint the Bank and/or its subsidiaries as the Corporation's true and lawful attorney, to act for its name and in its behalf in transacting business directly or indirectly with the appropriate government securities registry/custodian, a BSP accredited securities custodian/securities registry or a Securities Exchange and Commission (S.E.C.) authorized central securities depository in accordance with the relevant BSP or SEC regulations, to do and perform every act necessary that the Corporation might or could do in reference to any and all corporate and government bonds, bills of exchange, certificates of deposits, convertible bonds, debentures, promissory notes, shares of stock, certificates of participation in any fund, and such other commercial paper, documents, and instruments of any kind or nature.

4. AVAIL OF CREDIT AND LEASE FACILITIES. To apply for, negotiate and obtain loans, credit and/or lease accommodations or facilities, such as letters of credit, trust receipts, bills purchases, foreign exchange settlement lines from time to time in amounts which may be required by the Corporation, which authority shall include extensions, renewals, re-availments, increases, excess / over-availments, roll-overs, restructurings, novations, amendments or conversions into other credit form or type, and in this regard, it may:

   4a. Execute, sign and deliver from time to time the relevant loan, lease agreements, promissory note/s, disclosure statements, lease schedules, trust receipts and any and all other documents pertinent and necessary to implement the accommodations / facilities referred hereto.
   4b. Lease from and/or sell to BDOLFI and/or BDORI real and/or personal property (such as motor vehicle/s, vessels, aircraft, equipments and/or machinery) including availment of BDOLFI and BDORI facilities such as Installment Paper Purchase, factoring, floor stock financing, assignment of trade receivables and sale-and-lease back transactions.

5. AVAILABILITY OF CREDIT FACILITY/IES TO CO-USER/S. To allow the individual/s, subsidiary/ies, affiliate/s, entity/ies as indicated in any and all contracts, instruments, documents or writings relative to the credit facilities executed, signed, delivered by the Corporation to the Bank to share / use / avail / earmark against its credit facility/ies with the Bank.

6. MORTGAGE, PLEDGE, ASSIGN CORPORATION PROPERTY. To mortgage, pledge, assign or otherwise encumber properties of the Corporation, whether real or personal, as collaterals for credit accommodations extended by the Bank.

7. APPOINT AND CONSTITUTE ATTORNEY-IN-FACT. The Corporation appoints and constitutes the Bank as its attorney-in-fact, with full powers of substitution, to register the lease, sale, mortgage, pledge, assignment and/or encumbrance as well cancellation thereof, including the payment of any taxes such as but not limited to capital gains, creditable withholding tax(es), documentary stamp taxes, to receive the Certificate Authorizing Registration (CAR), transfer and/or reclassification of the necessary tax declarations(s), to file and request for the conversion of non-PHILARIS manually issued title over the mortgaged property(ies) to electronic PHILARIS title with any and all appropriate government offices / agencies; The power of attorney given by the Corporation is coupled with interest and is irrevocable until all obligations secured by the aforementioned properties of the Corporation are fully paid to the entire satisfaction of the Bank.

"**RESOLVED, FURTHER**, that any two (2) of the officers of the Corporation, provided that at least one (1) of the signatories is a principal signatory

	Position	Specimen Signature
Principal		
MR. RICARDO MANUEL M. SARMIENTO	CEO/President	____________________
MS. STEPHANIE NICOLE S. GARCIA	EVP Corporate Management Services Director/Chief Sustainability Officer/ Treasurer	___________________
Secondary		
MR. REYNALDO D. ORTEGA	Senior Vice President/General Manager, Poultry and Foods Division	___________________
MS. ALICIA G. DANQUE	Senior Vice President & Feeds Business Unit Manager/Alternate Corporate Information Officer	___________________

shall be authorized on behalf of the Corporation to enter into the above-specified arrangements with the Bank under such terms and conditions as the said individuals may deem necessary and to accordingly execute, sign, deliver and/or perform any and all contracts, instruments, documents or writings with or to the Bank that may be necessary for the implementation of the foregoing transactions. Provided, further, that the aforementioned officers are hereby authorized with full powers of substitution, to receive, for and on behalf of the Corporation any and all of the mortgaged/pledged/assigned and/encumbered property/ies of the Corporation upon full payment to the entire satisfaction of the Bank of the obligations secured thereby;

"RESOLVED, that all transactions, warranties, representations, covenants, dealing and agreements by the Corporation through the above-named individuals with the Bank prior to the approval of this Resolution are all hereby approved, confirmed and ratified to be the valid and binding acts, representation, warranties and covenants of the Corporation as they may lawfully do or cause to be done by virtue of authorities given to them;

"RESOLVED, FINALLY, that the foregoing Resolutions shall remain valid and subsisting unless otherwise revoked or amended in writing by the Corporation and duly served on the Bank."

RESOLUTION NO. 2023-11

"RESOLVED, that the Corporation is authorized to transact with any of the Branches of METROPOLITAN BANK & TRUST COMPANY ("METROBANK") for the availment of banking products and services;

"RESOLVED, that in this regard, the Corporation shall be authorized to do the following:

1. <u>OPEN AND MAINTAIN DEPOSITORY ACCOUNTS.</u> (i) To open, manage, and close deposit, trust, or such other accounts in Philippine Peso and/or foreign currency ("Accounts") with METROBANK, and through its Authorized Signatories, (ii) to accept, endorse, and negotiate all checks, notes, drafts, bills of exchange, fund transfers, withdrawal slips, application forms, and to effect any instructions relating to the operation of the Accounts, including but not limited to request for certifications or bank statements.

2. <u>AVAIL OF ELECTRONIC BANKING SERVICES.</u> (i) To enroll the Accounts in METROBANK's corporate internet banking and/or other electronic banking and delivery channels ("Electronic Banking") and to avail of products and services offered through such Electronic Banking; and (ii) to appoint/designate the System Administrator for its Electronic Banking. The CORPORATION acknowledges and agrees that the designated System Administrator for Electronic Banking is authorized on behalf of the CORPORATION, with full power of substitution, to enroll/dis-enroll Accounts, appoint/revoke user, avail of products and services, assign and manage transaction limits, and perform such other acts for the operation, maintenance, use, and management of the CORPORATION's profile in said Electronic Banking.

3. <u>AVAIL OF OTHER BANK PRODUCTS, SERVICES, AND BUSINESS SOLUTIONS</u>. To avail of any other bank product, various cash management services, or business solutions offered by METROBANK, such as but not limited to, payroll, deposit pick up, collection and payment management, check writing, check warehousing, and all other related services and facilities.

4. <u>AVAIL OF CREDIT FACILITIES</u>. (i) To apply for, negotiate, and obtain loans or other credit accommodations or facilities, including but not limited to letters of credit, trust receipts, bills purchases, foreign exchange settlement lines from time to time or its foreign currency equivalent, which authority shall include renewals, extensions, re-availments, restructuring, amendments or conversions into other credit form or type, and in this regard, (ii) to execute, sign and deliver from time to time the relevant loan agreements, promissory note/s, trust receipts and all other documents pertinent to the accommodations/facilities referred to above.

5. <u>MORTGAGE, PLEDGE, ASSIGN PROPERTY</u>. (i) To mortgage, pledge, assign, or otherwise encumber or otherwise create a security interest over the properties of the CORPORATION, whether real or personal, as collaterals for credit accommodations extended by METROBANK, and in this regard, (ii) to sign, execute and/or deliver the corresponding real estate mortgages, chattel mortgages, pledge agreements, security agreements, control agreements, and such other document/agreements/deeds as may be necessary.

6. <u>TREASURY AND INVESTMENT TRANSACTIONS</u>. (i) To enter into treasury transactions with

METROBANK, including but not limited to (a) time deposits (b) any fixed income security transaction (c) any foreign exchange transaction, including spot and forward foreign currency purchases and sales, cross-currency interest rate swaps, listed or over-the-counter options on foreign currencies, non- deliverable forwards and options, and any other similar transactions providing the purchase of one currency in exchange for the sale of another currency, (d) interest or currency swaps, futures, options, collars, caps, floors, forward rate or other interest rate protection or similar arrangements, and (e) any transaction that is similar to any of the transactions described above (including an option with respect to any one of them) and any combination of these transactions, and in this regard, (ii) to sign any and all documents; (iii) appoint the dealers of the Corporation; (iv) delegate their authorities herein; and (v) do any and all other acts to perform the foregoing authorities.

"RESOLVED, FURTHERMORE, that the CORPORATION understands that the Accounts and the foregoing products and services, are subject to such terms and conditions as may be imposed by METROBANK;

"RESOLVED, FURTHER, that the following individuals signing in accordance with the limits/rules described below ("Authorized Signatories"), shall be authorized to execute, sign, and/or deliver any and all contracts, instruments, documents or writings with or to METROBANK for the implementation of the foregoing transactions and under such terms and conditions they see fit, including the right to further delegate said authorities:

SIGNING RULE: Any two (2) of the following Authorized Signatories, provided that at least one (1) of the signatories is a principal signatory:

	Position	Specimen Signature
Principal		
MR. RICARDO MANUEL M. SARMIENTO	CEO/President	____________________
MS. STEPHANIE NICOLE S. GARCIA	EVP Corporate Management Services Director/Chief Sustainability Officer/ Treasurer	____________________
Secondary		
MR. REYNALDO D. ORTEGA	Senior Vice President/General Manager, Poultry and Foods Division	____________________
MS. ALICIA G. DANQUE	Senior Vice President & Feeds Business Unit Manager/Alternate Corporate Information Officer	____________________

"RESOLVED, FURTHER, that all acts done and documents executed into by the Authorized Signatories in accordance with the foregoing are hereby affirmed, confirmed and ratified, including all acts done and documents executed on behalf of the Corporation prior to this Secretary's Certificate;

"RESOLVED, FURTHERMORE, that METROBANK, its directors, officers, employees, agents or authorized representatives are each entitled and authorized to rely on these instructions as valid and binding upon the Corporation and METROBANK shall not be liable for any claims, losses or damages, suffered by the Corporation or any third party, arising from METROBANK's reliance of the above instructions, it being understood that any and all risks and costs, shall be for CORPORATION's sole and exclusive account; and

"RESOLVED, FINALLY, that these resolutions shall remain in full force and effect and that any and all transactions made by the Authorized Signatories pursuant to the foregoing shall be valid and binding against the Corporation until METROBANK receives the original/certified true copy of a subsequent amending resolution."

RESOLUTION NO. 2023-12

"RESOLVED, to authorize the Corporation to open and maintain Peso/Dollar/Acceptable Third Currencies Savings/Current/Time Deposit Account(s) with UNIONBANK OF THE PHILIPPINES (the "Bank") and to make deposits, placements and/or investments or trusts and to avail of cash management facilities and other products / services of the Bank as may be appropriate for the Corporation to effectively manage its collections and disbursements therein and, in connection therewith, to authorize any two (2) of the following officers, provided that at least one (1) of the signatories is a principal signatory

	Position	Specimen Signature
Principal		
MR. RICARDO MANUEL M. SARMIENTO	CEO/President	____________________
MS. STEPHANIE NICOLE S. GARCIA	EVP Corporate Management Services Director/Chief Sustainability Officer/ Treasurer	___________________
Secondary		
MR. REYNALDO D. ORTEGA	Senior Vice President/General Manager, Poultry and Foods Division	___________________
MS. ALICIA G. DANQUE	Senior Vice President & Feeds Business Unit Manager/Alternate Corporate Information Officer	___________________

to sign, execute and deliver any and all documents relative thereto; to sign for and in behalf of the Corporation any and all the checks, drafts, bills of exchange, withdrawal slips, orders of payment and similar instruments drawn against said Account(s); to endorse checks, drafts, notes and other instruments for negotiation or payment or for deposit and collection or withdrawal from said Account (s);

"RESOLVED ALSO, that the Corporation be as it is hereby authorized to borrow, apply for, negotiate and/or secure a loan and/or other credit accommodations and facilities from the bank as well as temporary excesses or permanent increases thereon as may be approved by the bank from time to time; to obtain additional loans, or credit facilities and accommodations for such amounts as may be determined by the authorized signatories herein and approved by the bank; discount and/or negotiate drafts, commercial papers, receivables of the corporation of whatever nature; purchase, exchange, sell, or otherwise deal in or with stocks, bonds, or other securities, bills, and checks, including without limitation third party checks drawn in favor of the corporations and/or checks otherwise indorsed by the Corporation as second endorser thereof which the Corporation agrees to be bound to the bank in third persons, affiliates, or subsidiaries of the corporation for such amount/s as the authorized officers mentioned herein may deem to be in the best interest of and in furtherance of the business of the Corporation, as well as to mortgage, pledge, assign or otherwise encumber in favor of the bank any or all assets or properties of the Corporation, whether real or personal, tangible or intangible, as security for said loans or credit accommodations and facilities which may be required by the bank and under such terms and conditions as may be agreed upon with the bank; and for this purpose, to authorize any two (2) of the following officers, provided that at least one (1) of the signatories is a principal signatory

	Position	Specimen Signature
Principal		
MR. RICARDO MANUEL M. SARMIENTO	CEO/President	____________________
MS. STEPHANIE NICOLE S. GARCIA	EVP Corporate Management Services Director/Chief Sustainability Officer/ Treasurer	___________________
Secondary		
MR. REYNALDO D. ORTEGA	Senior Vice President/General Manager, Poultry and Foods	

	Division ____________________ MS. ALICIA G. DANQUE Senior Vice President & Feeds Business Unit Manager/Alternate Corporate Information Officer ____________________ to negotiate and agree to such terms and conditions of said loan(s) or credit accommodation(s) as may be required by the bank, and to effect renewals or amendments thereof or supplements thereto, whether such renewals, amendments, or supplements are in the nature of new or separate transactions, and to sign, execute and deliver for and in behalf of the Corporation all documents, papers and deeds which may be required by the bank in connection with said loans or credit accommodations and security arrangements, and to enter into any settlement with the bank in all matters affecting the transactions made in accordance with the authorities granted herein; "RESOLVED STILL FURTHER, that the Corporation hereby agrees and undertakes to reimburse UNIONBANK for any and all amounts of money that may have been credited by the Bank to the Corporation's accounts in the event that any of the checks purchased by the Bank under this resolution were dishonored by the drawee banks thereof; **"RESOLVED FINALLY**, that the foregoing authorities shall remain in full force and effect and binding on the Corporation unless otherwise revoked, amended or modified in writing and notice to this effect is received by the bank from the Corporation."
	RESOLUTION NO. 2023-13 **"RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation authorize as it hereby authorizes its EVP, Corporate Management Services Director/Chief Sustainability Officer/Treasurer, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. Regan Dagdag relative to the sale of the Corporation's vehicle, more particularly described as follows: Make & Type : 2017 ISUZU DMAX 4X2 LT MT Plate No. : CAC8731 Motor No. : 4JK1PX0216 Chassis No. : PABTFR86DH2002375"
	RESOLUTION NO. 2023-14 **"RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation authorize as it hereby authorizes its EVP, Corporate Management Services Director/Chief Sustainability Officer/Treasurer, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. Roldan De Guzman relative to the sale of the Corporation's vehicle, more particularly described as follows: Make & Type : 2016 TOYOTA INNOVA 2.8 E DS Plate No. : CAA4517 Motor No. : IGD0168694 Chassis No. : PA2J8EM8G0007347"
	RESOLUTION NO. 2023-15 **"RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation authorize as it hereby authorizes its EVP, Corporate Management Services Director/Chief Sustainability Officer/Treasurer, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. Redel Nejal relative to the sale of the Corporation's vehicle, more particularly described as follows: Make & Type : 2017 DMAX 4X2 LT MT Plate No. : CAD1314 Motor No. : 4JK1PV7527 Chassis No. : PABTFR86DG2002343"
	RESOLUTION NO. 2023-16 **"RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation authorize as it hereby authorizes its

EVP, Corporate Management Services Director/Chief Sustainability Officer/Treasurer, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. Bayani Jose Pascual relative to the sale of the Corporation's vehicle, more particularly described as follows:

Make & Type	:	2017 ISUZU DMAX 4X2 LT MT
Plate No.	:	LDP4975
Motor No.	:	4JK1PL9127
Chassis No.	:	PABTFR86DG2002104"

RESOLUTION NO. 2023-17

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes its EVP, Corporate Management Services Director/Chief Sustainability Officer/Treasurer, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Ms. Carmencita S. Policarpio relative to the sale of the Corporation's vehicle, more particularly described as follows:

Make & Type:		2017 TOYOTA AVANZA 1.5 G A/T
Plate No. :		NDD9511
Motor No.	:	2NRF568249
Chassis No.	:	MHKN5FF3FGK001971"

RESOLUTION NO. 2023-18

"RESOLVED AS IT IS HEREBY RESOLVED, that the Corporation approve as it hereby approves the correction of entries and reversal from the books of the investment properties in its Visayas operations amounting to Php2,630,383.09, as indicated in the following details:

[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

RESOLUTION NO. 2023-19

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes the cessation of its business operations in the warehouse it leased from Winn Resources Corporation situated in Malagamot, Davao City;

"**RESOLVED ALSO**, that the Corporation authorize as it hereby authorizes its Credit and Collection Head - Mindanao, Mr. Hezron Vincent Aquino, to process the cessation of business operations in the said warehouse and to sign, execute, and deliver any and all documents relative thereto, and to and secure or claim the cessation permit."

RESOLUTION NO. 2023-20

"RESOLVED, AS IT IS HEREBY RESOLVED, that upon the recommendation of the Audit, Risk Oversight and Related Party Transactions Committee, the Corporation approve as it hereby approves the appointment of Reyes Tacandong & Co. as the Corporation's external auditor for the taxable year 2023, subject to the stockholders' ratification during the annual meeting for the year;

"**RESOLVED LIKEWISE,** that the Corporation approve as it hereby approves the audit fees of Reyes Tacandong & Co. as recommended by the Audit. Risk Oversight and Related Party Transactions Committee."

March 20, 2023

RESOLUTION NO. 2023-21

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes the registration of all Subscriber Identity Module (SIM) cards issued to the Corporation pursuant to its mobile phone plan/line with Globe Telecom, Inc. ("Globe");

"RESOLVED ALSO, that the Corporation authorize as it hereby authorizes any one (1) of the following officers to process, sign, execute and deliver any and all documents necessary for the registration of all SIM cards issued to the Corporation pursuant to its mobile phone plan/line with Globe:

1. Ms. Ruby P. Macario – Executive Assistant to the President and Corporate Communications Officer
2. Ms. Alicia G. Danque – Senior Vice President and Feeds Business Unit Manager/Alternate Corporate Information Officer;

"**RESOLVED ALSO,** that the Corporation authorize as it hereby authorizes any one (1) of the foregoing officers to renew, sign, execute, and deliver any and all documents necessary for the renewal of the Corporation's mobile phone plan/line with Globe."

RESOLUTION NO. 2023-22

"**RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation authorize as it hereby authorizes the registration of all Subscriber Identity Module (SIM) cards issued to the Corporation pursuant to its mobile phone plan/line with Smart Communications, Inc. ("Smart");

"**RESOLVED ALSO,** that the Corporation authorize as it hereby authorizes any one (1) of the following officers to process, sign, execute and deliver any and all documents necessary for the registration of all SIM cards issued to the Corporation pursuant to its mobile phone plan/line with Smart:

1. Ms. Ruby P. Macario – Executive Assistant to the President and Corporate Communications Officer
2. Ms. Alicia G. Danque – Senior Vice President and Feeds Business Unit Manager/Alternate Corporate Information Officer;

"**RESOLVED ALSO,** that the Corporation authorize as it hereby authorizes any one (1) of the foregoing officers to renew, sign, execute, and deliver any and all documents necessary for the renewal of the Corporation's mobile phone plan/line with Smart."

RESOLUTION NO. 2023-23

"**RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation authorize as it hereby authorizes its President/CEO, Mr. Ricardo Manuel M. Sarmiento ("Mr. Sarmiento"), to sign, execute, deliver, and receive Deeds of Sale, Deeds of *Dacion,* Real Estate Mortgages covering properties offered as collaterals or payments by the customers of the Corporation;

"**RESOLVED ALSO,** that the Corporation authorize as it hereby authorizes Mr. Sarmiento to cause the preparation, prepare and sign the Petition for Foreclosure and the consequent Affidavit of Consolidation and other necessary and related documents and/or instruments as well as to verify the Petition for Foreclosure, and sign, execute and deliver the Verification and Certification on Non-Forum Shopping;

"**RESOLVED LIKEWISE,** that any real estate mortgage, deed of sale, deed of *dacion*, Petition for Foreclosure, or Affidavit of Consolidation executed by Mr. Sarmiento before this resolution is hereby confirmed and ratified by the Board;

"**RESOLVED, FINALLY,** that Mr. Sarmiento be as he is hereby given full authority to appoint and designate any of the Corporation's officers, managers, supervisors, or employees, by or through a Special Power of Attorney, as his substitute and to do and perform, for and in behalf of the Corporation, all or any of the same powers, authority, acts and things herein given, conferred or granted upon Mr. Sarmiento."

RESOLUTION NO. 2023-24

"**RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation be as it is hereby authorized to sell the property registered in the name of the Corporation located in Koronadal, South Cotabato, consisting of 544 sq.m., more or less, covered by Transfer Certificate of Title No. T-85913, together with its improvements thereon;

"**RESOLVED ALSO,** that the Corporation authorize as it hereby authorizes its President/CEO, Mr. Ricardo Manuel M. Sarmiento ("Mr. Sarmiento"), to sign, execute, and deliver the Deed of Absolute Sale and all other necessary documents to implement the foregoing authority;

"**RESOLVED, FINALLY,** that Mr. Sarmiento be as he is hereby authorized to appoint, by or through a Special Power of Attorney, officers and employees of the Corporation to represent the Corporation before the Bureau of Internal Revenue, the Local Government Unit where the property is located, and the Register of Deeds for the purpose of payment of taxes and fees and processing of the transfer of title to the buyer."

RESOLUTION NO. 2023-25

"**RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation authorize as it hereby authorizes its HR/Admin. Assistant Manager, Ms. Faith Marie Donadillo, to receive, for and in behalf of the Corporation,

	the check in the Corporation's name, representing the Corporation's insurance claim proceeds from Asia United Insurance, Inc."
	RESOLUTION NO. 2023-26 **"RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation close as it hereby closes its business operations in Mandaue City, Cebu; **"RESOLVED ALSO,** that the Corporation authorize as it hereby authorizes its Credit and Collection Head - Cebu, Mr. Erwin Tragico to (a) process the closure of the Corporation's business operations with all government offices and agencies in Mandaue City, Cebu; (b) sign, execute, and deliver any and all documents necessary or required for said closure of business operations; (c) process the necessary payments for the closure of said business operations; and (d) secure and claim the certificates of closure of business operations in Mandaue City, Cebu."
	RESOLUTION NO. 2023-27 **"RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation authorize as it hereby authorizes its EVP, Corporate Management Services Director/Chief Sustainability Officer/Treasurer, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Ms. Kristine Libed relative to the sale of the Corporation's vehicle, more particularly described as follows: Make & Type : 2018 NISSAN SYLPHY Plate No. : NCV6438 Motor No. : HR16916497C Chassis No. : MNTBBAB17Z0030812"
	RESOLUTION NO. 2023-28 **"RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation authorize as it hereby authorizes its EVP, Corporate Management Services Director/Chief Sustainability Officer/Treasurer, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Ms. Sydney dela Vega relative to the sale of the Corporation's vehicle, more particularly described as follows: Make & Type : 2017 MITSUBISHI ADVENTURE Plate No. : CAK4260 Motor No. : 4D56AAS8109 Chassis No. : PAEVB5NMHHB012978"
	RESOLUTION NO. 2023-29 **"RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation authorize as it hereby authorizes its EVP, Corporate Management Services Director/Chief Sustainability Officer/Treasurer, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. Dhan Gino Abejon relative to the sale of the Corporation's vehicle, more particularly described as follows: Make & Type : 2017 MITSUBISHI ADVENTURE Plate No. : CAK4255 Motor No. : 4D56AAS8129 Chassis No. : PAEVB5NMHHB012998"
	RESOLUTION NO. 2023-30 **"RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation authorize as it hereby authorizes its EVP, Corporate Management Services Director/Chief Sustainability Officer/Treasurer, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. Marc Aurelius Mendiola relative to the sale of the Corporation's vehicle, more particularly described as follows: Make & Type : 2019 NISSAN TERRA 2.5 LVE Plate No. : NDA4391 Motor No. : YD25794333T Chassis No. : MNTJCAD23Z0002966"
	RESOLUTION NO. 2023-31 **"RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation authorize as it hereby authorizes its EVP, Corporate Management Services Director/Chief Sustainability Officer/Treasurer, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Mr. James Rodizer Garcia

<table>
<tr><td></td><td>relative to the sale of the Corporation's vehicle, more particularly described as follows:

Make & Type : 2017 Mitsubishi Adventure
Plate No. : CAK4257
Motor No. : 4D56AAS8132
Chassis No. : PAEVB5NMHHB013001"</td></tr>
<tr><td></td><td>RESOLUTION NO. 2023-32

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation be as it is hereby authorized to enter into a contract with Travellers International Hotel Group, Inc. ("TIHGI") for the supply of chicken by the Corporation to TIHGI and those incidental or related thereto under such terms and conditions as may be beneficial to the Corporation;

"RESOLVED ALSO, that the Corporation authorize as it hereby authorizes any one (1) of the following officers to enter into, prepare, negotiate, agree, accomplish, execute, sign, deliver, perform for and on behalf of the Corporation any contract or document relating to the supply of chicken to TIHGI and those incidental or related thereto, as well as to do and perform any and all acts necessary and/or proper for the accomplishment of the foregoing authority:

Name | Position | Signature

Ricardo Manuel M. Sarmiento | President/CEO | _____________

Reynaldo D. Ortega | SVP, General Manager, Poultry & Foods Division | ____________"</td></tr>
<tr><td>April 01, 2023</td><td>RESOLUTION NO. 2023-33

"RESOLVED AS IT IS HEREBY RESOLVED, that the Corporation approve as it hereby approves the 2022 Consolidated Audited Financial Statements of Vitarich Corporation and Subsidiary ("AFS") as well as the 2022 AFS of Vitarich Corporation as presented;

"RESOLVED FURTHER, that the Corporation approve as it hereby approves, the release of the 2022 Consolidated AFS and Separate AFS of the Corporation."</td></tr>
<tr><td>April 19, 2023</td><td>RESOLUTION NO. 2023-34

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Stockholders' Annual General Meeting be as it is hereby set on 30 June 2023 at 2:00 o'clock in the afternoon at Royal Woods Resort, Ilang Ilang Extension, Sta. Rosa II, Marilao, Bulacan;

"RESOLVED, FURTHER, that the record date for the stockholders entitled to attend and vote at the aforesaid meeting be, as it is hereby, set on 30 May 2023;

"RESOLVED LIKEWISE, that the agenda for the said meeting shall be as follows:

1. Call to Order
2. Certification of Notice and Existence of a Quorum
3. Approval of the Minutes of the Previous Stockholders' Annual General Meeting
4. Report of the President on the results of the 2022 operations and the 2022 audited financial statements of the Corporation
5. Ratification of the Acts of Directors and Officers
6. Election of Directors
7. Confirmation of Appointment of External Auditor
8. Appointment of Stock Transfer Agent
9. Other Matters
10. Adjournment"</td></tr>
<tr><td></td><td>RESOLUTION NO. 2023-35

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation create as it hereby creates a Special Committee of Election Inspectors for the Stockholders' Annual General Meeting on 30 June 2023;

"RESOLVED, FURTHER, that the following be, as they are hereby, appointed as members of the Special Committee of Election Inspectors:</td></tr>
</table>

	1. Representative from ACCRA Law 2. Representative from Stock Transfer Services, Inc. 3. Representative from Vitarich Corporation."
	RESOLUTION NO. 2023-36 "RESOLVED AS IT IS HEREBY RESOLVED, that the Corporation be as it is hereby authorized to publish the notice of the Annual General Meeting of the Stockholders on 30 June 2023 in the business section of two (2) newspapers of general circulation in print and online formats for two (2) consecutive days; "RESOLVED ALSO, that the Corporation authorize as it hereby authorizes its President/Chief Executive Officer, Mr. Ricardo Manuel M. Sarmiento, to determine and/or choose the two (2) newspapers of general circulation where the said notice will be published as well as to sign, execute, and deliver any and all documents necessary to implement the foregoing authority."
	RESOLUTION NO. 2023-37 "RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation close as it hereby closes its business operations in the warehouse located at DJ Onehomeland Development Corporation, 8002 MacArthur Highway, Wakas, Bocaue, Bulacan effective 30 April 2023; "RESOLVED ALSO, that the Corporation authorize as it hereby authorizes its HR/Admin. Assistant Manager, Ms. Faith Marie Donadillo, to (a) process the closure of the Corporation's business operations with all government offices and agencies in Wakas, Bocaue, Bulacan; (b) sign, execute, and deliver any and all documents necessary or required for said closure of business operations; (c) process the necessary payments for the closure of said business operations; and (d) secure and claim the certificates of closure of business operations in Wakas, Bocaue, Bulacan."
	RESOLUTION NO. 2023-38 "RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes its EVP, Corporate Management Services Director/Chief Sustainability Officer/Treasurer, Ms. Stephanie Nicole S. Garcia, to sign, execute, and deliver the Deed of Absolute Sale in favor of Ms. Rochelle C. Tan relative to the sale of the Corporation's vehicle, more particularly described as follows: Make & Type : 2018 Toyota Vios 1.3E Gas A/T Plate No. : CAL5035 Motor No. : 1NRX312962 Chassis No. : PA1B19F30J4064520"
	RESOLUTION NO. 2023-39 "RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation be as it is hereby authorized to enter into a renewal Contract of Lease with Aftermath Resources, Inc. ("AMRI") for the lease of the Corporation's Ice Plant to AMRI; "RESOLVED, FURTHER, that the Corporation's Chairman of the Board of Directors, Mr. Jose Vicente C. Bengzon, III, be as he is hereby authorized to sign and execute the renewal Contract of Lease with AMRI."
	RESOLUTION NO. 2023-40 "RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation be as it is hereby authorized to enter into a renewal Contract of Lease with PSP Aqua Resources Inc. ("PSP") for the lease of the Corporation's Rendering Plant to PSP; "RESOLVED, FURTHER, that the Corporation's Chairman of the Board of Directors, Mr. Jose Vicente C. Bengzon, III, be as he is hereby authorized to sign and execute the renewal Contract of Lease with PSP."

Item 16. Matters Not Required to be submitted

No action is to be taken with respect to any matter which is not required to be submitted to a vote of the shareholders.

Item 17. Amendment of Articles of incorporation and By-Laws

No action is to be taken with respect to any amendment of the Corporation's Amended Articles of Incorporation and Amended By-Laws.

Item 18. Other Proposed Action

Appointment of the Stock Transfer Agent: Stock Transfer Service, Inc. (STSI) is recommended for re-appointment at the annual stockholders' meeting scheduled on June 30, 2023 as the Corporation's stock transfer agent for the ensuing year.

Item 19. Voting Procedures

For the election of the directors, in accordance with the Corporation's Revised Manual on Corporate Governance, Amended Articles of Incorporation and Amended By-Laws, the stockholders must elect the members of the Board of Directors of the Corporation comprised of nine (9) directors, including independent directors who shall comprise at least 20% of the Board of Directors, who shall hold office for a term of one (1) year, or until their successors shall have been duly elected and qualified.

Following the announcement on the holding of the annual stockholders' meeting, the Nominations, Remunerations, and Corporate Governance Committee accepted the nomination of any individual for election as directors. Thereafter, the Nominations Committee evaluated the nominees for the Board, including nominees for independent directors, and determined that they have all the qualifications and none of the disqualifications to serve in the Board of Directors.

The nominees for the Board of Directors are indicated in the Ballot Form (Annex "C" of the Notice of Meeting). Each stockholder entitled to vote may vote on the shares registered in his/her/its name for as many persons as there are directors, or he/it may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his/its shares shall equal, or he/it may distribute them on the same principle among as many candidates as he/she/it shall see fit; provided that the total number of votes cast by him/it shall not exceed the number of shares owned by him/her/it multiplied by the whole number of directors to be elected.

For all other matters requiring the vote or resolution of the stockholders, the affirmative vote of the stockholders present and constituting a quorum during the meeting is necessary.

PART II.

INFORMATION REQUIRED IN A PROXY FORM

Item 1. Identification

The Corporation is not soliciting a proxy. All stockholders may, however, designate a proxy of their own choice in case he/she/it cannot attend in the meeting.

Item 2. Instruction

Stockholders who intend to attend the meeting may attend in person or by proxy. If attending by proxy, the proxy form must be submitted to the Special Committee of Election Inspectors of the Corporation located at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan, on or before June 19, 2023. Proxies shall be validated by the Special Committee on Election Inspectors at said office on June 23, 2023.

On the day of the meeting, the stockholder or his/her duly designated proxy is required to show the Notice he/she received together with your government-issued ID to facilitate registration. Registration shall start at 1:00 pm and shall close at 1:45 pm.

The proxy form states:

"The undersigned stockholder of VITARICH CORPORATION (the "Corporation") hereby nominates, constitutes, and appoints the following:

Name of proxyholder: ____

or in his/her/its absence, the Chairman of the meeting, as his/her/its proxy, to represent and to vote all of his/her/its shares of stock in the Corporation registered in his/her/its name in the corporate books and records of the Corporation during the annual stockholders' meeting of the Corporation scheduled on June 30, 2023 at Royal Woods Resort, Ilang Ilang Extension, Sta. Rosa II, Marilao, Bulacan.and on any postponement or adjournment thereof.

The proxy is authorized to attend the annual stockholders' meeting and is given the following instructions as regards the matters to be taken up during the said meeting:

______ The proxy is given the right to exercise his/her discretion in accomplishing the ballot form to be issued by the Corporation and in voting for the items in the agenda.

______ The proxy shall vote strictly as follows:

Matter	For	Against	Abstain
Approval of the minutes of the last annual stockholders' meeting			
Report of the President on the results of the 2020 operations and the 2020 audited financial statements			
Ratification of the acts of directors and officers			
Appointment of Reyes Tacandong & Company as external auditor			
Appointment of Stock Transfer Services, Inc. as stock transfer agent			

For the election of directors:

Number of shares owned	
Number of votes (no. of shares owned times nine (9) seats)	

Nominee	Number of votes, or if you want to distribute your votes equally among the nominees, please place an “x” *
Jose Vicente C. Bengzon, III	
Ricardo Manuel M. Sarmiento	
Stephanie Nicole S. Garcia	
Rogelio M. Sarmiento	
Benjamin I. Sarmiento, Jr.	
Lorenzo Vito M. Sarmiento	
Juan Arturo Iluminado De Castro	
Pierre Carlo C. Curay (Independent Director)	
Vicente J.A. Sarza (Independent Director)	
Total*	

** By placing (x) beside the name of the nominee, we shall consider the total number of votes that you are entitled to cast to have been distributed equally to the number of directors that you voted for.*

IN WITNESS WHEREOF, this proxy has been executed by the undersigned.

Signature: ______________________________
Name: ______________________________
Date: ______________________________

Item 3. Revocability of Proxy

Any stockholder who executes the proxy enclosed with this statement may revoke it at any time before it is exercised by submitting to the Corporate Secretary a written notice of revocation not later than the start of the meeting or by attending the meeting in person.

Item 4. Persons Making the Solicitation

The Corporation is not soliciting any proxy and leaves it to the discretion of the shareholders to exercise the right given them to attend by himself/herself/itself or through a proxy.

Item 5. Interest of Certain Persons in Matters to be Acted Upon

No director, officer or associate of any of the foregoing has any substantial interest, direct or indirect, by security holdings or otherwise, on the matter to be acted upon at the Annual General Meeting to be held on June 30, 2023.

Undertaking

This SEC Form 20-IS (Information Statement) is given free of charge to each security holder prior to the Annual General Meeting of the stockholder. The Corporation also undertakes to provide, without charge to each security holder except for reasonable expenses incurred to reproduce the exhibits to such report, upon the written request of any such person, a copy of the Corporation's 2022 Annual Report in SEC Form 17-A. Such written request shall be addressed to:

Mr. Ricardo Manuel M. Sarmiento
President / CEO
Vitarich Corporation
Vitarich Corporation Compound
Marilao-San Jose Road, Sta. Rosa I, Marilao-Bulacan

PART III

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief and the records of the Corporation in my possession and/or I have access to, I certify that the information set forth in this report is true, complete and correct. This report is signed in Quezon City on May 22, 2023.

VITARICH CORPORATION
Issuer
By:

ATTY. MARY CHRISTINE DABU-PEPITO
Assistant Corporate Secretary/Compliance Officer/
Corporate Information Officer

MANAGEMENT REPORT
PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

HISTORY

Vitarich Corporation ("Corporation" or "Vitarich" or "Company") was incorporated and organized in 1962.

The brothers, Feliciano, Lorenzo and Pablo Sarmiento, established the forerunner of Vitarich in 1950, when they founded Philippine American Milling Co. Inc. ("PAMCO"). PAMCO eventually moved from its original location to a more modern feed plant in Marilao, Bulacan. This move marked the beginning of Vitarich's fully integrated operations and the trade name "Vitarich" was subsequently adopted.

In 1962, after PAMCO acquired additional machinery and equipment to increase capacity, the Corporation was registered with the Securities and Exchange Commission ("SEC") under the name "Vitarich Feedmill, Inc." The Corporation entered the poultry business and built an experimental poultry farm. In the years that followed, the Corporation entered into agreements with U.S. companies Cobb International and Babcock Poultry Farms for the exclusive franchise and distributorship of Cobb broiler and Babcock layer breeds, respectively, in the Philippines.

By the early 1970s, the Corporation further expanded its operations and extended its vertical integration by acquiring dressing plants and cold storage facilities. In 1981, the Corporation expanded outside Luzon by setting up the Davao satellite feedmill. The following year, it increased its feedmilling capacity in Marilao, Bulacan, and at the same time, started operating its Cagayan De Oro feedmill and hatchery. Subsequent areas of expansion in the Visayas included the cities of Iloilo and Bacolod. At present, the Corporation's registered principal place of business is at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan. The Company also has operating offices in Luzon (Bicol and Isabela), two satellite offices in the Visayas (Cebu and Bacolod), and two in Mindanao (General Santos City and Cagayan de Oro).

The Corporation's shares of stock were registered with the Philippine Stock Exchange on February 8, 1995.

The Corporation underwent corporate rehabilitation from September 2006 to September 2016 so its aggregate debt of P3.2 billion could be restructured to allow the Corporation to obtain longer payment terms and lower interest rates.

On March 30, 2012, the SEC approved the extension of the Corporation's corporate life by fifty years starting on July 31, 2012. Pursuant to Section 11, paragraph 2 of the Revised Corporation Code of the Philippines, which took effect on February 23, 2019, the Corporation's corporate life is now deemed to be perpetual.

On October 16, 2013, the SEC approved the Corporation's plan to increase its authorized capital stock to P3.5 billion and the conversion of its debts, amounting to P2.4 billion to Kormasinc, Inc. ("Kormasinc"), into equity at 1 share of common stock for every P1.00 of debt. Of the converted debt, P90.0 million was applied as payment for 90,030,236 shares from unissued shares and P2.3 billion was applied as payment for additional shares from the increase in authorized capital. With the debt-to-equity conversion and significant improvement in the Corporation's operations, the Regional Trial Court of Malolos, Bulacan (the Rehabilitation Court) approved the Company's exit from Corporate Rehabilitation on September 16, 2016.

On November 23, 2017, the Corporation, through the approval of its Board of Directors, issued its authorized and existing, but as-yet unissued, capital stock of P267,836,113.00 divided into 267,836,113 common shares with a par value of P1.00 per share. The Board of Directors likewise approved the conversion of the Corporation's debt of P407,110,891.00 to Kormasinc, Inc. into equity at a 1:1.52 ratio or 1 common share for every P1.52 of debt. The Board of Directors also approved the application of Vitarich's debt of P407,110,891.00 to Kormasinc, Inc. as payment in full to the 267,836,113 common shares issued out of the authorized and existing but unissued shares. On December 22, 2017, the SEC approved the said debt-to-equity conversion.

On July 11, 2018, the SEC approved the decrease of the capital stock of the Corporation from P3.5 billion divided into 3.5 billion shares at P1.00/share par value to P1,330,000,000.00 divided into 3.5 billion shares at P0.38/share par value. The SEC also approved the Corporation's equity restructuring to wipe out its deficit as of December 31, 2017 of P2,256,037,517.00 against the Additional Paid-In Capital of P2,257,508,376.68. At present, the Corporation's authorized capital stock is P1,330,000,000.00 divided into 3.5 billion shares at P0.38/share par value.

SUBSIDIARIES

Philippines' Favorite Chicken, Inc. ("PFCI") used to be a Vitarich subsidiary. PFCI, as distributor of America's Favorite Chicken Company ("AFC"), was granted the exclusive right to develop 50 Texas Chicken and 50 Popeye's Chicken restaurants in the Philippines. On October 1, 1998, the Board of Directors of PFCI approved the conversion into equity of the advances of Vitarich to PFCI amounting to ₱165 million to be applied to its unpaid subscriptions and for additional shares of stock of PFCI. Out of the ₱165 million advances to be converted into equity, ₱25 million was applied to Vitarich's unpaid shares while the remaining ₱140 million was recorded to be under a Deposit for Future Stock Subscriptions account pending the approval from the SEC of the conversion. In 2000, PFCI lost its right to develop Popeye's Chicken in the Philippines. In 2005, PFCI discontinued the operations of its Texas Chicken restaurants. Accordingly, it terminated all employees and provided full valuation allowances on all its remaining assets. On July 26, 2017, the Board and Stockholders of PFCI approved the amendment of its Articles of Incorporation to shorten its corporate life to until March 31, 2019. The SEC approved PFCI's amendment of its Articles of Incorporation. Thus, the liquidation of PFCI began on April 1, 2019. The Company deconsolidated PFCI and recognized a gain of P28.2 million on deconsolidation. On February 16, 2021, PFCI filed with the SEC a Notice of Retention of Corporate Term (until March 31, 2019).

On November 10, 1995, Gromax, Inc. ("Gromax") was incorporated as a wholly-owned subsidiary of Vitarich. It started commercial operations in January 1996 until its operations were reintegrated into Vitarich effective April 1, 2015. Pursuant to the re-integration, Gromax transferred all its employees to the Corporation with retirement benefits accruing to these employees transferred accordingly. On May 31, 2018, the SEC approved Gromax's Amended Articles of Incorporation, which shortened its corporate life to until November 10, 2019. On February 16, 2021, Gromax filed with the SEC a Notice of Retention of Corporate Term (until November 10, 2019).

On October 27, 2021, Vitarich's Board of Directors approved the terms of the Memorandum of Understanding ("MOU") between Vitarich and Luzon Agriventure Inc. ("LAVI") for the acquisition of shares owned and held by LAVI in Barbatos Ventures Corporation ("BVC"), a private domestic corporation engaged in, among other activities, poultry production as well as in the processing, raising, and breeding of chickens and similar stocks. After the execution of the MOU on October 28, 2021, due diligence was conducted via external audit by MG Madrid & Company as of September 30, 2021, upon which BVC's valuation was based. Based on said due diligence, BVC's actual results of operations in October and November and the projections for December 2021 will result in a neutral Net Asset Valuation. As such, LAVI agreed to absolutely, unconditionally, and irrevocably assign and transfer all its rights, title, and interest in BVC for a consideration of P1.00 in favor of Vitarich. On December 16, 2021, the Corporation's Board of Directors approved the acquisition of 100% of the outstanding capital stock of BVC from LAVI for a consideration of P1.00. Beginning January 1, 2022, BVC operated as a wholly-owned subsidiary of Vitarich. Issuance and transfer of BVC shares of stock were also duly completed in January 2022.

BUSINESS OF ISSUER

Business Segments and Product Distribution

For management purposes, the Company is organized and managed separately according to the nature of products and services it provides, with each segment representing a strategic business unit that offers different products and serves different markets.

The industry segments where the Company operates are:

a. The Foods segment is engaged in the growing, production, and distribution of chicken broilers, either live or dressed. Its products are distributed to wet markets, supermarkets, hotels, and restaurants. Its dressed chicken products are distributed and sold under the Cook's brand and under the Fresh, Freshly Frozen, and Flavor Origins variants.

b. The Feeds segment caters to the feed requirement of the poultry growers and livestock raisers industry. The Company manufactures and distributes animal feeds, animal health and nutritional products, and feed supplements under several lines such as Premium, Advantage Plus, Premium Plus, and Professional. Each line has several brands. In 2021, it launched the Vitarich Poultry Advantage variant, with three sub-variants under it.

c. The Farms segment is involved in the production, sales, and distribution of day-old chicks.

d. The Corporate segment includes general and corporate affairs of the Company that are not specifically identifiable to a particular segment.

The relative contributions of each principal product to consolidated revenue for the years ended December 31, 2022, December 31, 2021, and December 31, 2020 are:

PHP millions

	2022	2021	Change	2020	Change
Feeds	5,199	4,695	11%	4,109	14%
Foods	6,241	4,232	48%	3,119	36%
Farms	529	778	-32%	654	19%
	11,969	**9,704**	23%	**7,882**	23%

Competition

Although the Corporation is focused on the chicken and feeds industry, it faces competition from several sources by virtue of its integrated operations. The Corporation continuously improves its objectives and strategic plans to effectively compete with other integrators not only for consumers of its products but also for production resources such as contract growers. The Corporation competes based on product performance.

Principal competitors of the Company are San Miguel Corporation (B-Meg), UNAHCO, Cargill, New Hope, CJ Feeds, CP Feeds, Philmico, Uno Feeds, and Inoza Feeds for the feed business. Key players in poultry business are San Miguel Corporation (Magnolia), Bounty, Foster, Danway, CP, Sustamina, and Leong hup.

The Company believes that it can effectively compete with its principal competitors as it has allotted resources to the research and development of production process improvements and product value enhancement in line with its vision to continue to be the pioneering agri-business partner and innovator in the feeds industry, and the backbone of every Filipino farmer's success.

Sources of Raw Materials

The raw material components of feeds represent the most significant cost components of the Company's operations. Major raw materials of the Company's feed business are corn, wheat, and soybean meal. The

Company purchases these materials directly from either local or foreign traders. Imported materials originate from Australia, North and South America, India, and Pakistan. The Company is not dependent on, nor has any major existing supply contracts with, any single or limited number of its suppliers for the purchase of essential raw materials.

Customers

Vitarich has various customers from all product lines and is not dependent on any single or few customers. The loss of one or two of its customers does not have any adverse material effect on its operations. No customer of the Corporation accounts for 20% of its sales. The Corporation has existing sales contracts with business partners and customers in normal and regular business transactions.

Trademarks, Royalty and Patents

As of 2022, the Company continued to use the following trademarks, devices, and logos, which were previously registered with the Intellectual Property Office on the dates opposite to its names:

Trademark	Date Filed	Date Registered
Vitarich Premium Plus	November 23, 2017	September 2, 2018
Vitarich Advantage Plus	November 23, 2017	September 2, 2018
Vitarich Professional	March 2, 2018	June 2, 2019
Advantage sa Mabilisang Paglaki, Plus sa Mabilisang Kita	June 25, 2018	November 21, 2019
The Breakthrough Innovation in Professional Hog Raising	June 25, 2018	June 2, 2019
With Premium Quality comes Premium Performance	June 25, 2018	May 23, 2019
Forging Livelihood, Nourishing Lives	October 17, 2019	March 14, 2020
Leadership with Integrity, Excellence, Care for Others	October 17, 2019	March 14, 2020
Vitarich LPP Lifetime Profitable Partnership	June 6, 2020	April 9, 2021
Freshly Frozen	July 22, 2020	October 3, 2021
Cook's	January 15, 2021	May 21, 2021
Vitarich Corporation	January 15, 2021	May 21, 2021
Alagang Vitarich Alagang Panalo	January 19, 2021	May 21, 2021
Building Partnerships. Growing Business	January 22, 2021	May 21, 2021
Rich in History, Rich in Excellence	January 22, 2021	May 21, 2021
Cook's Premium Whole Chicken - The Healthylicious Option	February 17, 2021	August 22, 2021
Gromax	February 17, 2021	March 5, 2022
Vitarich Poultry Advantage	August 25, 2021	December 9, 2021
Electcee	August 30, 2021	December 9, 2021
Gromaxicillin	August 30, 2021	November 7, 2021
Cook's Flavor Origins	August 11, 2022	January 23, 2023

The Company does not hold any other patent, trademark, franchise, concession, or royalty agreement.

Certification

The Company's Quality Management Systems ("QMS") enable it to establish procedures that cover all key processes in the business, including monitoring processes to ensure that they are effective, keeping adequate records, checking output for defects with appropriate corrective actions, and regularly reviewing individual processes and the quality system itself for effectiveness, thus facilitating continual improvement.

In 2007, the Company's commitment toward consistent product quality and safety was further strengthened when the International Organization for Standardization (ISO) certified the Company-owned feed mill facilities in the Visayas and Mindanao with ISO 22000:2005 Food Safety and Management Systems (FSMS) for quality and feed safety management systems. Vitarich has adopted and implemented preventive approaches to product safety that address physical, chemical, and biological hazards in various aspects of feeds manufacturing along with the process and product inspections. The Company continuously complies and maintains the requirements of these standards for its Iloilo and Davao Feed Mill plants. In 2021, its Iloilo and Davao Feed Mill plants received their respective ISO 22000:2018 Food Safety Management System Certifications.

Last October 2020, Vitarich received the Certificate of Registration for HACCP, or Hazard Analysis and Critical Control Points, certifying that its Management Systems and Processes for verification & delivery of raw and frozen chicken, including giblets, has been assessed and registered against the provisions of HACCP adopted by the Codex Alimentarius Commission. The Certificate was issued by NQA Philippines, Inc. (a certifying body accredited by UKAS, or the United Kingdom Accreditation Service) after the Corporation's application and requirements were submitted and reviewed thoroughly. The said Certificate is in line with Vitarich's mission to continuously adopt new business development programs and technological advancement that will enhance quality of products and services that it provides and delivers to its stakeholders. Vitarich Corporation also has the FDA License to operate as a Food Trader, which was issued on October 11, 2021.

Government Regulations and Approval

As an agri-business, the Corporation is highly regulated by the government.

Compliance with environmental laws enhances good community and industry relationships and provides assurance to employees and the community where the Company operates of their health and safety, thereby securing the Corporation from violations and penalties.

Aside from complying with environmental laws, to ensure that only safe and wholesome products reach consumers, the Company also seeks government approval for its principal products and services as well as for the registration of its feed mill, the accreditation of its chemical laboratory, the accreditation of its meat plant, and cold storage, from the Bureau of Animal Industry ("BAI") and the National Meat Inspection Services ("NMIS"), accordingly. The Corporation is also required to secure all applicable permits from the Environmental Management Bureau ("EMB") of the Department of Environment and Natural Resources ("DENR") for its feed mill plants, dressing plants, and rendering plants.

The Company has obtained all necessary permits, licenses, and government approvals to manufacture and sell its products. It has no knowledge of any recent or impending legislation which can result in any material adverse effect on its business or financial condition.

Research and Development

The Corporation's research and development are centrally organized under the Research and Development Department to focus on the following core activities:

- Product Quality and Innovations
- Research and Development
- Advanced Animal Nutrition

A Research and Development Manager directs these activities, which include the following:

- Advanced Animal nutrition
- Diagnostic laboratory services
- Feeds and feeds quality control
- Poultry genetic research
- New product development
- Technical extension services for contract breeders, growers and sales clients

The inauguration of the Corporation's renovated Research Center in 2001 upgraded its chemical laboratory capability and further improved the analysis procedure. The acquisition of modern laboratory equipment shortened the duration for analyzing products.

The Chemical Laboratory handles most of the laboratory services needed for feed processing, from raw material analyses to finished products tests. The Diagnostic Laboratory handles all the laboratory support related to feed and food safety as well as the surveillance, prevention, and diagnosis of diseases to ensure health maintenance of livestock.

To ensure that its edge in the reliability and accuracy of its analysis is kept, it continuously upgrades its equipment, e.g., the LECO protein analyzer, which is based on combustion, a faster way of analyzing crude protein in feedstuff; the LECO Bomb Calorimeter, which is used to measure Gross Energy in Feedstuff; and the Atomic Absorption Analyzer for macro and trace minerals, including heavy metals. The acquisition of the ICP (Inductively Coupled Plasma) allows the Company to analyze complex minerals and heavy metals simultaneously. The Gas Chromatograph is capable of accurately determining fatty acid as well as Volatile Fatty Acids and Hormones. The NIR (Near InfraRed System) is capable of performing proximate analysis, including amino acids, in a very short amount of time. The Company also upgraded its Fat Extractor, Kjel Dahl Protein Analyzer, and the Ankom Fiber Analyzer Unit. Active Water and Moisture Analyzer units are used for the stability testing of the finished product as well as the maintenance of quality for raw materials. UV-Vis equipment is used for mineral and enzyme analysis. Additional serological tests, including for Avian Influenza virus and ELISA-based Swine serology, were instituted to serve the growing expectations of the consumers.

For research and development activity, the Corporation spent P10.6 million in 2022, P6.0 million in 2021, and P10.8 million in 2020.

Cost and Effects of Compliance with Environmental Laws

Vitarich complies with all environmental laws and regulations implemented by the EMB-DENR and invests appropriately to ensure its compliance. To ensure that its facilities stay compliant with existing environmental laws, the Company implemented the following activities:

1. Stack Emission Testing of boilers to ensure that all the gases being emitted during the operation of boilers and power generators are within the Standards of the Clean Air Act of the Philippines. For the Davao plant, a 3rd-party tester (Berksman) has been tapped for emissions testing of the 2 boiler units for Plant 1, the 2 boiler units for Plant 2, and the single-unit power generator for Plant 2. The most recent test was conducted on December

16-21, 2022 at a cost of Two Hundred Eighty-Two Thousand Two Hundred Forty Pesos (P282,240.00). The Vitarich Davao plant passed all the parameters and earned a satisfactory rating. The result was used for the renewal of the Permit to Operate Air Pollution Sources and Control Installations (“POA”). The cost for the issuance of the POA was Seventy-One Thousand Three Hundred Forty Pesos (P71,340.00) with validity of 5 years.

For Iloilo, the Permit to Operate (“PTO”) for the boiler was issued on November 22, 2022, with five years of validity until April 8, 2027. The Boiler Stack Emission Testing Fee was One Hundred Sixty-Five Thousand Pesos (P165,000.00), while the Permit Processing Fee was Ninety-Seven Thousand Pesos (P97,000.00). Annual Boiler Servicing and Emissions Testing will be carried out subject to inspection and approval by the DOLE and EMB-DENR.

2. Regular Monitoring of the final discharge of wastewater from the Corporation’s plants, ensuring that water discharge from the operations are within the regulatory standards set by the Clean Water Act. The Iloilo Plant’s Wastewater Discharge Permit was issued on May 26, 2022 after passing all the test parameters for Wastewater Discharges and after submission of all relevant documents. The cost of the Laboratory Analysis fee amounted to Seven Thousand Five Hundred Pesos (P7,500.00) and the fee for the permit for processing Waste Water Discharge was Two Thousand Five Hundred Pesos (P2,500.00). For the Davao plant, the Waste Water Discharge permit was issued in January 2021 with validity coverage of 5 years. The cost of acquiring the permit was Fourteen Thousand Forty Pesos (P14,040.00).

3. In view of the warehouse expansion projects, for its Iloilo warehouse, the Company sought an Environmental Compliance Certificate (ECC-EPRMP) from the EMB of the DENR Region 6 on August 15, 2018. Processing cost was Ten Thousand Pesos (P10,000.00). Meanwhile, the Davao plants were issued an ECC for Expansion (incorporating the 2 existing ECCs of the Davao Feed Mill and the DSFC Feed Mill). The New ECC (#ECC-OL-R11-2020-0069) issued on January 20, 2020 is still in effect and covers compliance with the Clean Air Act, Clean Water Act, Waste Management Act, and all other regulatory compliance legislation. Processing cost incurred was around Ten Thousand pesos (P10,000.00). Furthermore, the Corporation’s Dressing Plant in Marilao, Bulacan, was issued an amended ECC on November 8, 2021. The cost for the amendment of the ECC was Fifty-Two Thousand Thirty pesos (P52,030.00).

4. Regular Repair and Maintenance of all facilities, including attached pollution control facilities, ensure good operating conditions and thereby prevent or control pollution coming from the plants.

5. Continuous Improvement of pollution control devices and/or equipment to meet regulatory standards.

6. Annual renewal of permits from DENR-EMB is secured. Cost varies for each plant ranging from One Thousand Pesos (P1,000.00) to Ten Thousand Pesos (P10,000.00).

The Company acquired an additional permit to transport hazardous material (used oil) for the Davao plant at a cost of One Thousand Forty Pesos (P1,040.00). VDAP Certificate for the production of veterinary products cost Six Thousand Pesos (P6,000.00).

Manpower Complement

As of December 31, 2022, total headcount was 855 employees, including 619 regular and 236 contractual employees from reputable service provider. As of March 12, 2023, total headcount stood at 867 employees – including 631 regular and 236 contractual workers. The Corporation's CBA was signed in May 2021 and is in effect until July 31, 2025.

The Federation of Free Workers - Vitarich Corporation Employees / Workers Union Chapter (FFW – VEWU) is the duly authorized collective bargaining agent that represents all rank-and-file employees of the Corporation.

Pension Costs/Retirement Benefits

The Company maintains a partially funded, non-contributory post−employment defined benefit plan covering all of its regular full-time employees. The defined benefit plan is being administered by a trustee bank which is responsible for the administration of the plan assets and for the definition of the investment strategy. The Company's retirement benefits are based on years of service and one and one-fourth (1-1/4) month's salary for every year of continuous service.

The plan is exposed to interest rate risk and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentrations of risk on the plan assets.

Actuarial valuations are made periodically to update the retirement liability and the amount of contributions. The latest actuarial valuation of the plan is as of December 31, 2022.

Financial Risk Management

The Company is exposed to a variety of financial risks which result from its operating, financing, and investing activities. The Company's overall risk management program focuses on market volatilities and seeks to minimize potential adverse effects on the Company's performance.

The Company does not engage in the trading of financial assets for speculative purposes, nor does it write options. The financial risks, which the Company is exposed to, are described below and in the succeeding pages.

Foreign Currency Risk

To a certain extent, the Company has an exposure to foreign currency risk because some of its raw materials purchases are sourced outside the Philippines and are, therefore, denominated in foreign currencies. However, the Company has not experienced significant losses due to foreign currency fluctuations because purchases denominated in foreign currency are kept to a minimum.

Interest Rate Risk

As of December 31, 2022 and 2021, the Company does not have any significant floating rate financial assets or liabilities. The Company's operating cash flows are substantially independent of changes in market interest rates.

The Company has no debt subject to variable interest rates, which further minimizes the Company exposure to cash flow interest rate risk.

Credit Risk

Generally, the maximum credit risk exposure of financial assets is the carrying cost of the financial assets.

The Company continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. When available at a reasonable cost, external credit ratings and/or reports of counterparties are obtained. Company policy restricts management to only creditworthy counterparties.

The Company's trade and other receivables are not exposed to a concentration of credit risk because the Company deals with a number of customers. The trade and other receivables are actively monitored and assessed, and when necessary, an adequate level of provision coverage is maintained. In addition, to minimize credit risk, the Company requires collateral, generally real estate property, from its customers.

Management considers trade credit and similar receivables that are not impaired nor past due in each reporting period to be good credit quality.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects probability-weighted outcomes, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Generally, receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Liquidity Risk

The Company manages its liquidity profile to be able to service short-term debt by maintaining sufficient cash from operations. Vitarich maintains cash to meet its liquidity requirements for up to 30-day periods.

Price Risk

The Company is exposed to commodity price risk because the raw materials of its main products are subject to price swings. To manage risk, VITA optimizes both local sourcing as well as direct importation from foreign traders, among other means to minimize risk exposure.

ITEM 2. PROPERTIES

The Corporation operates and/or leases numerous production facilities, which include feed mills, dressing plants, and hatcheries. As of March 31, 2023, these facilities include the following:

	Condition	**Remarks**
Feed Mill		
Luzon	Good	Toll
Visayas	Good	Owned
Mindanao	Good	Owned
Dressing Plant		

Luzon	Good	Owned
Visayas	Good	Toll
Mindanao	Good	Owned
Hatchery		
Luzon	Good	Toll
Visayas	Good	Toll
Mindanao	Good	Toll

The Corporation will only consider a project which is critical to its continued operations and will likewise generate substantial cost savings and higher return of investment.

ITEM 3. LEGAL PROCEEDINGS

In 2014, Vitarich filed a case against Charter Ping An Insurance Corporation ("Charter Ping An") before the Regional Trial Court ("RTC") of Malolos City, Bulacan, to claim insurance proceeds of Three Hundred Sixteen Million Five Hundred Sixty One Thousand, One Hundred Fifty Eight and 81/100 Pesos (P316,561,158.81) as indemnity for the damages and losses suffered by the Corporation due to typhoon Ondoy in 2009. The case was docketed as Civil Case No. 662-M-2014 and was raffled to Branch 15 of the RTC of Malolos City. Vitarich was partially paid the amount of fifty-eight million pesos (P58M) in 2016 when the court granted Vitarich's Motion for Summary Judgment concerning the amount admitted by Charter Ping An.

For the remaining Two Hundred Forty-Seven Million Six Hundred Twenty Thousand Five Hundred Fifty-Five Pesos (P247,620,555.00), not including interest, the claim is still pending before the Court. Vitarich completed the presentation of its evidence on 10 November 2022. On the other hand, Charter Ping An concluded the presentation of its evidence on 09 March 2023.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the calendar year covered by this report other than those made during the Annual General Meeting of the Stockholders held on June 24, 2022. The results of the AGM were disclosed to the Philippine Stock Exchange via the PSE Edge portal on June 24, 2022 and posted on the Company's website. A copy of the draft of the Minutes of the meeting is also posted on the Company's website.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET PRICE OF AND DIVIDENDS FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The Corporation's common equity is principally traded in the Philippine Stock Exchange (PSE). The high and low sales prices for every quarter ended are indicated in the table below:

	2021		2022		2023	
	High	**Low**	**High**	**Low**	**High**	**Low**
1st Quarter	0.84	0.81	0.74	0.55	0.64	0.61
2nd Quarter	0.88	0.87	0.67	0.55		
3rd Quarter	0.79	0.76	0.65	0.56		
4th Quarter	0.74	0.72	0.62	0.50		

The closing/sales price of the Corporation's common shares as of the last trading date of the first quarter, April 30, 2023, was P0.63 per share. There are no securities to be issued in connection with an acquisition, business combination or other reorganization.

Holders

The Corporation has only one class of shares i.e., common shares. The total number of stockholders as of April 30, 2023 is 4,110 and the total number of shares outstanding on that date was 3,054,334,014.

	as of April 30, 2023	Dec 2022	Dec 2021
Number of Issued & Outstanding Shares	3,054,334,014	3,054,334,014	3,054,334,014
Number of Stockholders	4,110	4,113	4,126
Number of Shares owning at least one board lot	3,108	3,111	3,124

The Company's foreign equity ownership as of April 30, 2023 is as follows:

	No. of Shares	% Ownership
Shares owned by Filipino	2,943,695,572	96%
Shares owned by Foreigners	110,638,442	4%
Total	**3,054,334,014**	**100%**

Dividends

The Corporation adheres to and follows the requirements under Section 42 of the Revised Corporation Code of the Philippines with respect to the declaration of dividends. The Corporation has not declared any dividend since 1996 because aside from undergoing corporate rehabilitation from September 2006 to September 2016, there is not enough unrestricted retained earnings to allow it to declare dividends (please see the *Supplementary Schedule of Retained Earnings Available for Dividend Declaration on page 61 of the Consolidated Audited Financial Statements attached to this Information Statement*).

Sales of Unregistered Securities

On November 23, 2017, the Corporation agreed to issue 267,836,113 unissued but existing common shares to Kormasinc, Inc. due to the conversion of the latter's credit of P407,110,891.00 into equity of the Corporation. On December 22, 2017, the SEC approved the valuation of 267,836,113 shares at 1 share per PhP1.52 debt.

Top 20 Stockholders

Listed below are the top 20 stockholders of the Corporation as of April 30, 2023:

	Name of Stockholders	Number of Shares	Percent to Total Outanding Shares
1	PCD NOMINEE CORPORATION (FILIPINO)	2,924,397,240	95.75%
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	109,801,942	3.59%
3	YAZAR CORPORATION	1,402,520	0.05%
4	JOSE M. SARMIENTO	1,305,320	0.04%
5	MA. LUZ S. ROXAS	1,305,320	0.04%
6	MA. VICTORIA M. SARMIENTO	1,305,320	0.04%
7	GLICERIA M. SARMIENTO	690,000	0.02%
8	NELIA CRUZ	527,850	0.02%
9	ROGELIO M. SARMIENTO	290,000	0.01%
10	ANTONIO S. RAAGAS	270,000	0.01%
11	BETINA ANGELINA I. SARMIENTO	228,510	0.01%
12	NORBERTO T. HOFELENA	220,778	0.01%
13	GLADY Y. LAO	215,000	0.01%
14	BERNAD SECURITIES, INC.	203,000	0.01%
15	DANIEL J. ADVINCULA	200,000	0.01%
16	ORLANDO P. CARVAJAL	185,000	0.01%
17	TERESITA Y. SARMIENTO	164,000	0.01%
18	LORENZO S. SARMIENTO	141,134	0.00%
19	BIENVENIDO LIM	140,000	0.00%
20	GEORGE CHUA	111,000	0.00%
	Others	11,230,080	0.37%
Total Shares Issued and Outstanding		**3,054,334,014**	**100.00%**

Description of Shares

Securities of the Corporation consist entirely of common stock with par value of P0.38 per share. All shares are equally eligible to receive dividends and repayment of capital and each share is entitled to one vote at the shareholders' meeting of the Corporation.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year 2022 compared to Fiscal Year 2021

The Company achieved historic revenues of P12.0 billion, in 2022, an increase of 23% year-over-year, marking the first time in the company's 60-year history that annual revenues exceeded P10 billion. All business segments were profitable with strong momentum in the Foods segment.

Rocco Sarmiento, President and CEO, said, "2022 brought many challenges to families and businesses particularly as inflation intensified and food prices rose by double digits. Despite this difficult environment, our team at VITA worked tirelessly and delivered solid revenue growth and improved net income."

Cost of goods accelerated 23% to P10.9 billion following higher sales volumes and input costs. Key raw materials including wheat, soybean, and corn, which comprised about 70% of feed costs, soared an average of 25%. In addition, price increases in fuel, energy, and labor exerted further pressure on handling costs and the return of some post-pandemic operating costs, such as travel costs.

Gross profit grew 24% to P1.1 billion and operating profit increased 21% to P223.2 million. The impact of cost inflation was partially offset by volume growth, pricing changes, and efficiencies.

Net income reached P129.0 million with earnings per share of P0.042, up 44% over the prior year.

Looking ahead, the company expects another year of strong revenue growth as well as better margins in 2023, encouraged by an expansion in its sales channels and the positive reception of the recently launched value-added products. At the same time, it remains alert in assessing the risks of persistent higher input costs and supply chain disruptions.

Segment highlights

- Revenues from the Foods segment amounted to P6.2 billion, an all-time high on 47% growth, as the more robust recovery in food services and restaurants lifted demand and the company's value-added products that were unveiled in November provided some additional support. Volume was up 22% led by demand in Luzon and Mindanao while average prices increased 19%, reflecting significant cost inflation. The Foods segment comprised 52% of overall revenues.

  During the year, the segment widened its operations in various areas nationwide—in Luzon: Isabela and Bicol; in Visayas: Samar and Leyte; in Mindanao: Zamboanga City, Bukidnon, Marawi, Sultan Kudarat, and Saranggani. It also launched *Cook's* Flavor Origins in November as part of its growth strategy at the retail level. Product offering includes differentiated items such as French Roast, Mediterranean Roast, and South African Roast.
  .
- Feeds revenues grew 11% to P5.2 billion driven by pricing which increased 18% compared to the year-ago period versus input costs of 23%. As expected, price actions had an unfavorable impact on volume which declined 6%. The Feeds segment comprised 44% of revenues.

  The segment made significant progress towards operational milestones by increasing the number of distributors, megadealers, and retail feed outlets across Capiz, Aklan, and Central Negros over the course of the year. It also began its multiyear campaign that will establish the brand as "The Specialist in Animal Nutrition." Another highlight of the year is the introduction of further initiatives that address sustainability opportunities. This included the transition to reusable woven feed sacks from laminated bags in order to manage its product design and lifecycle.

  Farms revenues were down 32% to P529.0 million due to the shortage of day-old chicks. A fair value adjustments on biological assets amounting to P12.1 million was recognized as part of revenues and P1.1 million as part of cost of goods. The Farms segment comprised 4% of revenues.

Fiscal Year 2021 compared to Fiscal Year 2020

Vitarich Hits Record High Revenues of P9.7 billion in 2021

The Company reports an all-time revenue record of P9.7 billion, up 23% year-over-year driven by growth in all three business segments.

"2021 not only delivered new revenue records across segments, but also pointed to higher long-term volume growth," said Rocco Sarmiento, President and CEO. "Our strategy to expand our capabilities has been validated by market trends toward rising consumption of meat products and convenience food. This formed the basis of our recent capital investments in the business, and as a result, we have good revenue visibility going into 2022."

Cost of goods increased 21% to P8.9 billion in relation to higher sales volume and prices of raw materials such as wheat, soybean, and corn which rose by an average of 12% compared to the prior year. The cost inflation was due to several factors, including logistics challenges due to COVID-19, reimposed series of quarantine measures in the third quarter, as well as supply disruptions for soybeans in the fourth quarter due to high demand from China, increasing domestic use in the U.S., and lower output from Brazil and Argentina.

Gross profit was P856.3 million, up 50% from a year ago, while operating income more than doubled to P184.0 million.

Operating expenses were maintained at 7% of revenues even as administrative and selling and distribution costs increased to ensure current and future market competitiveness and to support marketing activities for the recently launched *Freshly Frozen* line.

Net income was P89.4 million and earnings per share was P0.029, higher by nearly 10 times from P9.3 million and P0.003 in 2020, respectively.

Capital expenditure totaled P117.7 million, primarily for the construction of a new warehouse in Davao and for additional machinery and equipment in Bulacan, Iloilo, and Davao to meet strong volume demand and to upgrade bagging lines for automation.

Segment Highlights

- Revenues from the Feeds segment, which accounted for 48% of total sales, were up 14% to P4.7 billion with volumes reaching the highest levels ever for tie-up and commercial customers, such as distributors and direct farms. Sales volume climbed 12% while average selling prices inched up modestly by 3%. Earlier in the fourth quarter, Vitarich Poultry Advantage was launched to address the needs of backyard and general poultry farmers. The new product line attracted an initial user base of over 100 retailers and farms.

  Annual feed mill capacity increased 3% to 300,200 MT in 2021 from 290,800 MT in 2020, while production grew 8% to 226,900 MT from 209,700 MT. As of December 31, 2021, utilization rate rose to 76% from 72%.

  The Feeds segment produces and markets animal feeds, health and nutritional products, and supplements to various distributors, dealers, and end users nationwide.

- Revenues from the Foods segment, which accounted for 44% of revenues, accelerated by 36% to P4.2 billion due to a 21% increase in sales volume and 12% increase in average selling prices. During the year, the segment further developed *Cook's* portfolio by customizing *Cook's Premium Chicken* products for hotels, restaurants, and institutional (HRI) clients that now account for 55% of Foods's revenue contribution up from 33% a year ago. In addition, it also strengthened the branded retail business through *Cook's Freshly Frozen*, which saw total volume soar by 608%.

  Annual dressing plant capacity increased 5% to 79,000 MT in 2021 from 75,500 MT in 2020, while production expanded 21% to 35,700 MT from 29,500 MT. As of yearend 2021, the utilization rate reached 75% from 70%, excluding dressing plant facilities owned by third parties.

The Foods segment sells chicken broilers, either as live or dressed, to HRI customers, supermarkets, and wet markets.

- Revenues from the Farms segment, which accounted for the remaining 8%, registered a 19% increase to P778.0 million. Fair value adjustments on biological assets amounting to P55.1 million was recognized as part of revenues and P78.0 million as part of cost of goods.

  The Farms segment is involved in the production, sales and distribution of day-old chicks.

Outlook

The Company continues to execute on the factors it can control, including new products, improved customer satisfaction scores, enhanced processes, and engaged stakeholder relationships.

Looking ahead, management expects revenues to stay robust, but the ongoing challenges will temper the full impact of sales growth on Company earnings. Supply chain headwinds will persist and pressure the costs of raw materials and transportation. In view of these elevated input costs, we will continuously reconfigure our purchasing approach and explore new grain and protein sources to reduce dependency on corn, wheat, and soybean meal. We are positive that higher volumes, cost efficiency, and responsible price increases will help us meet our performance objectives while ensuring that our products remain affordable.

PHP millions, except per share data

	2021	**2020**	**Change**	**2019**	**Change**	**4Q 2021**	**4Q 2020**	**Change**	**4Q 2019**	**Change**
Revenues	9,704.28	7,881.92	23%	8,918.47	9%	2,393.96	2,189.76	9%	2,958.85	-19%
Operating income	183.99	79.01	133%	158.58	16%	(78.32)	31.45	-349%	171.59	-146%
Net income	89.44	9.29	863%	128.82	-31%	(91.02)	5.68	-1701%	234.42	-139%
EPS	0.029	0.003	863%	0.042	-31%	(0.030)	0.002	-1701%	0.077	-139%
EBITDA	249.66	222.49	12%	385.53	-35%	(71.03)	58.27	-222%	327.60	-122%

Fiscal Year 2020 compared to Fiscal Year 2019

Consolidated sales of goods decreased by 9% to P7.7 billion in 2020 from P8.4 billion in 2019 mainly because of unfavorable chicken prices in the market brought about by the COVID-19 pandemic and the spread of African Swine Fever (ASF).

The Company recognized a fair value adjustment on biological assets of P199.5 million in 2020 from P479.6 million in 2019.

Sales of goods per business segment:

- Foods sales dropped by 23% to P3.1 billion in 2020 from P4.0 billion in 2019 due to unfavorable selling prices of chicken brought about by the COVID-19 pandemic starting April 2020 and towards the end of the year.

- Feeds revenues increased by 4% to P4.1 billion in 2020 from P3.9 billion in 2019, despite the pandemic and ASF, due to strong sales in Visayas and Mindanao as well as higher sales from the Feeds Tie-up program in Luzon and some regions of Mindanao.

- Farms segment sales edged down by 2% to P455.0 million in 2020 from P466.1 million in 2019 as the poultry industry was badly affected by the unfavorable chicken prices related to the pandemic.

Cost of Goods Sold decreased 8% to P7.1 billion in 2020 from P7.7 billion in 2019 versus lower sales volume and lower raw material costs. There was a fair value adjustment on biological assets of P184.4 million in 2020 from P471.4 million in 2019.

Gross profit for 2020 amounted to P571.8 million, lower by 20%, or P145 million, from P717.5 million in 2019. Lower gross profits were mainly due to unfavorable selling prices for chicken brought about by the COVID-19 pandemic and the closure of HRI accounts.

Operating expenses decreased by 9% to P536.8 million in 2020 from P588.3 million in 2019 thanks to operational efficiency and cost reduction measures. Other operating income of P44 million in 2020 increased by 50% versus 2019 primarily due to rendered tolling services.

Other charges, which includes interest expenses, decreased by 67% to P57.8 million in 2020 from P176.6 million in 2019 due to lower tax settlements, interest expenses, and provisions for impairment losses on receivables. Other income recognized went down by 97% to P4.2 million in 2020 from P160.7 million in 2019 because of lower gains on fair value changes of investment properties.

Tax expenses increased by 16% to P16.1 million in 2020 from P13.9 million in 2019.

The Company posted Net Income of P9.3 million, despite being adversely affected by the pandemic and the spread of African Swine Fever in Luzon. This was down P119.5 million or 93% compared to 2019 Net Income of P128.8 million. First quarter performance provided ample buffer for net losses in the second and third quarters.

Fiscal Year 2019 compared to Fiscal Year 2018

Consolidated sales increased by 2% to P8.4 billion in 2019 from P8.3 billion in 2018, mainly because of favorable chicken prices in the market during the second half of the year.

Sales by business segment are:

- Foods revenues increased to P4.0 billion in 2019 by 5% from P3.8 billion in 2018 on favorable selling prices of chicken towards the second half of the year.

- Feeds top line sales stayed flat at P3.9 billion in 2019 and 2018. Several hog farm customers were affected by African Swine Fever during the last quarter of the year, yet the Company was still able to sustain its whole year sales.

- Farms segment sales fell by 18% to P466.1 million in 2019 from P570.1 million in 2018 as the poultry industry was badly hit by unfavorable chicken prices during the first half of the year.

Cost of Goods Sold increased by 1% to P7.7 billion in 2019 from P7.6 billion in 2018 due to higher costs of raw materials and day-old-chicks.

Gross profits for 2019 amounted to P717.5 million hiking up 17% or P106 million from P611.8 million in 2018. Increased gross profits were mainly due to improved efficiencies in the poultry and feed operations plus favorable chicken prices in the market during the second half of the year.

Operating expenses increased by 1% to P588.3 million in 2019 from P584.9 million in 2018 due to higher administrative, selling and distribution expenses. Other operating income of P29.4 million in 2019 came down by 4% versus 2018 primarily due to lower rental income.

Other charges increased by 190% to P220 million in 2019 from P76 million in 2018 due to higher tax settlements, interest expenses, provisions for impairment losses on receivables, and one-time consultancy expenses. Other income recognized was higher by 130% to P204 million in 2019 from P89 million in 2018 because of higher gains on fair value changes of investment properties, gains on reversal of long-outstanding payables, and the recovery of written-off accounts.

Tax expenses went up by 158% to P13.9 million in 2019 from P5.4 million in 2018.

For 2019, the Company posted Net Income of P128.8 million in 2019 which was 98% (P63.7 million) higher than 2018 of P65.2 million.

Fiscal Year 2018 compared to Fiscal Year 2017

Consolidated sales soared by 27% to 8.3 billion in 2018 from 6.5 billion in 2017 driven by strong performance across all product lines.

Sales per business segment:

- Foods sale rose by 39% to P3.8 billion in 2018 from P2.8 billion in 2017 on higher sales volume and better selling prices for chicken, except in the last quarter of the year.

- Feeds revenues went up by 16% to P3.9 billion in 2018 from P3.3 billion in 2017 due to the expansion of several farm customers.

- Farms segment sales were higher by 38% to P570.1 million in 2018 from P412 million registered in 2017 due to the successful recruitment of additional farm breeding and broiler partners.

Cost of Goods Sold increased by 32% to P7.6 billion in 2018 from P5.8 billion in 2017 due to higher costs for raw materials and day-old chicks. Despite better efficiency y-o-y in the last quarter, the overall industry experienced an oversupply of chicken, resulting in gross profits of P611.8 million, lower by 15% or P110 million.

Operating expenses increased by 6% to P584.9 million in 2018 from P551 million in 2017 resulting from higher administrative, selling, and distribution expenses. Other operating income of P35 million in 2018 lowered by 3% versus 2017 primarily due to lower rental income.

Other charges decreased by 84% to P9.1 million in 2018 from P55 million in 2017 because no tax compromise settlement or liquidated damages were recognized this year and the Company is due to gain on fair value changes of investment properties.

Tax expense plunged 82% to P5.4 million in 2018from P29.1 million in 2017.

Vitarich posted Net Income of P65.2 million in 2018 which is down 47% or P57.2 million to P122.4 million in 2017.

Financial Condition

As at March 31, 2023

The Company's consolidated total assets as of March 31, 2023 was ₱5.2 billion at par with December 31, 2022 level. Total current assets decreased to ₱2.8 billion on March 31, 2023, down by 3% from ₱2.9 billion as of December 31, 2022, primarily because of lower advances to suppliers related to raw materials importation.

Inventories amounting to ₱1.1 billion as at March 31, 2023 increased from ₱979.5 million as at December 31,2022. This was attributed to increased feeds volume requirements and raw material prices in the market remain high.

Non-current assets slightly increased by 1% at ₱2.4 billion as of March 31, 2023 related to improvements in Marilao Dressing plant.

Current liabilities decreased by 4% to ₱2.9 billion as of March 31, 2023, from ₱3.0 billion on December 31, 2022, mainly due to decrease in short-term loans payable and trade payables as we updated payments to all business partners.

Non-current liabilities slightly decreased by 2% to ₱382.9 million as of March 31, 2023 from ₱389.6 million on December 31, 2022, mainly due to partial payments of long-term debt and lower net deferred tax liabilities.

Stockholders' equity stood at ₱1.9 billion as of March 31, 2023, up by 4% over December 31, 2022 balance of ₱1.8 billion due to posted net income for the quarter of ₱67.9 million.

The Corporation's top five (5) key performance indicators are described as follows:

	Unaudited March 2023	Unaudited March 2022
Revenue (₱ million)		
Sale of goods	**₱3,356**	₱2,601
Fair value adjustment on biological assets	**(26)**	16
Cost Contribution (₱ million)		
Cost of goods sold	**3,001**	2,334
Fair value adjustment on biological assets	**9**	42
Gross Profit Rate (%)	**10%**	9%
Operating Income (₱ million)	**106**	74

1) Sales Volume, Price, and Revenue Growth

Consolidated revenue composed of feeds, day-old chicks, chicken, and animal health products sales including fair value adjustment on biological assets, amounted to ₱3.3 billion, 27% higher than the previous year of ₱2.6 billion, mainly because of increased sales volume and higher feeds selling price.

2) Cost Contribution

This measures the cost efficiency of the products and trends of raw materials prices, particularly importations, which involve foreign exchange exposure. Costs are analyzed on a regular basis to assist strategic management decision making regarding cost reduction and efficiency measures.

3) Gross Profit Rate

Reviews are conducted on a regular basis to check if targets are being met based on the forecasted gross profit rate and to ensure proper and immediate action can be taken.

4) Operating Margin

Operating margin is profit after operating expenses are deducted. Reviews of operating expenses are performed on a regular basis. These are analyzed and compared against budget, previous month and previous years, to ensure that cost reduction measures are being met and implemented.

5) Plant Capacity Utilization

This determines total usage of the plant capacity. The higher the plant utilization, the better the productivity, which translates to better margins.

As at December 31, 2022

The Company's consolidated total assets as of December 31, 2022 was P5.2 billion, up from P4.1 billion on December 31, 2021. Total current assets increased to P2.8 billion on December 31, 2022 up 32% from P2.1 billion as of December 31, 2021 because of higher cash, inventories, and other current assets.

Non-current assets increased by 18% from a year earlier at P2.4 billion as of December 31, 2022.

Current liabilities increased by 37% to P2.9 billion as of December 31, 2022 from P2.1 billion on December 31, 2021, mainly due to increases in short-term loans payable and trade payables related to higher production volume requirements and higher prices of raw materials.

Non-current liabilities slightly increased by 3% to P414.5 million as of December 31, 2022 from P401.2 million on December 31, 2021, mainly due to higher deferred tax liabilities.

Stockholders' equity stood at P1.9 billion as of December 31, 2022, up 15% over December 31, 2021 when it was P1.6 billion.

The Corporation's top five (5) key performance indicators are described as follows:

	2022	2021	2020
Revenue (P Million):			
Sale of goods	11,958	9,649	7,682
Fair value adjustment on biological assets	12	55	199
Cost Contribution (P Million):			
Cost of Goods Sold	10,907	8,770	7,126
Fair value adjustment on biological assets	1	78	184
Gross Profit Rate (%)	9%	9%	7%
Operating Margin (P Million)	223	184	79

3) Sales Volumes, Price, and Revenue Growth

Consolidated revenue composed of feeds, day-old chicks, and chicken and animal health products sales including fair value adjustment on biological assets, amounted to P12.0 billion, 23% higher than the previous year of P9.7 billion, mainly because of increased sales volume and favorable selling prices of chicken in the market.

4) Cost Contribution

This measures the cost efficiency of the products and trends of raw materials prices, particularly importations, which involve foreign exchange exposure. Costs are analyzed on a regular basis to assist strategic management decision making regarding cost reduction and efficiency measures.

5) Gross Profit Rate

Reviews are conducted on a regular basis to check if targets are being met based on the forecasted gross profit rate and to ensure proper and immediate action can made.

6) Operating Margin

Operating margin is profit after operating expenses are deducted. Reviews of operating expenses is performed on a regular basis. These are analyzed and compared against budget, previous month, and previous years to ensure that cost reduction measures are being met and implemented.

7) Plant Capacity Utilization

This determines total usage of the plant capacity. The higher the plant utilization, the better the productivity, which translates to better margins.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), or other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There are no material commitments for capital expenditures.

There are no significant elements of income or loss arising from continuing operations.

There is no known trend, or any demand, commitments, events, or uncertainties that will result in or that are reasonably likely to result in the Corporation's liquidity increasing or decreasing in any material way.

There are no events that will trigger direct or contingent financial obligations that are material to the Corporation, including any defaults or acceleration of an obligation.

ITEM 7. FINANCIAL STATEMENTS

The Consolidated Audited Financial Statement of the Corporation for the year-ended December 31, 2022, including the applicable schedules listed in the accompanying index to financial statements and supplementary schedules, the 2022 Audited Financial Statements of the Parent Company are filed as part of the Corporation's SEC Form 17-A regarding its 2022 Annual Report. Attached and made an integral part of this SEC Form 20-IS is a copy of the SEC Form 17-A for the year 2022 and its attachments. Attached likewise is a copy of the Corporation's SEC Form 17-Q for the 1st quarter of 2022.

PART IV – EXHIBITS AND SCHEDULES

EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits: The exhibits, as indicated in the Index to Exhibits are either not applicable to the Corporation or require no answer.

(b) Reports on SEC Form 17-C: The following are the items reported under SEC Form 17-C:

Date of Report	REMARKS
January 27, 2022	Press Release: Power Supply Agreement with Corenergy
February 2, 2022	Appoinrment of Ms. Elaine Nantes as VP & QA/R&D Foods Technical Director
April 6, 2022	Appointment of Ms. Carmencita S. Policarpio as VP & General Manager
April 7, 2022	Press Release: Vitarich Statement on Reports of Avian Flu in the Philippines
April 8, 2022	Press Release: Vitarich Named a Leader in Supply Chain Community
April 13, 2022	Press Release: Vitarich Hits Record High Revenues of P9.7 billion in 2021
April 21, 2022	Notice of Annual General Meeting 2022
May 13, 2022	Press Release: Vitarich Delivers Record-High First Quarter Revenues
May 26, 2022	List of Stockholders entitled to vote as record date May 24, 2022
May 27, 2022	Advisement Letter for Distribution of DIS 2022
May 31, 2022	Amended Notice of Annual General Meeting 2022
June 24, 2022	Results of AGM and Organizational Meeting 2022
July 11, 2022	Appointment of Mr. Dilbert D. Tan as Vice President and Finance Operaions Director
August 4, 2022	Press Release: Vitarich Reports Record First-Half Revenues Amid Market
September 9, 2022	Resignation of Ms. Maria Alicia C. Arnaldo as EVP and CFO
September 13, 2022	Resignation of Glenmark R. Seducon as Chief Audit Executive
September 30, 2022	Appointment of Ms. Alicia C. Danque as Senior Vice President and Feeds Business Unit Manager
October 13, 2022	Press Release: Vitarich Honored as the Executive Leadership Team of the year
October 25, 2022	Press Release: Vitarich CEO Rocco Sarmiento joins panel discussion on digitalization
October 28, 2022	Appointment of Ms. Stephanie Nicole S. Garcia as EVP & Chief Sustailability Officer/ CMS Director/ Treasurer
November 7, 2022	Press Release: Vitarich renews ISO 22000 certification for food saftety
November 8, 2022	Press Release: Execution drives Vitarich revenues to new highs
December 1, 2022	Press Release: VITA CEO Rocco Sarmiento joins panel discussion on agriculture and food security
December 6, 2022	Appointment of Ms. Ma. Diana M. Cuna as SVP-Chief Human Resources Officer
December 21, 2022	Press Release: Largest Vitarich warehouse opens in Davao City
January 23, 2023	Appointment of Mr. Xerxes Noel O. Ordanez as Corporate Audit Manager
February 16, 2023	Appointment of Reyes Tacandong & Co. as External Auditor
February 17, 2023	Appointment of Ms. Marie Angelie Bautista-Macatual as Vice President - Marketing and Business Development Director
April 13, 2023	Press Release: VITA sets historic revenue record of P12 billion
April 19, 2023	Notice of Annual General Meeting 2023

PART V – CORPORATE GOVERNANCE

The Company complies and adheres to its Amended Manual on Corporate Governance. The Board of Directors and the management, from time to time, make the necessary amendments to its policies and strategies to ensure business continuity while employing the best practices in corporate governance. The members of the Board of Directors disclose any potential or actual conflict of interest they may have in a transaction presented for approval of the Board. They likewise inhibit from the discussions and voting of the said transaction. The Company continues to improve its corporate governance practices. For the year 2022, it developed a Sustainability Dashboard containing its sustainability roadmap until 2030. The Sustainability Dashboard focuses on the Company's contributions to UN SDGs 2, 8, and 12. The Company likewise took steps to prepare and complete its Safe Workspace Policy last 2022.

As disclosed under Item 6 on page 22 of this Information Statement, each director receives a *per diem* of Php10,000.00 per Board of Directors meeting attended and a *per diem* of Php5,000.00 per board committee meeting attended.

The following shows the attendance of the directors in the Annual General Meeting of the stockholders on June 24, 2022 at 2:00 pm and during the regular and/or special meeting of the Board of Directors from June 24, 2022 up to May 31, 2023:

Date of Meeting	Type of Meeting	Directors Present	Directors Absent
June 24, 2022	Organizational	Complete: Jose Vicente C. Bengzon, III Ricardo Manuel M. Sarmiento Stephanie Nicole S. Garcia Rogelio M. Sarmiento Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Lorenzo Vito M. Sarmiento, III Vicente Julian A. Sarza (Independent Director) Pierre Carlo C. Curay (Independent Director)	None
July 22, 2022	Regular	Complete: Jose Vicente C. Bengzon, III Ricardo Manuel M. Sarmiento Stephanie Nicole S. Garcia Rogelio M. Sarmiento Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Lorenzo Vito M. Sarmiento,	None

		III Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	
August 3, 2022	Special	Jose Vicente C. Bengzon, III Ricardo Manuel M. Sarmiento Rogelio M. Sarmiento Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Lorenzo Vito M. Sarmiento, III Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	Stephanie Nicole S. Garcia Note: Conflict of Schedule; Already has a previous engagement
August 18, 2022	Regular	Complete; Jose Vicente C. Bengzon, III Ricardo Manuel M. Sarmiento Rogelio M. Sarmiento Stephanie Nicole S. Garcia Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Lorenzo Vito M. Sarmiento, III Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	None
September 19, 2022	Regular	Complete: Jose Vicente C. Bengzon, III Ricardo Manuel M. Sarmiento Rogelio M. Sarmiento Stephanie Nicole S. Garcia Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Lorenzo Vito M. Sarmiento, III Pierre Carlo C. Curay (Independent Director)	None

		Vicente Julian A. Sarza (Independent Director)	
October 17, 2022	Regular	Complete: Jose Vicente C. Bengzon, III Ricardo Manuel M. Sarmiento Rogelio M. Sarmiento Stephanie Nicole S. Garcia Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Lorenzo Vito M. Sarmiento, III Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	None
November 4, 2022	Special	7/9 Jose Vicente C. Bengzon, III Rogelio M. Sarmiento Ricardo Manuel M. Sarmiento Juan Arturo Iluminado C. De Castro Lorenzo Vito M. Sarmiento, III Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	Stephanie Nicole S. Garcia and Benjamin I. Sarmiento, Jr. Note: Both have previous engagements already
November 17, 2022	Regular	8/9: Jose Vicente C. Bengzon, III Rogelio M. Sarmiento Ricardo Manuel M. Sarmiento Stephanie Nicole S. Garcia Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Lorenzo Vito M. Sarmiento, III Vicente Julian A. Sarza (Independent Director)	Pierre Carlo C. Curay Note: Already have a previous engagement.
December 16,	Regular	Complete:	None

2022		Jose Vicente C. Bengzon, III Rogelio M. Sarmiento Ricardo Manuel M. Sarmiento Stephanie Nicole S. Garcia Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Lorenzo Vito M. Sarmiento, III Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	
January 16, 2023	Regular	Complete: Jose Vicente C. Bengzon, III Rogelio M. Sarmiento Ricardo Manuel M. Sarmiento Stephanie Nicole S. Garcia Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Lorenzo Vito M. Sarmiento, III Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	None
January 23, 2023	Special	Complete: Jose Vicente C. Bengzon, III Rogelio M. Sarmiento Ricardo Manuel M. Sarmiento Stephanie Nicole S. Garcia Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Lorenzo Vito M. Sarmiento, III Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	None
February 16,	Regular	Complete:	None

2023		Jose Vicente C. Bengzon, III Rogelio M. Sarmiento Ricardo Manuel M. Sarmiento Stephanie Nicole S. Garcia Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Lorenzo Vito M. Sarmiento, III Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	
March 20, 2023	Regular	Complete: Jose Vicente C. Bengzon, III Rogelio M. Sarmiento Ricardo Manuel M. Sarmiento Stephanie Nicole S. Garcia Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Lorenzo Vito M. Sarmiento, III Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	None
April 1, 2023	Special	Complete: Jose Vicente C. Bengzon, III Rogelio M. Sarmiento Ricardo Manuel M. Sarmiento Stephanie Nicole S. Garcia Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Lorenzo Vito M. Sarmiento, III Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	None
April 19, 2023	Regular	8/9	Rogelio M. Sarmiento

		Jose Vicente C. Bengzon, III Ricardo Manuel M. Sarmiento Stephanie Nicole S. Garcia Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Lorenzo Vito M. Sarmiento, III Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	Note: With previous engagement
May 11, 2023	Special	8/9 Jose Vicente C. Bengzon, III Ricardo Manuel M. Sarmiento Stephanie Nicole S. Garcia Rogelio M. Sarmiento Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	Lorenzo Vito M. Sarmiento, III Note: With previous engagement
May 18, 2023	Regular	Complete Jose Vicente C. Bengzon, III Ricardo Manuel M. Sarmiento Stephanie Nicole S. Garcia Rogelio M. Sarmiento Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Lorenzo Vito M. Sarmiento, III Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	None

On the other hand, the following shows the attendance of the directors to the meetings of the board committees from June 24, 2022 up to May 31, 2023:

Date of Meeting	Type of Meeting	Directors Present	Directors Absent
August 3, 2022	Audit, Risk Oversight, and Related Party Transactions Committee	Complete: Jose Vicente C. Bengzon, III Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Vicente Julian A. Sarza (Independent Director) Pierre Carlo C. Curay (Independent Director)	None
October 17, 2022	Corporate Governance, Nominations, and Compensations Committee	Complete: Jose Vicente C. Bengzon, III Ricardo Manuel M. Sarmiento Stephanie Nicole S. Garcia Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	None
November 4, 2022	Audit, Risk Oversight, and Related Party Transactions Committee	4/5 Jose Vicente C. Bengzon, III Juan Arturo Iluminado C. De Castro Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	Benjamin I. Sarmiento, Jr. Note: Conflict of Schedule; Already had a previous engagement
January 16, 2023	Audit, Risk Oversight, and Related Party Transactions Committee	Complete Jose Vicente C. Bengzon, III Juan Arturo Iluminado C. De Castro	None

		Benjamin I. Sarmiento, Jr. Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	
February 16, 2023	Audit, Risk Oversight, and Related Party Transactions Committee	Complete: Jose Vicente C. Bengzon, III Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	None
March 9, 2023	Audit, Risk Oversight, and Related Party Transactions Committee	4/5: Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	Jose Vicente C. Bengzon, III
March 20, 2023	Audit, Risk Oversight, and Related Party Transactions Committee	Complete: Jose Vicente C. Bengzon, III Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	

March 20, 2023	Corporate Governance, Nominations and Compensations Committee	Complete: Jose Vicente C. Bengzon, III Ricardo Manuel M. Sarmiento Stephanie Nicole S. Garcia Vicente Julian A. Sarza (Independent Director) Pierre Carlo C. Curay (Independent Director)	None.
April 1, 2023	Audit, Risk Oversight, and Related Party Transactions Committee	Complete: Jose Vicente C. Bengzon, III Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	None
May 11, 2023	Audit, Risk Oversight, and Related Party Transactions Committee	Complete: Jose Vicente C. Bengzon, III Juan Arturo Iluminado C. De Castro Benjamin I. Sarmiento, Jr. Pierre Carlo C. Curay (Independent Director) Vicente Julian A. Sarza (Independent Director)	None

The Corporation has a policy of on relevant annual continuing training and/or education of its directors which can be found in its Amended Manual of Corporate Governance (https://vitarich.com/wp-content/uploads/2020/09/amendedmanualoncorporategovernance2017.pdf). However, for the year 2022, however, the directors were unable to attend to any training or seminar on corporate governance since the Board of Directors focused on the Corporation's growth as well as risk management, specifically on the economic risks brought about by the continuous increase in the country's inflation rate in 2022.

As an alternative measure, the Board of Directors also focused on the Corporation's ESG policies and practices. As disclosed above, the Corporation, with the Board's supervision, made its own Sustainability roadmap in 2022.

As regards the appraisal and/or performance assessment for 2022, as disclosed in the Corporation's Integrated Annual Corporate Governance for 2022 (https://vitarich.com/wp-content/uploads/2023/05/VITARICH-CORPORATION_I-ACGR-2022_29-May-2023.pdf), the Board regularly assesses its performance as a whole in terms of attendance, inputs, productivity and efficiency of inputs, and efficiency of its oversight functions. While the Board has not yet formalized its performance assessment, the Board periodically assesses its performance and the performance of the individual director and looks for means to continuously improve.

As an alternative, the Board and its directors check their attendance and participations in the discussions during meetings from time to time, the efficiency of its own processes of approval, and give, from time to time, inputs on how they can better monitor the performance of the Corporation, management and personnel and regularly tries different means and methods of monitoring the performance of the Corporation, management and personnel.

Annex A

Certifications of Nominee as an Independent Director

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **PIERRE CARLO C. CURAY**, Filipino, of legal age and a resident of **20 Canton St. BF Homes Paranaque City,** after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Vitarich Corporation** and have been its independent director since **24 June 2022.**

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Insight and Supply Chain Solutions (InsightSCS)	Co-founder and CEO	March 2019 - Present
XVC Logistics	Director	October 2006 - Present
Supply Chain Management Association of the Philippines	Vice President	January 2023 - Present
Supply Chain Management of the Committee on Transport and Logistics of the Philippine Chamber of Commerce and Industry	Co-chair	February 2022 – Present
Regulatory Reform Support Program for National Development of the University of the Philippines Public Administration and Extension Services Foundation, Inc.	Technical Consultant	March 2020 - Present
ASEAN Mentorship for Entrepreneurs Network	Pioneer Mentor	November 2017 – present
Department of Trade and Industry (DTI) and the Department of Agriculture (DA) at GoNegosyo	Mentor	June 2016 - present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of **Vitarich Corporation**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the directors/officers/substantial shareholders of Vitarich Corporation, other than the relationship provided under Rule38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the corporate secretary of **Vitarich Corporation** of any changes in the abovementioned information within five days from its occurrence.

PIERRE CARLO C. CURAY
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of [illegible] 2023, at [illegible] affiant personally appeared before me and exhibited to me his Driver's License No. N03-96-206599, valid until 14 June 2032.

Doc. No. [illegible]
Page No. [illegible]
Book No. [illegible]
Series of 2023.

ATTY. NUNITA DC. TUAZON

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **VICENTE JULIAN A. SARZA**, Filipino, of legal age and a resident of **164 Champaca St., Tahanan Village, Parañaque, Metro Manila**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Vitarich Corporation** and have been its independent director since **25 August 2016.**

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
HC Consumer Finance Phils Inc (Home Credit)	Independent Director	November 2021 - present
AIB Money Market Mutual Fund Inc.	Independent Director	July 2021 - present
Mabuhay Capital Corp.	Senior Advisor	January 1, 2021 - present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of **Vitarich Corporation**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the directors/officers/substantial shareholders of Vitarich Corporation and its subsidiaries and affiliates, other than the relationship provided under Rule38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the corporate secretary of **Vitarich Corporation** of any changes in the abovementioned information within five days from its occurrence.

VICENTE JULIAN A. SARZA
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of [illegible] 2023, at MARILAO, BULACAN, affiant personally appeared before me and exhibited to me his Passport ID No. P30612448 valid until November 25, 2029.

Doc. No. [illegible]
Page No. [illegible]
Book No. [illegible]
Series of 2023.

ATTY. [illegible]

[illegible]

Annex B

2022 Consolidated Audited Financial Statement with the Statement of Management Responsibility on the Financial Statements and Parent Company Audited Financial Statement

COVER SHEET

2 1 1 3 4

S.E.C. Registration Number

VITARICH CORPORATION

(Company's Full Name)

MARILAO-SAN JOSE ROAD, STA. ROSA I, MARILAO, BULACAN

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

Atty. Mary Christine Dabu-Pepito

Contact Person

(+632) 8843-30-33

Company Telephone Number

Last Friday of June

1 2 - 3 1	1 7 - A	0 6
Month *Day*	Form Type	Month Day

Fiscal Year

Secondary License Type. If Applicable

Dept. Requiring this Doc.

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2022**

2. SEC identification Number **21134**

3. BIR Tax Identification No. **000-234-398**

4. **VITARICH CORPORATION**
   Exact name of issuer as specified in its charter

5. **BULACAN**
   Province, country or other jurisdiction of incorporation or organization

6. **POULTRY AND LIVESTOCK**
   Industry Classification Code: (SEC Use Only)

7. **MARILAO-SAN JOSE ROAD, STA. ROSA I, MARILAO, BULACAN** **3019**
   Address of issuer's principal office Postal Code

8. **(+632) 8843-3033**
   Registrant's telephone number, including area code

9. **N/A**
   Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Stock	**3,054,334,014**

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

    Yes [√] No [ ]

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

    Philippine Stock Exchange, Inc. **Common**

12. Indicate by check mark whether the registrant:

    (a) Has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

    Yes [√] No [ ]

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

    Yes [ ] No [√]

13. The aggregate market value of the voting stock by non-affiliates of the registrant total to P502,816,020.48 as of March 31, 2023.

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.
Yes [ ] No [✓]

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated

(a) Any annual report to security holders
-

(b) Any information statement filed pursuant to SRC Rule 20
-

(c) Any prospectus filed pursuant to SRC Rule 8.1
-

VITARICH CORPORATION

TABLE OF CONTENTS

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

HISTORY

Vitarich Corporation ("Corporation" or "Vitarich" or "Company") was incorporated and organized in 1962.

The brothers, Feliciano, Lorenzo and Pablo Sarmiento, established the forerunner of Vitarich in 1950, when they founded Philippine American Milling Co. Inc. ("PAMCO"). PAMCO eventually moved from its original location to a more modern feed plant in Marilao, Bulacan. This move marked the beginning of Vitarich's fully integrated operations and the trade name "Vitarich" was subsequently adopted.

In 1962, after PAMCO acquired additional machinery and equipment to increase capacity, the Corporation was registered with the Securities and Exchange Commission ("SEC") under the name "Vitarich Feedmill, Inc." The Corporation entered the poultry business and built an experimental poultry farm. In the years that followed, the Corporation entered into agreements with U.S. companies Cobb International and Babcock Poultry Farms for the exclusive franchise and distributorship of Cobb broiler and Babcock layer breeds, respectively, in the Philippines.

By the early 1970s, the Corporation further expanded its operations and extended its vertical integration by acquiring dressing plants and cold storage facilities. In 1981, the Corporation expanded outside Luzon by setting up the Davao satellite feedmill. The following year, it increased its feedmilling capacity in Marilao, Bulacan, and at the same time, started operating its Cagayan De Oro feedmill and hatchery. Subsequent areas of expansion in the Visayas included the cities of Iloilo and Bacolod. At present, the Corporation's registered principal place of business is at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan. The Company also has operating offices in Luzon (Bicol and Isabela), two satellite offices in the Visayas (Cebu and Bacolod), and two in Mindanao (General Santos City and Cagayan de Oro).

The Corporation's shares of stock were registered with the Philippine Stock Exchange on February 8, 1995.

The Corporation underwent corporate rehabilitation from September 2006 to September 2016 so its aggregate debt of P3.2 billion could be restructured to allow the Corporation to obtain longer payment terms and lower interest rates.

On March 30, 2012, the SEC approved the extension of the Corporation's corporate life by fifty years starting on July 31, 2012. Pursuant to Section 11, paragraph 2 of the Revised Corporation Code of the Philippines, which took effect on February 23, 2019, the Corporation's corporate life is now deemed to be perpetual.

On October 16, 2013, the SEC approved the Corporation's plan to increase its authorized capital stock to P3.5 billion and the conversion of its debts, amounting to P2.4 billion to Kormasinc, Inc. ("Kormasinc"), into equity at 1 share of common stock for every P1.00 of debt. Of the converted debt, P90.0 million was applied as payment for 90,030,236 shares from unissued shares and P2.3 billion was applied as payment for additional shares from the increase in authorized capital. With the debt-to-equity conversion and significant improvement in the Corporation's operations, the Regional Trial Court of Malolos, Bulacan (the Rehabilitation Court) approved the Company's exit from Corporate Rehabilitation on September 16, 2016.

On November 23, 2017, the Corporation, through the approval of its Board of Directors, issued its authorized and existing, but as-yet unissued, capital stock of P267,836,113.00 divided into 267,836,113 common shares with a par value of P1.00 per share. The Board of Directors likewise approved the conversion of the Corporation's debt of P407,110,891.00 to Kormasinc, Inc. into equity at a 1:1.52 ratio or 1 common share for every P1.52 of debt. The Board of Directors also approved the application of Vitarich's debt of P407,110,891.00 to Kormasinc, Inc. as payment in full to the 267,836,113 common shares issued out of the authorized and existing but unissued shares. On December 22, 2017, the SEC approved the said debt-to-equity conversion.

On July 11, 2018, the SEC approved the decrease of the capital stock of the Corporation from P3.5 billion divided into 3.5 billion shares at P1.00/share par value to P1,330,000,000.00 divided into 3.5 billion shares at P0.38/share par value. The SEC also approved the Corporation's equity restructuring to wipe out its deficit as of December 31, 2017 of P2,256,037,517.00 against the Additional Paid-In Capital of P2,257,508,376.68. At present, the Corporation's authorized capital stock is P1,330,000,000.00 divided into 3.5 billion shares at P0.38/share par value.

SUBSIDIARIES

Philippines' Favorite Chicken, Inc. ("PFCI") used to be a Vitarich subsidiary. PFCI, as distributor of America's Favorite Chicken Company ("AFC"), was granted the exclusive right to develop 50 Texas Chicken and 50 Popeye's Chicken restaurants in the Philippines. On October 1, 1998, the Board of Directors of PFCI approved the conversion into equity of the advances of Vitarich to PFCI amounting to ₱165 million to be applied to its unpaid subscriptions and for additional shares of stock of PFCI. Out of the ₱165 million advances to be converted into equity, ₱25 million was applied to Vitarich's unpaid shares while the remaining ₱140 million was recorded to be under a Deposit for Future Stock Subscriptions account pending the approval from the SEC of the conversion. In 2000, PFCI lost its right to develop Popeye's Chicken in the Philippines. In 2005, PFCI discontinued the operations of its Texas Chicken restaurants. Accordingly, it terminated all employees and provided full valuation allowances on all its remaining assets. On July 26, 2017, the Board and Stockholders of PFCI approved the amendment of its Articles of Incorporation to shorten its corporate life to until March 31, 2019. The SEC approved PFCI's amendment of its Articles of Incorporation. Thus, the liquidation of PFCI began on April 1, 2019. The Company deconsolidated PFCI and recognized a gain of P28.2 million on deconsolidation. On February 16, 2021, PFCI filed with the SEC a Notice of Retention of Corporate Term (until March 31, 2019).

On November 10, 1995, Gromax, Inc. ("Gromax") was incorporated as a wholly-owned subsidiary of Vitarich. It started commercial operations in January 1996 until its operations were reintegrated into Vitarich effective April 1, 2015. Pursuant to the re-integration, Gromax transferred all its employees to the Corporation with retirement benefits accruing to these employees transferred accordingly. On May 31, 2018, the SEC approved Gromax's Amended Articles of Incorporation, which shortened its corporate life to until November 10, 2019. On February 16, 2021, Gromax filed with the SEC a Notice of Retention of Corporate Term (until November 10, 2019).

On October 27, 2021, Vitarich's Board of Directors approved the terms of the Memorandum of Understanding ("MOU") between Vitarich and Luzon Agriventure Inc. ("LAVI") for the acquisition of shares owned and held by LAVI in Barbatos Ventures Corporation ("BVC"), a private domestic corporation engaged in, among other activities, poultry production as well as in the processing, raising, and breeding of chickens and similar stocks. After the execution of the MOU on October 28, 2021, due diligence was conducted via external audit by MG Madrid & Company as of September 30, 2021, upon which BVC's valuation was based. Based on said due diligence, BVC's actual results of operations in October and November and the projections for December 2021 will result in a neutral Net Asset Valuation. As such, LAVI agreed to absolutely, unconditionally, and irrevocably assign and transfer all its rights, title, and interest in BVC for a consideration of P1.00 in favor of Vitarich. On December 16, 2021, the Corporation's Board of Directors approved the acquisition of 100% of the outstanding capital stock of BVC from LAVI for a consideration of P1.00. Beginning January 1, 2022, BVC operated as a wholly-owned subsidiary of Vitarich. Issuance and transfer of BVC shares of stock were also duly completed in January 2022.

BUSINESS OF ISSUER

Business Segments and Product Distribution

For management purposes, the Company is organized and managed separately according to the nature of products and services it provides, with each segment representing a strategic business unit that offers different products and serves different markets.

The industry segments where the Company operates are:

a. The Foods segment is engaged in the growing, production, and distribution of chicken broilers, either live or dressed. Its products are distributed to wet markets, supermarkets, hotels, and restaurants. Its dressed chicken products are distributed and sold under the Cook's brand and under the Fresh, Freshly Frozen, and Flavor Origins variants.

b. The Feeds segment caters to the feed requirement of the poultry growers and livestock raisers industry. The Company manufactures and distributes animal feeds, animal health and nutritional products, and feed supplements under several lines such as Premium, Advantage Plus, Premium Plus, and Professional. Each line has several brands. In 2021, it launched the Vitarich Poultry Advantage variant, with three sub-variants under it.

c. The Farms segment is involved in the production, sales, and distribution of day-old chicks.

d. The Corporate segment includes general and corporate affairs of the Company that are not specifically identifiable to a particular segment.

The relative contributions of each principal product to consolidated revenue for the years ended December 31, 2022, December 31, 2021, and December 31, 2020 are:

PHP millions

	2022	**2021**	**Change**	**2020**	**Change**
Feeds	5,199	4,695	11%	4,109	14%
Foods	6,241	4,231	48%	3,119	36%
Farms	529	778	-32%	654	19%
	11,969	**9,704**	23%	**7,882**	23%

Competition

Although the Corporation is focused on the chicken and feeds industry, it faces competition from several sources by virtue of its integrated operations. The Corporation continuously improves its objectives and strategic plans to effectively compete with other integrators not only for consumers of its products but also for production resources such as contract growers. The Corporation competes based on product performance.

Principal competitors of the Company are San Miguel Corporation (B-Meg), UNAHCO, Cargill, New Hope, CJ Feeds, CP Feeds, Philmico, Uno Feeds, and Inoza Feeds for the feed business. Key players in poultry business are San Miguel Corporation (Magnolia), Bounty, Foster, Danway, CP, Sustamina, and Leong hup.

The Company believes that it can effectively compete with its principal competitors as it has allotted resources to the research and development of production process improvements and product value enhancement in line with its vision to continue to be the pioneering agri-business partner and innovator in the feeds industry, and the backbone of every Filipino farmer's success.

Sources of Raw Materials

The raw material components of feeds represent the most significant cost components of the Company's operations. Major raw materials of the Company's feed business are corn, wheat, and soybean meal. The Company purchases these materials directly from either local or foreign traders. Imported materials originate from Australia, North and South America, India, and Pakistan. The Company is not dependent on, nor has any major existing supply contracts with, any single or limited number of its suppliers for the purchase of essential raw materials.

Customers

Vitarich has various customers from all product lines and is not dependent on any single or few customers. The loss of one or two of its customers does not have any adverse material effect on its operations. No customer of the Corporation accounts for 20% of its sales. The Corporation has existing sales contracts with business partners and customers in normal and regular business transactions.

Trademarks, Royalty, and Patents

As of 2022, the Company continued to use the following trademarks, devices, and logos, which were previously registered with the Intellectual Property Office on the dates opposite to its names:

Trademark	Date Filed	Date Registered
Vitarich Premium Plus	November 23, 2017	September 2, 2018
Vitarich Advantage Plus	November 23, 2017	September 2, 2018
Vitarich Professional	March 2, 2018	June 2, 2019
Advantage sa Mabilisang Paglaki, Plus sa Mabilisang Kita	June 25, 2018	November 21, 2019
The Breakthrough Innovation in Professional Hog Raising	June 25, 2018	June 2, 2019
With Premium Quality comes Premium Performance	June 25, 2018	May 23, 2019
Forging Livelihood, Nourishing Lives	October 17, 2019	March 14, 2020
Leadership with Integrity, Excellence, Care for Others	October 17, 2019	March 14, 2020
Vitarich LPP Lifetime Profitable Partnership	June 6, 2020	April 9, 2021
Freshly Frozen	July 22, 2020	October 3, 2021
Cook's	January 15, 2021	May 21, 2021
Vitarich Corporation	January 15, 2021	May 21, 2021
Alagang Vitarich Alagang Panalo	January 19, 2021	May 21, 2021
Building Partnerships. Growing Business	January 22, 2021	May 21, 2021
Rich in History, Rich in Excellence	January 22, 2021	May 21, 2021
Cook's Premium Whole Chicken - The Healthylicious Option	February 17, 2021	August 22, 2021
Gromax	February 17, 2021	March 5, 2022
Vitarich Poultry Advantage	August 25, 2021	December 9, 2021
Electcee	August 30, 2021	December 9, 2021
Gromaxicillin	August 30, 2021	November 7, 2021
Cook's Flavor Origins	August 11, 2022	January 23, 2023

The Company does not hold any other patent, trademark, franchise, concession, or royalty agreement.

Certifications

The Company's Quality Management Systems ("QMS") enable it to establish procedures that cover all key processes in the business, including monitoring processes to ensure that they are effective, keeping adequate records, checking output for defects with appropriate corrective actions, and regularly reviewing individual processes and the quality system itself for effectiveness, thus facilitating continual improvement.

In 2007, the Company's commitment toward consistent product quality and safety was further strengthened when the International Organization for Standardization (ISO) certified the Company-owned feed mill facilities in the Visayas and Mindanao with ISO 22000:2005 Food Safety and Management Systems (FSMS) for quality and feed safety management systems. Vitarich has adopted and implemented preventive approaches to product safety that address physical, chemical, and biological hazards in various aspects of feeds manufacturing along with the process and product inspections. The Company continuously complies and maintains the requirements of these standards for its Iloilo and Davao Feed Mill plants. In 2021, its Iloilo and Davao Feed Mill plants received their respective ISO 22000:2018 Food Safety Management System Certifications.

Last October 2020, Vitarich received the Certificate of Registration for HACCP, or Hazard Analysis and Critical Control Points, certifying that its Management Systems and Processes for verification & delivery of raw and frozen chicken, including giblets, has been assessed and registered against the provisions of HACCP adopted by the Codex Alimentarius Commission. The Certificate was issued by NQA Philippines, Inc. (a certifying body accredited by UKAS, or the United Kingdom Accreditation Service) after the Corporation's application and requirements were submitted and reviewed thoroughly. The said Certificate is in line with Vitarich's mission to continuously adopt new business development programs and technological advancement that will enhance quality of products and services that it provides and delivers to its stakeholders. Vitarich Corporation also has the FDA License to operate as a Food Trader, which was issued on October 11, 2021.

Government Regulations and Approval

As an agri-business, the Corporation is highly regulated by the government.

Compliance with environmental laws enhances good community and industry relationships and provides assurance to employees and the community where the Company operates of their health and safety, thereby securing the Corporation from violations and penalties.

Aside from complying with environmental laws, to ensure that only safe and wholesome products reach consumers, the Company also seeks government approval for its principal products and services as well as for the registration of its feed mill, the accreditation of its chemical laboratory, the accreditation of its meat plant, and cold storage, from the Bureau of Animal Industry ("BAI") and the National Meat Inspection Services ("NMIS"), accordingly. The Corporation is also required to secure all applicable permits from the Environmental Management Bureau ("EMB") of the Department of Environment and Natural Resources ("DENR") for its feed mill plants, dressing plants, and rendering plants.

The Company has obtained all necessary permits, licenses, and government approvals to manufacture and sell its products. It has no knowledge of any recent or impending legislation which can result in any material adverse effect on its business or financial condition.

Research and Development

The Company's research and development efforts are centrally organized under the Research and Development Department to focus on the following core activities:

- Product Quality and Innovations
- Research and Development
- Advanced Animal Nutrition

A Research and Development Manager directs these activities, which include the following:

- Advanced Animal nutrition
- Diagnostic Laboratory Services
- Feeds and Feeds Quality Control
- Poultry Genetic Research
- New Product Development
- Technical Extension Services for contract breeders, growers, and sales clients

The inauguration of the Corporation's renovated Research Center in 2001 upgraded its chemical laboratory capability and further improved the analysis procedure. The acquisition of modern laboratory equipment shortened the duration for analyzing products.

The Chemical Laboratory handles most of the laboratory services needed for feed processing, from raw material analyses to finished products tests. The Diagnostic Laboratory handles all the laboratory support related to feed and food safety as well as the surveillance, prevention, and diagnosis of diseases to ensure health maintenance of livestock.

To ensure that its edge in the reliability and accuracy of its analysis is kept, it continuously upgrades its equipment, e.g., the LECO protein analyzer, which is based on combustion, a faster way of analyzing crude protein in feedstuff; the LECO Bomb Calorimeter, which is used to measure Gross Energy in Feedstuff; and the Atomic Absorption Analyzer for macro and trace minerals, including heavy metals. The acquisition of the ICP (Inductively Coupled Plasma) allows the Company to analyze complex minerals and heavy metals simultaneously. The Gas Chromatograph is capable of accurately determining fatty acid as well as Volatile Fatty Acids and Hormones. The NIR (Near InfraRed System) is capable of performing proximate analysis, including amino acids, in a very short amount of time. The Company also upgraded its Fat Extractor, Kjel Dahl Protein Analyzer, and the Ankom Fiber Analyzer Unit. Active Water and Moisture Analyzer units are used for the stability testing of the finished product as well as the maintenance of quality for raw materials. UV-Vis equipment is used for mineral and enzyme analysis. Additional serological tests, including for Avian Influenza virus and ELISA-based Swine serology, were instituted to serve the growing expectations of the consumers.

For research and development activity, the Corporation spent P10.6 million in 2022, P6.0 million in 2021, and P10.8 million in 2020.

<u>Cost and Effects of Compliance with Environmental Laws</u>

Vitarich complies with all environmental laws and regulations implemented by the EMB-DENR and invests appropriately to ensure its compliance. To ensure that its facilities stay compliant with existing environmental laws, the Company implemented the following activities:

1. Stack Emission Testing of boilers to ensure that all the gases being emitted during the operation of boilers and power generators are within the Standards of the Clean Air Act of the Philippines. For the Davao plant, a 3rd-party tester (Berksman) has been tapped for emissions testing of the 2 boiler units for Plant 1, the 2 boiler units for Plant 2, and the single-unit power generator for Plant 2. The most recent test was conducted on December 16-21, 2022 at a cost of Two Hundred Eighty-Two Thousand Two Hundred Forty Pesos (P282,240.00). The Vitarich Davao plant passed all the parameters and earned a satisfactory rating. The result was used for the renewal of the Permit to Operate Air Pollution Sources and Control Installations ("POA"). The cost for the issuance of the POA was Seventy-One Thousand Three Hundred Forty Pesos (P71,340.00) with validity of 5 years.

   For Iloilo, the Permit to Operate ("PTO") for the boiler was issued on November 22, 2022, with five years of validity until April 8, 2027. The Boiler Stack Emission Testing Fee was One Hundred Sixty-Five Thousand Pesos (P165,000.00), while the Permit Processing Fee was Ninety-Seven Thousand Pesos (P97,000.00). Annual Boiler Servicing and Emissions Testing will be carried out subject to inspection and approval by the DOLE and EMB-DENR.

2. Regular Monitoring of the final discharge of wastewater from the Corporation's plants, ensuring that water discharge from the operations are within the regulatory standards set by the Clean Water Act. The Iloilo Plant's Wastewater Discharge Permit was issued on May 26, 2022 after passing all the test parameters for Wastewater Discharges and after submission of all relevant documents. The cost of the Laboratory Analysis fee amounted to Seven Thousand Five Hundred Pesos (P7,500.00) and the fee for the permit for processing Waste Water Discharge was Two Thousand Five Hundred Pesos (P2,500.00). For the Davao plant, the Waste

Water Discharge permit was issued in January 2021 with validity coverage of 5 years. The cost of acquiring the permit was Fourteen Thousand Forty Pesos (P14,040.00).

3. In view of the warehouse expansion projects, for its Iloilo warehouse, the Company sought an Environmental Compliance Certificate (ECC-EPRMP) from the EMB of the DENR Region 6 on August 15, 2018. Processing cost was Ten Thousand Pesos (P10,000.00). Meanwhile, the Davao plants were issued an ECC for Expansion (incorporating the 2 existing ECCs of the Davao Feed Mill and the DSFC Feed Mill). The New ECC (#ECC-OL-R11-2020-0069) issued on January 20, 2020 is still in effect and covers compliance with the Clean Air Act, Clean Water Act, Waste Management Act, and all other regulatory compliance legislation. Processing cost incurred was around Ten Thousand pesos (P10,000.00). Furthermore, the Corporation's Dressing Plant in Marilao, Bulacan, was issued an amended ECC on November 8, 2021. The cost for the amendment of the ECC was Fifty-Two Thousand Thirty pesos (P52,030.00).

4. Regular Repair and Maintenance of all facilities, including attached pollution control facilities, ensure good operating conditions and thereby prevent or control pollution coming from the plants.

5. Continuous Improvement of pollution control devices and/or equipment to meet regulatory standards.

6. Annual renewal of permits from DENR-EMB is secured. Cost varies for each plant ranging from One Thousand Pesos (P1,000.00) to Ten Thousand Pesos (P10,000.00).

The Company acquired an additional permit to transport hazardous material (used oil) for the Davao plant at a cost of One Thousand Forty Pesos (P1,040.00). VDAP Certificate for the production of veterinary products cost Six Thousand Pesos (P6,000.00).

Manpower Complement

As of December 31, 2022, total headcount was 855 employees, including 619 regular and 236 contractual employees from reputable service provider. As of March 12, 2023, total headcount stood at 867 employees – including 631 regular and 236 contractual workers. The Corporation's CBA was signed in May 2021 and is in effect until July 31, 2025.

The Federation of Free Workers - Vitarich Corporation Employees / Workers Union Chapter (FFW – VEWU) is the duly authorized collective bargaining agent that represents all rank-and-file employees of the Corporation.

Pension Costs/Retirement Benefits

The Company maintains a partially funded, non-contributory post−employment defined benefit plan covering all of its regular full-time employees. The defined benefit plan is being administered by a trustee bank which is responsible for the administration of the plan assets and for the definition of the investment strategy. The Company's retirement benefits are based on years of service and one and one-fourth (1-1/4) month's salary for every year of continuous service.

The plan is exposed to interest rate risk and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentrations of risk on the plan assets.

Actuarial valuations are made periodically to update the retirement liability and the amount of contributions. The latest actuarial valuation of the plan is as of December 31, 2022.

Financial Risk Management

The Company is exposed to a variety of financial risks which result from its operating, financing, and investing activities. The Company's overall risk management program focuses on the unpredictability of the markets and seeks to minimize potential adverse effects on the Company's performance.

The Company does not engage in the trading of financial assets for speculative purposes nor does it write options. The financial risks, which the Company is exposed to, are described below and in the succeeding pages.

Foreign Currency Risk

To a certain extent, the Company has an exposure to foreign currency risks as some of its raw materials purchases are sourced outside the Philippines and are therefore denominated in foreign currencies. However, the Company has not yet experienced significant losses due to the effect of foreign currency fluctuations because purchases denominated in foreign currency are kept at a minimum.

Interest Rate Risk

As of December 31, 2022 and 2021, the Company has no significant floating rate financial assets or liabilities. The Company's operating cash flows are substantially independent of changes in market interest rates.

The Company has no borrowings that carry variable interest rates, which released the Company from any cash flow interest rate risk.

Credit Risk

Credit risk arises because the counterparty may fail to perform its obligations. With respect to credit risk arising from the financial assets of the Company, the exposure to credit risk arises from default of the counterparty.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets.

The Company continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. When available at a reasonable cost, external credit ratings and/or reports of counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The Company's trade and other receivables are not exposed to a concentration of credit risk as the Company deals with a number of customers. The trade and other receivables are actively monitored and assessed, and when necessary, an adequate level of provision coverage is maintained. In addition, to minimize credit risk, the Company requires collateral, generally real estate property, from its customers.

The Company's management considers that trade and other receivables that are not impaired nor past due for each reporting period are of good credit quality.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects probability-weighted outcomes, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Generally, receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Liquidity Risk

The Company manages its liquidity profile to be able to service debt as this falls due by maintaining sufficient cash from operations. The Company maintains cash to meet its liquidity requirements for up to 30-day periods.

Price Risk

The Company is exposed to commodity price risk as the raw materials of its main products are subject to price swings. The Company's management actively seeks means to minimize exposure to such risk by optimizing both local sourcing as well as direct importation from foreign traders, among others.

Item 2. PROPERTIES

The Corporation operates and/or leases numerous production facilities, which include feed mills, dressing plants, and hatcheries. As of December 31, 2022, these facilities include:

	Condition	Remarks
Feed Mill		
Luzon	Good	Toll
Visayas	Good	Owned
Mindanao	Good	Owned
Dressing Plant		
Luzon	Good	Owned
Visayas	Good	Toll
Mindanao	Good	Owned
Hatchery		
Luzon	Good	Toll
Visayas	Good	Toll
Mindanao	Good	Toll

The Corporation will only consider a project that is critical to its continued operations and that will likewise generate substantial cost savings and higher returns on investment.

Item 3. LEGAL PROCEEDINGS

In 2014, Vitarich filed a case against Charter Ping An Insurance Corporation ("Charter Ping An") before the Regional Trial Court ("RTC") of Malolos City, Bulacan, to claim insurance proceeds of Three Hundred Sixteen Million Five Hundred Sixty One Thousand, One Hundred Fifty Eight and 81/100 Pesos (P316,561,158.81) as indemnity for the damages and losses suffered by the Corporation due to typhoon Ondoy in 2009. The case was docketed as Civil Case No. 662-M-2014 and was raffled to Branch 15 of the RTC of Malolos City. Vitarich was partially paid the amount of fifty-eight million pesos (P58M) in 2016 when the court granted Vitarich's Motion for Summary Judgment concerning the amount admitted by Charter Ping An.

For the remaining Two Hundred Forty-Seven Million Six Hundred Twenty Thousand Five Hundred Fifty-Five Pesos (P247,620,555.00), not including interest, the claim is still pending before the Court. Vitarich completed the presentation of its evidence on 10 November 2022. On the other hand, Charter Ping An concluded the presentation of its evidence on 09 March 2023.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the calendar year covered by this report other than those made during the Annual General Meeting of the Stockholders held on June 24, 2022. The results of the AGM were disclosed to the Philippine Stock Exchange via the PSE Edge portal on June 24, 2022 and posted on the Company's website. A copy of the draft of the Minutes of the meeting is also posted on the Company's website.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. MARKET PRICE OF AND DIVIDENDS ON REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The Company's common equity is principally traded in the Philippine Stock Exchange (PSE). The high and low sales prices for every quarter ended are:

	2021		2022	
	High	Low	High	Low
1st Quarter	0.84	0.81	0.74	0.55
2nd Quarter	0.88	0.87	0.67	0.55
3rd Quarter	0.79	0.76	0.65	0.56
4th Quarter	0.74	0.72	0.62	0.50

The closing price of the Corporation's common shares as of the last trading date, December 31, 2022, was P0.60 per share.

As of March 31, 2023, the latest trading date prior to the completion of this annual report, price per share of the common stock was P0.64/share.

No securities have been issued in connection with an acquisition, business combination, or other re-organization within the last two fiscal years.

Holders

The Corporation has only one class of shares, i.e., common shares. The total number of stockholders as of December 31, 2022 was 4,113 with the total number of shares outstanding on that date of three billion fifty-four million three hundred and thirty-four thousand and fourteen shares (3,054,334,014).

	Dec 2022	Dec 2021
Number of Issued & Outstanding Shares	3,054,334,014	3,054,334,014
Number of Stockholders	4,113	4,126
Number of Shareholders owning at least one board lot each	3,111	3,124

The Company's foreign equity ownership as of December 31, 2022 is:

	No. of Shares	% Ownership
Shares owned by Filipinos	2,938,596,572	96%
Shares owned by Foreigners	115,737,442	4%
Total	**3,054,334,014**	**100%**

The top 20 stockholders of the Corporation as of December 31, 2022:

	Name of Stockholders	Number of Shares	Percent to Total Outanding Shares
1	PCD NOMINEE CORPORATION (FILIPINO)	2,919,303,240	95.58%
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	114,900,942	3.76%
3	YAZAR CORPORATION	1,402,520	0.05%
4	JOSE M. SARMIENTO	1,305,320	0.04%
5	MA. LUZ S. ROXAS	1,305,320	0.04%
6	MA. VICTORIA M. SARMIENTO	1,305,320	0.04%
7	GLICERIA M. SARMIENTO	690,000	0.02%
8	NELIA CRUZ	527,850	0.02%
9	ROGELIO M. SARMIENTO	290,000	0.01%
10	ANTONIO S. RAAGAS	270,000	0.01%
11	BETINA ANGELINA I. SARMIENTO	228,510	0.01%
12	NORBERTO T. HOFELENA	220,778	0.01%
13	GLADY Y. LAO	215,000	0.01%
14	BERNAD SECURITIES, INC.	203,000	0.01%
15	DANIEL J. ADVINCULA	200,000	0.01%
16	ORLANDO P. CARVAJAL	185,000	0.01%
17	TERESITA Y. SARMIENTO	164,000	0.01%
18	LORENZO S. SARMIENTO	141,134	0.00%
19	BIENVENIDO LIM	140,000	0.00%
20	GEORGE CHUA	111,000	0.00%
	Others	11,225,080	0.37%
Total Shares Issued and Outstanding		**3,054,334,014**	**100.00%**

<u>Dividends</u>

The Corporation has not declared dividends since 1996.

<u>Sales of Unregistered Securities</u>

The Corporation did not sell unregistered or exempt securities within the past three (3) years. Neither has it issued securities within the past three (3) years.

<u>Description of Shares</u>

The securities of the Company consist entirely of common stock with a par value of P0.38 per share. All shares are equally eligible to receive dividends and repayment of capital and each share is entitled to one vote at the shareholders' meeting of the Company.

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

<u>Management's Discussion and Analysis</u>

Fiscal Year 2022 compared to Fiscal Year 2021

The Company achieved historic revenues of P12.0 billion, in 2022, an increase of 23% year-over-year, marking the first time in the company's 60-year history that annual revenues exceeded P10 billion. All business segments were profitable with strong momentum in the Foods segment.

Rocco Sarmiento, President and CEO, said, "2022 brought many challenges to families and businesses particularly as inflation intensified and food prices rose by double digits. Despite this difficult environment, our team at VITA worked tirelessly and delivered solid revenue growth and improved net income."

Cost of goods accelerated 23% to P10.9 billion following higher sales volumes and input costs. Key raw materials including wheat, soybean, and corn, which comprised about 70% of feed costs, soared an average of 25%. In addition, price increases in fuel, energy, and labor exerted further pressure on handling costs and the return of some post-pandemic operating costs, such as travel costs.

Gross profit grew 24% to P1.1 billion and operating profit increased 21% to P223.2 million. The impact of cost inflation was partially offset by volume growth, pricing changes, and efficiencies.

Net income reached P129.0 million with earnings per share of P0.042, up 44% over the prior year.

Looking ahead, the company expects another year of strong revenue growth as well as better margins in 2023, encouraged by an expansion in its sales channels and the positive reception of the recently launched value-added products. At the same time, it remains alert in assessing the risks of persistent higher input costs and supply chain disruptions.

Segment highlights

- Revenues from the Foods segment amounted to P6.2 billion, an all-time high on 48% growth, as the more robust recovery in food services and restaurants lifted demand and the company's value-added products that were unveiled in November provided some additional support. Volume was up 22% led by demand in Luzon and Mindanao while average prices increased 19%, reflecting significant cost inflation. The Foods segment comprised 52% of overall revenues.

  During the year, the segment widened its operations in various areas nationwide—in Luzon: Isabela and Bicol; in Visayas: Samar and Leyte; in Mindanao: Zamboanga City, Bukidnon, Marawi, Sultan Kudarat, and Saranggani. It also launched *Cook's* Flavor Origins in November as part of its growth strategy at the retail level. Product offering includes differentiated items such as French Roast, Mediterranean Roast, and South African Roast.

  .

- Feeds revenues grew 11% to P5.2 billion driven by pricing which increased 18% compared to the year-ago period versus input costs of 23%. As expected, price actions had an unfavorable impact on volume which declined 6%. The Feeds segment comprised 44% of revenues.

  The segment made significant progress towards operational milestones by increasing the number of distributors, megadealers, and retail feed outlets across Capiz, Aklan, and Central Negros over the course of the year. It also began its multiyear campaign that will establish the brand as "The Specialist in Animal Nutrition." Another highlight of the year is the introduction of further initiatives that address sustainability opportunities. This included the transition to reusable woven feed sacks from laminated bags in order to manage its product design and lifecycle.

- Farms revenues were down 32% to P529.0 million due to the shortage of day-old chicks. A fair value adjustments on biological assets amounting to P12.1 million was recognized as part of revenues and P1.1 million as part of cost of goods. The Farms segment comprised 4% of revenues.

Fiscal Year 2021 compared to Fiscal Year 2020

Vitarich Hits Record High Revenues of P9.7 billion in 2021

The Company reports an all-time revenue record of P9.7 billion, up 23% year-over-year driven by growth in all three business segments.

"2021 not only delivered new revenue records across segments, but also pointed to higher long-term volume growth," said Rocco Sarmiento, President and CEO. "Our strategy to expand our capabilities has been validated by market trends toward rising consumption of meat products and convenience food. This formed the basis of our recent capital investments in the business, and as a result, we have good revenue visibility going into 2022."

Cost of goods increased 21% to P8.9 billion in relation to higher sales volume and prices of raw materials such as wheat, soybean, and corn which rose by an average of 12% compared to the prior year. The cost inflation was due to several factors, including logistics challenges due to COVID-19, reimposed series of quarantine measures in the third quarter, as well as supply disruptions for soybeans in the fourth quarter due to high demand from China, increasing domestic use in the U.S., and lower output from Brazil and Argentina.

Gross profit was P856.3 million, up 50% from a year ago, while operating income more than doubled to P184.0 million.

Operating expenses were maintained at 7% of revenues even as administrative and selling and distribution costs increased to ensure current and future market competitiveness and to support marketing activities for the recently launched *Freshly Frozen* line.

Net income was P89.4 million and earnings per share was P0.029, higher by nearly 10 times from P9.3 million and P0.003 in 2020, respectively.

Capital expenditure totaled P117.7 million, primarily for the construction of a new warehouse in Davao and for additional machinery and equipment in Bulacan, Iloilo, and Davao to meet strong volume demand and to upgrade bagging lines for automation.

Segment Highlights

- Revenues from the Feeds segment, which accounted for 48% of total sales, were up 14% to P4.7 billion with volumes reaching the highest levels ever for tie-up and commercial customers, such as distributors and direct farms. Sales volume climbed 12% while average selling prices inched up modestly by 3%. Earlier in the fourth quarter, Vitarich Poultry Advantage was launched to address the needs of backyard and general poultry farmers. The new product line attracted an initial user base of over 100 retailers and farms.

  Annual feed mill capacity increased 3% to 300,200 MT in 2021 from 290,800 MT in 2020, while production grew 8% to 226,900 MT from 209,700 MT. As of December 31, 2021, utilization rate rose to 76% from 72%.

  The Feeds segment produces and markets animal feeds, health and nutritional products, and supplements to various distributors, dealers, and end users nationwide.

- Revenues from the Foods segment, which accounted for 44% of revenues, accelerated by 36% to P4.2 billion due to a 21% increase in sales volume and 12% increase in average selling prices. During the year, the segment further developed *Cook's* portfolio by customizing *Cook's Premium Chicken* products for hotels, restaurants, and institutional (HRI) clients that now account for 55% of Foods's revenue contribution up from 33% a year ago. In addition, it also strengthened the branded retail business through *Cook's Freshly Frozen*, which saw total volume soar by 608%.

  Annual dressing plant capacity increased 5% to 79,000 MT in 2021 from 75,500 MT in 2020, while production expanded 21% to 35,700 MT from 29,500 MT. As of yearend 2021, the utilization rate reached 75% from 70%, excluding dressing plant facilities owned by third parties.

  The Foods segment sells chicken broilers, either as live or dressed, to HRI customers, supermarkets, and wet markets.

- Revenues from the Farms segment, which accounted for the remaining 8%, registered a 19% increase to P778.0 million. Fair value adjustments on biological assets amounting to P55.1 million was recognized as part of revenues and P78.0 million as part of cost of goods.

The Farms segment is involved in the production, sales and distribution of day-old chicks.

Outlook

The Company continues to execute on the factors it can control, including new products, improved customer satisfaction scores, enhanced processes, and engaged stakeholder relationships.

Looking ahead, management expects revenues to stay robust, but the ongoing challenges will temper the full impact of sales growth on Company earnings. Supply chain headwinds will persist and pressure the costs of raw materials and transportation. In view of these elevated input costs, we will continuously reconfigure our purchasing approach and explore new grain and protein sources to reduce dependency on corn, wheat, and soybean meal. We are positive that higher volumes, cost efficiency, and responsible price increases will help us meet our performance objectives while ensuring that our products remain affordable.

PHP millions, except per share data

	2021	2020	Change	2019	Change	4Q 2021	4Q 2020	Change	4Q 2019	Change
Revenues	9,704.28	7,881.92	23%	8,918.47	9%	2,393.96	2,189.76	9%	2,958.85	-19%
Operating income	183.99	79.01	133%	158.58	16%	(78.32)	31.45	-349%	171.59	-146%
Net income	89.44	9.29	863%	128.82	-31%	(91.02)	5.68	-1701%	234.42	-139%
EPS	0.029	0.003	863%	0.042	-31%	(0.030)	0.002	-1701%	0.077	-139%
EBITDA	249.66	222.49	12%	385.53	-35%	(71.03)	58.27	-222%	327.60	-122%

Fiscal Year 2020 compared to Fiscal Year 2019

Consolidated sales of goods decreased by 9% to P7.7 billion in 2020 from P8.4 billion in 2019 mainly because of unfavorable chicken prices in the market brought about by the COVID-19 pandemic and the spread of African Swine Fever (ASF).

The Company recognized a fair value adjustment on biological assets of P199.5 million in 2020 from P479.6 million in 2019.

Sales of goods per business segment:

- Foods sales dropped by 23% to P3.1 billion in 2020 from P4.0 billion in 2019 due to unfavorable selling prices of chicken brought about by the COVID-19 pandemic starting April 2020 and towards the end of the year.

- Feeds revenues increased by 4% to P4.1 billion in 2020 from P3.9 billion in 2019, despite the pandemic and ASF, due to strong sales in Visayas and Mindanao as well as higher sales from the Feeds Tie-up program in Luzon and some regions of Mindanao.

- Farms segment sales edged down by 2% to P455.0 million in 2020 from P466.1 million in 2019 as the poultry industry was badly affected by the unfavorable chicken prices related to the pandemic.

Cost of Goods Sold decreased 8% to P7.1 billion in 2020 from P7.7 billion in 2019 versus lower sales volume and lower raw material costs. There was a fair value adjustment on biological assets of P184.4 million in 2020 from P471.4 million in 2019.

Gross profit for 2020 amounted to P571.8 million, lower by 20%, or P145 million, from P717.5 million in 2019. Lower gross profits were mainly due to unfavorable selling prices for chicken brought about by the COVID-19 pandemic and the closure of HRI accounts.

Operating expenses decreased by 9% to P536.8 million in 2020 from P588.3 million in 2019 thanks to operational efficiency and cost reduction measures. Other operating income of P44 million in 2020 increased by 50% versus 2019 primarily due to rendered tolling services.

Other charges, which includes interest expenses, decreased by 67% to P57.8 million in 2020 from P176.6 million in 2019 due to lower tax settlements, interest expenses, and provisions for impairment losses on receivables. Other income recognized went down by 97% to P4.2 million in 2020 from P160.7 million in 2019 because of lower gains on fair value changes of investment properties.

Tax expenses increased by 16% to P16.1 million in 2020 from P13.9 million in 2019.

The Company posted Net Income of P9.3 million, despite being adversely affected by the pandemic and the spread of African Swine Fever in Luzon. This was down P119.5 million or 93% compared to 2019 Net Income of P128.8 million. First quarter performance provided ample buffer for net losses in the second and third quarters.

Fiscal Year 2019 compared to Fiscal Year 2018

Consolidated sales increased by 2% to P8.4 billion in 2019 from P8.3 billion in 2018, mainly because of favorable chicken prices in the market during the second half of the year.

Sales by business segment are:

- Foods revenues increased to P4.0 billion in 2019 by 5% from P3.8 billion in 2018 on favorable selling prices of chicken towards the second half of the year.

- Feeds top line sales stayed flat at P3.9 billion in 2019 and 2018. Several hog farm customers were affected by African Swine Fever during the last quarter of the year, yet the Company was still able to sustain its whole year sales.

- Farms segment sales fell by 18% to P466.1 million in 2019 from P570.1 million in 2018 as the poultry industry was badly hit by unfavorable chicken prices during the first half of the year.

Cost of Goods Sold increased by 1% to P7.7 billion in 2019 from P7.6 billion in 2018 due to higher costs of raw materials and day-old-chicks.

Gross profits for 2019 amounted to P717.5 million hiking up 17% or P106 million from P611.8 million in 2018. Increased gross profits were mainly due to improved efficiencies in the poultry and feed operations plus favorable chicken prices in the market during the second half of the year.

Operating expenses increased by 1% to P588.3 million in 2019 from P584.9 million in 2018 due to higher administrative, selling and distribution expenses. Other operating income of P29.4 million in 2019 came down by 4% versus 2018 primarily due to lower rental income.

Other charges increased by 190% to P220 million in 2019 from P76 million in 2018 due to higher tax settlements, interest expenses, provisions for impairment losses on receivables, and one-time consultancy expenses. Other income recognized was higher by 130% to P204 million in 2019 from P89 million in 2018 because of higher gains on fair value changes of investment properties, gains on reversal of long-outstanding payables, and the recovery of written-off accounts.

Tax expenses went up by 158% to P13.9 million in 2019 from P5.4 million in 2018.

For 2019, the Company posted Net Income of P128.8 million in 2019 which was 98% (P63.7 million) higher than 2018 of P65.2 million.

Fiscal Year 2018 compared to Fiscal Year 2017

Consolidated sales soared by 27% to 8.3 billion in 2018 from 6.5 billion in 2017 driven by strong performance across all product lines.

Sales per business segment:

- Foods sale rose by 39% to P3.8 billion in 2018 from P2.8 billion in 2017 on higher sales volume and better selling prices for chicken, except in the last quarter of the year.

- Feeds revenues went up by 16% to P3.9 billion in 2018 from P3.3 billion in 2017 due to the expansion of several farm customers.

- Farms segment sales were higher by 38% to P570.1 million in 2018 from P412 million registered in 2017 due to the successful recruitment of additional farm breeding and broiler partners.

Cost of Goods Sold increased by 32% to P7.6 billion in 2018 from P5.8 billion in 2017 due to higher costs for raw materials and day-old chicks. Despite better efficiency y-o-y in the last quarter, the overall industry experienced an oversupply of chicken, resulting in gross profits of P611.8 million, lower by 15% or P110 million.

Operating expenses increased by 6% to P584.9 million in 2018 from P551 million in 2017 resulting from higher administrative, selling, and distribution expenses. Other operating income of P35 million in 2018 lowered by 3% versus 2017 primarily due to lower rental income.

Other charges decreased by 84% to P9.1 million in 2018 from P55 million in 2017 because no tax compromise settlement or liquidated damages were recognized this year and the Company is due to gain on fair value changes of investment properties.

Tax expense plunged 82% to P5.4 million in 2018from P29.1 million in 2017.

Vitarich posted Net Income of P65.2 million in 2018 which is down 47% or P57.2 million to P122.4 million in 2017.

<u>Financial Condition</u>

The Company's consolidated total assets as of December 31, 2022 was P5.2 billion, up from P4.1 billion on December 31, 2021. Total current assets increased to P2.9 billion on December 31, 2022 up 35% from P2.1 billion as of December 31, 2021 because of higher cash, receivables, inventories, and other current assets.

Non-current assets increased by 18% from a year earlier at P2.4 billion as of December 31, 2022.

Current liabilities increased by 41% to P3.0 billion as of December 31, 2022 from P2.1 billion on December 31, 2021, mainly due to increases in short-term loans payable and trade payables related to higher production volume requirements and higher prices of raw materials.

Non-current liabilities slightly decreased by 3% to P389.6 million as of December 31, 2022 from P401.2 million on December 31, 2021, mainly due to partial payments of long-term debt.

Stockholders' equity stood at P1.9 billion as of December 31, 2022, up 15% over December 31, 2021 when it was P1.6 billion.

The Corporation's top five (5) key performance indicators are described as follows:

	2022	**2021**	**2020**
Revenue (P Million):			
Sale of goods	11,958	9,649	7,682
Fair value adjustment on biological assets	12	55	199
Cost Contribution (P Million):	10,907	8,770	7,126

Cost of Goods Sold			
Fair value adjustment on biological assets	1	78	184
Gross Profit Rate (%)	9%	9%	7%
Operating Margin (P Million)	223	184	79

1) Sales Volumes, Price, and Revenue Growth

Consolidated revenue composed of feeds, day-old chicks, and chicken and animal health products sales including fair value adjustment on biological assets, amounted to P12.0 billion, 23% higher than the previous year of P9.7 billion, mainly because of increased sales volume and favorable selling prices of chicken in the market.

2) Cost Contribution

This measures the cost efficiency of the products and trends of raw materials prices, particularly importations, which involve foreign exchange exposure. Costs are analyzed on a regular basis to assist strategic management decision making regarding cost reduction and efficiency measures.

3) Gross Profit Rate

Reviews are conducted on a regular basis to check if targets are being met based on the forecasted gross profit rate and to ensure proper and immediate action can be taken.

4) Operating Margin

Operating margin is profit after operating expenses are deducted. Reviews of operating expenses are performed on a regular basis. These are analyzed and compared against budget, previous month, and previous years to ensure that cost reduction measures are being met and implemented.

5) Plant Capacity Utilization

This determines total usage of the plant capacity. The higher the plant utilization, the better the productivity, which translates to better margins.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), or other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There are no material commitments for capital expenditures.

There are no significant elements of income or loss arising from continuing operations.

There is no known trend, or any demand, commitments, events, or uncertainties that will result in or that are reasonably likely to result in the Corporation's liquidity increasing or decreasing in any material way.

There are no events that will trigger direct or contingent financial obligations that are material to the Corporation, including any defaults or acceleration of an obligation.

Item 7. FINANCIAL STATEMENTS

The Consolidated Audited Financial Statement of the Corporation for the year-ended December 31, 2022 including the applicable schedules listed in the accompanying index to financial statements and supplementary schedules are filed as part of this form 17-A.

Item 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

External Audit Fees and Services

Audit and Audit-Related Fees

The work of SyCip Gorres Velayo & Co. consisted of an audit of the financial statements of the Company to enable them to express an opinion on the fair presentation, in all material respects, of the Company's statement of financial position, statement of comprehensive income, statement of changes in equity, and statement of cash flows in accordance with Philippine Financial Reporting Standards. For the year 2022, audit fees amounted to P4.25 million, exclusive of VAT and out of pocket expenses.

There were no other services obtained from the external auditor other than those mentioned above.

Prior to the engagement of the external auditor, the Audit, Risk Oversight and Related Party Transactions Committee reviewed and confirmed the terms of engagement and the scope of services of the external auditor as endorsed by the management of the Company. Its approval policies and procedures for external auditors are:

1. Statutory audit of the Company's annual financial statements

   a. The Audit, Risk Oversight, and Related Party Committee ensures that the services of the external auditor conform with the provision of the company's manual of corporate governance specifically articles 2.3.4.1, 2.3.4.3 and 2.3.4.4
   b. The Audit, Risk Oversight, and Related Party Committee makes an assessment of the quality of the prior year audit work services, scope, and deliverables and makes a determination of the reasonableness of the audit fee based on the proposed audit plan for the current year.

2. For services other than annual F/S audit:

   a. The Audit, Risk Oversight, and Related Party Committee evaluates the necessity of the proposed services presented by management taking into consideration the following:

      i. The effectiveness of the Company's internal control and risk management arrangements, systems and procedures, and management's degree of compliance
      ii. The effect and impact of new tax and accounting regulations and standards
      iii. Cost benefit of the proposed undertaking

   b. The Audit, Risk Oversight, and Related Party Committee approves and ensures that other services provided by the external auditor shall not conflict with the functions of the external auditor for the annual audit of its financial statements.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

For 2022, the Company's independent public accountant was SyCip Gorres Velayo & Co. The audit of the financial statements of the Company was handled and certified by the engagement partner, Mr. Erwin A. Paigma. The firm complied with the Revised SRC Rule 68, paragraph 3 (b) (iv) re: seven (7) years rotation requirement for the external auditor.

Pursuant to SRC Rule 68.1 (Qualification and Reports of Independent Auditors), the Company engaged SyCip Gorres Velayo & Co. for the audit of the Company's financial statements effective calendar year 2022. The engagement of

SyCip Gorres Velayo & Co. and the engagement partner was approved by the Board of Directors and the stockholders of the Company.

There was no event in the last two fiscal years where the previous and current external auditors or previous and current engagement partners had any disagreements regarding any matter relating to accounting principles or practices, financial statement disclosures, or auditing scope or procedure. There were no disagreements with the external auditor of the Company on any matter of accounting and financial disclosure.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS

Pursuant to the Company's Amended Articles of Incorporation dated March 25, 2021, its Board of Directors has nine (9) members, two (2) of whom are independent directors.

The directors of the Company are elected at the annual meeting of the stockholders to hold office for one (1) year until the next succeeding annual meeting of the stockholders and until the respective successors have been elected and qualified. Any vacancy shall be filled in accordance with the provisions of the Revised Corporation Code of the Philippines.

Officers are elected by the newly elected Board of Directors at the organizational meeting held right after the annual meeting of the stockholders. The Board also elects during its organizational meeting the chairman and members of the Audit, Risk Oversight, and Related Party Transactions Committee as well as the chairman and members of the Nominations, Remunerations, and Corporate Governance Committee. The officers shall be subject to removal at any time by the Board of Directors, but all officers, unless removed, shall hold office for a term of one (1) year until their successors are appointed. If any vacancy shall occur among the officers of the Corporation, such vacancy shall be filled by the Board of Directors.

Directors and Officers

The following are the directors and officers of the Corporation for the term June 25, 2022 to June 24, 2023 and until the successors shall have been elected and qualified:

Jose Vicente C. Bengzon III, Filipino, 65 years old
Director/Chairman of the Board

Mr. Bengzon has been Vitarich's Chairman of the Board of Directors since 2012. He has been the President & CEO of Torres Trading Company, Inc. since January 2021 and an Independent Director of Upson International Corp. since 2022. He has been the Vice Chairman & Chairman of the Executive Committee of Commtrend Construction Corp. since 2014; Director and Treasurer of Inception Technology Philippines Corp. since 2019; and Senior Adviser to the Board of Malayan Bank since 2018. He was Director & Chairman of the Risk Management Committee of Rizal Microbank from 2010 to 2020. He was a Consultant at SGV from 1982-1985 and Financial Planning and Projects Manager for Reuters America from 1988 to 1990. From 1991 to 1996, he was with Dole Philippines and served in various capacities as Assistant to the Country Manager, Manager in the Financial Planning Group, and Financial Analyst. He was also an Entrepreneur of Westborough Food Corporation from 1993 to 2001. Mr. Bengzon was Director of the Philippine Quality Awards Foundation from 1998 to 2011; on the Board of Trustees at the Philippine Quality and Productivity Movement, Davao Chapter, from 1998 to 1999; on the Board of Trustees of the Davao City Chamber of Commerce and Industry from 1999 to 2000; President of the Productivity Development Council in Mindanao from 1999 to 2000; and President of Abarti Artworks Corporation from 2001 to 2004. In 2005, Mr. Bengzon was the Chief Privatization Officer of the Department of Finance and Director of Panaro Minerals Phils. and the Philippine Al Amanah Islamic Bank. He was President of the Duma Group of Companies from 2006 to 2011; President of UPCC Holdings Corp until 2020; acting Chairman at the Philippine National Construction Corp. from 2012 to 2013 and its Board Member from 2005 to 2011; Director of Manila North Tollways Corp. from 2012 to 2013; Director of the

South Luzon Tollways Corp. from 2011 to 2012; an Independent Director of Bermaz Auto Phil's Inc. (2017); and Director & Chairman of the Audit Committee of Century Peak Mining Corp. from 2016 to 2018. He is a Certified Public Accountant and a graduate of De La Salle University having obtained his Bachelor of Science degree in Commerce and Bachelor of Arts degree in Economics in 1980 therefrom. He earned his Master of Business Administration at the J. L. Kellogg School of Management at Northwestern University in 1988.

Ricardo Manuel M. Sarmiento, Filipino, 46 years old
Director/President & Chief Executive Officer

Mr. Sarmiento is the President and Chief Executive Officer of Vitarich Corporation. He brings with him almost two decades of hands-on experience with the company. He is responsible for the overall success of the organization with primary responsibilities in setting corporate objectives and strategy, driving growth, and managing company operations towards achievement of goals.

He began his career with the company in 2005 as the Acting General Manager of Gromax and, eventually, as its General Manager. He later became its President in 2010. This was followed by his role as Vitarich's Sales and Marketing Director and his eventual promotion to Executive Vice-President and Chief Operating Officer in 2012. He is likewise the Treasurer of Precisione International Research and Diagnostic Laboratory, Inc., a position he has held since 2008.

Mr. Sarmiento is an active member of the Rotary Club of Manila, Upsilon Sigma Phi, and the Young President's Organization (YPO Philippines Chapter). He has been a panelist in various business forums including the Philippine Summit of The Asset and the Economic Forum of BusinessWorld. His team was recognized as the Executive Leadership Team of the Year and a Circle of Excellence Awardee at the Asia CEO Awards 2022. Mr. Sarmiento holds a bachelor's degree in tourism from the University of the Philippines, Diliman.

Stephanie Nicole M. Sarmiento-Garcia, Filipino, 43 years old
Director/Executive Vice-President, Chief Sustainability Officer (CSO)/Corporate Management Services Director/Treasurer

Ms. Garcia is the Executive Vice President - Chief Sustainability Officer and Corporate Management Services Director of Vitarich Corporation. She carries with her almost two decades of solid hands-on experience in the integrated feeds and foods businesses of the company. In addition to her integral role in the corporation, Ms. Garcia also oversees the external activities of Vitarich Corporation and manages its various partnerships with key stakeholders and the government. She is likewise the President of Precisione International Research & Diagnostic Laboratory, Inc. Due to her deep knowledge in the poultry and feeds business, she is recognized by the Philippine Department of Agriculture as a technical resource person and is often invited to share her expertise with the government and private sector groups. She is one of the leaders of Pilipinas Kontra Gutom - a national and multi-sectoral anti-hunger movement, which aims to bring public and private organizations together on various programs with a common goal: 1 million fewer hunger Filipinos by 2022. Ms. Garcia served as the President of the Philippine Association of Feed Millers, Inc. (PAFMI) from February 2020 to February 2021. Prior to Vitarich, she was a Store Manager at *Le Pain Quotidien,* an international chain of café-style restaurants, specializing in bakery items. Earlier on, she held a front desk position at the *Ritz Carlton Hotel* in San Francisco. She holds a degree in International Hospitality Management from the Glion Institute of Higher Education (formerly known as Glion Hotels School), a private, university-level Swiss hotel management school in Switzerland. Ms. Garcia joined Vitarich in October 2003.

Rogelio M. Sarmiento, Filipino, 74 years old
Director

Mr. Sarmiento served the Corporation in different capacities as director (1982 to 1991; 2003 until April 29, 2021; October 15, 2021 to present), President and Chief Executive Officer (2003 to June 24, 2016), and Chairman of the Board of Directors (2003 to June 29, 2012). He was elected on October 15, 2021 as a director to fill in the vacancy that resulted from the untimely demise of Mr. Jose M. Sarmiento. He was also the President of L.S. Sarmiento & Co., Inc., Sarmiento Industries, Inc., Fortuna Mariculture Corporation, and Sarphil Corporation from 1968 to 1981. He obtained his Bachelor of Science in Business Administration degree from the University of San Francisco and his Master of Business Administration degree from the University of Santa Clara in the United States of America. He was President of the Philippine Association of Feed Millers Inc. from 1990 to 1992 and Vice-President of the Philippine Chamber of Commerce from 1988 to 1989. Formerly a member of the Interim Batasang Pambansa, he concurrently served as Minister of State for Transportation and Communications. He also served as Deputy Director General of the National Economic and Development Authority. He was a member of the House of Representatives representing the First District of the Province of Davao del Norte from 1992 to 2001.

Benjamin I. Sarmiento, Jr., Filipino, 53 years old
Director

Mr. Sarmiento was elected as Vitarich's Director in 1998. He is a graduate of the University of San Francisco with a Bachelor of Arts degree in Economics. He is the Chief Executive Officer of Sarmiento Pacific Holdings and Equities (formerly Pacific Equities, Inc.) from 1989 to the present. He is also a Director of the following companies: M3 Ventures International, Inc. since 1991, and Ultra-Seer, Inc., Hillsdale Marketing Inc., Specialized Products & Services, Inc., Escotek, Inc., and Diversified Industrial Technology, Inc. since 2002. He is the Chief Executive Officer of Sarmiento Pacific Agribusiness.

Lorenzo Vito M. Sarmiento, III, Filipino, 48 years old
Director

Mr. Sarmiento was elected as director on June 29, 2012. He is also the President of Lockbox Storage, Inc. He was Co-founder and Chief Operating Officer of Advanced Environmental Soil Solutions, Inc. He was President of Davito Holdings Corporation, President of Speed Space Systems, Chairman of Emphasys Process Corporation, Investor and co-founder at South Super Sports, Team Manager under contract with the Philippine Football Federation, and Creative Director of Speed HKG. He graduated in 1999 from the University of San Francisco with a Bachelor of Science degree in Business Administration with emphasis on Marketing and International Business. He took up special courses in International Studies at the Richmond College in London, England, and Network Engineering at Herald College, San Francisco, USA.

Atty. Juan Arturo Iluminado C. De Castro, J.S.D., LL.M., Filipino, 42 years old
Director

Atty. De Castro is a practicing lawyer with a Bachelor of Laws degree from the University of the Philippines College of Law, and is the first Filipino to obtain both a Doctorate in the Science of Law (J.S.D.) and a Master of Laws (LL.M.) degree at the University of California Berkeley School of Law in the USA in 2011. He authored the book on Philippine Energy Law (2012), which provides guidance for investing in the country's electric power industry. He has extensive experience in corporate rehabilitation, or Chapter 11, Bankruptcy, in the Philippines. He is also the managing partner of the De Castro & Cagampang-De Castro Law Firm, a boutique law firm in Makati. Their law practice includes civil and criminal litigation before various courts, appellate practice, real estate transactions, and cases before the Sandiganbayan, among others. He is currently also an Assistant Professorial Lecturer at the De La Salle University College of Law and a consultant at the Cybercrime Investigation and Coordinating Center (CICC).

Pierre Carlo C. Curay, Filipino, 44 years old
Independent Director

Mr. Curay was first elected as Independent Director on June 24, 2022. He has never been affiliated with the Corporation prior to his nomination and election as Independent Director. He has been an entrepreneur for 23 years to date and has 17 years of experience in Logistics and Supply Chain Management, in addition to being a technology professional. He is a Co-Founder and has been the CEO of Insight and Supply Chain Solutions (InsightSCS) since March

2019, a technology logistics start-up. He is also the Director of XVC Logistics, a transport and freight forwarding company serving multinational companies for their Philippine logistics needs. He concurrently serves different organizations in various capacities – Former President and currently Vice President of the Supply Chain Management Association of the Philippines; Co-Chair for Supply Chain Management of the Committee on Transport and Logistics of the Philippine Chamber of Commerce and Industry (since February 2022); Technical Consultant for the Regulatory Reform Support Program for National Development of the University of the Philippines Public Administration and Extension Services Foundation, Inc. (since March 2020); Pioneer Mentor of ASEAN Mentorship for Entrepreneurs Network (since November 2017); and Mentor for the Department of Trade and Industry (DTI) and the Department of Agriculture (DA) at GoNegosyo (since June 2016). Mr. Curay earned his Bachelor of Science degree in Management Information Systems, Information Technology from the Ateneo de Manila University in 1999. He also attended the Training Programs on Logistics Management for the Philippines and established the Logistics Qualifications System of the Association of Overseas Technical Scholarships in Japan (2010-2012) and the Entrepreneurship Acceleration Program at The Wharton School (2019).

Vicente Julian A. Sarza, Filipino, 70 years old
Independent Director

Mr. Sarza was first elected as Independent Director of the Corporation in 2016. He also serves as Independent Director of HC Consumer Finance Phils, Inc. (Home Credit) and the AIB Money Market Mutual Fund, Inc. He was a director and Chief Operating Officer of Mabuhay Capital until his retirement therefrom in 2020. However, he remains a consultant of Mabuhay Capital. Prior to joining Mabuhay Capital, Mr. Sarza was Senior Vice President, Head of institutional banking at Asia United Bank (AUB), a publicly listed company, which operates as a universal bank. Before moving to AUB, Mr. Sarza was a Principal, Head of Advisory Services, in KPMG Philippines. He was responsible for the significant expansion of market share and significant increase in recognition of KPMG Advisory as an advisory services firm in key industries, such as financial institutions, energy, water, infrastructure, insurance and in government and multilateral institutions. Over the years, Mr. Sarza's extensive experience included successful engagements as Director to Chief Privatization Officer, rank of Undersecretary in the Privatization and Management Office (an agency of the Department of Finance). Mr. Sarza was also a Director and Chairman of the Technical Committee on Privatization and Office for Special Concerns for the Department of Finance (Republic of the Philippines). Mr. Sarza had various roles in the successful privatization of Maynilad, International School Manila, Philippine Telecommunications Investment Corp., Energy Development Corp., and lloilo Airport. Mr. Sarza spent more than 25 years in banking, his stints spanning corporate, middle market, and consumer banking with added responsibilities in his last 8 years through involvement in senior functions such as Mancom, Asset and Liabilities Management, and Credit Committee duties, among others. Prior to the Department of Finance, Mr. Sarza spent a total of 14 years at United Coconut Planters Bank (UCPB) and UCPB Savings Banks as Manager to First Vice President-Head of the Commercial Credit Division and President and COO, respectively. Mr. Sarza holds an A.B. degree in Economics from the Ateneo De Manila University.

Executive Officers

Atty. Aison Benedict C. Velasco, Filipino, 45 years old
Corporate Secretary

Atty. Velasco was first appointed as Corporate Secretary of the Corporation last April 26, 2019. He is presently a Partner of the Angara Abello Concepcion Regala & Cruz Law Office (ACCRALAW), the firm he joined in 2003. He obtained his bachelor's degree from the Ateneo de Manila University in 1999 and his Juris Doctor law degree from the same university in 2003 graduating with Second Honors. Presently, he acts as Corporate Secretary of several companies, including AB Mauri Philippines, Inc., ELC Beauty, Inc., Smartmatic Philippines, Inc., UBS Securities Philippines, Inc., UBS Investments Philippines, Inc., Grey Philippines, Inc., Shin Clark Power Holdings, Inc., Shin Clark Power Corporation, Makesense, Inc., Commonssense Philippines, Inc. and other Philippine companies.

Atty. Mary Christine C. Dabu-Pepito, CCO, Filipino, 37 years old
Assistant Corporate Secretary/Compliance Officer/Corporate Information Officer

Atty. Dabu-Pepito was first appointed as the Corporation's Assistant Corporate Secretary/Compliance Officer/Corporate Information Officer on March 21, 2016. She obtained her Bachelor of Arts degree in Broadcast Communication from the University of the Philippines-Diliman and graduated *Cum Laude* in 2006. She took up her Bachelor of Laws degree at the San Beda University-Manila in 2011 and was admitted to the Bar on March 28, 2012. She practiced at Dulay, Pagunsan, & Ty Law Offices as one of its Associate Lawyers until May 2013. From June 2013 to March 2016, she was an Associate Lawyer at Dabu & Associates Law Office and was appointed as a Partner of the said firm on April 2016. Her areas of practice include civil, family, criminal, commercial, administrative, employment, and labor law litigation as well as corporate and commercial services. She is also one of the Corporation's legal counsels. She is an alumna of the 5th cohort of the Applied Sustainability Management in Asia Pacific (ASMAP 5) held on October 2019. Organized by the Center for Social Responsibility of the University of Asia and the Pacific, ASMAP is an executive training program for linking sustainability and business performance. She is a Certified Compliance Officer having completed and passed the qualifying examinations of the Certification Course for Compliance Officers administered by the Center for Global Best Practices on April 5, 2022.

Other Executive Officers

Reynaldo D. Ortega, Filipino, 53 years old
Senior Vice President and General Manager Poultry and Food Sales Division

Dr. Ortega is a Doctor of Veterinary Science and Medicine who obtained his degree at the Central Luzon State University in 1992. He also earned his degree in Bachelor of Science in Animal Husbandry in the same University in 1990. He completed his Master's Degree at the University of Asia and the Pacific in the Agribusiness Executive Program in 2018. Dr. Ortega started as Production Supervisor at Purefoods Corporation in Sto. Tomas, Batangas, and was later assigned as Veterinary Supervisor at Purefood's JMT office in Ortigas, Pasig. He joined Vitarich in 1994 as an Extension Veterinarian and, since then has handled various positions as Veterinary Services Group Head, Contract Growing Operations Head, Technical Head, and Poultry and Livestock Division Head, until his present appointment in March 2018. His training includes Poultry Tunnel Ventilation Systems, Poultry Management in Cage Systems, Immunology and Virology, and Artificial Insemination in Broiler Breeders. He attended various symposiums about Poultry production, processing, and marketing in the USA, Europe and Asia.

Alicia G. Danque, Filipino, 50 years old
Senior Vice President and General Manager of Feeds Business Unit/Alternate Corporate Information Officer

Hired in 1995, Ms. Danque handled various positions in the Company as Corporate Planning Manager, Chief of Staff, and Assistant Vice President for Animal Health Care. She was appointed Vice President & Supply Chain Director on January 1, 2020 to provide the overall direction for the supply chain and further improve productivity and efficiency and reduce costs while securing high quality materials. On October 1, 2022, she was appointed to her present role. Under her leadership and stewardship are procurement of raw materials and services, feed integrated planning, feed milling, warehousing, logistics operations, and commercial feed sales. Ms. Danque is presently serving as a member of the Board of Directors of the Philippine Association of Feed Millers, Inc. (PAFMI) and is the head of its Membership Committee.

She is a graduate of Mapua University with a Bachelor of Science degree in Industrial Engineering and took postgraduate courses at the Philippine Women's University and University of Asia and the Pacific.

Ms. Ma. Diana Mascardo Cuna, 65 years old
Senior Vice President – Chief Human Resource Officer (SVP-CHRO)

Ms. Cuna was appointed to her current position on December 6, 2022. She is responsible for developing and executing human resources strategy in support of the overall business plan and strategic direction of the organization, specifically in the areas of succession planning, talent management, change management, organizational and performance management, learning and development, talent acquisition and compensation. As the CHRO she provides strategic leadership by articulating HR needs and plans to the leadership council.

Ms. Cuna was a management consultant in the areas of Human Resources and Corporate Risk Management, having been a practicing professional for almost four decades. Prior to her appointment as SVP-CHRO, Ms. Cuna has been the Corporation's Executive Advisor/Human Resources and Organization Development (HR OD) since 2015.

Prior to Vitarich, Ms. Cuna provided HR consultancy to various local and international private companies such as San Miguel Corporation, First Pacific / Maynilad Water Services, Inc., Ayala Land, Petron, Asian Institute of Management, Luen-Thai International (China/HK/Philippines), as well as local government institutions such as the Bureau of Customs, Commission on Elections, Civil Service Commission, NEDA, and the Department of Trade and Industry. She was the VP and HR/Communications Director for San Miguel Corporation, HR expert for USAID programs and for European Union (EU) Commission programs from 2003 to 2015. She earned both her Master's degree in Counseling and Bachelor of Science degree in Biology/FLCD from the University of the Philippines, earned units in Doctor's of Philosophy in Educational Psychology from the University of the Philippines and completed her Organization Behaviour program from INSEAD (Singapore).

Elaine C. Nantes, Filipino, 59 years old
Vice President & Corporate Quality and Technical Services Director

Ms. Nantes has more than 30 years of managerial experience in the food industry particularly in the aspects of Food Processing, Production, Engineering, Quality, and Food Safety Management. She was previously employed as Value-Added Operations Manager, Food Safety, Plant Manager, and Project Manager and has managed business relationships in a third-party tolling plant operation set-up. She was known as "the Food Safety Guru" of San Miguel Pure Foods, Co. She was responsible for establishing and championing quality and food safety, making sure guidelines, requirements, and known regulatory and voluntary food safety standards were followed by the company-owned manufacturing facilities and its third party-owned food plants. She was also responsible for ensuring that quality systems for the safety and suitability of food products will be established, implemented, controlled, and updated. Under her management, 43 food facilities were GMP and HACCP certified with over 80 food products receiving HACCP certification: 6 food plants with ISO 22000 and ISO 9001 certifications. She is the prime mover in decreasing the cost of non-conformities through quality and productivity initiatives while employed and serving as a consultant to her clients in the food industry. In 2005, she served as the Chairperson for the National Meat Advisory Council of the Department of Agriculture National Meat Inspection Service (Philippines). She was awarded by her alma mater, the University of Santos Tomas, *the Albertus Magnus Award* of the College of Science for alumna who excelled in their chosen field of expertise: Microbiology.

Emmanuel S. Manalang, Filipino, 59 years old
Vice President & Nutrition and Research & Development Manager

Dr. Emmanuel S. Manalang was appointed Vice President & Nutrition and Research & Development Manager on August 1, 2019. He is a graduate of Veterinary Medicine from the University of the Philippines in 1985. He started his career in Animal Nutrition working for ER Squibb and Sons Philippines as a Vitamin Mineral Specialist. He developed his skills by enriching his experience working with Ciba Geigy Philippines, and Ajinomoto, Amino Acid Department as a Technical Manager. He has been an Animal Nutritionist/Nutrition consultant for many commercial feed mills and farm operations nationwide since 1989. Dr. Manalang has a vast experience in the field of Swine and Poultry Nutrition, Aqua Nutrition and Pet Nutrition. He is also engaged in exotic bird breeding and management.

Carmencita S. Policarpio, Filipino, 59 years old
Vice President & Poultry Production Operations Manager

Ms. Policarpio is a Licensed Chemical Engineer and has been in the manufacturing industry for more than 30 years. On Sept. 25, 2021, Engr. Policarpio was conferred & included in the roster of ASEAN Engineering Register (AER) as ASEAN Engineer. This is under the AER Commission of the ASEAN Federation of Engineering Organizations (AFEO) among ASEAN countries. On the following year, March 27, 2022, she also received the highest level in the Chemical Engineering Profession as Internationally Recognized Chemical Engineer under PIChE (Philippine Institute of Chemical Engineers) Chemical Engineer Registry.

She has extensive work experience in developing and implementing effective quality control processes, quality management, laboratory and production/plant management. She has been with the Corporation since 10 October 2016 and as such, has been assigned in the Corporation's feed mill plants, hatcheries, poultry/swine farms, and warehouses. She has attended several trainings and conventions in Thailand, Singapore and Indonesia. It was under her management when the Corporation's feed mill plants were given ISO 22000:2018 FSMS (Food Safety Management System) Certification by the Certification International Phils, Inc. and when the Corporation was granted HACCP (Hazard Analysis and Critical Control Points) certification. Ms. Policarpio is presently serving as a Technical Committee Member of the Philippine Institute of Chemical Engineers - CAMANAVA Chapter. Prior to joining the Corporation, she worked as Plant Manager of Secret Recipes Foods Corp. (Subsidiary of Robinson's Group), Assistant Manufacturing Manager of Plastic Container Packaging Corp, a food packaging company, and QA Manager then promoted to Plant Manager of Vassar Industries Inc. (Food Packaging company).

Engr. Policarpio is currently enrolled in Philippine Women's University, School of Food Science & Technology, Master in Food Safety Management. She is on her last term, preparing for Food Safety Management Case Study Defense.

Dilbert D. Tan, Filipino, 42 years old
Vice President and Finance Operations Director

Mr. Tan was first appointed on July 11, 2022. He is responsible for the management of the corporation's financial processes and risks. Mr. Tan has almost 20 years of career experience mostly in the banking and financial services industry as well as technology software and services. He led operations and support services for corporate loans, trade finance, fund transfer, treasury operations, and asset management for JP Morgan Chase Manila Corporate Center (May 2019 to July 2022), East West Banking Corporation (August 2016 to December 2018), and Deutsche Knowledge Services (January 2006 to September 2008). He has spearheaded system migration and business process transformation initiatives to upgrade efficiency, quality, and controls. He developed and implemented financial risk management policies for risk assessment, measurement, monitoring, and mitigation. In FIS (formerly SunGard Financial Systems) [November 2009 to August 2016], he managed corporate liquidity client services, market intelligence, and demand generation. Mr. Tan is a graduate of Ateneo de Manila University with a Bachelor of Science degree Major in Management and Minor in Finance.

Xerxes Noel O. Ordanez, Filipino, 40 years old
Corporate Audit Manager

Mr. Ordanez serves as the Corporate Audit Manager of Vitarich since January 24, 2023. He has over 16 years of audit and finance experience with exposure to hospitality, healthcare, manufacturing, sugar milling, banking, water utilities, and shared services industries. He has covered reviews of major business process such as IT General Controls, Revenue & Collection, Procure-to-Pay, Payroll, Construction Project Management and Operations & Maintenance.

He completed his Bachelor of Science in Business Administration and Accountancy in 2006 at the University of the Philippines-Diliman and passed the CPA licensure exam in the same year. He completed his MBA degree in the same university in 2018. He holds various audit-related certifications as Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), and Certified in Risk and Information Systems and Controls (CRISC).

He started his career in SGV & Co as an IT Auditor under IT Audit and Advisory Services. Prior to joining Vitarich Corporation, he worked for Manila Water Company, Inc. for 13 years heading the Internal Audit Department and, subsequently, heading the Controllership & Analysis Department.

Marie Angelie Bautista-Macatual, Filipino, 45 years old
Vice President – Marketing and Business Development Director

Ms. Macatual was appointed on February 20, 2023. She has more than 20 years of extensive experience in Marketing, Commercial Excellence, Project Management, Business Development and Cross-functional Leadership in both B2B/B2C and regional/global environments. She has specializations in End-to-End Consumer & Product Marketing, Brand Building, Cross-Market Research/ Data Analysis & Strategy Development - her previous roles include Regional Marketing Director/ Business Development Head (Globe Telecom), Strategic Marketing & Technology Director (Cargill ANH), Global Consultant for Strategic Marketing, Insights & Innovation (International Marketing Consultancy), and Global Marketing Director for Strategy & Innovations / APAC Segment Marketing Director (Koninklijke Philips N.V.) Ms. Macatual is a graduate of the University of the Philippines, Diliman, with a Bachelor of Arts degree in Communications.

Significant Employees

The Corporation treats the contributions and services rendered of each employee as significant no matter how small the contributions or the work performed are.

Family Relationships

Director Rogelio M. Sarmiento is the father of Directors Ricardo Manuel M. Sarmiento and Stephanie Nicole S. Garcia.

Directors Benjamin I. Sarmiento Jr. and Lorenzo Vito M. Sarmiento III are the cousins of Directors Ricardo Manuel M. Sarmiento and Stephanie Nicole S. Garcia.

Involvement in Certain Legal Proceedings

The Company has no knowledge of any event during the past five (5) years up to the latest filing date, where any of its directors or executive officers had been or are currently involved in any criminal or bankruptcy proceedings or subject of any order or judgment of any court or quasi-judicial agency, whether local or foreign, effecting his/her involvement in business, securities, commodities or banking activities.

Item 10. EXECUTIVE COMPENSATION

Standard Arrangement

The members of the Board of Directors are entitled to a per diem of P10,000.00 for regular meetings whereas the members of the Audit, Risk Oversight, and Related Party Transactions Committee, and Nominations, Remunerations, and Corporate Governance Committee are entitled to a per diem of P5,000.00 for every meeting participation.

Arrangements with Directors & Officers

The Company does not extend or grant warrants or options to its executive officers and directors. Thus, it has no obligation to disclose information pertaining to warrants and options. The market value of the shares of stock, if any, received by the Company's executives and officers approximate the compensation that they should have received had the payment been made in other form of consideration at the grant date.

Executive Compensation

The compensation includes the following:

	2022	2021	2020
Short-term employee benefits	**55,480,527**	35,561,950	31,959,666
Retirement benefits	**5,010,571**	5,872,830	2,984,183
Others	**17,133,565**	10,784,789	11,868,367
	77,624,663	52,219,569	46,812,216

The aggregate compensation including other remunerations during the last two fiscal years, as well as those estimated to be paid in the ensuing fiscal year to the Corporation's Chief Executive Officer and Officers is as follows: (in millions of Pesos)

NAME & PRINCIPAL POSITION	YEAR	SALARY	Bonus & Others
1. RICARDO MANUEL M. SARMIENTO – CEO/President	2022		
2. STEPHANIE NICOLE S. GARCIA- EVP, CSO/CMS Director /Treasurer	2022		
3. REYNALDO D. ORTEGA – SVP & GM Poultry & Food Sales Division	2022		
4. ALICIA G. DANQUE – SVP & Feeds Business Unit Manager / Alternate Corporate Information Officer	2022		
5. DILBERT D. TAN - VP & Finance Operations Director	2022		
TO T A L (Estimated)	2023	**21.60**	-
	2022	**19.91**	-
	2021	**20.40**	-
ALL OTHER OFFICERS & DIRECTORS AS A COMPANY UNNAMED (Estimated)	2023	**3.09**	-
	2022	**3.17**	-
	2021	**2.32**	-

The following are the five highest compensated officers of the Company:

1. **Ricardo Manuel M. Sarmiento** – CEO/President
2. **Stephanie Nicole S. Garcia** – EVP - CSO/CMS Director and Treasurer
3. **Reynaldo D. Ortega** – SVP & GM, Poultry & Food Sales Division
4. **Alicia G. Danque** – SVP & Feeds Business Unit Manager/ Alternate Corporate Information Officer
5. **Dilbert D. Tan** - VP & Finance Operations Director

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owners

The following are the owners of record and beneficial owners of more than 5% of the Corporation's voting securities as of December 31, 2022 are as follows:

Title of Class	Name, Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship w/ Record Owner	Citizenship	No. of Shares	Percent of Class
Common Shares	**PCD NOMINEE CORPORATION (FILIPINO)** 37/F The Enterprise Center, Ayala Avenue Corner, Makati City	Various Beneficial Owners	Filipino	2,919,303,240	95.58%
	KORMASINC, INC. 7th Floor, LTA Bldg., 118 Perea St. Legazpi Village, Makati City	Various Beneficial Owners	Filipino	1,480,532,604	48.47%
	CHOCOHOLIC HOLDINGS, INC. Vitarich Corporation Compound, Marilao San Jose Road Brgy. Sta. Rosa I, Marilao, Bulacan	Various Beneficial Owners	Filipino	705,666,000	23.10%

Security Ownership of Management

The number of common shares beneficially owned by directors and executive officers as of December 31, 2022 is as follows:

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	AMOUNT & NATURE OF BENEFICIAL OWNERSHIP	CITIZENSHIP	PERCENT OF CLASS
Common	Jose Vicente C. Bengzon III	10,000	Filipino	0.00%
Common	Rogelio M. Sarmiento	6,386,320	Filipino	0.21%
Common	Benjamin I. Sarmiento Jr.	199	Filipino	0.00%
Common	Ricardo Manuel M. Sarmiento	55,240,990	Filipino	1.81%
Common	Stephanie Nicole S. Garcia	104,359	Filipino	0.00%
Common	Lorenzo Vito M. Sarmiento III	500	Filipino	0.00%
Common	Vicente J.A. Sarza	1	Filipino	0.00%
Common	Pierre Carlo C. Curay	1	Filipino	0.00%
Common	Juan Arturo Iluminado C. de Castro	19,523,034	Filipino	0.64%
Common	Aison Benedict C. Velasco	0	Filipino	0.00%
Common	Mary Christine Dabu-Pepito	0	Filipino	0.00%
Common	Reynaldo D. Ortega	1,219,974	Filipino	0.04%
Common	Alicia G. Danque	0	Filipino	0.00%
Common	Dilbert D. Tan	0	Filipino	0.00%
Common	Emmanuel S. Manalang	0	Filipino	0.00%
Common	Elaine C. Nantes	0	Filipino	0.00%
Common	Carmencita S. Policarpio	0	Filipino	0.00%
Common	Ma. Diana M. Cuna	0	Filipino	0.00%

Item 12. RELATED PARTY TRANSACTIONS

The Company engages, in the normal course of business, in various transactions with its related parties which include stockholders, entities under common control, key management and others, as described below. Unless otherwise indicated, settlement of related party transactions is made thru cash.

Due to and from related parties

Trade Receivables. The Company sells animal feeds, raw materials, feed supplements and dressed chicken to related parties, which are due within 90 days and are noninterest bearing (see Note 7).

Advances to and from Related Parties. The Company grants unsecured advances to its related parties for working capital requirements. These are payable on demand, hence, are classified under current assets in the consolidated statements of financial position.

Trade Payable. The Company buys raw materials, hogs, and breeder flocks from related parties. These are noninterest-bearing and are generally on a 90-day credit term (see Note 14).

Operating leases - the Company as lessor. The Company is a lessor to related party leases covering the lease of a dressing plant, ice plant and rendering plant in Bulacan (i.e., dressing and rendering), which has a remaining lease term of around 3 years.

Summarized below are the outstanding accounts arising from these transactions (see Notes 7, 14 and 20):

		2022		2021	
Related Parties	Nature of Transactions	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Trade and other receivables					
Entities under common control	Sales	**₱509,194,217**		₱1,426,066,299	
	Collections	**(553,596,333)**	**₱218,397,603**	(1,358,918,127)	₱262,799,719
Trade and other payables					
Entities under common control	Purchases	**₱1,097,925,537**		₱1,744,904,273	
	Payments	**(1,183,299,952)**	**₱4,333,416**	(1,697,114,977)	₱89,707,830
Operating lease					
Entities under common control	Rental income	**₱19,877,100**		₱11,096,404	
	Collection	**(5,015,370)**	**20,122,723**	(5,835,411)	5,260,993

Advances to Officers

The Company grants unsecured, noninterest-bearing advances to its officers which are normally collected within one year through salary deduction (see Note 7). Certain officers also pay operating expenses on behalf of the Company which are payable upon demand (see Note 14). Shown below are the movements in the accounts.

		2022		2021	
	Nature of Transactions	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Advances to officers and employees	Net transactions	**₱6,589,468**	**₱19,003,504**	₱473,848	₱12,474,296

Compensation of Key Management Personnel

The compensation includes the following:

	2022	2021	2020
Short-term employee benefits	**₱55,480,527**	₱33,561,950	₱31,959,666
Retirement benefits	**5,010,571**	5,872,830	2,984,183
Others	**17,133,565**	10,784,789	11,868,367
	₱77,624,663	₱52,219,569	₱46,812,216

Voting Trust Holders of 5% or more

The Company is not aware of any person holding more than 5% of its common shares under a voting trust or similar agreement as there has been no voting trust agreement which has been filed with the Company and the Securities and Exchange Commission, as required under the Corporation Code.

Description of any arrangement which may result in a change in control of the Corporation

There are no arrangements that will affect or change the ownership.

PART IV – CORPORATE GOVERNANCE

Item 13. CORPORATE GOVERNANCE

The Company complies and adheres to its Amended Manual on Corporate Governance. The Board of Directors and the management, from time to time, make the necessary amendments to its policies and strategies to ensure business continuity while employing the best practices in corporate governance. The members of the Board of Directors disclose any potential or actual conflict of interest they may have in a transaction presented for approval of the Board. They likewise inhibit from the discussions and voting of the said transaction. The Company continues to improve its corporate governance practices. For the year 2022, it developed a Sustainability Dashboard containing its sustainability roadmap until 2030. The Sustainability Dashboard focuses on the Company's contributions to UN SDGs 2, 8, and 12. The Company likewise took steps to prepare and complete its Safe Workspace Policy last 2022.

PART V – EXHIBITS AND SCHEDULES

Item 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits

The exhibits, as indicated in the Index to Exhibits, are neither applicable to the Company nor require an answer.

(b) Reports on SEC Form 17-C

The following are the items reported under SEC Form 17-C for the year 2022.

Date of Report	REMARKS
January 27, 2022	Press Release: Power Supply Agreement with Corenergy
February 2, 2022	Appoinrment of Ms. Elaine Nantes as VP & QA/R&D Foods Technical Director
April 6, 2022	Appointment of Ms. Carmencita S. Policarpio as VP & General Manager
April 7, 2022	Press Release: Vitarich Statement on Reports of Avian Flu in the Philippines
April 8, 2022	Press Release: Vitarich Named a Leader in Supply Chain Community
April 13, 2022	Press Release: Vitarich Hits Record High Revenues of P9.7 billion in 2021
April 21, 2022	Notice of Annual General Meeting 2022
May 13, 2022	Press Release: Vitarich Delivers Record-High First Quarter Revenues
May 26, 2022	List of Stockholders entitled to vote as record date May 24, 2022
May 27, 2022	Advisement Letter for Distribution of DIS 2022
May 31, 2022	Amended Notice of Annual General Meeting 2022
June 24, 2022	Results of AGM and Organizational Meeting 2022
July 11, 2022	Appointment of Mr. Dilbert D. Tan as Vice President and Finance Operaions Director
August 4, 2022	Press Release: Vitarich Reports Record First-Half Revenues Amid Market
September 9, 2022	Resignation of Ms. Maria Alicia C. Arnaldo as EVP and CFO
September 13, 2022	Resignation of Glenmark R. Seducon as Chief Audit Executive
September 30, 2022	Appointment of Ms. Alicia C. Danque as Senior Vice President and Feeds Business Unit Manager
October 13, 2022	Press Release: Vitarich Honored as the Executive Leadership Team of the year
October 25, 2022	Press Release: Vitarich CEO Rocco Sarmiento joins panel discussion on digitalization
October 28, 2022	Appointment of Ms. Stephanie Nicole S. Garcia as EVP & Chief Sustailability Officer/ CMS Director/ Treasurer
November 7, 2022	Press Release: Vitarich renews ISO 22000 certification for food safetty
November 8, 2022	Press Release: Execution drives Vitarich revenues to new highs
December 1, 2022	Press Release: VITA CEO Rocco Sarmiento joins panel discussion on agriculture and food security
December 6, 2022	Appointment of Ms. Ma. Diana M. Cuna as SVP-Chief Human Resources Officer
December 21, 2022	Press Release: Largest Vitarich warehouse opens in Davao City

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code (now Section 177 of the Revised Corporation Code of the Philippines), this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Marilao, Bulacan on April 3, 2023.

By:

Ricardo Manuel M. Sarmiento
CEO & President
(Principal Executive Officer)

Marian A. Dionisio
Comptroller
(Principal Accounting Officer)

Stephanie Nicole S. Garcia
EVP & CSO/CMS Director/ Treasurer
(Principal Operating Officer)

Atty. Aison Benedict C. Velasco
Corporate Secretary

Dilbert Tan

Dilbert D. Tan
VP & Finance Operations Director
(Principal Finance Officer)

REPUBLIC OF THE PHILIPPINES)
PROVINCE OF BULACAN) SS

SUBSCRIBED AND SWORN to before me this 03 APR 2023 day of ________ 20__ affiant(s) exhibiting to me his/their Valid Identification numbers, as follows:

NAMES	VALID ID NO.	DATE OF EXPIRATION
Ricardo Manuel M. Sarmiento	Driver's License No. N03-94-158946	January 20, 2032
Stephanie Nicole S. Garcia	Philippine Passport No. P8599175B	December 28, 2031
Marian A. Dionisio	SSS No. 33-7232268-8	
Atty. Aison Benedict C. Velasco	Driver's License No. C10-95-114434	March 13, 2024
Dilbert D. Tan	Driver's License No. N01-97-218062	November 10, 2023

ATTY. NENITA DC. TUAZON
NOTARY PUBLIC
PNC-83-MB, 2022 UNTIL DEC. 31, 2024
SAN ... ACION I, MARILAO, BULACAN
IBP LIFE NO 591042/BULACAN/5.19/2003
PTR NO. 1068443 MARILAO, BULACAN 1/03/23
TIN NO. 170-907-664-000
ATTORNEY ROLL NO. 47194
MCLE EXEMPTION NO. VII-ACAD003959 UNTIL 04/14/2025
REISSUED ON APRIL 8, 2022

Notary Public

NENITA DC. TUAZON
NOTARY PUBLIC
ROLL NO. 47194
MARILAO, BULACAN

DOC. NO. 490
PAGE NO. 99
BOOK NO. 8
SERIES OF 2023

CONSOLIDATED FINANCIAL STATEMENTS

VITARICH

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Vitarich Corporation and Subsidiaries (the Company)** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein as at and for the year ended **December 31, 2022 and 2021** in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible in overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

Sycip Gorres Velayo and Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Jose Vicente C. Bengzon III
Chairman of the Board

Ricardo Manuel M. Sarmiento
President/Chief Executive Officer

Stephanie Nicole S. Garcia
Executive Vice President & Chief Sustainability Officer (CSO) /
Corporate Management Services Director / Treasurer

Signed this 3 day of April 2023

Main Office: Marilao- San Jose Road, Sta. Rosa I, Marilao, Bulacan 3019 Philippines
Tel. No.: 8843-3033

Subscribed and sworn to before me this ____ day of ______ at Marilao, Bulacan, Affiant exhibited to me their respective government-issued ID's as competent proof of their identities and acknowledged that they executed the same freely and voluntarily, to wit:

JOSE VICENTE C. BENGZON

RICARDO MANUEL M. SARMIENTO

STEPHANIE NICOLE S. GARCIA

Doc. No. 871;
Page No. 192;
Book No. 7;
Series of 2023.

ATTY. NENITA DC. TUAZON

BUREAU OF INTERNAL REVENUE
QUALITY ASSURANCE DIVISION
RECEIVED
APR 12 2023
ROSE MARCIANO

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

8	2	0	0	0	0	2	1	1	3	4

COMPANY NAME

VITARICH CORPORATION AND SUBSIDIARIES

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
rgdaragon@vitarich.com	(044) 8843-3033	(0918) 848 2000

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
4,313	Last Friday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Stephanie Nicole S. Garcia	nsg@vitarich.com	(044) 843-3033	(0918) 8482258

CONTACT PERSON'S ADDRESS

Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan

NOTE 1: [illegible]

2: [illegible]

BUREAU OF INTERNAL REVENUE
LTS DOCUMENT PROCESSING
& QUALITY ASSURANCE DIVISION
APR 1[illegible] 2023
RECEIVED
ROSE MARCIANO

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vitarich Corporation and Subsidiaries
Marilao-San Jose Road, Sta. Rosa I
Marilao, Bulacan

Opinion

We have audited the consolidated financial statements of Vitarich Corporation and Subsidiaries (the Company), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Adequacy of Allowance for Expected Credit Losses on Receivable from Insurance

The Company applies general approach in calculating expected credit losses (ECL) on its receivable from insurance. As at December 31, 2022, the carrying value of the Company's receivable from insurance amounted to ₱30.2 million. The Company is currently involved in legal proceedings to pursue the collection of the remaining balance of receivable from insurance. We considered this as a key audit matter because of the materiality of the amount involved, and the significant management judgment required in assessing whether the amount is impaired.

The disclosures on the receivable from insurance are included in Note 11 to the consolidated financial statements.

Audit Response

We obtained an understanding of the methodologies and models used for the Company's assessment on the recoverability of the receivable from insurance and the estimation of such account. We discussed with management the status of the legal proceedings and obtained correspondences and opinions of the external legal counsel. We obtained management's legal basis in pursuing the insurance claim. We also evaluated management's estimate of the amount and timing of the future cash inflows from the receivable and the related effective interest rate used to discount the cash flows by comparing them to internal and market data.

Fair Value of Biological Assets

The Company's biological assets are accounted for at fair value. The carrying value of the Company's biological assets amounted to ₱115.3 million as at December 31, 2022 and the Company's fair value adjustment on biological assets for the year then ended in the consolidated statement of comprehensive income amounted to ₱2.1 million. The valuation of biological assets is significant to our audit because the valuation process involves significant management estimate and is based on assumptions that can be affected by natural phenomena. The key assumptions for the fair value of the biological assets include the Company's forecasted hog prices, feasibility and mortality rate, estimated volume of production and future growing costs.

The disclosures on the fair value of biological assets are included in Notes 4, 8 and 17 to the consolidated financial statements.

SGV

Audit Response

We obtained an understanding of management's fair value measurement methodology and their process in valuing the biological assets. We tested the key assumptions used in the valuation, which include the livestock's future selling prices, harvestability and mortality rate, estimated volume of production and future growing costs, by comparing them to external data such as selling prices in the principal market and historical information.

We also assessed the adequacy of the related disclosures on the assumptions underlying the measurement of these biological assets.

Valuation of Investment Properties at Fair Value and Property, Plant and Equipment at Revalued Amounts

The Company accounts for its investment properties using the fair value model and property, plant and equipment (except transportation equipment and construction in progress) at revalued amounts. These properties represent 40.2% of the total consolidated assets as of December 31, 2022. We considered this as key audit matter since the determination of the fair values of these properties involves significant management judgment and estimation. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions such as sales and listing of comparable properties registered within the vicinity, adjustments to sales price, market rent levels, escalation rates, expected vacancy and bad debt rates, discount rates, and explicit forecast period based on internal and external factors. Other assumptions used in the valuation also include the current replacement cost of an asset and the related deductions for physical deterioration and other relevant forms of obsolescence.

The disclosures relating to property, plant and equipment and investment properties are included in Notes 11 and 12 of the consolidated financial statements, respectively.

Audit Response

We evaluated the competence, capabilities and qualifications of the external appraisers by considering their qualifications, experience and reporting responsibilities. We involved our internal specialist in the review of the methodology and assumptions used in the valuation of the properties. We assessed the methodology adopted by referencing common valuation models and assessed the relevant information supporting the sales and listings of comparable properties by checking the market prices of properties within the vicinity and the reproduction costs against current market prices on a sample basis. We evaluated the inputs and assumptions used with internal and external evidence such as lease rates, historical escalation, vacancy and bad debt rates, and published market data. We also inquired from the external appraisers the basis of adjustments made to the sales price.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Sheet), SEC Form 17-A and Annual Report for the year ended December 31, 2022 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is [illegible].

SYCIP GORRES VELAYO & CO.

[illegible signature]
[illegible] A. [illegible]
Partner
CPA Certificate No. [illegible]
Tax Identification No. [illegible]
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. [illegible]-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-[illegible]-2021, November 10, 2021, valid until November 9, 2024
PTR No. [illegible], January 3, 2023, Makati City

April [illegible], 2023

VITARICH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash (Note 6)	₱599,416,726	₱230,015,519
Trade and other receivables (Note 7)	801,943,523	855,711,691
Inventories and livestock (Note 8)	779,486,204	675,056,767
Other current assets (Note 9)	674,187,708	354,136,857
Total Current Assets	2,855,034,161	2,114,920,834
Noncurrent Assets		
Receivable from insurance (Note 10)	70,203,818	70,203,817
Property, plant and equipment - net (Note 11)		
At revalued amount	940,776,782	872,012,237
At cost	126,640,073	45,981,165
Investment properties (Note 12)	1,165,878,526	975,402,782
Right-of-use assets (Note 27)	58,520,616	38,921,675
Other noncurrent assets (Note 13)	31,116,873	23,150,407
Total Noncurrent Assets	2,393,136,688	2,025,672,083
TOTAL ASSETS	₱5,248,170,849	₱4,140,592,917
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 14)	₱2,561,708,961	₱1,757,148,278
Loans payable (Note 15)	505,476,475	405,704,228
Current portion of lease liabilities (Note 27)	15,413,461	17,906,891
Total Current Liabilities	3,082,598,897	2,131,697,381
Noncurrent Liabilities		
Loans payable - net of current portion (Note 15)	45,840,596	75,277,410
Cash bond deposits (Note 16)	56,298,659	48,355,088
Lease liabilities - net of current portion (Note 27)	26,885,996	34,946,276
Net retirement liability (Note 22)	110,859,964	169,161,290
Deferred tax liabilities - net (Note 23)	69,758,810	64,190,551
Total Noncurrent Liabilities	309,644,025	401,157,746
Total Liabilities	3,392,242,922	2,532,855,127
Equity		
Capital stock (Note 25)	1,269,846,525	1,163,846,522
Additional paid-in capital (Note 1)	1,470,859	1,470,859
Retained earnings	275,725,940	128,821,722
Other comprehensive income (Notes 11, 22 and 23)	308,884,603	313,599,688
Total Equity	1,855,927,927	1,607,738,790
TOTAL LIABILITIES AND EQUITY	₱5,248,170,849	₱4,140,592,917

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUE			
Sale of goods, net of discounts (Notes 17 and 28)	[illegible]	[illegible]	[illegible]
Fair value changes of biological assets (Notes 8, 9 and 11)	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
COST OF GOODS SOLD			
Cost of goods sold (Note 19)	[illegible]	[illegible]	[illegible]
Reversal of fair value changes of biological assets (Notes 8 and 9)	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
GROSS PROFIT	[illegible]	[illegible]	[illegible]
Operating expenses (Note 20)	[illegible]	[illegible]	[illegible]
Other operating income (Note 22)	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
OPERATING PROFIT	[illegible]	[illegible]	[illegible]
OTHER INCOME (EXPENSES)			
Interest expense (Notes 15, 24, and 27)	[illegible]	[illegible]	[illegible]
Interest income (Notes 6 and 7)	[illegible]	[illegible]	[illegible]
Gain on change in fair value of investment property (Note 12)	[illegible]	[illegible]	[illegible]
Other charges - net (Note 23)	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
INCOME BEFORE INCOME TAX	[illegible]	[illegible]	[illegible]
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 26)			
Current	[illegible]	[illegible]	[illegible]
Deferred	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
NET INCOME	[illegible]	[illegible]	[illegible]
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss:			
Actuarial gain (loss), net of tax [illegible] (Note 25)	[illegible]	[illegible]	[illegible]
Revaluation surplus on property, plant and equipment in 2022 and 2020, net of tax [illegible] (Note 11)	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
TOTAL COMPREHENSIVE INCOME	[illegible]	[illegible]	[illegible]
EARNINGS PER SHARE - BASIC AND DILUTED (Note 30)	[illegible]	[illegible]	[illegible]

See accompanying Notes to Consolidated Financial Statements.

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VITARICH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Capital Stock (Note 25)	Additional Paid-in Capital (Note 1)	Retained Earnings	Other Comprehensive Income (Notes 11, 22 and 25)	Total
Balances at December 31, 2021	₱1,163,648,525	₱1,475,859	₱155,821,752	₱19,959,284	₱1,340,905,420
Net income	–	–	118,506,959		118,506,959
Other comprehensive income	–	–	–	109,302,198	109,302,198
Total comprehensive income	–	–	118,506,959	109,302,198	227,809,157
Transfer to retained earnings of revaluation reserve realized through depreciation, net of deferred income tax (Note 11)	–	–	11,367,279	(11,367,279)	–
Balances at December 31, 2022	₱1,163,648,525	₱1,475,859	₱285,695,990	₱117,894,203	₱1,568,714,577

	Capital Stock (Note 25)	Additional Paid-in Capital (Note 1)	Retained Earnings	Other Comprehensive Income (Notes 11, 22 and 25)	Total
Balances at December 31, 2020	₱1,163,648,525	₱1,475,859	₱[illegible]	₱15,946,[illegible]	₱[illegible]
Net income	–	–	95,461,914	–	95,461,914
Other comprehensive income	–	–	–	5,435,617	5,435,617
Total comprehensive income	–	–	95,461,914	5,435,617	[illegible]
Transfer to retained earnings of revaluation reserve realized through depreciation, net of deferred income tax (Note 11)	–	–	[illegible]	([illegible])	–
Balances at December 31, 2021	₱1,163,648,525	₱1,475,859	₱155,821,752	₱19,959,284	₱1,340,905,420

	Capital Stock (Note 23)	Additional Paid-in Capital (Note 1)	Retained Earnings (Deficit)	Other Comprehensive Income (Notes 11, 12 and 17)	Total
Balances at January 1, 2020	₱1,163,646,525	₱1,470,856	₱68,115,397	₱327,153,955	₱1,517,231,867
Net income	–	–	9,285,476	–	9,285,476
Other comprehensive loss	–	–	–	(4,456,784)	(4,456,784)
Total comprehensive income (loss)	–	–	9,285,476	(4,456,784)	4,828,692
Transfer to retained earnings of revaluation reserve realized through depreciation, net of deferred income tax (Note 11)	–	–	3,702,279	(3,702,279)	–
Balances at December 31, 2020	₱1,163,646,525	₱1,470,855	₱81,157,348	₱318,994,892	[illegible]

[illegible]

VITARICH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱104,588,575	₱113,985,759	₱28,627,385
Adjustments for:			
Depreciation and amortization (Notes 11, 12 and 13)	105,675,348	96,388,677	92,671,958
Interest expense (Notes 15 and 21)	48,081,976	33,081,268	34,464,582
Loss (gain) on fair value changes of biological assets (Note 17)	(18,990,418)	12,094,227	(15,093,757)
Retirement benefit expense (Note 22)	22,886,509	[illegible]	[illegible]
Gain on fair value changes of investment property (Note 12)	(14,998,672)	[illegible]	[illegible]
Gain on pretermination of lease contract (Notes 21 and 27)	–	–	[illegible]
Loss on disposal of property, plant and equipment, and investment property, and right-of-use assets (Notes 11, 12, 13 and 27)	4,807,748	1,969,598	2,260,652
Interest income (Notes 6 and 7)	(2,095,498)	[illegible]	[illegible]
Operating income before working capital changes	270,867,215	[illegible]	[illegible]
Decrease (increase) in:			
Trade and other receivables	(28,941,232)	(15,908,456)	[illegible]
Inventories and livestock	(297,865,698)	[illegible]	[illegible]
Other current assets	(174,879,536)	[illegible]	[illegible]
Other noncurrent assets related to operations	(15,705,668)	[illegible]	[illegible]
Increase (decrease) in:			
Trade and other payables	257,576,698	[illegible]	[illegible]
Customers' deposits	6,247,578	7,364,612	(851,208)
Net cash generated from (used in) operations	(8,259,152)	[illegible]	[illegible]
Income taxes paid	(41,802,297)	[illegible]	[illegible]
Retirement benefits paid (Note 22)	(6,124,168)	(3,808,959)	(2,009,180)
Interest received	168,498	143,677	202,591
Net cash provided by (used in) operating activities	(55,617,598)	[illegible]	[illegible]
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Note 11)	(116,239,250)	[illegible]	[illegible]
Investment properties (Note 12)	(141,872,786)	[illegible]	[illegible]
Proceeds from sale of property, plant and equipment	200,000	1,325,000	–
Net cash used in investing activities	(257,912,036)	[illegible]	[illegible]
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of loans (Note 15)	2,540,999,191	[illegible]	[illegible]
Payments of loans (Note 15)	(1,965,480,226)	[illegible]	[illegible]
Interest paid	(49,778,470)	[illegible]	[illegible]
Payments of principal portion of lease liabilities (Note 27)	(26,808,548)	[illegible]	[illegible]
Net cash provided by (used in) financing activities	448,938,581	[illegible]	[illegible]
NET INCREASE (DECREASE) IN CASH	135,408,887	82,711,152	(3,340,420)
CASH AT BEGINNING OF YEAR	220,615,585	[illegible]	[illegible]
CASH AT END OF YEAR	₱356,024,226	[illegible]	[illegible]

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Vitarich Corporation (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 31, 1962 to engage primarily in manufacturing, growing and selling of feeds and livestock. The Parent Company's shares of stock were registered with the Philippine Stock Exchange on February 8, 1995.

The subsidiaries of the Parent Company are as follows:

		Percentage	
	Line of Business	**2022**	2021
Barbatos Ventures Corporation (BVC)*	Poultry dressing	**100%**	–
Gromax, Inc. (Gromax)**	Manufacturing	**100%**	100%

**Acquired by the Parent Company effective January 1, 2022 (see Note 33).*
***Ceased operations in 2015*

The Parent Company and its subsidiaries are collectively referred herein as "the Company".

On October 16, 2013, the SEC approved the Parent Company's increase in authorized capital stock to ₱3.5 billion and the conversion of Parent Company debts amounting to ₱2.4 billion to Kormasinc, Inc. (Kormasinc) into equity at one share of common stock for every ₱1.00 debt. Of the converted debt, ₱90.0 million was applied as payment for 90,030,236 shares from unissued shares and ₱2.3 billion was applied as payment for additional shares from the increase in authorized capital.

With the debt to equity conversion and significant improvement in the Parent Company's operations, the Regional Trial Court of Malolos, Bulacan (the Rehabilitation Court) approved the Parent Company's exit from corporate rehabilitation on September 16, 2016.

On December 22, 2017, the SEC approved the debt to equity conversion of the remaining payable of ₱407.1 million to Kormasinc at ₱1.52 a share increasing Kormasinc's ownership interest from 69.20% to 71.90% (see Note 25).

On June 30, 2017, the Parent Company's stockholders approved the Parent Company's plan to undergo a quasi-reorganization. The Parent Company reduced the par value of the Parent Company's shares and the existing additional paid-in capital and outstanding revaluation surplus was applied to eliminate the Parent Company's deficit of ₱2.2 billion as at December 31, 2017.

On July 11, 2018, the SEC approved the change in par value which resulted to a decrease in the capital stock of the Parent Company from ₱3.5 billion divided into 3.5 billion shares with par value of ₱1.00 each to ₱1.3 billion divided into 3.5 billion shares with par value of ₱0.38 each. The reduction in par value resulted to recognition of additional paid-in capital of ₱1.9 billion. On July 18, 2018, the Parent Company received the Certificate of Approval of Equity Restructuring to wipe out the deficit as of December 31, 2017 in the amount of ₱2.3 billion against the additional paid in capital of ₱2.3 billion.

On May 31, 2018, the SEC approved the shortening of the corporate life of Gromax until November 10, 2019. Gromax ceased operations since 2015. In 2018, the Company recognized an impairment loss of ₱7.4 million which pertains to assets that are no longer recoverable.
As of April 1, 2023, the liquidation process of Gromax is ongoing.

The registered principal place of business of the Parent Company is located at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan. The Parent Company has operating offices in Luzon, Iloilo and Davao, and maintains satellite offices in southern Philippines.

The consolidated financial statements were authorized for issue by the Board of Directors (BOD) on April 1, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared on a going concern basis. All amounts are stated at historical cost, except for property, plant and equipment (excluding transportation equipment and construction in-progress) which are stated at revalued amount, and investment properties and biological assets which are stated at fair value.

The consolidated financial statements of the Company are presented in Philippine Peso, the Company's functional and presentational currency. All values represent absolute amounts except when otherwise stated.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs) issued by the Philippine Financial Reporting Standards Council (FRSC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC. This financial reporting framework includes all applicable PFRSs, Philippine Accounting Standards (PAS), interpretations from the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC), and SEC provisions.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31 of each reporting date. Control is achieved when the Parent Company 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 Parent Company controls an investee if, and only if, it 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.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; or
- The Parent Company's voting rights and potential voting rights.

The Company reassesses 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 from the date of acquisition, being the date 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 financial statements 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 Company and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is considered as an acquisition or disposal of noncontrolling interest and is accounted for as an equity transaction. The difference between the amount by which the noncontrolling interest is adjusted and the fair value of the consideration paid or received is recorded directly in equity.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, noncontrolling interest and other components of equity, while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions and gains and losses resulting from intra-group transactions and dividends are eliminated in full during consolidation.

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any noncontrolling interests in the acquiree. For each business combination, the Parent Company elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Parent Company 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. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments*, is measured at fair value with the changes in fair value recognized in the consolidated statement of comprehensive income in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in the consolidated statement of comprehensive income.

If the acquisition of an asset or a group of assets does not constitue a business, the Parent Company identifies and recognizes the individual identified assets acquired (including those assets that meet the definition of and recognition criteria for intangible assets) and liabilities assumed.

Current versus Noncurrent Classification
The Company presents assets and liabilities in the consolidated statements of financial position based on current/noncurrent classification.

An asset is current when:
- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within 12 months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as noncurrent.

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

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Company determines the policies and procedures for fair value measurements on financial instruments, biological assets, property, plant and equipment and investment properties.

External valuers are involved for valuation of significant assets, such as property, plant and equipment and investment properties. The involvement of external valuers is determined annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyzes the movements in the values of assets and liabilities which are required to be remeasured or reassessed per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company, in conjunction with the external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company 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.

<u>Cash</u>
Cash includes cash on hand and in banks. Cash in banks earn interest at prevailing bank deposit rates.

<u>Financial Instruments</u>
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.

<u>Financial Assets</u>
Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company 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.

The Company'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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company 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) and financial assets at FVTPL.

- *Financial Assets at Amortized Cost (Debt Instruments)*. This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:
  - the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

  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 the consolidated statements of comprehensive income when the asset is derecognized, modified or impaired.

  Financial assets at amortized cost are classified as current assets when the Group expects to realize the asset within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

  As at December 31, 2022 and 2021 the Company's cash, trade and other receivables, receivable from insurance and security deposits (presented under "Other noncurrent assets") are classified under this category.

The Company has no debt and equity instruments at FVOCI and at FVTPL as at December 31, 2022 and 2021.

Impairment of Financial Assets. The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. 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.

Determining the Stage for Impairment. At each reporting date, the Company assesses whether there has been a significant increase in credit risk (SICR) for financial assets since initial recognition by comparing the risk of a default occurring over the expected life between the reporting date and the date of initial recognition. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Staging Assessment. PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been SICR of a financial asset. Three stages are established to determine the amount of impairment to be recognized:

- Stage 1 is comprised of all financial instruments which have not experienced SICR since initial recognition. The Company is required to recognize 12-month ECL for stage 1 financial instruments.
- Stage 2 is comprised of all financial instruments which have experienced SICR since initial recognition. The Company is 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 SICR since initial recognition, then the Company 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 negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the requirements under PAS 39, *Financial Instruments: Recognition and Measurement*, for impaired financial instruments.

General Approach for Cash, Other Receivables, Receivable from Insurance, and Security Deposit. For cash, other receivables, receivable from insurance and security deposits, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been SICR on its cash, other receivables, receivable from insurance and security deposits since initial recognition.

For cash in banks, the Company assessed that placements are with reputable counterparty banks that possess good credit ratings. For receivable from insurance, the Company assessed the timing and amount of expected net recoveries in calculating the ECL. For other receivables and security deposits, the Company used external benchmarking which compares the internal credit risk rating of certain debtor with the external rating agencies and use the latter's estimate of probability of default (PD) for similar credit risk rating.

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

The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Note 4, *Significant Judgment, Accounting Estimates and Assumptions*
- Note 7, *Trade and Other Receivables*

Derecognition of Financial Assets. A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of ownership of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings 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, net of directly attributable transaction costs.

Subsequent Measurement. For purposes of subsequent measurement, financial liabilities are classified in two categories: financial liabilities at amortized cost and financial liabilities at FVTPL.

- *Financial Liabilities at Amortized Cost.* This is the category most relevant to the Company. After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

  Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

  As at December 31, 2022 and 2021, the Company's trade and other payables (excluding statutory payables), loans payable, lease liabilities and cash bond deposits are classified under this category.

The Company has no financial liabilities at FVTPL and derivatives designated as hedging instruments in an effective hedge as at December 31, 2022 and 2021.

Derecognition of Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original EIR, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the consolidated statement of comprehensive income. On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. The gross carrying amount of the financial liability is recalculated as the present value of the modified contractual cash flows discounted at the original EIR and recognizes modification gain or loss. Cost or fees incurred adjust the carrying amount of the financial liability and are amortized over the remaining term of the modified financial liability.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

The Company 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 insolvency or bankruptcy of the Company and all of the counterparties.

Inventories
The Company recognizes inventories when the risk and rewards of ownership are transferred to the Company (i.e., usually upon receipt from local suppliers and upon delivery of the goods to the carrier from importation).

Inventories are valued at the lower of cost and net realizable value (NRV). The purchase price and costs incurred in bringing each product to its present location are accounted for as follows:

Raw Materials and Feeds Supplements, Supplies and Animal Health Products - Weighted Average Method. All costs directly attributable to acquisition such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities are included as part of costs of these inventories.

Finished Goods - Weighted Average Method. All costs directly attributable to acquisition such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities are included as part of costs of these inventories. Included also are the costs of direct materials, labor and manufacturing overhead.

NRV of finished goods is based on the estimated selling price in the ordinary course of business, less the cost of marketing and distribution. NRV of raw materials and supplies is the current replacement cost.

Livestock
Livestock consist of biological assets such as day-old chicks after undergoing hatching process, chicks which are grown as chicken broilers, hatching eggs which are recorded under raw materials, and live, fresh, frozen and cut-ups chicken which are recorded under finished goods.

Day-old Chicks and Chicken Broilers. These are accounted for as biological assets in accordance with PAS 41, *Agriculture*. The Company recognizes the amount of fair value adjustment on agricultural produce that are in the ending inventory and inventories sold during the year. The valuation takes into consideration input based on hatchability rate of eggs, mortality of chicks being grown as chicken broilers and estimated future cash flows to be incurred in hatching the eggs and growing the chicks. The market prices are derived from unobservable market prices. The prices are reduced for costs incurred in dressing the chicken and freight costs to market, to arrive at a net fair value at farm gate. The fair value adjustments of livestock that are in inventory and sold during the year is presented as part of consolidated statement of comprehensive income.

Raw Materials (Hatching Eggs) - Weighted Average Method. All costs directly attributable to acquisition such as the purchase price and taxes that are not subsequently recoverable from taxing authorities are included as part of costs of these inventories.

Finished Goods (Live, Fresh, Frozen and Cut Ups Chicken) - Weighted Average Method. The costs include all costs of the chicken broilers, labor and manufacturing overhead costs.

Other Current and Noncurrent Assets
Other current assets consist of creditable withholding taxes (CWT), prepayments, input value-added taxes (VAT) and advances to suppliers, contract growers and breeders.

CWT. CWT represents the amount withheld at source by the Company's customers in relation to its income. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations. CWT is stated at its estimated NRV.

Advances to Suppliers. Advances to suppliers consist of payments in advance of raw materials, supply labor tools, subscriptions, memberships, and other fees.

Advances to Contract Growers and Breeders. Advances to contract growers and breeders pertain to animal health products, feeds and fees.

Prepayments. Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time.

Prepayments are classified as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent assets.

VAT. Input value-added taxes (VAT) represent VAT imposed on the Company by its suppliers for the acquisition of goods and services. Output VAT represents indirect tax on consumption levied on the sale of goods and services, which is passed on by the Company to its customers. Where VAT incurred on the purchase of an asset or services is not recoverable from the taxation authority, such VAT is recognized as part of the cost of acquisition of the asset or part of the expense item, as applicable.

When output VAT exceeds input VAT, the excess is recognized as payable in the statement of financial position. When input VAT exceeds output VAT, the excess is recognized as an asset (presented under “Other current assets”) in the statement of financial position to the extent of the recoverable amount.

Other noncurrent assets consist of right-of-use asset, project development costs, security deposits and computer software.

Project Development Costs. These costs represent capitalized development costs which are accounted for under the cost model. The cost of the asset is the amount of cash paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition or production.

Costs associated with research activities are recognized as expense in the consolidated statement of comprehensive income as these are incurred. Costs that are directly attributable to the development phase of the Company’s aqua feeds and aqua culture projects are recognized as project development cost provided, they meet the following recognition requirements:
a. there is a demonstration of technical feasibility of the prospective product for internal use or sale;
b. the intangible asset will generate probable economic benefits through internal use or sale;
c. sufficient technical, financial and other resources are available for completion; and
d. the intangible asset can be reliably measured.

All other development costs are expensed as incurred.

Security Deposits. These represent rental deposits paid by the Company and will be returned at the end of the lease term. These qualify as financial assets.

Computer Software. Computer software acquired is measured on initial recognition at cost. Subsequent to initial recognition, computer software is carried at cost less any accumulated amortization and any impairment losses. Internally generated computer software, excluding capitalized development costs, is not capitalized and expenditure is charged against the consolidated statement of comprehensive income in the year in which the expenditure is incurred.

Computer software is amortized on a straight-line basis over the economic useful life of three years and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortization period and method for computer software are reviewed at least at each reporting date. Changes in the expected useful life 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 a change in accounting estimates.

Gains or losses arising from disposition of computer software measured as the difference between the disposal proceeds and the carrying amount of the asset, are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Property, Plant and Equipment

Property, plant and equipment (except for transportation equipment and construction in-progress) are stated at revalued amount as determined by an independent firm of appraisers. Transportation equipment is stated at cost less accumulated depreciation and any impairment in value.

The cost of an asset at initial recognition comprises its purchase price and directly attributable costs of bringing the asset to working condition and location for its intended use. Expenditures for major additions, improvements and renewals are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

Subsequent to initial recognition at cost, property, plant and equipment (except for transportation equipment and construction in-progress) are carried at revalued amount less any subsequent accumulated depreciation, amortization and any accumulated impairment losses. Fair market value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Any revaluation reserve is credited to "Revaluation reserve" account presented under the "Other comprehensive income" section of the consolidated statement of financial position. Any decrease in the revaluation surplus of the same asset is charged to OCI to the extent of any credit balance existing in the revaluation surplus in respect of that asset and the remaining decline, if any, is recognized in the consolidated statement of comprehensive income.

Annually, an amount from the "Revaluation reserve" account is transferred to "Retained earnings" under the "Equity" section in the consolidated statement of financial position for the depreciation relating to the revaluation reserve, net of related taxes. Upon disposal, any revaluation reserve relating to the particular asset sold is transferred to "Retained earnings." Revaluations are performed every two years ensuring that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets (except for land).

The depreciation and amortization periods for property, plant and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Machinery and equipment	10 to 20 years
Buildings	20 years
Leasehold and land improvements	2 to 5 years or lease term, whichever is shorter
Office furniture, fixtures and equipment	3 to 10 years
Transportation equipment	4 to 5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The estimated useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in-progress (CIP) pertains to properties under construction and is stated at cost. Cost includes costs of construction, labor and other direct costs. CIP is not depreciated until such time that the relevant assets are completed and available for operational use.

Fully depreciated assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

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 of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of comprehensive income in the year the item is derecognized.

Investment Properties

Investment properties, accounted for under the fair value model, are property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at acquisition cost, including transaction costs. Subsequently, investment properties are stated at fair value as determined by independent appraisers on an annual basis. The carrying amount recognized in the consolidated statement of financial position reflects the prevailing market conditions at the end of each reporting period.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognized in the consolidated statement of comprehensive income.

No depreciation charges are recognized on investment properties accounted for under the fair value method.

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal.

Rental income and operating expenses from investment properties are reported as part of "Other operating income" and "Operating expenses," respectively, in the consolidated statements of comprehensive income.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under "Property, plant and equipment" up to the date of change in use.

Impairment of Nonfinancial Assets

Nonfinancial assets consisting of property, plant and equipment, investment properties, right-of-use assets, computer software and project development costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash generating unit (CGU) is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction, while value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life. 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 time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the consolidated statement of comprehensive income.

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. 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 comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over remaining useful life.

Equity

Capital Stock and Additional Paid-in Capital (APIC). Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as APIC. Incremental costs incurred directly attributable to the issuance of new shares are recognized in equity as deduction from proceeds, net of tax. Unpaid subscriptions are recognized as a reduction of subscribed capital shares.

OCI. OCI comprises of items of income and expense that are not recognized in profit or loss for the year in accordance with PFRSs. OCI of the Company pertains to revaluation reserve on property, plant and equipment and accumulated remeasurement gains and losses on retirement liability - net.

Retained Earnings. Retained earnings represents the accumulated net income or losses, net of any dividend declaration. Retained earnings may also include effect of changes in accounting policy as may be required by a standard's transitional provisions.

Revenue Recognition

The Company is engaged in the growing, production and distribution of chicken broilers, either as live or dressed, manufacture and distribution of animal feeds, animal health and nutritional products, and feed supplements and production of day-old chicks. 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 Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

Revenue from sale of live or dressed chicken, animal feeds, animal health and nutritional products, and feed supplements and day-old chicks is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery. The normal credit term is 30 to 90 days upon delivery.

The Company 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, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

The variable consideration is estimated at contract inception and 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.

The following specific recognition criteria must also be met before revenue is recognized.

Sale of Goods. Revenue is recognized at point in time when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

Tolling. Revenue is recognized over time when the performance of contractually agreed tasks have been substantially rendered.

Other Income. Other income is recognized when earned. Revenue is measured at the fair value of the consideration received.

Rights of Return
For sale of animal feeds, certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in PFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognizes a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

Contract Balances
Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade Receivables. A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

As at December 31, 2022 and 2021, the Company does not have contract assets and contract liabilities.

Right of Return Assets. Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund Liabilities. A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

As at December 31, 2022 and 2021, the Company's estimated right of return assets and refund liabilities are not material.

Revenue Outside the Scope of PFRS 15
Interest income. Interest income is recognized as the interest accrues on a time proportion basis taking into account the principal amount outstanding and effective yield on the assets.

Rentals. Revenue from operating leases is recognized on a straight-line basis over the lease term.

Cost and Expense Recognition
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. These are recognized in the consolidated statement of comprehensive income in the period these are incurred and are measured at the fair value of the consideration paid or payable.

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease - 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.

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

Right-of-Use Assets. The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, amortization is calculated using the estimated useful life of the assets.

The amortization periods for the right-of-use asset, based on the above policies, are as follows:

Asset Type	Number of Years
Right-of-use asset - transportation equipment	5 years
Right-of-use asset – building	2 to 5 years

Lease Liabilities. At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The 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 Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in 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 and Leases of Low-value Assets. The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Pre-termination of Lease Contracts. The Company, as a lessee, reassesses whether it is reasonably certain not to exercise a termination option upon the occurrence of either a significant event or a significant change in circumstances that: (a) is within the control of the Company; and (b) affects whether the Company is reasonably certain to exercise an option not previously included in its determination of lease term, or not to exercise an option previously included in its determination of the lease term. Pre-termination of the lease will result in the derecognition of the right-of-use assets and lease liability and recognition of a pre-termination gain or loss.

Company as a Lessor
Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Employee Benefits
Short-term benefits. The Company provides short-term benefits to its employees in the form of basic pay, 13th month pay, bonuses, employer's share on government contribution, and other short-term benefits.

Retirement Benefits. The Company has a partially funded, noncontributory retirement plan, administered by trustees, covering their permanent local employees. Costs of retirement benefits are actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income in the consolidated statement of comprehensive income.

Past service costs are recognized in the statements of comprehensive income on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

Net interest on the net retirement liability or asset is the change during the period in the net retirement liability or asset that arises from the passage of time which is determined by applying the discount rate.

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 OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of plan assets (FVPA) is based on market price information. When no market price is available, the FVPA 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 FVPA is higher than the present value of the defined benefit obligation (DBO), 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 defined benefit asset or liability is the aggregate of the present value of the DBO and FVPA on which the liabilities are to be settled directly. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities necessary to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are available for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects to the extent that they are regarded as an adjustment to interest cost.

Interest expenses are expensed as incurred.

Income Taxes

Income tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized directly in equity or recognized in OCI.

Current Tax. Current income tax assets and liabilities for the current and prior years 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 period.

Deferred Tax. Deferred tax is provided on all temporary differences 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: (1) when the deferred tax liability arises from the initial recognition of goodwill or 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 taxable profit or loss; and (2) 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, the carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry-over (NOLCO) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carryforward benefit of unused tax credits and unused tax losses can be utilized except: (1) when the deferred income 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 taxable profit or loss; and (2) 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 taxable income will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) in effect at the reporting date.

Deferred tax assets and 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.

Foreign Currency Transactions
The Company determines its own functional currency and items included in the consolidated financial statements are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency exchange rate ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. 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 on translation of nonmonetary 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.

Related Party Transactions
Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity

and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

Provisions and Contingencies
Provisions for legal claims are recognized when (1) the Company has a present legal or constructive obligation as a result of past events, (2) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (3) a reliable estimate can be made of the amount of the obligation. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Earnings Per Share
The Company presents basic and diluted earnings per share rate for its shares.

Basic earnings per share (EPS) is calculated by dividing net income for the year attributable to equity holders of the Company by the weighted average number of shares outstanding during the year, excluding common shares purchased by the Company and held as treasury shares, if any, and after giving retroactive effect to any stock dividend declarations.

Diluted EPS is computed in the same manner, adjusted for the effect of the shares issuable to qualified officers and employees under the Company's stock incentive plan which are assumed to be exercised at the date of grant. Where the effect of the vesting of stock under the stock incentive plan is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Segment Reporting
Operating segments are components of the Company: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Company); (b) whose operating results are regularly reviewed by the Company's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of management reporting, the Company's operating businesses are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

Events After the Reporting Period
Post year-end events that provide additional information about the Company's financial position at the end of reporting year (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

3. New and Amended Standards and Interpretations

Adoption of Amendments to Standards and Interpretation
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The adoption of these standards did not have significant impact on the Company's financial statements. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards, Subsidiary as a First-time Adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 Per Cent' Test for Derecognition of Financial Liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

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

Effective beginning on or after January 1, 2023
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*
- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

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*

4. **Significant Judgments, Accounting Estimates and Assumptions**

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

Judgments

In the process of applying the Company'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:

Determination of Operating Segments. Determination of operating segments is based on the information about components of the Company that management uses to make decisions about operating matters. Operating segments use internal reports that are regularly reviewed by the Company's chief operating decision maker, which is defined to be the Company's BOD, in order to allocate resources to the segment and assess its performance. The Company reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) the assets of the segment are 10% or more of the combined assets of all operating segments.

The Company has three reportable operating segments which are its foods, feeds and farms segments, and one geographical segment as the Company's operations are located in the Philippines. The Company operates and derives all its revenue from domestic operations. Thus, no further disclosures of geographical segments are necessary.

Assessment of Legal Contingencies. The estimate of the probable costs for the resolution of possible claims have been developed in consultation with external counsel handling the Company's defense in these matters and is based upon an analysis of potential results.

There are ongoing litigations filed against the Company that management believes would not have a material adverse impact on the Company's financial condition and results of operations.

Disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only general descriptions were provided.

Classification of Properties. The Company classifies its property as owner-occupied based on its current intentions where the property will be used. When the property is held for capital appreciation or when management is still undecided as to its future use, land is classified as investment property. Property used in operations are classified as owner-occupied property and included as part of property, plant and equipment.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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 described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimation of ECL of Receivable from Insurance. As discussed in Note 10, the Company has an outstanding claim for typhoon damages from an insurance company. The Company is currently involved in legal proceedings to pursue the collection of the remaining balance of receivable from insurance. The determination of whether the insurance claims receivable is realizable requires management's estimate of the amount and timing of the future cash inflows from this receivable and the related EIR used to discount the cashflows.

Management and its legal counsel believe that the ongoing litigation on the remaining claims will not result in any significant adverse impact on the Company's financial condition and results of operations.

Receivable from insurance amounted to ₱70.2 million as at December 31, 2022 and 2021. Allowance for ECL related to receivable from insurance amounted to ₱71.5 million as at December 31, 2022 and 2021 (see Note 10).

Estimation of Fair Value of Biological Assets. The fair values of the Company's livestock are based on the most reliable estimate of market prices at the point of harvest.

The following table provides a description of the various biological asset types, shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Description	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
Day-old chicks - These are hatched from eggs with hatching period of 21 days.	Income approach. The valuation model considers the net cash flows expected to be generated from the sale of day-old chicks. The cash flow projections include specific estimates for the hatching period. The valuation model also considers the hatchability rate. Due to the short hatching period, discounting is generally ignored.	Inclusive of: ▪ Estimated future sale price of day-old chicks ▪ Estimated hatchability and mortality rate ▪ Estimated volume of production ▪ Estimated costs to be incurred in the hatching process	The estimated fair value would increase (decrease) if: ▪ the estimated sale price was higher (lower); ▪ the estimated cash inflows based on forecasted sales were higher (lower); ▪ the estimated; hatchability rate was higher (lower); ▪ the estimated volume of production was higher (lower) or ▪ the estimated costs to be incurred in the hatching process were lower (higher).

Description	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
Growing broilers - These are grown from chicks for a period of 30 days	Income approach. The valuation model considers the net cash flows expected to be generated from the sale of fully-grown broilers as dressed chickens. The cash flow projections include specific estimates for the volume of harvest considering the mortality rates. Due to the short growing period of chicks into broilers, discounting is generally ignored.	Inclusive of: ▪ Estimated future sale price of dressed chicken (growing broilers) or breeder chicken (parent stock) ▪ Estimated mortality rate ▪ Estimated volume of production ▪ Estimated costs to be incurred in the growing process	The estimated fair value would increase (decrease) if: ▪ the estimated sale price was higher (lower); ▪ the estimated cash inflows based on forecasted sales were higher (lower); ▪ the estimated mortality rate was lower (higher); ▪ the estimated volume of production was higher (lower);or ▪ the estimated costs to be incurred in the growing process were lower (higher).
Parent stock	Income approach. The valuation model considers the net cash flows expected to be generated from the day-old chicks that will be born. The cash flow projections include specific estimates for the volume of harvest considering the mortality rates. Due to the short growing period of chicks into parent stock, discounting is generally ignored.	Inclusive of: ▪ Estimated future sale price of breeder chicken (parent stock) ▪ Estimated mortality rate ▪ Estimated volume of raised breeder chicken (parent stock) ▪ Estimated costs to be incurred in the growing process	The estimated fair value would increase (decrease) if: ▪ the estimated sale price was higher (lower); ▪ the estimated cash inflows based on forecasted purchased were higher (lower); ▪ the estimated mortality rate was lower (higher); ▪ the estimated volume of raised breeder chicken was higher (lower);or ▪ the estimated costs to be incurred in the growing process were lower (higher).

The changes in fair value of biological assets are recognized under sales amounting to ₱12.1 million, ₱55.1 million and ₱199.5 million in 2022, 2021 and 2020, respectively, and under cost of sales amounting to ₱1.1 million, ₱78.0 million and ₱184.4 in 2022, 2021 and 2020, respectively (see Note 17).

Revaluation of Property, Plant and Equipment (excluding Transportation Equipment and CIP) and Investment Properties. The Company carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statements of comprehensive income. In addition, the Company measures property, plant and equipment (excluding transportation equipment and CIP) at revalued amounts, with changes in fair value being recognized in OCI.

In determining the appraised values of the property, plant and equipment and investment properties, the Company hired independent firms of appraisers as at December 31, 2022 and 2021. In order to arrive at a reasonable valuation, the appraisers personally inspected the properties, requested information from reputable sources and considered the following: (a) utility and market value of the land; (b) cost of reproduction of the replaceable property; (c) current prices for similar-use property in the second-hand market; (d) age, condition, past maintenance, and present and prospective serviceability in comparison with new assets of similar kind; (e) accumulated depreciation; (f) lease rates and, (g) recent trends and development in the industry concerned.

The fair values of the land classified as part of investment properties and under property, plant and equipment were derived using the sales comparison approach. Under this approach, the value of the land is based on the sales and listings of comparable properties registered within the vicinity. This approach requires the establishment of comparable properties by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property to those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison was premised on factors such as location, size and shape of the land, and time element which are the most significant unobservable inputs on the valuation. Although this input is subjective, management considers that the overall valuation would not be materially affected by reasonable and possible alternative assumptions.

The fair values of property, plant and equipment (except for land) and investment properties (except for land and the Bulacan and Davao dressing plants) were arrived at using the cost reproduction approach as there is a lack of comparable market data because of the nature of the properties. Under this approach, the most significant inputs are estimates of the current cost of reproduction of the replaceable property in accordance with the current market prices for materials, labor, manufactured equipment, contractor’s overhead and profit and fees, but without prior provision for overtime or bonuses for labor and premiums for materials. Adjustments are then made to reflect depreciation resulting from physical deterioration and obsolescence to arrive at a reasonable valuation which is an unobservable input.

The fair values of the Company’s dressing plants in Bulacan and Davao which are classified as investment properties were arrived at using the income approach. Under this approach, the value of an asset is determined by reference to the value of income, cash flow, or cost savings generated by the asset. Assumptions are made including base rental, escalation rate, vacancy and bad debt allowance, discount rate, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period. Although these inputs are subjective, management considers that the overall valuation would not be materially affected by reasonable and possible alternative assumptions.

In 2022 and 2020, the Company’s property, plant and equipment (except transportation equipment and CIP) were reappraised by an independent firm of appraisers resulting to an additional revaluation gain of ₱99.3 million and ₱30.9 million before tax effect, respectively. The carrying value of property, plant and equipment at revalued amount amounted to ₱942.8 million and ₱872.0 million as at December 31, 2022 and 2021, respectively. No revaluation was made in 2021 (see Note 11).

In 2022, 2021 and 2020, the Company's investment properties were reappraised by independent firms of appraisers resulting to an additional fair value gain of ₱54.0 million, ₱1.3 million and ₱4.1 million, respectively (see Note 12). The carrying value of investment properties amounted to ₱1,165.9 million and ₱973.4 million as at December 31, 2022 and 2021 respectively (see Note 12).

Estimating ECL on Trade and Other Receivables. The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due.

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. To search the most relevant macroeconomic variable with a strong linear relationship on the past due behavior of the portfolio, regression analysis was applied to the following: inflation, unemployment, movement of Philippine peso against the US dollar, percentage change in gross domestic product and consumer price index. Among these factors, the forward-looking information on percentage change in consumer price index was determined to have a strong and symmetrical relationship with the past due behavior of the Company's trade receivable portfolio. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Company's receivables is disclosed in Notes 7 and 31.

The Company did not provide any extension or reduction in payment, except for very few customers, as a result of the COVID-19 pandemic. Management has considered the impact of the COVID-19 pandemic on its ECL calculation and assessed the impact to be not significant.

The Company recognized provision for ECL on trade and other receivables amounting to ₱1.7 million, ₱10.2 million and ₱10.7 million in 2022, 2021 and 2020, respectively (see Note 21). Trade and other receivables amounting to ₱104.6 million was written-off in 2021 (nil in 2022) [see Note 7].

The carrying value of trade and other receivables amounted to ₱882.9 million and ₱859.7 million as at December 31, 2022 and 2021, respectively. Allowance for ECL on trade and other receivables as at December 31, 2022 and 2021 amounted to ₱171.4 million and ₱169.7 million, respectively (see Note 7).

Estimating Retirement Benefits. The cost of the defined benefit pension plan and the present value of the DBO are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, the DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables for the Philippines. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases consider historical rate increases as well as expected future inflation rates.

Further details about pension obligations are provided in Note 22.

The Company's net retirement liability amounted to ₱147.1 million and ₱166.5 million as at December 31, 2022 and 2021, respectively (see Note 22).

Realizability of Deferred Tax Assets. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the following reporting period. This forecast is based on the Company's past results and future expectations on revenues and expenses as well as future tax planning strategies.

No deferred tax assets were recognized on certain deductible temporary differences as at December 31, 2022 and 2021 (see Note 23). Management has assessed that it may not be probable that future taxable profit will be available in the near future against which these deferred tax assets can be utilized.

Gross deferred tax assets recognized by the Company amounted to ₱98.1 million and ₱93.5 million as at December 31, 2022 and 2021, respectively (see Note 23).

5. Segment Reporting

Business Segments

For management purposes, the Company is organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The industry segments where the Company operates are as follows:

a. The Foods segment is engaged in the growing, production and distribution of chicken broilers, either as live or dressed. Its products are distributed to wet markets and supermarkets.
b. The Feeds segment caters to the feed requirement of the poultry growers' industry. It is engaged in the manufacture and distribution of animal feeds, animal health and nutritional products, and feed supplements.
c. The Farms segment is involved in the production, sale and distribution of day-old chicks.
d. The Corporate and Others segment includes general and corporate income and expense items which are not specifically identifiable to a particular segment.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities.

Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments and between geographical segments. Such sales and purchases are eliminated in consolidation. The Company generally accounts for intersegment sales and transfers at cost.

Segment Financial Information

The segment financial information is presented as follows (in thousands):

	December 31, 2022					
	Foods	**Feeds**	**Farms**	**Corporate & Others**	**Eliminations**	**Consolidated**
REVENUES						
Sale of goods, net of discount	**₱6,241,334**	**₱5,199,286**	**₱516,896**	**₱–**	**₱–**	**₱11,957,516**
Fair value adjustment on biological assets	–	–	**12,071**	–	–	**12,071**
	6,241,334	**5,199,286**	**528,967**	–	–	**11,969,587**
COST AND OTHER OPERATING EXPENSES AND OTHER OPERATING INCOME						
Cost of goods sold excluding depreciation	**5,595,630**	**4,773,663**	**469,416**	–	–	**10,838,709**
Operating expenses excluding depreciation	**110,483**	**185,254**	**13,345**	**535,603**	–	**844,685**
Depreciation and amortization	**6,462**	**77,665**	–	**21,548**	–	**105,675**
Other operating income	–	**(34,884)**	–	**(7,837)**	–	**(42,721)**
	5,712,575	**5,001,698**	**482,761**	**549,314**	–	**11,746,348**
SEGMENT OPERATING PROFIT (LOSS)	**₱528,759**	**₱197,588**	**₱47,340**	**(₱549,314)**	**₱–**	**₱223,239**
Other charges - net						**(26,652)**
Income before income tax						**196,587**
Tax expense						**(67,600)**
Net income						**₱128,987**
ASSETS AND LIABILITIES						
Segment assets	**₱2,064,063**	**₱771,300**	**₱180,378**	**₱2,232,430**	**₱–**	**₱5,248,171**
Segment liabilities	**₱1,347,121**	**₱509,503**	**₱119,147**	**₱1,416,472**	**₱–**	**3,392,243**
OTHER INFORMATION						
Capital expenditures	**₱141,073**	**₱99,340**	**₱–**	**₱12,870**	**₱–**	**₱253,283**
Non-cash expenses other than depreciation and impairment losses	**₱–**	**₱–**	**₱–**	**₱22,336**	**₱–**	**₱22,336**

	December 31, 2021					
	Foods	Feeds	Farms	Corporate & Others	Eliminations	Consolidated
REVENUES						
Sale of goods, net of discount	₱4,231,571	₱4,694,677	₱722,913	₱–	₱–	₱9,649,161
Fair value adjustment on biological assets	–	–	55,120	–	–	55,120
	4,231,571	4,694,677	778,033	–	–	9,704,281
COST AND OTHER OPERATING EXPENSES AND OTHER OPERATING INCOME						
Cost of goods sold excluding depreciation	₱3,754,268	₱4,157,247	₱864,396	₱–	₱–	₱8,775,911
Operating expenses excluding depreciation	91,489	150,911	13,210	411,326	–	666,936
Depreciation and amortization	4,582	84,744	–	16,680	–	106,006
Other operating income	–	(17,468)	–	(11,096)	–	(28,564)
	3,850,339	4,375,434	877,606	416,910	–	9,520,289
SEGMENT OPERATING PROFIT (LOSS)	₱381,232	₱319,243	(₱99,573)	(₱416,910)	₱–	₱183,992
Other charges - net						(63,386)
Income before income tax						120,606
Tax expense						(31,164)
Net income						₱89,442

(Forward)

	December 31, 2021					
	Foods	Feeds	Farms	Corporate & Others	Eliminations	Consolidated
ASSETS AND LIABILITIES						
Segment assets	₱895,912	₱1,933,004	₱191,327	₱1,129,750	₱–	₱4,149,993
Segment liabilities	₱111,659	₱1,198,038	₱42,655	₱1,180,543	₱–	₱2,532,895
OTHER INFORMATION						
Capital expenditures	₱43,610	₱64,750	₱–	₱9,287	₱–	₱117,647
Non-cash expenses other than depreciation and impairment losses	₱7,452	₱8,268	₱173	₱1,100	₱–	₱16,993

	December 31, 2020					
	Foods	Feeds	Farms	Corporate & Others	Eliminations	Consolidated
REVENUES						
Sale of goods, net of discount	₱3,118,889	₱4,108,529	₱455,013	₱–	₱–	₱7,682,431
Fair value adjustment on biological assets	–	–	199,489	–	–	199,489
	3,118,889	4,108,529	654,502	–	–	7,881,920
COST AND OTHER OPERATING EXPENSES AND OTHER OPERATING INCOME						
Cost of goods sold excluding depreciation	₱3,060,313	₱3,398,395	₱723,093	₱–	₱–	₱7,181,801
Operating expenses excluding depreciation	93,407	135,602	9,715	263,745	–	502,469
Depreciation and amortization	4,554	137,886	32	20,139	–	162,611
Other operating income	–	(32,074)	–	(11,897)	–	(43,971)
	3,158,274	3,639,809	732,840	271,987	–	7,802,910
SEGMENT OPERATING PROFIT (LOSS)	(₱39,385)	₱468,720	(₱78,338)	(₱271,987)	₱–	₱79,010
Other income -net						(53,583)
Income before tax						25,427
Tax expense						(16,139)
Net income						₱9,288
ASSETS AND LIABILITIES						
Segment assets, as restated	₱809,953	₱1,638,296	₱193,209	₱1,081,503	₱–	₱3,722,961
Segment liabilities	₱96,474	₱1,034,108	₱36,854	₱1,033,302	₱–	₱2,200,738
OTHER INFORMATION						
Capital expenditures	₱135,952	₱34,943	₱1,255	₱23,557	₱–	₱195,707
Non-cash expenses other than depreciation and impairment losses	₱5,903	₱7,142	₱654	₱629	₱–	₱14,328

Currently, the Company's operation is only in the Philippines, hence it has no geographical segment. The Company, however, has manufacturing plants in different regions of the country.

6. Cash

	2022	2021
Cash on hand	**₱4,752,268**	₱2,487,637
Cash in banks	**364,664,458**	227,528,282
	₱369,416,726	₱230,015,919

Cash in banks earn interest at prevailing bank deposit interest rates of 0.1% to 1.3% in 2022, 2021 and 2020. Interest income on cash in banks amounted to ₱0.1 million, ₱0.1 million and ₱0.2 million in 2022, 2021 and 2020, respectively.

7. Trade and Other Receivables

	2022	2021
Trade:		
Third parties	**₱679,515,851**	₱479,172,586
Related parties (Note 24)	**218,397,603**	262,799,719
Nontrade	**109,099,431**	241,271,819
Advances to officers and employees (Note 24)	**19,003,504**	12,474,296
Receivable from government	**3,922,953**	4,059,611
Others	**24,359,432**	29,584,276
	1,054,298,774	1,029,362,307
Allowance for ECL	**(171,355,251)**	(169,650,616)
	₱882,943,523	₱859,711,691

Trade receivables are usually due within 30 to 90 days and are noninterest-bearing (see Note 24).

Nontrade receivables comprise mainly of receivables arising from incidental income of the Company such as tolling, rentals, hatching, hauling and laboratory analysis charges. These are settled within 30 to 90 days and are noninterest-bearing

Advances to officers and employees are unsecured, noninterest-bearing and subject to salary deduction or liquidation for a specified period of time of about one year (see Notes 14 and 24).

Other receivables comprise mainly of unsecured and noninterest-bearing short term rental deposits.

Trade and other receivables collected after due date earned an interest income amounting to ₱2.4 million, nil and ₱1.2 million in 2022, 2021 and 2020, respectively.

Movements in the allowance for ECL account as at December 31 are shown below:

	Trade	Others	Total
Balance as at January 1, 2022	**₱64,323,517**	**₱105,327,099**	**₱169,650,616**
Provision (Note 21)	**1,704,635**	**–**	**1,704,635**
Balance as at December 31, 2022	**₱66,028,152**	**₱105,327,099**	**₱171,355,251**

	Trade	Others	Total
Balance as at January 1, 2021	₱54,165,798	₱209,949,226	₱264,115,024
Provision (Note 21)	10,157,719	–	10,157,719
Accounts written-off	–	(104,622,127)	(104,622,127)
Balance as at December 31, 2021	₱64,323,517	₱105,327,099	₱169,650,616

8. Inventories and Livestock

	2022	2021
Inventories:		
At net realizable value - Finished goods	**₱265,341,476**	₱184,305,798
At cost:		
Raw materials and feeds supplements	**435,228,997**	315,027,658
Supplies and animal health products	**95,366,161**	64,126,465
Hatching eggs	**43,901,754**	36,849,974
Finished goods	**23,529,061**	22,708,402
	863,367,449	623,018,297
Livestock:		
Day-old chicks and growing broilers	**110,095,736**	38,086,778
Parent stock	**6,023,019**	14,380,992
	116,118,755	52,467,770
	₱979,486,204	₱675,486,067

Inventories
Inventories are valued at lower of cost and NRV as at December 31, 2022 and 2021. The cost of finished goods carried at NRV amounted to ₱266.2 million and ₱185.2 million as at December 31, 2022 and 2021, respectively. Inventories charged to cost of goods sold amounted to ₱9,559.9 million, ₱7,645.0 million and ₱5,982.6 million in 2022, 2021 and 2020, respectively (see Note 18).

Livestock
The Company's biological assets pertain to its livestock consisting of day-old chicks, broilers and parent stock.

Day-old chicks, broilers and parent stock	2022	2021
Opening balance	**₱52,467,770**	₱42,332,469
Increase due to production	**5,183,298,174**	4,022,075,185
Decrease due to sales, harvest and mortality	**(5,130,583,627)**	(3,989,265,663)
Fair value adjustments*	**10,936,438**	(22,674,221)
	₱116,118,755	₱52,467,770

**Presented under revenue and cost of goods sold in the statement of comprehensive income*

Movements in the allowance for inventory obsolescence account as at December 31 are shown below:

	2022	2021
Balance at beginning of year	**₱896,315**	₱896,315
Provision (Note 21)	**–**	–
	₱896,315	₱896,315

9. **Other Current Assets**

This account consists of:

	2022	2021
Advances to suppliers	**₱466,876,004**	₱176,344,062
CWT	**80,816,559**	88,608,614
Prepayments	**49,606,422**	26,382,863
Advances to contract growers	**47,546,420**	76,347,329
Input VAT	**15,103,433**	3,488,442
Advances to contract breeders	**9,987,452**	24,685,426
	669,936,290	395,856,736
Allowance for impairment losses	**(46,748,582)**	(46,748,582)
	₱623,187,708	₱349,108,154

Advances to suppliers pertain to advance payments on purchases of goods and services to be purchased in the Company's normal course of business. These goods and services are expected to be delivered within a year.

CWT represents the amount withheld by the Company's customers in relation to its sale of goods and services. These are recognized upon collection of the related billings and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations.

Prepayments mainly pertain to insurance and bond premiums, among others, which are amortized within a year. The allowance for impairment losses pertain to input VAT which is no longer recoverable by the Company.

10. **Receivable from Insurance**

The Company has an outstanding claim for typhoon damages from Charter Ping An Insurance Corporation. Pursuant to the Insurance Code, the Company is entitled to interest on its claim at a rate twice the ceiling prescribed by the Monetary Board beginning March 12, 2010, 90 days from the date the Company has filed the claim. On August 17, 2016, the Company received ₱58.9 million as partial settlement. The Company continues to legally pursue the remaining outstanding balance of ₱141.7 million as at December 31, 2022. The court proceedings for the remaining claims were remanded to the Regional Trial Court of Malolos City in accordance with the resolution issued by the Court of Appeals on February 13, 2018. Management and its legal counsel believe that the ongoing litigation on the remaining claims will not result in any significant adverse impact on the Company's financial condition and results of operations.

The composition of receivable from insurance are as follows:

	2022	2021
Cost	**₱141,664,583**	₱141,664,583
Allowance for ECL	**(71,460,773)**	(71,460,773)
	₱70,203,810	₱70,203,810

No provisions for and write off of allowance for receivable from insurance were recognized in the statements of comprehensive income for the years ended December 31, 2022, 2021 and 2020.

11. **Property, Plant and Equipment**

At Revalued Amount
The composition and movements of this account are presented below:

	2022					
	Land	**Machinery and Equipment**	**Buildings**	**Leasehold and Land Improvements**	**Office Furniture, Fixtures and Equipment**	**Total**
Cost						
Balance at beginning of year	**₱434,169,887**	**₱583,219,988**	**₱173,442,789**	**₱36,525,997**	**₱92,622,295**	**₱1,319,980,956**
Additions from acquisition of a subsidiary (Note 33)	**–**	**3,964,796**	**–**	**2,007,514**	**767,403**	**6,739,713**
Additions	**–**	**22,493,915**	**549,600**	**2,347,003**	**12,870,426**	**38,260,944**
Disposals	**–**	**(4,964,322)**	**–**	**–**	**(87,548)**	**(5,051,870)**
Adjustments	**–**	**–**	**–**	**–**	**(1,361,266)**	**(1,361,266)**
Reclassification	**–**	**415,353**	**4,841,141**	**1,010,000**	**–**	**6,266,494**
Revaluation	**72,229,943**	**33,130,050**	**(1,828,508)**	**2,977,620**	**(7,199,367)**	**99,309,738**
Balance at end of year	**506,399,830**	**638,259,780**	**177,005,022**	**44,868,134**	**97,611,945**	**1,464,144,709**
Accumulated Depreciation and Amortization						
Balance at beginning of year	**–**	**288,556,522**	**71,377,286**	**15,696,316**	**72,338,595**	**447,968,719**
Depreciation and amortization (Notes 18 and 19)	**–**	**53,951,226**	**7,306,740**	**3,903,968**	**12,961,049**	**78,122,983**
Reclassification	**–**	**–**	**–**	**–**	**(775,990)**	**(775,990)**
Disposals	**–**	**(3,915,577)**	**–**	**–**	**(32,208)**	**(3,947,785)**
Balance at end of year	**–**	**338,592,171**	**78,684,026**	**19,600,284**	**84,491,446**	**521,367,927**
Net carrying amount	**₱506,399,830**	**₱299,667,609**	**₱98,320,996**	**₱25,267,850**	**₱13,120,497**	**₱942,776,782**

	2021					
	Land	Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost						
Balance at beginning of year	₱439,712,887	₱569,729,900	₱167,127,587	₱29,939,641	₱82,558,444	₱1,289,068,459
Additions	–	19,891,913	5,554,310	2,228,341	10,159,526	37,834,090
Disposals	–	(3,253,425)	–	–	(35,000)	(3,288,425)
Reclassification	–	(2,186,450)	760,892	4,405,713	(60,675)	2,919,480
Transfer to investment properties	(5,543,000)	–	–	–	–	(5,543,000)
Adjustments	–	(961,950)	–	(47,698)	–	(1,009,648)
Balance at end of year	434,169,887	583,219,988	173,442,789	36,525,997	92,622,295	1,319,980,956
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	246,977,446	65,170,245	12,605,328	57,596,527	382,349,546
Depreciation and amortization (Notes 18 and 19)	–	55,155,948	7,081,549	3,280,276	14,809,549	80,327,322
Reclassification	–	(10,969,434)	(874,508)	(189,288)	(60,675)	(12,093,905)
Disposals	–	(2,607,438)	–	–	(6,806)	(2,614,244)
Balance at end of year	–	288,556,522	71,377,286	15,696,316	72,338,595	447,968,719
Net carrying amount	₱434,169,887	₱294,663,466	₱102,065,503	₱20,829,681	₱20,283,700	₱872,012,237

If all the property, plant and equipment were measured at cost model, the carrying amounts will be as follows:

	2022					
	Land	**Machinery and Equipment**	**Buildings**	**Leasehold and Land Improvements**	**Office Furniture, Fixtures and Equipment**	**Total**
Cost	**₱14,159,490**	**₱510,628,461**	**₱195,812,729**	**₱38,505,564**	**₱93,795,261**	**₱852,901,505**
Accumulated depreciation and impairment	**–**	**(304,687,791)**	**(65,511,000)**	**(14,883,151)**	**(77,146,981)**	**(462,228,923)**
Net carrying amount	**₱14,159,490**	**₱205,940,670**	**₱130,301,729**	**₱23,622,413**	**₱16,648,280**	**₱390,672,582**

	2021					
	Land	Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost as at year end	₱14,159,490	₱497,902,014	₱190,421,988	₱35,282,493	₱83,211,132	₱820,977,117
Accumulated depreciation and impairment	–	(266,429,519)	(62,608,559)	(12,641,339)	(65,220,773)	(406,900,190)
Net carrying amount	₱14,159,490	₱231,472,495	₱127,813,429	₱22,641,154	₱17,990,359	₱414,076,927

The Company's property, plant and equipment (except transportation equipment and construction in-progress) was appraised in 2022 and 2020.

Fair Value Measurement

The Company's property, plant and equipment (except for transportation equipment and construction in-progress) were appraised by an independent firm of appraisers. The latest appraisal report is at December 31, 2022. The fair value measurement for property, plant and equipment has been categorized as level 3 (significant unobservable inputs).

The description of valuation techniques used and key inputs to valuation on property, plant and equipment follows:

Market approach

Sales comparison approach involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

			Range	
	Valuation Technique	Significant Unobservable Inputs	**2022**	2021
Land	Sales Comparison Approach	Price per square meter	**₱1,500-₱6,000**	₱1,493-₱1,857
		Value adjustments	**5%-35%**	35%-48%

Significant increases (decreases) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value on a linear basis.

Replacement cost less accumulated depreciation

Replacement cost approach is a method under the cost approach that indicates the value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence. Depreciation is estimated as evidence by the observed condition and present and prospective serviceability in comparison with new units of like kind.

	Valuation Technique	Significant Unobservable Inputs	Remaining economic life
Machinery and Equipment	Cost Reproduction Approach	Replacement cost less accrued depreciation	3 - 5 years remaining economic life
Buildings	Cost Reproduction Approach	Replacement cost less accrued depreciation	7 - 25 years remaining economic life
Land Improvements	Cost Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining economic life
Office Furniture, Fixtures and Equipment	Cost Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining economic life
Leasehold Improvements	Cost Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining economic life

This approach is applied by estimating the amount that currently would be required to construct a substitute asset of comparable utility.

Significant increases (decreases) in the replacement cost in isolation would result in a significantly higher (lower) fair value on a linear basis.

<u>At Cost</u>
The composition and movements of this account are presented below:

	2022		
	Transportation Equipment	**CIP**	**Total**
Cost			
Balance at beginning of year	**₱48,160,960**	**₱38,699,957**	**₱86,860,917**
Additions from acquisition of a subsidiary (Note 33)	**229,333**	**–**	**229,333**
Additions	**426,964**	**77,451,662**	**77,878,626**
Adjustments	**–**	**12,851,524**	**12,851,524**
Reclassification	**–**	**(6,266,494)**	**(6,266,494)**
Balance at end of year	**48,817,257**	**122,736,649**	**171,553,906**
Accumulated Depreciation, and Amortization			
Balance at beginning of year	**40,879,752**	**–**	**40,879,752**
Depreciation and amortization (Notes 18 and 19)	**4,033,521**	**–**	**4,033,521**
Balance at end of year	**44,913,273**	**–**	**44,913,273**
Net carrying amount	**₱3,903,984**	**₱122,736,649**	**₱126,640,633**

	2021		
	Transportation Equipment	CIP	Total
Cost			
Balance at beginning of year	₱51,158,960	₱17,510,838	₱68,669,798
Additions	–	36,202,504	36,202,504
Reclassification	–	(15,013,385)	(15,013,385)
Disposals	(2,998,000)	–	(2,998,000)
Balance at end of year	48,160,960	38,699,957	86,860,917
Accumulated Depreciation, and Amortization			
Balance at beginning of year	38,955,653	–	38,955,653
Depreciation and amortization (Notes 18 and 19)	4,922,099	–	4,922,099
Disposals	(2,998,000)	–	(2,998,000)
Balance at end of year	40,879,752	–	40,879,752
Net carrying amount	₱7,281,208	₱38,699,957	₱45,981,165

In 2022 and 2021, the Company sold property, plant and equipment for a cash consideration of ₱0.2 million and ₱1.0 million, resulting to a loss on disposal amounting to ₱1.0 million and ₱1.0 million, respectively.

Construction in-progress represents cost incurred in the construction of the Company's offices, cabling installation, piping, bagging system installation, and other developments. Costs primarily include raw materials procurement, general construction works and installation costs.

As at December 31, 2022 and 2021, there are no significant contractual commitments entered into by the Company.

Depreciation and amortization expense follow:

	2022	2021	2020
Property, plant and equipment:			
At revalued amount	**₱78,122,983**	₱80,327,323	₱72,201,667
At cost	**4,033,521**	4,922,099	7,692,669
Right-of-use asset (Note 13)	**17,723,732**	17,079,097	79,038,348
Computer software (Note 13)	**5,795,513**	3,678,102	3,678,102
	₱105,675,749	₱106,006,621	₱162,610,786

12. Investment Properties

Investment properties comprise of the Company’s hatchery buildings, and dressing and rendering plants that are held to earn rentals and parcels of land which are either for lease or foreclosed by the Company to settle customers’ liabilities. These foreclosed parcels of land are being held for capital appreciation only.

Movements in this account are summarized below:

	December 31, 2022		
	Land	**Building**	**Total**
Balance at beginning of year	**₱559,281,779**	**₱414,150,973**	**₱973,432,752**
Gain on fair value changes	**22,987,200**	**31,008,472**	**53,995,672**
Additions	–	**141,072,796**	**141,072,796**
Disposals	**(2,630,383)**	–	**(2,630,383)**
Adjustments	**(311)**	–	**(311)**
Balance at end of year	**₱579,638,285**	**₱586,232,241**	**₱1,165,870,526**

	2021		
	Land	Building	Total
Balance at beginning of year	₱554,272,573	₱377,103,407	₱931,375,980
Gain (loss) on fair value changes	7,830,673	(6,562,540)	1,268,133
Additions	–	43,610,106	43,610,106
Transfer from property, plant and equipment	5,543,000	–	5,543,000
Disposals	(1,870,779)	–	(1,870,779)
Write-offs	(6,493,688)	–	(6,493,688)
Balance at end of year	₱559,281,779	₱414,150,973	₱973,432,752

The composition of investment properties as at December 31 are as follows:

	2022	2021
Cost	**₱736,158,474**	₱597,716,371
Cumulative gain on fair value changes	**429,712,052**	375,716,381
	₱1,165,870,526	₱973,432,752

Rental income earned from the dressing plant in Bulacan amounted to ₱7.8 million, ₱11.1 million and ₱11.9 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 20). Direct costs related to properties that generate rental income amounted to ₱1.1 million, ₱1.3 million and ₱0.9 million in 2022, 2021 and 2020, respectively.

Fair Value Measurement

Investment properties are revalued periodically at fair values as determined by an independent firm of appraisers. The latest appraisal reports are at November 14, 2022. The Company recognized fair value gain of ₱54.0 million, ₱1.3 million and ₱4.1 million in 2022, 2021 and 2020, respectively. The fair value measurement for investment properties has been categorized as Level 3 (significant unobservable inputs).

Description of valuation techniques used and key inputs to valuation on investment properties follows:

Market approach

Sales comparison approach involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

	Valuation Technique	Significant Unobservable Inputs	Range 2022	Range 2021
Land	Sales Comparison Approach	Price per square meter	**₱40-₱14,200**	₱200-₱12,000
		Value adjustments	**5%-80%**	5%-21%

Replacement cost less accumulated depreciation
Replacement cost approach is a method under the cost approach that indicates the value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence. Depreciation is estimated as evidence by the observed condition and present and prospective serviceability in comparison with new units of like kind.

	Valuation Technique	Significant Unobservable Inputs	Remaining economic life
Improvements	Cost Reproduction Approach	Replacement cost less accrued depreciation	7 - 33 years remaining economic life

Income approach
Income approach is a form of analysis that allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon.

	Valuation Technique	Significant Unobservable Inputs
Bulacan and Davao dressing plants	Income Approach	Price per square meter, value adjustments, discount rate, lease rates, escalation rate, and vacancy and bad debt allowance

The significant unobservable inputs to fair valuation are as follows:

Price per square meter: estimated value prevailing in the real estate market depending on the location, area, shape and time element.

Value adjustments: adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size, architectural features and etc.

Discount rate: This was arrived at by summing up the risk-free rate and management /liquidity rate. Management/liquidity rate refers to the estimated premium to compensate for the burden of management and the ease with which an investment can be sold.

Lease rates: estimated rental rates prevailing in the real estate market depending on the location of the properties.

Escalation rate: adjustments are made to account for the increase in rental rates in the subsequent periods.

Vacancy and bad debt allowance: adjustments made to consider that the properties may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling, maintenance). Collection losses can result from a tenant's inability or refusal to pay rent.

Significant increases (decreases) in estimated price per square meter, value adjustments, lease rates, and escalation rate would result in a significantly higher (lower) fair value on a linear basis. Significant increases (decreases) in discount rates and vacancy and bad debt allowance in isolation would result in a significantly lower (higher) fair value on a linear basis.

13. Right-of-Use Assets and Other Noncurrent Assets

Right-of-use Assets

Movements in right-of-use assets are as follows:

	December 31, 2022		
	Building	**Transportation Equipment**	**Total**
Cost			
Balance at beginning of year	**₱12,065,912**	**₱94,587,585**	**₱106,653,497**
Additions	**–**	**34,331,713**	**34,331,713**
Balance at end of year	**12,065,912**	**128,919,298**	**140,985,210**
Accumulated Amortization			
Balance at beginning of year	**8,446,138**	**59,285,724**	**67,731,862**
Depreciation	**2,895,819**	**14,827,913**	**17,723,732**
Balance at end of year	**11,341,957**	**74,113,637**	**85,455,594**
Net carrying value	**₱723,955**	**₱54,805,661**	**₱55,529,616**

	December 31, 2021		
	Building	Transportation Equipment	Total
Cost			
Balance at beginning of year	₱12,065,912	₱71,138,213	₱83,204,125
Additions	–	23,194,616	23,194,616
Reclassification	–	254,756	254,756
Balance at end of year	12,065,912	94,587,585	106,653,497
Accumulated Amortization			
Balance at beginning of year	5,550,319	45,102,446	50,652,765
Depreciation	2,895,819	14,183,278	17,079,097
Balance at end of year	8,446,138	59,285,724	67,731,862
Net carrying value	₱3,619,774	₱35,301,861	₱38,921,635

Other Noncurrent Assets

	2022	2021
Project development costs	**₱31,368,395**	₱31,368,395
Security deposits	**18,229,324**	15,459,460
Computer software	**13,885,997**	19,661,027
	63,483,716	66,488,882
Allowance for impairment losses	**(31,368,395)**	(31,368,395)
	₱32,115,321	₱35,120,487

Project development costs represent expenses incurred on the Company's aqua feeds and aqua culture projects. Based on management's evaluation, these costs may no longer be recoverable. Accordingly, the project development cost amounting to ₱31.4 million was provided with full valuation allowance as at December 31, 2022 and 2021.

Security deposits represent rental and other deposits paid by the Company and will be returned at the end of the lease term (see Note 27).

Movements in computer software are as follows:

	2022	2021
Cost		
Balance at beginning of year	**₱43,344,648**	₱26,354,542
Additions	**20,483**	16,990,106
Balance at end of year	**43,365,131**	43,344,648
Accumulated Depreciation and Amortization		
Balance at beginning of year	**23,683,621**	20,005,519
Depreciation and amortization	**5,795,513**	3,678,102
Balance at end of year	**29,479,134**	23,683,621
Net Book Value	**₱13,885,997**	₱19,661,027

Computer software is amortized over the economic life of three years with an average remaining useful life of two to three years.

14. Trade and Other Payables

	2022	2021
Trade payables		
Third parties	**₱1,627,742,437**	₱1,170,645,926
Related parties (Note 24)	**4,333,416**	89,707,830
Accrued expenses		
Selling and administrative	**175,537,109**	218,454,340
Outside services	**16,315,967**	31,336,924
Others	**49,318,293**	66,319,172
Nontrade payables	**62,588,749**	88,002,512
Customers' deposits	**45,629,029**	26,731,930
Statutory liabilities	**20,241,561**	15,945,595
	₱2,001,706,561	₱1,707,144,229

Trade payables primarily consist of liabilities arising from purchases of raw materials in the normal course of business. These are noninterest-bearing and are generally on a 90-day credit term.

Accrued expenses mainly pertain to salaries and wages, freight and handling, outside services, rebates, taxes and licenses, commission, plant and office supplies. Accrued expenses are normally settled within one year.

Nontrade payables are liabilities arising from purchases of goods, other than raw materials, and various services giving rise to expenses such as trucking fees, utilities, security services and inspection fees, among others. These are settled within one year.

Customers' deposits are advances received from customers. These serve as collateral for any unpaid balances.

Other payables consist of social security premiums payable and other statutory liabilities. These are normally settled within a month.

15. **Loans Payable**

This account consists of the following:

	2022	2021
Short-term loans	**₱960,657,066**	₱381,932,829
Long-term loans	**74,464,285**	123,118,899
	₱1,035,121,351	₱505,051,728

	2022	2021
Short-term loans	**₱960,657,066**	₱381,932,829
Current portion of long-term loans	**24,821,429**	24,821,429
Current portion	**985,478,495**	406,754,258
Noncurrent portion of long-term loans	**49,642,856**	98,297,470
	₱1,035,121,351	₱505,051,728

Total availment of loans payable amounted to ₱2,349.6 million and ₱540.7 million in 2022 and 2021, respectively. Total payments of loans payable amounted to ₱1,819.5 million and ₱315.6 million in 2022 and 2021, respectively.

Interest expense on loans payable amounted to ₱35.7 million, ₱20.7 million and ₱35.3 million in 2022, 2021 and 2020, respectively.

The Company's short-term and long-term loans are not subject to any debt covenants.

Short-Term Loans
In 2022 and 2021, the Company obtained unsecured Peso-denominated short-term loans from local banks to finance working capital requirements. The Company's short-term loans bear interest at rates ranging from 6.00% to 6.50%.

Long-Term Loans
Following are the long-term loans of the Company which have no collaterals and no corresponding financial covenants.

a. ₱86.9 million promissory note
On October 31, 2018, the Parent Company entered into an aggregate of ₱86.9 million, eight-year loan with China Bank Savings, Inc. ("CBS") payable in 28 quarterly installments starting January 31, 2020, with an interest rate of 7.875% per annum, repriced annually. Debt issue cost related to the promissory note pertaining to documentary stamp tax of ₱0.7 million was capitalized as part of the carrying amount of the loan amortized over the loan term using the effective interest method.

b. ₱86.9 million promissory note
On December 6, 2018, the Parent Company entered into an aggregate of ₱86.9 million, eight-year loan with CBS payable in 28 quarterly installments, starting March 6, 2020, with an interest rate of 8.125% per annum, repriced annually. Debt issue cost related to the promissory note pertaining to documentary stamp tax of ₱0.7 million was capitalized as part of the carrying amount of the loan amortized over the loan term using the effective interest method.

16. Cash Bond Deposits

Cash bond deposits amounting to ₱56.3 million and ₱48.1 million as at December 31, 2022 and 2021, respectively, substantially consist of surety bond deposits obtained from contract growers, contract breeders, customers and salesmen. These will be refunded upon termination of the contract.

The carrying amounts of the cash bond deposits are at nominal values because the timing of the refund or settlement of the deposits could not be reasonably estimated.

17. Revenue

	2022	2021	2020
Sales			
Foods	**₱6,262,103,105**	₱4,236,179,697	₱3,133,270,647
Feeds	**5,309,088,248**	4,821,057,084	4,218,925,663
Farms	**522,542,033**	742,624,261	462,852,599
Sales discount, returns and allowances	**(136,217,535)**	(150,699,234)	(132,617,951)
	11,957,515,851	9,649,161,808	7,682,430,958
Changes in fair values of biological assets	**12,070,807**	55,119,641	199,489,329
	₱11,969,586,658	₱9,704,281,449	₱7,881,920,287

The changes in fair values of biological assets are recognized for (see Note 8):

	2022	2021	2020
Day-old chicks and broilers	**₱10,782,617**	₱48,631,208	₱199,489,329
Parent stock	**1,288,190**	6,488,433	–
	₱12,070,807	₱55,119,641	₱199,489,329

18. Cost of Goods Sold

	2022	2021	2020
Inventories used (Note 8)	**₱9,559,873,560**	₱7,645,035,746	₱5,982,643,379
Outside services	**858,830,177**	712,164,921	785,219,089
Contractual services	**312,262,806**	258,517,601	92,865,024
Depreciation (Notes 11 and 13)	**69,862,579**	72,016,730	128,319,828
Salaries and employee benefits (Note 19)	**45,814,819**	38,472,730	63,574,816
Communication, light and water	**40,263,703**	31,797,494	45,151,999
Repairs and maintenance	**14,693,513**	8,216,556	25,618,917
Others	**5,835,758**	3,731,646	2,331,110
	₱10,907,436,915	₱8,769,953,424	₱7,125,724,162

19. **Operating Expenses**

Operating expenses in the consolidated statements of comprehensive income are classified as follows:

	2022	2021	2020
Administrative expenses	**₱557,150,693**	₱452,654,119	₱260,967,587
Selling and distribution expenses	**323,347,130**	248,272,613	275,792,670
	₱880,497,823	₱700,926,732	₱536,760,257

The details of operating expenses by nature are shown below:

	2022	2021	2020
Transportation, travel and freight and handling	**₱292,654,988**	₱207,879,032	₱193,871,823
Salaries and employee benefits (Note 24)	**251,141,507**	209,487,866	146,160,261
Publications and subscriptions	**39,323,376**	38,877,116	921,458
Representation and entertainment	**36,605,488**	24,959,164	5,243,696
Depreciation and amortization (Notes 11 and 13)	**35,813,170**	33,989,891	34,290,958
Professional fees	**34,746,562**	29,894,725	22,931,396
Commissions	**27,560,525**	21,476,608	9,748,116
Taxes and licenses	**26,719,345**	17,764,542	14,632,394
Contractual services	**26,600,604**	20,517,627	20,539,027
Advertising and promotions	**24,540,837**	30,852,722	17,087,198
Communications, light and water	**9,687,496**	8,374,622	8,774,538
Rentals (Note 27)	**8,269,477**	8,526,711	21,106,429
Supplies	**6,398,714**	7,437,118	4,629,887
Insurance	**5,039,437**	4,383,834	4,364,799
Packaging and distribution	**3,952,152**	2,217,267	1,719,191
Repairs and maintenance	**2,897,165**	4,121,943	8,272,443
Bank charges	**2,571,657**	403,805	313,096
Others	**45,975,323**	29,762,139	22,153,547
	₱880,497,823	₱700,926,732	₱536,760,257

Other expenses include, among others, association dues, contributions, training and seminar costs and inspections fees.

Employee Benefits
Breakdown of employee benefits is presented below:

	2022	2021	2020
Salaries and wages	**₱259,733,525**	₱218,104,366	₱182,391,552
Retirement benefits (Note 22)	**22,336,339**	16,993,091	14,327,563
Other short-term benefits	**14,886,462**	12,863,139	13,015,962
	₱296,956,326	₱247,960,596	₱209,735,077

Salaries and employee benefits is allocated as follows:

	2022	2021	2020
Cost of goods sold (see Note 18)	**₱45,814,819**	₱38,472,730	₱63,574,816
Operating expenses:			
Administrative expenses	**176,820,010**	166,331,166	105,090,755
Selling and distribution expenses	**74,321,497**	43,156,700	41,069,506
	251,141,507	209,487,866	146,160,261
	₱296,956,326	₱247,960,596	₱209,735,077

Depreciation and Amortization
Depreciation and amortization are allocated as follows (see Notes 11 and 13):

	2022	2021	2020
Cost of goods sold (Note 18)	**₱69,862,579**	₱72,016,730	₱128,319,828
Operating expenses:			
Administrative expenses	**14,170,652**	16,680,045	16,996,891
Selling and distribution expenses	**21,642,518**	17,309,846	17,294,067
	35,813,170	33,989,891	34,290,958
	₱105,675,749	₱106,006,621	₱162,610,786

20. Other Operating Income

	2022	2021	2020
Miscellaneous sales (scrap materials, etc.)	**₱34,883,694**	₱17,467,801	₱19,449,045
Rentals (Notes 24 and 27)	**7,837,894**	11,096,404	11,895,676
Tolling services	–	–	12,626,140
	₱42,721,588	₱28,564,205	₱43,970,861

21. Other Income (Charges)

	2022	2021	2020
Foreign exchange gain (loss)	**(₱28,701,581)**	(₱5,714,952)	₱2,455,497
Deficiency tax settlement	**(10,696,915)**	(10,000,000)	(15,073,202)
Impairment losses on:			
Receivables (Note 7)	**(1,704,635)**	(10,157,719)	(10,673,157)
Inventory (Note 8)	–	–	(892,276)
Loss on disposal of property, plant and equipment, and investment property	**(1,037,745)**	(1,060,988)	(2,269,651)
Loss on chicken mortalities	–	(7,024,740)	–
Gain on pre-termination of lease contracts	–	–	3,424,542
Others - net	**(903,843)**	(8,937,475)	(355,478)
	(₱43,044,719)	(₱42,895,874)	₱23,383,725

22. Net Retirement Liability

The Company maintains a partially funded, noncontributory post-employment defined benefit plan covering all of its regular full-time employees. The defined benefit plan is being administered by a trustee bank which is responsible for the administration of the plan assets and for the definition of the investment strategy. The Company's retirement benefits are based on years of service and one and one-fourth month's salary for every year of continuous service.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentrations of risk on the plan assets.

Actuarial valuations are made periodically to update the retirement liability and the amount of contributions. The latest actuarial valuation of the plan is as at December 31, 2022.

Breakdown of retirement expense recognized in the consolidated statements of comprehensive income is as follows:

	2022	2021	2020
Current service costs	**₱13,896,753**	₱11,956,045	₱9,321,592
Interest expense	**8,641,280**	5,187,339	5,215,260
Interest income	**(201,694)**	(150,293)	(209,289)
	₱22,336,339	₱16,993,091	₱14,327,563

The amounts of net retirement liability recognized in the consolidated statements of financial position are determined as follows:

	2022	2021
Present value of the DBO	**₱150,989,435**	₱170,439,444
FVPA	**(3,931,933)**	(3,978,184)
	₱147,057,502	₱166,461,260

Movements in the present value of the DBO are as follows:

	2022	2021
Balance at beginning of year	**₱170,439,444**	₱136,150,631
Current service costs	**13,294,753**	11,956,045
Interest expense	**8,641,280**	5,187,339
Benefits paid	**(9,124,310)**	(5,868,959)
Remeasurement loss (gain) recognized in OCI	**(32,261,732)**	23,014,388
Balance at end of year	**₱150,989,435**	₱170,439,444

Movements in the FVPA are presented below:

	2022	2021
Balance at beginning of year	**₱3,978,184**	₱3,944,702
Interest income	**201,694**	150,293
Remeasurement loss	**(247,945)**	(116,811)
	₱3,931,933	₱3,978,184

Remeasurement loss on retirement liability, net of tax presented in the consolidated statements of comprehensive income for the years ended December 31, 2022, 2021 and 2020 are as follows:

	2022	2021	2020
Remeasurement loss (gain)	**(₱32,013,787)**	₱23,131,199	₱28,400,907
Deferred income tax effect			
Current year	**172,717**	(5,782,800)	(8,520,272)
Impact of CREATE	–	409,586	–
	172,717	(5,373,214)	(8,520,272)
Remeasurement loss (gain)	**(₱31,841,070)**	₱17,757,985	₱19,880,635

Actual returns on plan assets amounted to (₱46,251) and ₱33,482 in 2022 and 2021, respectively. The categories of plan assets of the Company are as follows:

	2022	2021
Cash and cash equivalents	**₱658,992**	₱1,992,275
Equity instruments	**548,505**	502,047
Debt instruments	**2,834,137**	1,487,840
Others	**(109,701)**	(3,978)
	₱3,931,933	₱3,978,184

There are no expected future contributions in the plan in 2023.

The schedule below presents a projection of benefit payments expected to be paid out of the retirement fund.

	2022	2021
Less than one year	**₱31,611,680**	₱18,757,732
Between one and five years	**42,714,397**	46,202,735
Over five years	**116,035,367**	103,855,449
	₱190,361,444	₱168,815,916

For the determination of retirement liability, the following actuarial assumptions were used:

	2022	2021
Discount rate	**7.21%**	5.07%
Expected rate of salary increase	**5.00%**	5.00%
Average remaining working life of an employee retiring at the age of 60:	**23**	23

The weighted average duration of the present value of defined benefit obligation is 7.6 and 9.1 years in 2022 and 2021, respectively.

A quantitative sensitivity analysis for changes in assumptions as at December 31, 2022 and 2021 are shown below (amounts in thousands):

	Change in Assumptions	Impact on Defined Benefit Obligation 2022	2021
Discount rate	+100 bps	**(₱10,677)**	(₱14,073)
	-100 bps	**12,215**	16,277
Salary rate	+100 bps	**₱12,365**	₱16,123
	-100 bps	**(10,984)**	(14,207)

23. **Income Tax**

The components of provision for (benefit from) income tax as reported in the consolidated statements of comprehensive income are as follows:

	2022	2021	2020
RCIT (25% in 2022 and 2021; 30% in 2020)	**₱51,302,707**	₱28,700,503	₱–
MCIT (1% in 2022 and 2021; 2% in 2020)	–	–	11,629,665
Impact of CREATE Act on current income tax	–	(2,907,407)	–
Deferred income tax expense (benefit)	**16,296,929**	5,371,040	4,509,242
	₱67,599,636	₱31,164,136	₱16,138,907

The reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense (benefit) reported in the consolidated statements of comprehensive income is as follows:

	2022	2021	2020
Income tax expense at statutory tax rate	**₱50,945,805**	₱30,151,438	₱7,628,103
Change in unrecognized deferred tax assets	–	(3,700,188)	6,146,121
Tax effects of:			
Adjustment on deferred tax	**22,616,362**	–	–
Depreciation on investment properties at cost	**(8,629,163)**	(5,145,889)	(1,885,133)
Nondeductible expenses	**2,693,847**	3,966,426	4,310,507
Adjustment on CREATE Act for 2020 recognized in 2021	–	5,928,920	–
Income already subjected to final tax	**(27,215)**	(36,571)	(60,691)
	₱67,599,636	₱31,164,136	₱16,138,907

The components of the recognized net deferred tax assets and liabilities as at December 31 are as follows:

	2022	2021
Deferred income tax directly recognized in profit or loss:		
Deferred tax assets:		
Allowance for impairment loss on:		
Trade and other receivables	**₱36,931,060**	₱36,504,900
Advances to contract growers and contract breeders	**10,914,262**	10,914,262
Project development costs	**7,842,099**	7,842,099
Property, plant and equipment	**4,494,042**	4,494,042
Inventory	**224,079**	224,079
Retirement liability	**28,258,810**	32,786,534
NOLCO	**9,397,440**	–
Excess of lease liabilities over right-of-use assets	**–**	770,909
	98,061,792	93,536,825
Deferred tax liabilities:		
Changes in fair value of investment properties	**(66,032,543)**	(50,952,993)
Changes in fair value of biological assets	**(2,845,398)**	(111,288)
Excess of right-of-use assets over lease liabilities	**(807,444)**	–
	(69,685,385)	(51,064,281)
Deferred income tax asset (liability) directly recognized in other comprehensive income:		
Revaluation reserve on property, plant and equipment	**(135,792,432)**	(114,483,826)
Accumulated actuarial loss on defined benefit plan	**7,658,015**	7,830,731
	(128,134,417)	(106,653,095)
Net deferred tax liabilities	**(₱99,758,010)**	(₱64,180,551)

Deferred tax asset recognized on the NOLCO of BVC amounted to ₱2.2 million as of January 1, 2022.

Details of MCIT of the Company, which can be claimed as deduction from future RCIT due within three years from the year the MCIT was incurred, are shown below.

Year Incurred	Beginning Balance	Incurred	Applied	Ending Balance	Valid Until
2020	₱6,146,121	₱–	(₱3,700,188)	₱–	2023
2020 CREATE impact	(2,445,933)	–	–	–	2023
2018	3,346,948	–	(3,346,948)	–	2021
2016	11,630,895	–	(11,630,895)	–	2019
	₱18,678,031	₱–	(₱18,678,031)	₱–	

Details of NOLCO of BVC are as follows:

Year Incurred	Beginning Balance	Incurred	Applied / Expired	Ending Balance	Valid Until
2022	₱-	₱35,983,222	₱–	₱35,983,222	2025
2021	₱11,003,980	–	–	11,003,980	2024
	₱11,003,980	₱35,983,222	–	₱46,987,202	

The amount of deductible temporary differences as at December 31 which the related deferred tax assets have not been recognized are shown below.

	2022		2021	
	Amount	**Tax Effect**	Amount	Tax Effect
Allowance for ECL on:				
Receivable from insurance	**₱71,460,773**	**₱17,865,193**	₱71,460,773	₱17,865,193
Trade and other receivables	**23,631,013**	**5,907,753**	23,631,013	5,907,753
Retirement liability	**3,992,203**	**998,051**	3,992,203	998,051
	₱99,083,989	**₱24,770,997**	₱99,083,989	₱24,770,997

24. Related Party Transactions

The Company engages, in the normal course of business, in various transactions with its related parties which include stockholders, entities under common control, key management and others, as described below. Unless otherwise indicated, settlement of related party transactions is made thru cash.

<u>Due to and from related parties</u>
Trade Receivables. The Company sells animal feeds, raw materials, feed supplements and dressed chicken to related parties, which are due within 90 days and are noninterest bearing (see Note 7).

Advances to and from Related Parties. The Company grants unsecured advances to its related parties for working capital requirements. These are payable on demand, hence, are classified under current assets in the consolidated statements of financial position.

Trade Payable. The Company buys raw materials, hogs, and breeder flocks from related parties. These are noninterest-bearing and are generally on a 90-day credit term (see Note 14).

Operating leases - the Company as lessor. The Company is a lessor to related party leases covering the lease of a dressing plant, ice plant and rendering plant in Bulacan (i.e., dressing and rendering), which has a remaining lease term of around 3 years.

Summarized below are the outstanding accounts arising from these transactions (see Notes 7, 14 and 20):

		2022		2021	
Related Parties	Nature of Transactions	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Trade and other receivables					
Entities under common control	Sales	**₱509,194,217**		₱1,426,066,299	
	Collections	**(553,596,333)**	**₱218,397,603**	(1,358,918,127)	₱262,799,719
Trade and other payables					
Entities under common control	Purchases	**₱1,097,925,538**		₱1,744,904,273	
	Payments	**(1,183,299,952)**	**₱4,333,416**	(1,697,114,977)	₱89,707,830
Operating lease					
Entities under common control	Rental income	**₱19,877,100**		₱11,096,404	
	Collection	**(5,015,370)**	**20,122,723**	(5,835,411)	5,260,993

Advances to Officers
The Company grants unsecured, noninterest-bearing advances to its officers which are normally collected within one year through salary deduction (see Note 7). Certain officers also pay operating expenses on behalf of the Company which are payable upon demand (see Note 14). Shown below are the movements in the accounts.

		2022		2021	
	Nature of Transactions	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Advances to officers	Net transactions	**₱6,589,468**	**₱19,003,504**	₱473,848	₱12,474,296

Compensation of Key Management Personnel
The compensation includes the following:

	2022	2021	2020
Short-term employee benefits	**₱55,480,527**	₱35,561,950	₱31,959,666
Retirement benefits	**5,010,571**	5,872,830	2,984,183
Others	**17,133,565**	10,784,789	11,868,367
	₱77,624,663	₱52,219,569	₱46,812,216

25. **Equity**

Capital Stock
As of December 31, 2022 and 2021, the Company has authorized capital stock of 3.5 billion shares at ₱0.38 par value equivalent to ₱1.3 billion. Details of authorized and issued and outstanding shares are as presented in the next page.

	2022	2021
Authorized	**3,500,000,000**	3,500,000,000
Issued and outstanding	**3,054,334,014**	3,054,334,014

The following summarizes the information on the Company's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares	No. of Shares Issued
December 22, 2017	3,500,000,000	267,836,113
October 16, 2013	3,500,000,000	2,286,497,901
February 9, 1989	200,000,000	200,000,000
August 11, 1986	200,000,000	200,000,000
December 5, 1982	33,000,000	33,000,000
December 5, 1977	45,000,000	45,000,000
October 31, 1974	7,000,000	7,000,000
May 2, 1973	10,000,000	10,000,000
October 2, 1972	5,000,000	5,000,000

On December 22, 2017, the SEC approved the debt to equity conversion of the remaining payable of ₱407.1 million to Kormasinc at ₱1.52 a share.

The following summarizes the information on the Company's issued and outstanding shares as at December 31, 2022 and 2021:

	2022		2021	
	Number of shares issued and outstanding	**Percentage of shares**	Number of shares issued and outstanding	Percentage of shares
Issued and outstanding	**3,054,334,014**	**100.00%**	3,054,334,014	100.00%
Listed shares:				
Owned by related parties	**2,186,198,604**	**71.58%**	2,186,198,604	71.58%
Owned by public	**785,650,032**	**25.72%**	787,146,032	25.77%
Owned by directors and officers	**82,485,378**	**2.70%**	80,989,378	2.65%
Total	**3,054,334,014**	**100.00%**	3,054,334,014	100.00%

Of the total shares owned by the public, 115.7 million and 116.7 million shares are foreign-owned as at December 31, 2022 and 2021.

The total number of shareholders of the Company is 4,113 and 4,115 as at December 31, 2022 and 2021, respectively.

Other Comprehensive Income

The components and movements of other comprehensive income not to be reclassified to profit or loss are presented below:

	Revaluation Reserve (Note 11)	Accumulated Actuarial Gain (Loss) (Note 22)	Total
Balance as at January 1, 2022	**₱343,451,478**	**(₱23,492,192)**	**₱319,959,284**
Actuarial gain, net of tax	**–**	**31,841,070**	**31,841,070**
Revaluation, net of tax	**78,001,128**	**–**	**78,001,128**
Transfer to retained earnings of revaluation realized through depreciation, net of tax	**(11,767,279)**	**–**	**(11,767,279)**
Balance as at December 31, 2022	**₱409,685,327**	**₱8,348,878**	**₱418,034,203**
Balance as at January 1, 2021	₱324,682,440	(₱5,734,207)	₱318,948,233
Actuarial loss, net of tax	–	(17,348,399)	(17,348,399)
Impact of change in tax rate	23,191,604	(409,586)	22,782,016
Transfer to retained earnings of revaluation reserve realized through depreciation, net of tax	(4,422,566)	–	(4,422,566)
Balance as at December 31, 2021	₱343,451,478	(₱23,492,192)	₱319,959,284

As of December 31, 2022, the Parent Company does not have available retained earnings for dividend declaration.

26. Earnings Per Share

Basic and diluted earnings per share were computed as follows:

	2022	2021	2020
Net income for the period	**₱128,986,939**	₱89,441,614	₱9,288,476
Divided by the weighted average number of outstanding shares	**3,054,334,014**	3,054,334,014	3,054,334,014
Earnings per share - basic and diluted	**₱0.042**	₱0.029	₱0.003

Diluted earnings per share is equal to the basic earnings per share because the Company does not have potential dilutive shares.

27. Significant Agreements

Company as Lessor
The Company is a party under cancellable leases covering certain hatcheries and plants (i.e., dressing and rendering),. All leases include a clause to enable upward revision of rental charges on an annual basis based on prevailing market conditions.

Total rent income from these operating leases amounted to ₱7.8 million, ₱11.1 million and ₱11.9 million in 2022, 2021 and 2020, respectively, and are shown as part of "Other operating income" account in the consolidated statements of comprehensive income (see Note 20).

Future minimum rentals receivable under non-cancellable operating leases as at December 31 are as follows:

	2022	2021
Within one year	**₱1,146,696**	₱6,298,929
After one year but not more than five years	−	1,127,321
	₱1,146,696	₱7,426,250

Company as Lessee - Short-term or lease of Low-value Assets
The Company leases its warehouses under operating lease agreements. The terms of the lease contracts are not exceeding one year and renewable upon mutual agreement by the parties. Security deposits amounted to ₱18.2 million and ₱15.5 million as at December 31, 2022 and 2021, respectively. Rent expense amounted to ₱8.3 million, ₱8.5 million and ₱21.1 million in 2022, 2021 and 2020, respectively (see Note 19).

Company as Lessee
The Company is under arrangements of lease of an office space and financing of car plans. The present value of the lease liability is discounted at the Company's incremental borrowing rate of 7.06% at the date of commencement of the lease. The lease term of the office space is at 5 years and has a remaining term of 3 months as of December 31, 2022. On the other hand, the financing of multiple car plans with various banks are under a period of 5 years. These arrangements bear annual interest rate ranging from 2% to 4% and are payable in 60 equal monthly installments. The implicit rate in the lease used in the computation are the rates provided by the banks as the interest rate over the period of the loan. These rates are ranging from 9.379616% to 9.38091%.

Lease Liabilities

The following are the amounts recognized in the consolidated statements of comprehensive income:

	2022	2021	2020
Depreciation expense of right-of-use assets	**₱17,723,732**	₱17,079,097	₱79,038,348
Interest expense on lease liabilities	**4,266,400**	2,385,774	11,098,247
Expenses relating to short-term leases (see Note 19)	**8,269,477**	8,526,711	21,106,429
Total amount recognized in the consolidated statement of comprehensive income	**₱30,259,609**	₱27,991,582	₱111,243,024

The rollforward analysis of lease liabilities follows:

	2022	2021
As at January 1	**₱42,005,270**	₱35,637,457
Additions	**34,331,713**	23,208,300
Interest expense	**4,266,400**	2,385,774
Payments	**(28,303,544)**	(19,226,261)
As at December 31	**₱52,299,839**	₱42,005,270

As at December 31, 2022 and 2021, the details of the lease liabilities follow:

	2022	2021
Current	**₱15,413,841**	₱17,808,894
Noncurrent	**36,885,998**	24,196,376
	₱52,299,839	₱42,005,270

Future minimum lease payments under these lease agreements as of December 31, 2022 and 2021 are as follows:

	2022	2021
Within one year	**₱15,413,841**	₱17,808,894
More than one year but not more than five years	**36,885,998**	24,196,376
	₱52,299,839	₱42,005,270

Tolling Agreements

The Company has entered into various toll arrangements, mainly for the manufacture of feeds, hatching of eggs and dressing of poultry livestock. The Company's payment is fixed per unit of output.

Total payments for this type of arrangements amounted to ₱858.8 million and ₱712.2 million in 2022 and 2021, respectively, and is recorded as part of "Cost of goods sold" account under "Outside services" in the consolidated statements of comprehensive income.

28. Note to Consolidated Statements of Cash Flows

The changes in the Company's liabilities arising from financing activities are as follows:

	January 1, 2022	Proceeds/ Additions	Payments	Interest expense	December 31, 2022
Loans payable	**₱505,051,728**	**₱2,349,559,151**	**(₱1,819,489,528)**	**₱–**	**₱1,035,121,351**
Accrued interest payable	**4,655,329**	**–**	**(4,655,329)**	**–**	**–**
Lease liabilities	**42,005,270**	**34,331,713**	**(28,303,544)**	**4,266,400**	**52,299,839**
Total liabilities from financing activities	**₱551,712,327**	**₱2,383,890,864**	**(₱1,852,448,401)**	**₱4,266,400**	**₱1,087,421,190**

	January 1, 2021	Proceeds/ Additions	Payments	Interest expense	December 31, 2021
Loans payable	₱279,963,857	₱540,681,912	(₱315,594,041)	–	₱505,051,728
Accrued interest payable	1,451,680	–	(23,051,290)	26,254,939	4,655,329
Lease liabilities	35,637,457	23,208,300	(16,840,487)	–	42,005,270
Total liabilities from financing activities	₱317,052,994	₱563,890,212	(₱355,485,818)	₱26,254,939	₱551,712,327

The Company's additions to lease liabilities and right-of use assets amounted to ₱34.3 million and ₱23.2 million for the years ended December 31, 2022 and 2021, respectively.

29. Contingencies

There are outstanding legal claims against the Company. The Company and its legal counsel believe that the pending claims will be settled favorably and will not result to a material loss or impairment, if any.

30. Fair Value Information

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the consolidated statements of financial position are shown below:

	2022		2021	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets at Amortized Cost				
Cash in banks	**₱364,664,458**	**₱364,664,458**	₱227,528,282	₱227,528,282
Trade and other receivables	**882,943,523**	**882,943,523**	859,711,691	859,711,691
Security deposits	**18,229,324**	**18,229,324**	15,459,460	15,459,460
Receivable from insurance	**70,203,810**	**70,203,810**	70,203,810	70,203,810
	₱1,336,041,115	**₱1,336,041,115**	₱1,172,903,243	₱1,172,903,243
Financial Liabilities at Amortized Cost				
Trade and other payables*	**₱1,981,465,000**	**₱1,981,465,000**	₱1,691,198,634	₱1,691,198,634
Loans payable	**1,035,121,351**	**1,100,568,884**	505,051,728	512,144,709
Cash bond deposits	**56,102,619**	**56,102,619**	48,052,089	48,052,089
	₱3,072,688,970	**₱3,138,136,503**	₱2,244,302,451	₱2,251,395,432

**Excluding statutory liabilities amounting to ₱20.2 million and ₱15.9 million as at December 31,2022 and 2021, respectively*

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

Long-term Debt. The estimated fair value is based on the discounted value of the future cash flows using the prevailing interest rate. As at December 31, 2022, the discount rates used ranged from 3.8% to 4.2% while as at December 31, 2021, the fair value of long-term debt approximates its carrying value as they carry interest rates of comparable instruments in the market.

Cash Bond Deposits. Cash bond deposits are presented at nominal values because the timing of the refund or settlement of the deposits could not be reasonably estimated.

The carrying values of the following financial assets and financial liabilities approximate their values as at December 31, 2022 and 2021.

Cash in banks, trade and other receivables, security deposits, and trade and other payables. As at December 31, 2022 and 2021, the carrying amounts of these financial instruments approximate their fair values due to the short-term nature of these accounts.

As at December 31, 2022 and 2021, the Company's financial assets, liabilities, biological assets, property, plant and equipment and investment properties are categorized under Level 3 in the fair value hierarchy. There has been no transfer from Level 3 to other levels in 2022 and 2021.

31. Financial Risk Management Objectives and Policies

The Company is exposed to a variety of financial risks which result from its operating, financing and investing activities. The Company's overall risk management program focuses on the unpredictability of the markets and seeks to minimize potential adverse effects on the Company's performance.

The Company does not engage in the trading of financial assets for speculative purposes nor does it write options. The financial risks, which the Company is exposed to, are described below and in the succeeding pages.

Foreign Currency Risk
To a certain extent, the Company has an exposure to foreign currency risks as some of its raw materials purchases are sourced outside the Philippines and are therefore denominated in foreign currencies. However, the Company has not yet experienced significant losses due to the effect of foreign currency fluctuations because purchases denominated in foreign currency are kept at a minimum.

Interest Rate Risk
As at December 31, 2022 and 2021, the Company has no significant floating rate financial assets or liabilities. The Company's operating cash flows are substantially independent of changes in market interest rates.

The Company has no borrowings that carry variable interest rates, which released the Company from any cash flow interest rate risk.

Credit Risk
Credit risk arises because the counterparty may fail to perform its obligations. With respect to credit risk arising from the financial assets of the Company, the exposure to credit risk arises from default of the counterparty.

Gross Maximum Exposure to Credit Risk
Generally, the maximum credit risk exposure of the financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements) as summarized below.

	2022	2021
Cash in banks	**₱364,664,458**	₱227,528,282
Trade and other receivables	**882,943,523**	859,711,691
Security deposits	**18,229,324**	15,459,460
Receivable from insurance	**70,203,810**	70,203,810
	₱1,336,041,115	₱1,172,903,243

The Company continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. When available at a reasonable cost, external credit ratings and/or reports on counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The Company's trade and other receivables are not exposed to a concentration of credit risk as the Company deals with a number of customers. The trade and other receivables are actively monitored and assessed, and when necessary an adequate level of provision is maintained. In addition, to minimize credit risk, the Company requires collateral, generally land and real estate, from its customers.

The Company's management considers that trade and other receivables that are not impaired nor past due for each reporting period are of good credit quality.

Credit Quality per Class of Financial Asset. The tables below show the credit quality by class of financial assets based on the Company's credit rating system as at December 31, 2022 and 2021:

	2022				
	General Approach			**Simplified Approach**	
	Stage 1	**Stage 2**	**Stage 3**		**Total**
Cash in banks	**₱364,664,458**	**₱–**	**₱–**	**₱–**	**₱364,664,458**
Trade and other receivables	**122,257,583**	**–**	**34,127,739**	**897,913,452**	**1,054,298,774**
Security deposits	**18,229,324**	**–**	**–**	**–**	**18,229,324**
Receivable from insurance	**–**	**141,664,583**	**–**	**–**	**141,664,583**
	₱505,151,365	**₱141,664,583**	**₱34,127,739**	**₱897,913,452**	**₱1,578,857,139**

	2021				
	General Approach			Simplified Approach	
	Stage 1	Stage 2	Stage 3		Total
Cash in banks	₱227,528,282	₱–	₱–	₱–	₱227,528,282
Trade and other receivables	263,758,989	–	23,631,013	741,972,305	1,029,362,307
Security deposits	15,459,460	–	–	–	15,459,460
Receivable from insurance	–	141,664,583	–	–	141,664,583
	₱506,746,731	₱141,664,583	₱23,631,013	₱741,972,305	₱1,414,014,632

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	2022								
	Days Past Due								
	Current	**<30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**More than 120 days**	**Total**	**Accounts with full provision**	**Total**
Expected credit loss rate	**0.00%**	**0.01%**	**0.30%**	**0.50%**	**0.40%**	**6.00%**			
Estimated total gross carrying amount at default	**₱606.10**	**₱149.14**	**₱39.94**	**₱10.50**	**₱2.87**	**₱25.06**	**₱833.60**	**₱64.30**	**₱897.90**
Expected credit loss	**₱0.00**	**₱0.01**	**₱0.12**	**₱0.05**	**₱0.01**	**₱1.50**	**₱1.70**	**₱64.30**	**₱66.00**

	2021								
	Days Past Due								
	Current	<30 days	30-60 days	61-90 days	91-120 days	More than 120 days	Total	Accounts with full provision	Total
Expected credit loss rate	0.00%	0.01%	0.05%	0.10%	0.15%	5.43%			
Estimated total gross carrying amount at default	₱504.99	₱102.71	₱18.76	₱13.71	₱15.06	₱23.83	₱679.05	₱62.95	₱742.00
Expected credit loss	₱0.00	₱0.01	₱0.01	₱0.01	₱0.02	₱1.29	₱1.35	₱62.95	₱64.00

Cash Deposits
Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's BOD on an annual basis and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Liquidity Risk
The Company manages its liquidity profile to be able to service debt as this falls due by maintaining sufficient cash from operations. The Company maintains cash to meet its liquidity requirements for up to 30-day periods.

As at December 31, 2022, the Company's financial liabilities have contractual maturities which are presented in the next page.

	Current		**Noncurrent**	
	Within 6 Months	**6 to 12 Months**	**1 to 5 Years**	**Later than 5 Years**
Trade and other payables*	**₱1,981,465,000**	**₱–**	**₱–**	**₱–**
Loans payable	**948,246,351**	**12,410,714**	**74,464,285**	–
Lease liabilities	**8,146,807**	**7,267,034**	**36,885,998**	–
Cash bond deposits	–	–	**56,299,659**	–
Future interest on long term debt	**3,949,451**	**3,460,672**	**17,336,971**	–
	₱2,941,807,609	**₱23,138,420**	**₱184,986,913**	**₱–**

**Excluding statutory liabilities amounting to ₱20.2 million as at December 31, 2022*

As at December 31, 2021 the Company's financial liabilities have contractual maturities which are presented below:

	Current		Noncurrent	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Trade and other payables*	₱1,691,198,634	₱–	₱–	₱–
Loans payable	394,343,543	12,410,715	98,297,470	–
Lease liabilities	8,904,447	8,904,447	24,196,376	–
Cash bond deposits	–	–	48,052,089	–
Future interest on long term debt	3,774,947	3,425,303	13,221,623	–
	₱2,098,221,571	₱24,740,465	₱183,767,558	₱–

**Excluding statutory liabilities amounting to ₱15.9 million as at December 31, 2021*

Price Risk
The Company is exposed to commodity price risk as the raw materials of its main products are subject to price swings. The Company's management actively seeks means to minimize exposure to such risk.

32. Capital Management Objectives, Policies and Procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and significantly improve its operations.

On December 22, 2017, the SEC approved the Company's debt to equity conversion improving debt to equity ratio from 2.29 in 2016 to 1.26 in 2017. Moreover, the Company's stockholders approved a quasi-reorganization plan to eliminate Company deficit and generate retained earnings to provide returns to its stockholders and maximize shareholder value.

The Company's liabilities and equity are shown below:

	2022	2021
Total liabilities	**₱3,392,242,922**	₱2,532,895,127
Total equity	**1,855,927,927**	1,617,098,790

33. Asset Acquisition

Acquisition of Barbatos Ventures Corporation (BVC)
On December 16, 2021, the Company's Board of Directors approved the acquisition of 100% of the outstanding capital stock of BVC from Luzon Agriventure, Inc. (LAVI) for a consideration of ₱1.00. The acquisition was accounted as an asset acquisition. BVC is a private domestic corporation engaged, among others, in poultry production as well as in the processing, raising and breeding of chickens and similar stocks. The registered principal place of business of the Company is located at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan.

Beginning January 1, 2022, BVC operated as the Company's wholly-owned subsidiary. Issuance and transfer of BVC shares of stock were duly completed in January 2022.

The assets acquired and liabilities assumed from the business combination are as follows:

Cash	₱2,751,245
Accounts receivable - net	11,897,011
Prepayment	6,535,805
Property and equipment	6,739,713
Deferred tax assets	2,200,796
Total assets	₱30,124,570
Accounts payable and other trade payables	₱30,232,590
Deposit payable	177,040
Total liabilities	₱30,409,630

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Vitarich Corporation and Subsidiaries
Marilao-San Jose Road, Sta. Rosa I
Marilao, Bulacan

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vitarich Corporation and Subsidiaries (the Company) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated April 1, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Erwin A. Paigma
Partner
CPA Certificate No. 0118576
Tax Identification No. 944-093-568
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 118576-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-137-2021, November 10, 2021, valid until November 9, 2024
PTR No. 9564677, January 3, 2023, Makati City

April 1, 2023

VITARICH CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2022

		Amount
Retained earnings as at beginning of year		₱135,015,735
Adjustments in previous year's reconciliation		
Deferred tax assets as of January 1, 2022		(93,536,825)
Cumulative gain on fair value changes of investment properties		(375,716,381)
Cumulative loss on fair value changes of biological assets		22,674,221
Deficit, as adjusted, at beginning of year		(311,563,250)
Add net income actually earned/realized during the year		
Net income during the year closed to retained earnings	₱157,773,315	
Realized fair value changes on biological assets	(33,610,659)	
Gain on fair value changes of investment properties	(53,995,672)	
Movement in deferred tax assets	4,872,473	75,039,457
Transfer to retained earnings of revaluation reserve		11,767,278
Deficit as adjusted at end of the year		(₱224,756,515)

VITARICH CORPORATION AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Vitarich Corporation and Subsidiaries
Marilao-San Jose Road, Sta. Rosa I
Marilao, Bulacan

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vitarich Corporation and Subsidiaries (the Company) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated April 1, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Erwin A. Paigma

Erwin A. Paigma
Partner
CPA Certificate No. 0118576
Tax Identification No. 944-093-568
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 118576-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
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BIR Accreditation No. 08-001998-137-2021, November 10, 2021, valid until November 9, 2024
PTR No. 9564677, January 3, 2023, Makati City

April 1, 2023

VITARICH CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

AS AT DECEMBER 31, 2022

Below is a schedule showing financial soundness indicators for the period ended:

RATIO	FORMULA	**Audited December 2022**	Audited December 2021
Current Ratio			
	Current assets	**2,855,034,161**	2,114,321,831
	Divided by current liabilities	**3,002,598,897**	2,131,707,381
	Current ratio	**0.95**	0.99
Debt−to−equity Ratio			
	Total liabilities	**3,392,242,922**	2,532,895,127
	Divided by total equity	**1,855,927,927**	1,617,098,790
	Debt-to-equity ratio	**1.83**	1.57
Asset−to−equity Ratio			
	Total assets	**5,248,170,849**	4,149,993,917
	Divided by total equity	**1,855,927,927**	1,617,098,790
	Asset-to-equity ratio	**2.83**	2.57
Solvency Ratio			
	Net income before depreciation and amortization	**234,662,688**	195,448,235
	Divided by total liabilities	**3,392,242,922**	2,532,895,127
	Solvency ratio	**0.07**	0.08
Interest rate coverage Ratio			
	Pretax income before interest	**236,588,551**	143,657,040
	Divided by interest expense	**40,001,976**	23,051,290
	Interest rate coverage ratio	**5.91**	6.23
Profitability Ratio			
	Net income	**128,986,939**	89,441,614
	Divided by total equity	**1,855,927,927**	1,617,098,790
	Profitability ratio	**0.07**	0.06

RATIO	FORMULA	**Audited December 2022**	Audited December 2021
Gross Profit Margin			
	Gross Profit	**1,061,015,374**	856,354,163
	Divided by Net Sales Revenue	**11,957,515,851**	9,649,161,808
	Gross Profit Margin	**9%**	9%
Net Profit Margin			
	Net Income	**128,986,939**	89,441,614
	Divided by Net Sales Revenue	**11,957,515,851**	9,649,161,808
	Net Profit Margin	**1%**	1%
Earnings before Interest, Tax, Depreciation & Amortization (EBITDA)			
	Net Income	**128,986,939**	89,441,614
	Add: Interest Expense	**40,001,976**	23,051,290
	Add: Taxes	**67,599,636**	31,164,136
	Add: Depreciation & amortization	**105,675,749**	106,006,621
	EBITDA	**342,264,300**	249,663,661
EBITDA Margin			
	EBITDA	**342,264,300**	249,663,661
	Net Sales Revenue	**11,957,515,851**	9,649,161,808
	EBITDA Margin	**3%**	3%
Price Earnings Ratio (Last twelve months)			
	Market Value per share	**0.60**	0.74
	Divided by Earnings per share	**0.04**	0.03
	Price earnings ratio	**15.0**	24.67
Return on Average Equity			
	Net income	**128,986,939**	89,441,614
	Divided by average total equity	**1,736,513,358**	1,569,661,175
	Return on Average Equity	**7%**	6%

RATIO	FORMULA	**Unaudited December 2022**	Audited December 2021
Quick Ratio			
	Quick assets	**1,252,360,249**	1,132,406,572
	Divided by current liabilities	**3,002,598,897**	2,131,707,381
	Quick ratio	**0.42**	0.53
Debt to EBITDA			
	Total liabilities	**3,392,242,922**	2,532,895,127
	Divided by EBITDA	**342,264,300**	249,663,661
	Debt-to-EBITDA	**9.91**	10.15
Receivable Days Turnover			
	Average accounts receivable	**819,942,880**	866,290,923
	Multiply by Number of Days	**365**	365
	Divided by Net sales	**11,957,515,851**	9,649,161,808
	Receivable Days Turnover	**25**	33
Inventory Days Turnover			
	Average inventory	**827,486,136**	589,207,286
	Multiply by Number of Days	**365**	365
	Divided by Cost of goods sold	**10,907,436,915**	8,769,953,425
	Inventory Days Turnover	**28**	25
Accounts Payable Days			
	Average accounts payable	**1,446,214,805**	1,252,337,044
	Multiply by Number of Days	**365**	365
	Divided by Credit Purchases	**11,211,437,052**	8,937,427,873
	Accounts Payable Days	**47**	51
Cash Conversion Cycle			
	Days inventory outstanding	**28**	25
	Add: Days sales outstanding	**25**	33
	Less: Days payable outstanding	**47**	51
	Cash Conversion Cycle	**6**	7

VITARICH CORPORATION AND SUBSIDIARIES

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF REVISED SRC RULE 68

Audited

December 31, 2022

Table of Contents

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2022
(In Thousands)

			Deductions		Ending Balance		
Name and Designation of Debtor	**Balance at beginning of Year**	**Additions**	**Collected**	**Written Off**	**Current**	**Noncurrent**	**Balance as at December 31, 2022**
Advances to Officers and Employees:							
Rey D. Ortega, Senior Vice-President and General Manager	175	88	216	–	47	–	47
Peter Andrew Dompor, Sales Manager	184	–	155	–	29	–	29
Adriano Barrameda, Sales Manager	136	17	90	–	63	–	63
Oliver Lupiba, Sales Manager	398	16	37	–	377	–	377
Cruz, Aaron, Sales Manager	201	–	85		116		116
Others*	10,907	17,406	9,942	–	18,371	–	18,371
	₱12,001	₱17,527	₱10,525	₱–	₱19,003	₱–	₱19,003

*Represent advances to officers and employees with balances less than ₱100,000.

Note: All of the above receivables are current.

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2022
(In Thousands)

			Deductions			Ending Balance		
Related Party	Balance at beginning of year	Additions	Collections	Write Off	Amounts written off	Current	Noncurrent	Balance as at December 31, 2022
Amounts Due from Related Parties								
Gromax, Inc.	₱41,598	₱–	₱–	₱–	₱–	₱41,598	₱–	₱41,598

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS – OTHER ASSETS
DECEMBER 31, 2022
(In Thousands)

Description	Begining balance	Additions	Charged to cost and expense	Charged to other accounts	Other changes additions (deductions)	Balance at end of year
Computer software	₱19,661	₱20	₱5,795	₱–	₱–	₱13,886

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE E – LONG TERM DEBT
DECEMBER 31, 2022
(In Thousands)

Title of the Issuer	Agent/Lender	Outstanding Balance	Current Portion	Noncurrent Portion	Interest Rate	Number of Periodic Installments	Interest Payment	Final Maturity
Fixed	Chinabank Savings	₱49,643	₱12,411	₱37,232	6.13%	28 quarterly payments	Monthly	October 30, 2026
Fixed	Chinabank Savings	49,643	12,411	37,232	6.25%	28 quarterly payments	Monthly	November 30, 2026
		₱99,286	₱24,822	₱74,464				

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE F - RECEIVABLE FROM (PAYABLE TO) RELATED PARTIES
December 31, 2022
(In Thousands)

			Deductions			Ending Balance		
Related Parties	Balance at beginning of year	Additions	Collections (Payments)	Discounting	Write Off	Current	Noncurrent	Balance as at December 31, 2022
Trade and other receivables								
Entities under common control	₱262,800	₱509,194	(₱553,596)	₱–	₱–	₱–	₱–	₱218,398
Trade and other payables								
Entities under common control	₱89,708	₱1,097,925	(₱1,183,300)	₱–	₱–	₱–	₱–	₱4,333
Stockholders	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–

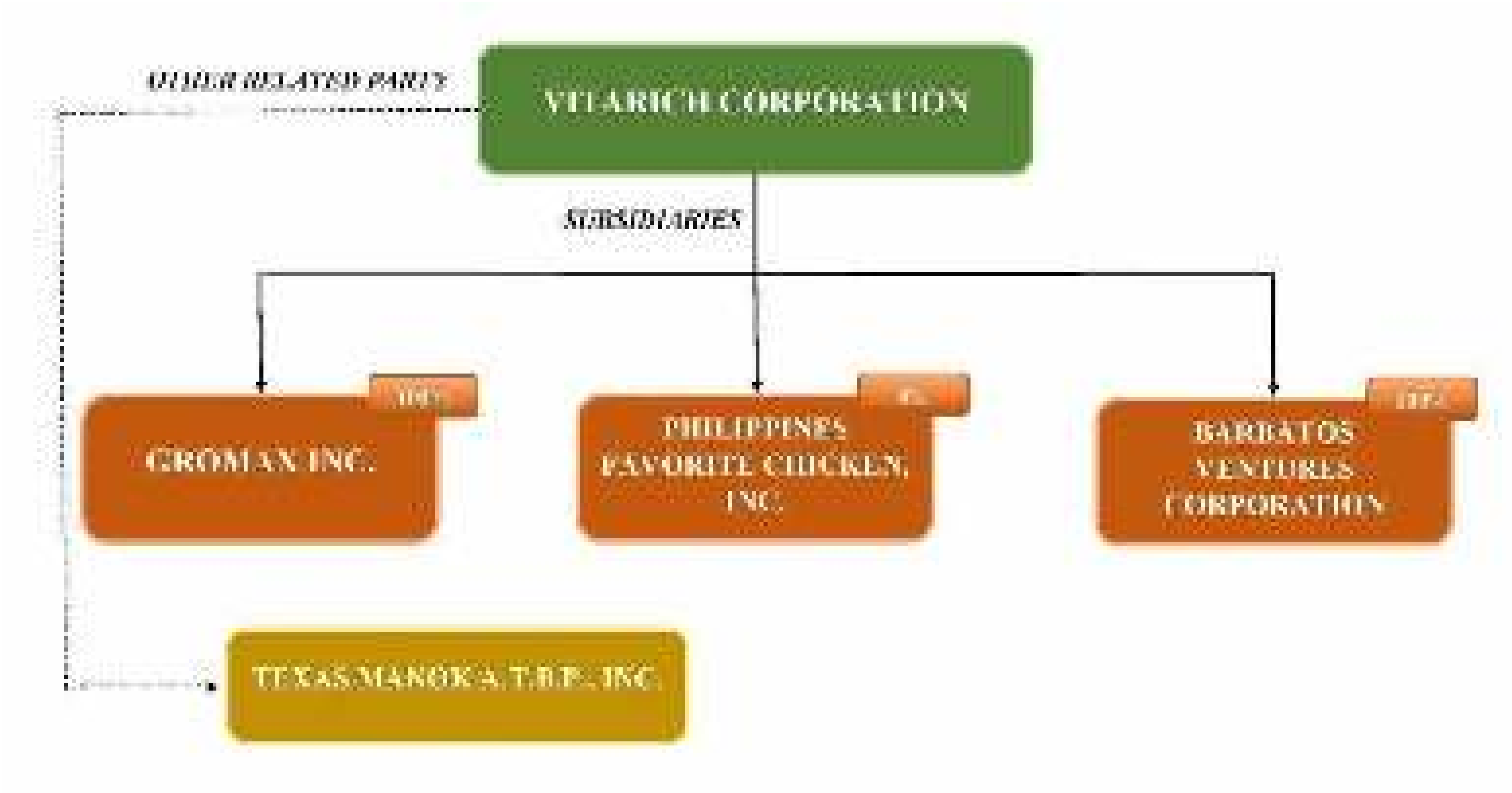
VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE H – CAPITAL STOCKHOLDER
December 31, 2022
(In Thousands)

				Number of shares held by		
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the statement of financial position caption	Number of shares reserved for options, warrants, conversion & other rights	Related parties	Directors, officers and employees	Public
Common stock – ₱0.38 par value per share						
Authorized - 3,500,000,000 shares	3,500,000	3,054,334	–	2,186,199	82,485	785,650

VITARICH CORPORATION AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE GROUP

DECEMBER 31, 2022



PARENT FINANCIAL STATEMENTS

FILE ... SEC AFTER THE BIR HAS DULY STAMPED "RECEIVED."

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

VITARICH CORPORATION

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan

Form Type	Department requiring the report	Secondary License Type, If Applicable
AASFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
ayrdangan@vitarich.com	(044) 8843-3033	(0918) 848 2888

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
4,113	Last Friday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Stephanie Nicole S. Garcia	ssg@vitarich.com	(044) 843-3033	(0918) 848 2288

CONTACT PERSON's ADDRESS

Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan

NOTE: 1. [illegible]

2. [illegible]

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VITARICH

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Vitarich Corporation (the Company)** is responsible for the preparation and fair presentation of the separate financial statements including the schedules attached therein as at and for the year ended **December 31, 2022 and 2021** in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible in overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the separate financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the separate financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Jose Vicente C. Bengzon III
Chairman of the Board

Ricardo Manuel M. Sarmiento
President / Chief Executive Officer

Stephanie Nicole S. Garcia
Executive Vice President & Chief Sustainability Officer (CSO) /
Corporate Management Services Director / Treasurer

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Subscribed and sworn to before me this 03 MAR 2023 day of __________ in Marilao, Bulacan, Affiant exhibited to me their respective government-issued ID's as competent proof of their identities and acknowledged that they executed the same freely and voluntarily, to wit:

JOSE VICENTE E. BENGZON

RICARDO MANUEL M. SARMIENTO

STEPHANIE NICOLE S. GARCIA

Doc. No. 491
Page No. 100
Book No. V
Series of 2023

ATTY. NENITA DC. TUAZON
NOTARY PUBLIC

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vitarich Corporation
Marilao-San Jose Road, Sta. Rosa I
Marilao, Bulacan

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Vitarich Corporation (the Company), which comprise the parent company statements of financial position as at December 31, 2022 and 2021 and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

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

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

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

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 33 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Vitarich Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Erwin A. Paigma.

SYCIP GORRES VELAYO & CO.

Erwin A. Paigma

Erwin A. Paigma
Partner
CPA Certificate No. 0118576
Tax Identification No. 441-093-568
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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April 1, 2023

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VITARICH CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash (Note 4)	₱561,868,826	₱223,695,404
Trade and other receivables (Note 5)	990,123,443	853,711,601
Inventories and livestock (Note 6)	926,783,891	675,196,067
Other current assets (Note 7)	404,985,758	366,421,687
Total Current Assets	2,882,753,929	2,119,015,819
Noncurrent Assets		
Receivable from insurance (Note 8)	73,283,810	73,283,810
Property, plant and equipment (Note 10)		
At revalued amount	933,842,311	872,012,227
At cost	126,483,818	45,981,165
Investment properties (Note 11)	1,165,878,526	973,432,752
Right-of-use assets (Note 12)	65,525,616	38,921,625
Other noncurrent assets (Note 12)	32,115,321	35,120,487
Total Noncurrent Assets	2,394,855,402	2,035,673,066
TOTAL ASSETS	₱5,277,609,331	₱4,149,987,905
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 13)	₱1,933,164,296	₱1,707,144,232
Current portion of loans payable (Note 14)	985,478,695	406,754,238
Current portion of lease liabilities (Note 26)	15,413,861	17,808,896
Total Current Liabilities	2,933,056,592	2,131,707,366
Noncurrent Liabilities		
Cash bond deposits (Note 15)	56,105,618	48,062,089
Net retirement liability (Note 21)	117,097,905	165,461,290
Loans payable - net of current portion (Note 14)	19,643,856	58,297,670
Lease liabilities - net of current portion (Note 26)	78,805,998	71,196,576
Net deferred tax liabilities (Note 22)	188,155,050	61,180,551
Total Noncurrent Liabilities	459,844,428	404,187,946
Total Liabilities	3,392,901,016	2,535,895,150
Equity		
Capital stock (Note 24)	1,310,646,925	1,310,646,925
Additional paid-in capital (Note 24)	1,470,859	1,470,859
Retained earnings	394,556,328	175,015,775
Other comprehensive income (Notes 10, 21 and 26)	178,034,203	123,955,280
Total Equity	1,884,708,315	1,612,092,846
TOTAL LIABILITIES AND EQUITY	₱5,277,609,331	₱4,149,987,905

See accompanying Notes to Parent Company Financial Statements.

VITARICH CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
REVENUE		
Sale of goods, net of discounts (Notes 16 and 23)	₱11,884,005,954	₱9,649,161,608
Fair value adjustment on biological assets (Notes 6 and 18)	12,070,807	55,119,641
	11,896,076,761	9,704,281,249
COST OF GOODS SOLD		
Cost of goods sold (Note 17)	(10,829,626,461)	(8,769,957,225)
Fair value adjustment on biological assets (Notes 6 and 18)	(1,134,369)	(77,572,882)
	(10,830,760,830)	(8,847,757,088)
GROSS PROFIT	1,065,315,931	856,524,161
Operating expenses (Note 18)	(961,735,516)	(700,926,742)
Other operating income (Note 19)	53,806,646	28,564,207
	(907,928,870)	(672,362,535)
OPERATING PROFIT	157,388,061	183,901,626
OTHER INCOME (EXPENSES)		
Interest expense (Notes 14, 25 and 26)	(40,001,916)	(22,051,253)
Gain on changes in fair value of investment properties (Note 11)	53,995,672	1,358,177
Interest income (Notes 4 and 5)	3,394,948	1,202,145
Other charges - net (Note 20)	(41,207,938)	(37,579,451)
	(24,819,300)	(58,068,089)
INCOME BEFORE INCOME TAX	132,568,761	126,093,173
PROVISION FOR INCOME TAX (Note 22)		
Current	31,280,873	25,793,085
Deferred	(16,483,533)	5,371,040
	14,796,446	31,164,125
NET INCOME	117,773,315	94,758,038
OTHER COMPREHENSIVE INCOME		
Items not to be reclassified to profit or loss:		
Revaluation increase in property, plant and equipment in 2022, net of tax effect of ₱21.3 million, and impact of change in tax rate in 2021 on revaluation reserve (Note 10)	78,001,228	73,191,905
Actuarial gain (loss) [net of tax effect of ₱4.2 million in 2022 and (₱5.8 million) in 2021] (Note 21)	11,841,870	(17,337,588)
	89,842,098	55,853,317
TOTAL COMPREHENSIVE INCOME	₱207,784,783	₱150,191,655
EARNINGS PER SHARE - BASIC AND DILUTED (Note 24)	₱0.082	₱0.031

See accompanying Notes to Parent Company Financial Statements.

VITARICH CORPORATION
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31	
	2022	2021
CAPITAL STOCK - P1 par value (Note 24)	P1,100,046,525	P1,100,045,525
ADDITIONAL PAID-IN CAPITAL (Note 24)	1,478,859	1,478,859
RETAINED EARNINGS		
Balance at beginning of year	135,015,735	75,835,173
Net income	157,774,319	54,758,098
Transfer to retained earnings of revaluation reserve	10,767,278	4,422,564
Balance at end of year	303,556,328	135,015,735
OTHER COMPREHENSIVE INCOME (Note 24)		
Balance at beginning of year	318,599,286	318,548,223
Transfer to retained earnings of revaluation reserve	(10,767,281)	(4,422,564)
Revaluation increase on property, plant and equipment, net of deferred income tax (Note 10)	98,884,129	23,181,692
Actuarial gain (loss), net of deferred income tax (Note 21)	20,842,878	(17,727,865)
Balance at end of year	416,604,288	318,599,286
	P1,894,788,315	P1,617,643,856

See accompanying Notes to Parent Company Financial Statements.

VITARICH CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱232,969,761	₱125,422,173
Adjustments for:		
Depreciation and amortization (Notes 10 and 12)	101,591,105	105,000,621
Interest expense (Notes 14, 25 and 28)	40,001,976	25,851,790
Gain on fair value on biological assets (Notes 6 and 16)	(10,956,428)	(22,856,221)
Retirement expense (Note 21)	12,536,338	16,993,001
Gain on changes in fair value of investment properties (Note 11)	(55,095,612)	(1,268,133)
Loss on disposal of property, plant and equipment, investment properties, and right-of-use assets (Notes 10, 11, 12 and 28)	3,027,745	1,060,098
Interest income (Notes 4 and 5)	(2,364,945)	(1,223,143)
Operating income before working capital changes	270,388,858	257,619,664
Decrease (increase) in:		
Trade and other receivables	(98,134,735)	(32,228,212)
Inventories	(258,262,286)	(149,707,342)
Other current assets	(155,564,871)	(30,976,434)
Other noncurrent assets related to operations	(7,773,611)	(11,295,125)
Increase (decrease) in:		
Trade and other payables	201,595,674	57,966,257
Cash bond deposits	8,058,533	7,954,513
Net cash generated from (used in) operations	(32,968,227)	15,662,777
Income tax paid	(31,282,873)	(23,793,035)
Retirement benefits paid (Note 21)	(8,124,200)	(5,568,559)
Interest received	187,532	140,673
Net cash used in operating activities	(82,287,778)	(13,253,046)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property, plant and equipment (Note 10)	(103,542,894)	(74,016,596)
Investment properties (Note 11)	(142,835,597)	(43,630,100)
Proceeds from sale of property, plant and equipment	200,000	1,025,000
Net cash used in investing activities	(251,778,491)	(116,621,700)
CASH FLOW FROM A FINANCING ACTIVITY		
Availment of loans (Note 14)	2,349,559,151	510,631,912
Payment of loans (Note 14)	(1,819,489,528)	(215,594,061)
Interest paid	(36,735,576)	(23,351,288)
Payments of principal lease liabilities (Note 28)	(28,303,544)	(15,890,657)
Net cash provided by financing activities	464,030,503	255,796,004
NET INCREASE IN CASH	131,964,434	52,715,353
CASH AT BEGINNING OF YEAR	225,698,404	173,983,064
CASH AT END OF YEAR (Note 4)	₱[illegible]	₱225,698,404

See accompanying Notes to Parent Company Financial Statements.

BUREAU OF INTERNAL REVENUE
DOCUMENT PROCESSING & QUALITY ASSURANCE DIVISION
RECEIVED
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1. **Corporate Information**

Vitarich Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 31, 1962 to engage primarily in manufacturing, growing and selling of feeds and livestock. The Company's shares of stock are registered with the Philippine Stock Exchange on sFebruary 8, 1995.

The details of the Company's subsidiaries are as follows:

		Percentage	
	Line of Business	**2022**	2020
Barbatos Ventures Corporation (BVC)*	Poultry Dressing	**100%**	–
Gromax, Inc. (Gromax)**	Manufacturing	**100%**	100%

**Acquired by the Company effective January 1, 2022 (see Note 9).*
***Ceased operations in 2015.*

On October 16, 2013, the SEC approved the Company's increase in authorized capital stock to ₱3.5 billion and the conversion of Company debts amounting to ₱2.4 billion to Kormasinc, Inc. (Kormasinc) into equity at 1 share of common stock for every ₱1.00 debt. Of the converted debt, ₱90.0 million was applied as payment for 90,030,236 shares from unissued shares and ₱2.3 billion was applied as payment for additional shares from the increase in authorized capital.

With the debt to equity conversion and significant improvement in the Company's operations, the Regional Trial Court of Malolos, Bulacan (the Rehabilitation Court) approved the Company's exit from Corporate Rehabilitation on September 16, 2016.

On December 22, 2017, the SEC approved the debt-to-equity conversion of the remaining payable of ₱407.1 million to Kormasinc at ₱1.52 a share increasing Kormasinc's ownership interest from 69.20% to 71.90% (see Note 24).

On June 30, 2017, the Company's stockholders approved the Company's plan to undergo a quasi-reorganization. The Company reduced the par value of the Company's shares and the existing additional paid-in capital and outstanding revaluation surplus were applied to eliminate the Company's deficit of ₱2.2 billion as at December 31, 2017.

On July 11, 2018, the SEC approved the change in par value which resulted to a decrease in capital stock of the Company from ₱3.5 billion divided into 3.5 billion shares with par value of ₱1.00 each to ₱1.33 billion divided into 3.5 billion shares with par value of ₱0.38 each. The reduction in par value resulted to recognition of additional paid in capital amounting to ₱1.9 billion. On July 18, 2018, the Company received the Certificate of Approval of Equity Restructuring to wipe out the deficit as of December 31, 2017 in the amount of ₱2.3 billion against the additional paid in capital of ₱2.3 billion.

On May 31, 2018, the SEC approved the shortening of the corporate life of Gromax until November 10, 2019. Gromax Inc. has ceased operations since 2015. In 2018, the Company recognized an impairment loss of ₱40.8 million which pertains to due from related parties that are no longer recoverable. As of April 1, 2023, the liquidation process of Gromax is on-going.

The registered principal place of business of the Company is located at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan. The Company has operating offices in Luzon, Iloilo and Davao, and maintains satellite offices in Southern Philippines.

The parent company financial statements as at and for the years ended December 31, 2022 and 2021 were approved and authorized for issue by the Board of Directors (BOD) on April 1, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation
The financial statements have been prepared on a going concern basis. All amounts are stated at historical cost, except for property, plant and equipment (excluding transportation equipment and construction in-progress) which are stated at revalued amount, and investment properties and biological assets which are stated at fair value.

The parent company financial statements of the Company are presented in Philippine Peso (₱), the Company's functional and presentational currency. All values represent absolute amounts except when otherwise stated.

Statement of Compliance
The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs) issued by the Philippine Financial Reporting Standards Council (FRSC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC. This financial reporting framework includes all applicable PFRSs, Philippine Accounting Standards (PAS), interpretations from the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC), and SEC provisions.

Current versus Noncurrent Classification
The Company presents assets and liabilities in the statements of financial position based on current/noncurrent classification.

An asset is current when:
- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within 12 months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as noncurrent.

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

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the 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 financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for fair value measurements on financial instruments, biological assets, property, plant and equipment and investment properties.

External valuers are involved for valuation of significant assets, such as property, plant and equipment and investment properties. The involvement of external valuers is determined annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyzes the movements in the values of assets and liabilities which are required to be remeasured or reassessed per the Company’s accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company, in conjunction with the external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company 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
Cash includes cash on hand and cash in banks. Cash in banks earn interest at prevailing bank deposit rates.

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.

Financial Assets
Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company 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.

The Company'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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company 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) and financial assets at FVTPL.

- *Financial Assets at Amortized Cost (Debt Instruments)*. This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:
  - the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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 the statements of comprehensive income when the asset is derecognized, modified or impaired.

Financial assets at amortized cost are classified as current assets when the Company expects to realize the asset within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

As at December 31, 2022 and 2021, the Company's cash, trade and other receivables, receivable from insurance and security deposits (presented under "Other noncurrent assets") are classified under this category.

The Company has no debt and equity instruments at FVOCI and at FVTPL as at December 31, 2022 and 2021.

Impairment of Financial Assets. The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. 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.

Determining the Stage for Impairment. At each reporting date, the Company assesses whether there has been a significant increase in credit risk (SICR) for financial assets since initial recognition by comparing the risk of a default occurring over the expected life between the reporting date and the date of initial recognition. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Staging Assessment. PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been SICR of a financial asset. Three stages are established to determine the amount of impairment to be recognized:

- Stage 1 is comprised of all financial instruments which have not experienced SICR since initial recognition. The Company is required to recognize 12-month ECL for stage 1 financial instruments.
- Stage 2 is comprised of all financial instruments which have experienced SICR since initial recognition. The Company is 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 SICR since initial recognition, then the Company 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 negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the requirements under PAS 39, *Financial Instruments: Recognition and Measurement*, for impaired financial instruments.

General Approach for Cash, Other Receivables, Receivable from Insurance, and Security Deposit. For cash, other receivables, receivable from insurance and security deposits, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been SICR on its cash, other receivables, receivable from insurance and security deposits since initial recognition.

For cash in banks, the Company assessed that placements are with reputable counterparty banks that possess good credit ratings. For receivable from insurance, the Company assessed the timing and amount of expected net recoveries in calculating the ECL. For other receivables and security deposits, the Company used external benchmarking which compares the internal credit risk rating of certain debtor with the external rating agencies and use the latter's estimate of probability of default (PD) for similar credit risk rating.

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

The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Note 3, *Significant Judgment, Accounting Estimates and Assumptions*
- Note 5, *Trade and Other Receivables*

Derecognition of Financial Assets. A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of ownership of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities
Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings 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, net of directly attributable transaction costs.

Subsequent Measurement. For purposes of subsequent measurement, financial liabilities are classified in two categories: financial liabilities at amortized cost and financial liabilities at FVTPL.

- *Financial Liabilities at Amortized Cost.* This is the category most relevant to the Company. After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statements of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

  Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

  As at December 31, 2022 and 2021, the Company's trade and other payables (excluding statutory payables), loans payable, lease liabilities and cash bond deposits are classified under this category.

The Company has no financial liabilities at FVTPL and derivatives designated as hedging instruments in an effective hedge as at December 31, 2022 and 2021.

Derecognition of Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original EIR, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statement of comprehensive income. On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. The gross carrying amount of the financial liability is recalculated as the present value of the modified contractual cash flows discounted at the original EIR and recognizes modification gain or loss. Cost or fees incurred adjust the carrying amount of the financial liability and are amortized over the remaining term of the modified financial liability.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

The Company 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 insolvency or bankruptcy of the Company and all of the counterparties.

Inventories
The Company recognizes inventories when the risk and rewards of ownership are transferred to the Company (i.e., usually upon receipt from local suppliers and upon delivery of the goods to the carrier from importation).

Inventories are valued at the lower of cost and net realizable value (NRV). The purchase price and costs incurred in bringing each product to its present location are accounted for as follows:

Raw Materials and Feeds Supplements, Supplies and Animal Health Products - Weighted Average Method. All costs directly attributable to acquisition such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities are included as part of costs of these inventories.

Finished Goods - Weighted Average Method. All costs directly attributable to acquisition such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities are included as part of costs of these inventories. Included also are the costs of direct materials, labor and manufacturing overhead.

NRV of finished goods is based on the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. NRV of raw materials and supplies is the current replacement cost.

Livestock
Livestock consist of biological assets such as day-old chicks after undergoing hatching process, chicks which are grown as chicken broilers, hatching eggs which are recorded under raw materials, and live, fresh, frozen and cut-ups chicken which are recorded under finished goods.

Day-old Chicks and Chicken Broilers. These are accounted for as biological assets in accordance with PAS 41, *Agriculture*. The Company recognized the amount of fair value adjustment on agricultural produce that are in the ending inventory and inventories sold during the year. The valuation takes into consideration input based on hatchability rate of eggs, mortality of chicks being grown as chicken broilers and estimated future cash flows to be incurred in hatching the eggs and growing the chicks. The market prices are derived from unobservable market prices. The prices are reduced for costs incurred in dressing the chicken and freight costs to market, to arrive at a net fair value at farm gate. The fair value adjustments of livestock that are in inventory and sold during the year is presented as part of consolidated statement of comprehensive income.

Raw Materials (Hatching Eggs) - Weighted Average Method. All costs directly attributable to acquisition such as the purchase price and taxes that are not subsequently recoverable from taxing authorities are included as part of costs of these inventories.

Finished Goods (Live, Fresh, Frozen and Cut Ups Chicken) - Weighted Average Method. The costs include all costs of the chicken broilers, labor and manufacturing overhead costs.

Other Current and Noncurrent Assets
Other current assets consist of creditable withholding taxes (CWT), prepayments, input value-added taxes (VAT) and advances to suppliers, contract growers and breeders.

CWT. CWT represents the amount withheld at source by the Company's customers in relation to its income. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations. CWT is stated at its estimated NRV.

Advances to Suppliers. Advances to suppliers consist of payments in advance of raw materials, supply labor tools, subscriptions, memberships, and other fees.

Advances to Contract Growers and Breeders. Advances to contract growers and breeders pertain to animal health products, feeds and fees.

Prepayments. Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time.

Prepayments are classified as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent assets.

VAT. Input value-added taxes (VAT) represent VAT imposed on the Company by its suppliers for the acquisition of goods and services. Output VAT represents indirect tax on consumption levied on the sale of goods and services, which is passed on by the Company to its customers. Where VAT incurred on the purchase of an asset or services is not recoverable from the taxation authority, such VAT is recognized as part of the cost of acquisition of the asset or part of the expense item, as applicable.

When output VAT exceeds input VAT, the excess is recognized as payable in the statement of financial position. When input VAT exceeds output VAT, the excess is recognized as an asset (presented under "Other current assets") in the statement of financial position to the extent of the recoverable amount.

Other noncurrent assets consist of right-of-use asset, project development costs, security deposits and computer software.

Project Development Costs. These costs represent capitalized development costs which are accounted for under the cost model. The cost of the asset is the amount of cash paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition or production.

Costs associated with research activities are recognized as expense in the statement of comprehensive income as these are incurred. Costs that are directly attributable to the development phase of the Company's aqua feeds and aqua culture projects are recognized as project development cost provided, they meet the following recognition requirements:

a. there is a demonstration of technical feasibility of the prospective product for internal use or sale;
b. the intangible asset will generate probable economic benefits through internal use or sale;
c. sufficient technical, financial and other resources are available for completion; and
d. the intangible asset can be reliably measured.

All other development costs are expensed as incurred.

Security Deposits. These represent rental deposits paid by the Company and will be returned at the end of the lease term. These qualify as financial assets.

Computer Software. Computer software acquired is measured on initial recognition at cost. Subsequent to initial recognition, computer software is carried at cost less any accumulated amortization and any impairment losses. Internally generated computer software, excluding capitalized development costs, is not capitalized and expenditure is charged against the statement of comprehensive income in the year in which the expenditure is incurred.

Computer software is amortized on a straight-line basis over the economic useful life of three years and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortization period and method for computer software are reviewed at least at each reporting date. Changes in the expected useful life 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 a change in accounting estimates.

Gains or losses arising from disposition of computer software measured as the difference between the disposal proceeds and the carrying amount of the asset, are recognized in the statement of comprehensive income when the asset is derecognized.

Property, Plant and Equipment

Property, plant and equipment (except for transportation equipment and construction in-progress) are stated at revalued amount as determined by an independent firm of appraisers. Transportation equipment is stated at cost less accumulated depreciation and any impairment in value.

The cost of an asset at initial recognition comprises its purchase price and directly attributable costs of bringing the asset to working condition and location for its intended use. Expenditures for major additions, improvements and renewals are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

Subsequent to initial recognition at cost, property, plant and equipment (except for transportation equipment and construction in-progress) are carried at revalued amount less any subsequent accumulated depreciation, amortization and any accumulated impairment losses. Fair market value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Any revaluation reserve is credited to "Revaluation reserve" account presented under the "Other comprehensive income" section of the statement of financial position. Any decrease in the revaluation surplus of the same asset is charged to OCI to the extent of any credit balance existing in the revaluation surplus in respect of that asset and the remaining decline, if any, is recognized in the statement of comprehensive income.

Annually, an amount from the "Revaluation reserve" account is transferred to "Retained earnings" under the "Equity" section in the statement of financial position for the depreciation relating to the revaluation reserve, net of related taxes. Upon disposal, any revaluation reserve relating to the particular asset sold is transferred to "Retained earnings." Revaluations are performed every two years ensuring that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets (except for land).

The depreciation and amortization periods for property, plant and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Machinery and equipment	10 to 20 years
Buildings	20 years
Leasehold and land improvements	2 to 5 years or lease term, whichever is shorter
Office furniture, fixtures and equipment	3 to 10 years
Transportation equipment	4 to 5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The estimated useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in-progress (CIP) pertains to properties under construction and is stated at cost. Cost includes costs of construction, labor and other direct costs. CIP is not depreciated until such time that the relevant assets are completed and available for operational use.

Fully depreciated assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

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 of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognized.

Investment Properties

Investment properties, accounted for under the fair value model, are property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at acquisition cost, including transaction costs. Subsequently, investment properties are stated at fair value as determined by independent appraisers on an annual basis. The carrying amount recognized in the statement of financial position reflects the prevailing market conditions at the end of each reporting period.

Any gain or loss resulting from either a change in fair value or sale of an investment property is immediately recognized in the statement of comprehensive income.

No depreciation charges are recognized on investment properties accounted for under the fair value method.

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal.

Rental income and operating expenses from investment properties are reported as part of "Other operating income" and "Operating expenses," respectively, in the statements of comprehensive income.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under "Property, plant and equipment" up to the date of change in use.

Investment in Subsidiaries
The Company's investment in subsidiaries is accounted for using the cost method. The investment is carried in the Company's parent company statement of financial position at cost less any impairment in value. The Company recognizes dividends received from its subsidiary in profit or loss when its right to receive the dividend is established.

A subsidiary is an entity that is controlled by the parent. Control is established when the Company is exposed, or has right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee.

Impairment of Nonfinancial Assets
Nonfinancial assets consisting of property, plant and equipment, investment properties, investment in subsidiaries, right-of-use assets, computer software and project development costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash generating unit (CGU) is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction, while value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life. 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 time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the statement of comprehensive income.

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. 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 statement of comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over remaining useful life.

Equity
Capital Stock and Additional Paid-in Capital (APIC). Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as APIC. Incremental costs incurred directly attributable to the issuance of new shares are

recognized in equity as deduction from proceeds, net of tax. Unpaid subscriptions are recognized as a reduction of subscribed capital shares.

OCI. OCI comprises of items of income and expense that are not recognized in profit or loss for the year in accordance with PFRSs. OCI of the Company pertains to revaluation reserve on property, plant and equipment and accumulated remeasurement gains and losses on retirement liability - net.

Retained Earnings. Retained earnings represents the accumulated net income or losses, net of any dividend declaration. Retained earnings may also include effect of changes in accounting policy as may be required by a standard's transitional provisions.

Revenue Recognition
The Company is engaged in the growing, production and distribution of chicken broilers, either as live or dressed, manufacture and distribution of animal feeds, animal health and nutritional products, and feed supplements and production of day-old chicks. 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 Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

Revenue from sale of live or dressed chicken, animal feeds, animal health and nutritional products, and feed supplements and day-old chicks is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery. The normal credit term is 30 to 90 days upon delivery.

The Company 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, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

The variable consideration is estimated at contract inception and 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.

The following specific recognition criteria must also be met before revenue is recognized.

Sale of Goods. Revenue is recognized at point in time when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

Tolling. Revenue is recognized over time when the performance of contractually agreed tasks have been substantially rendered.

Other Income. Other income is recognized when earned. Revenue is measured at the fair value of the consideration received.

Rights of Return
For sale of animal feeds, certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in PFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be

included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognizes a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

Contract Balances

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade Receivables. A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

As at December 31, 2022 and 2021, the Company does not have contract assets and contract liabilities.

Right of Return Assets. Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund Liabilities. A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

As at December 31, 2022 and 2021, the Company's estimated right of return assets and refund liabilities are not material.

Revenue Outside the Scope of PFRS 15

Interest income. Interest income is recognized as the interest accrues on a time proportion basis taking into account the principal amount outstanding and effective yield on the assets.

Rentals. Revenue from operating leases is recognized on a straight-line basis over the lease term.

Cost and Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. These are recognized in the statement of comprehensive income in the period these are incurred and are measured at the fair value of the consideration paid or payable.

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease - 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 Company as a Lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use Assets. The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, amortization is calculated using the estimated useful life of the assets.

The amortization periods for the right-of-use asset, based on the above policies, are as follows:

Asset Type	Number of Years
Right-of-use asset - transportation equipment	5 years
Right-of-use asset - building	2 to 5 years

Lease Liabilities. At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The 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 Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in 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 and Leases of Low-value Assets. The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Pre-termination of Lease Contracts. The Company, as a lessee, reassesses whether it is reasonably certain not to exercise a termination option upon the occurrence of either a significant event or a significant change in circumstances that: (a) is within the control of the Company; and (b) affects whether the Company is reasonably certain to exercise an option not previously included in its determination of lease term, or not to exercise an option previously included in its determination of the lease term. Pre-termination of the lease will result in the derecognition of the right-of-use assets and lease liability and recognition of a pre-termination gain or loss.

The Company as a Lessor

Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Employee Benefits

Short-term benefits. The Company provides short-term benefits to its employees in the form of basic pay, 13th month pay, bonuses, employer's share on government contribution, and other short-term benefits.

Retirement Benefits. The Company has a partially funded, noncontributory retirement plan, administered by trustees, covering their permanent local employees. Costs of retirement benefits are actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income in the statement of comprehensive income.

Past service costs are recognized in the statements of comprehensive income on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

Net interest on the net retirement liability or asset is the change during the period in the net retirement 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 retirement liability or asset.

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 OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of plan assets (FVPA) is based on market price information. When no market price is available, the FVPA 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 FVPA is higher than the present value of the defined benefit obligation (DBO), 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 defined benefit asset or liability is the aggregate of the present value of the DBO and FVPA on which the liabilities are to be settled directly. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Borrowing Costs
Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities necessary to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are available for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects to the extent that they are regarded as an adjustment to interest cost.

Interest expense are expensed as incurred.

Income Taxes
Income tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity or recognized in OCI.

Current Tax. Current income tax assets and liabilities for the current and prior years 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 period.

Deferred Tax. Deferred tax is provided on all temporary differences 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: (1) when the deferred tax liability arises from the initial recognition of goodwill or 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 taxable profit or loss; and (2) 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, the carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry-over (NOLCO) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carryforward benefit of unused tax credits and unused tax losses can be utilized except: (1) when the deferred income 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 taxable profit or loss; and (2) 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 taxable income will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) in effect at the reporting date.

Deferred tax assets and 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.

Foreign Currency Transactions
The Company determines its own functional currency and items included in the financial statements are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency exchange rate ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. 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 on translation of nonmonetary 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.

Related Party Transactions
Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

Provisions and Contingencies
Provisions for legal claims are recognized when (1) the Company has a present legal or constructive obligation as a result of past events, (2) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (3) a reliable estimate can be made of the amount of the obligation. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Earnings Per Share
The Company presents basic and diluted earnings per share rate for its shares.

Basic earnings per share (EPS) is calculated by dividing net income for the year attributable to equity holders of the Company by the weighted average number of shares outstanding during the year, excluding common shares purchased by the Company and held as treasury shares, if any, and after giving retroactive effect to any stock dividend declarations.

Diluted EPS is computed in the same manner, adjusted for the effect of the shares issuable to qualified officers and employees under the Company's stock incentive plan which are assumed to be exercised at the date of grant. Where the effect of the vesting of stock under the stock incentive plan is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Events After the Reporting Period
Post year-end events that provide additional information about the Company's financial position at the end of reporting year (adjusting events) are reflected in the financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgment, Accounting Estimates and Assumptions

The preparation of the Company's parent company financial statements requires management to make judgment, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcome that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments
In the process of applying the Company'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 financial statements:

Assessment of Legal Contingencies. The estimate of the probable costs for the resolution of possible claims have been developed in consultation with external counsel handling the Company's defense in these matters and is based upon an analysis of potential results.

There are ongoing litigations filed against the Company that management believes would not have a material adverse impact on the Company's financial condition and results of operations.

Disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only general descriptions were provided.

Classification of Properties. The Company classifies its property as owner-occupied based on its current intentions where the property will be used. When the property is held for capital appreciation or when management is still undecided as to its future use, land is classified as investment property. Property used in operations are classified as owner-occupied property and included as part of property, plant and equipment.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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 described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimation of ECL of Receivable from Insurance. As discussed in Note 8, the Company has an outstanding claim for typhoon damages from an insurance company. The Company is currently involved in legal proceedings to pursue the collection of the remaining balance of receivable from insurance. The determination of whether the insurance claims receivable is realizable requires management's estimate of the amount and timing of the future cash inflows from this receivable and the related EIR used to discount the cashflows.

Management and its legal counsel believe that the ongoing litigation on the remaining claims will not result in any significant adverse impact on the Company's financial condition and results of operations.

Receivable from insurance amounted to ₱70.2 million as at December 31, 2022 and 2021. Allowance for ECL related to receivable from insurance amounted to ₱71.5 million as at December 31, 2022 and 2021 (see Note 8).

Estimation of Fair Value of Biological Assets. The fair values of the Company's livestock are based on the most reliable estimate of market prices at the point of harvest.

The following table provides a description of the various biological asset types, shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Description	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
Day-old chicks - These are hatched from eggs with hatching period of 21 days.	Income approach. The valuation model considers the net cash flows expected to be generated from the sale of day-old chicks. The cash flow projections include specific estimates for the hatching period. The valuation model also considers the hatchability rate. Due to the short hatching period, discounting is generally ignored.	Inclusive of: ▪ Estimated future sale price of day-old chicks ▪ Estimated hatchability and mortality rate ▪ Estimated volume of production ▪ Estimated costs to be incurred in the hatching process	The estimated fair value would increase (decrease) if: ▪ the estimated sale price was higher (lower); ▪ the estimated cash inflows based on forecasted sales were higher (lower); ▪ the estimated; hatchability rate was higher (lower); ▪ the estimated volume of production was higher (lower) or ▪ the estimated costs to be incurred in the hatching process were lower (higher).
Growing broilers - These are grown from chicks for a period of 30 days	Income approach. The valuation model considers the net cash flows expected to be generated from the sale of fully-grown broilers as dressed chickens. The cash flow projections include specific estimates for the volume of harvest considering the mortality rates. Due to the short growing period of chicks into broilers, discounting is generally ignored.	Inclusive of: ▪ Estimated future sale price of dressed chicken (growing broilers) or breeder chicken (parent stock) ▪ Estimated mortality rate ▪ Estimated volume of production ▪ Estimated costs to be incurred in the growing process	The estimated fair value would increase (decrease) if: ▪ the estimated sale price was higher (lower); ▪ the estimated cash inflows based on forecasted sales were higher (lower); ▪ the estimated mortality rate was lower (higher); ▪ the estimated volume of production was higher (lower); or ▪ the estimated costs to be incurred in the growing process were lower (higher).

Description	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
Parent stock	Income approach. The valuation model considers the net cash flows expected to be generated from the day-old chicks that will be born. The cash flow projections include specific estimates for the volume of harvest considering the mortality rates. Due to the short growing period of chicks into parent stock, discounting is generally ignored.	Inclusive of: ▪ Estimated future sale price of breeder chicken (parent stock) ▪ Estimated mortality rate ▪ Estimated volume of raised breeder chicken (parent stock) ▪ Estimated costs to be incurred in the growing process	The estimated fair value would increase (decrease) if: ▪ the estimated sale price was higher (lower); ▪ the estimated cash inflows based on forecasted purchased were higher (lower); ▪ the estimated mortality rate was lower (higher); ▪ the estimated volume of raised breeder chicken was higher (lower); or ▪ the estimated costs to be incurred in the growing process were lower (higher).

The changes in fair value of biological assets are recognized under sales amounting to ₱12.1 million and ₱55.1 million in 2022 and 2021, respectively (see Note 16), and under cost of sales amounting to ₱1.1 million and ₱78.0 million 2022 and 2021, respectively (see Note 6).

Revaluation of Property, Plant and Equipment (excluding Transportation Equipment and CIP) and Investment Properties. The Company carries its investment properties at fair value, with changes in fair value being recognized in the statements of comprehensive income. In addition, the Company measures property, plant and equipment (excluding transportation equipment and CIP) at revalued amounts, with changes in fair value being recognized in OCI.

In determining the appraised values of the property, plant and equipment and investment properties, the Company hired independent firms of appraisers as at December 31, 2022 and 2021. In order to arrive at a reasonable valuation, the appraisers personally inspected the properties, requested information from reputable sources and considered the following: (a) utility and market value of the land; (b) cost of reproduction of the replaceable property; (c) current prices for similar-use property in the second-hand market; (d) age, condition, past maintenance, and present and prospective serviceability in comparison with new assets of similar kind; (e) accumulated depreciation; (f) lease rates and, (g) recent trends and development in the industry concerned.

The fair values of the land classified as part of investment properties and under property, plant and equipment were derived using the sales comparison approach. Under this approach, the value of the land is based on the sales and listings of comparable properties registered within the vicinity. This approach requires the establishment of comparable properties by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property to those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison was premised on factors such as location, size and shape of the land, and time element which are the most significant unobservable inputs on the valuation. Although this input is subjective, management considers that the overall valuation would not be materially affected by reasonable and possible alternative assumptions.

The fair values of property, plant and equipment (except for land) and investment properties (except for land and the Bulacan and Davao dressing plants) were arrived at using the cost reproduction approach as there is a lack of comparable market data because of the nature of the properties. Under this approach, the most significant inputs are estimates of the current cost of reproduction of the replaceable property in accordance with the current market prices for materials, labor, manufactured equipment, contractor's overhead and profit and fees, but without prior provision for overtime or bonuses for labor and premiums for materials. Adjustments are then made to reflect depreciation resulting from physical deterioration and obsolescence to arrive at a reasonable valuation which is an unobservable input.

The fair values of the Company's dressing plants in Bulacan and Davao which are classified as investment properties were arrived at using the income approach. Under this approach, the value of an asset is determined by reference to the value of income, cash flow, or cost savings generated by the asset. Assumptions are made including base rental, escalation rate, vacancy and bad debt allowance, discount rate, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period. Although these input are subjective, management considers that the overall valuation would not be materially affected by reasonable and possible alternative assumptions.

In 2022 and 2020, the Company's property, plant and equipment (except transportation equipment and CIP) were reappraised by an independent firm of appraisers resulting to an additional revaluation gain of ₱99.3 million and ₱30.9 million before tax effect, respectively. The carrying value of property, plant and equipment at revalued amount amounted to ₱933.8 million and ₱872.0 million as at December 31, 2022 and 2021, respectively (see Note 10).

In 2022 and 2021, the Company's investment properties were reappraised by independent firms of appraisers resulting to an additional fair value gain of ₱54.0 million and ₱1.3 million, respectively (see Note 11). The carrying value of investment properties amounted to ₱1,165.9 million and ₱973.4 million as at December 31, 2022 and 2021, respectively (see Note 11).

Estimating ECL on Trade and Other Receivables. The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due.

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. To search the most relevant macroeconomic variable with a strong linear relationship on the past due behavior of the portfolio, regression analysis is applied to the following: inflation, unemployment, movement of Philippine peso against the US dollar, percentage change in gross domestic product and consumer price index. Among these factors, the forward-looking information on percentage change in consumer price index was determined to have a strong and symmetrical relationship with the past due behavior of the Company's trade receivable portfolio. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Company's receivables is disclosed in Notes 5 and 30.

The Company did not provide any extension or reduction in payment, except for very few customers, as a result of the COVID-19 pandemic. Management has considered the impact of the COVID-19 pandemic on its ECL calculation and assessed the impact to be not significant.

The Company recognized provision for ECL on trade and other receivables amounting to ₱1.7 million and ₱10.2 million in 2022 and 2021, respectively (see Note 20). Trade and other receivables amounting to ₱104.6 million was written-off in 2021 (nil in 2022) (see Note 5).

The carrying value of trade and other receivables amounted to ₱952.1 million and ₱859.7 million as at December 31, 2022 and 2021, respectively. Allowance for ECL on trade and other receivables as at December 31, 2022 and 2021 amounted to ₱157.8 million and ₱156.1 million, respectively (see Note 5).

Estimating Retirement Benefits. The cost of the defined benefit pension plan and the present value of the DBO are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, the DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables for the Philippines. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases consider historical rate increases as well as expected future inflation rates.

Further details about pension obligations are provided in Note 21.

The Company's net retirement liability amounted to ₱147.1 million and ₱166.5 million as at December 31, 2022 and 2021, respectively (see Note 21).

Realizability of Deferred Tax Assets. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the following reporting period. This forecast is based on the Company's past results and future expectations on revenues and expenses as well as future tax planning strategies.

No deferred tax assets were recognized on certain deductible temporary differences as at December 31, 2022 and 2021(see Note 23). Management has assessed that it may not be probable that future taxable profit will be available in the near future against which these deferred tax assets can be utilized.

Deferred tax assets recognized by the Company amounted to ₱88.7 million and ₱93.5 million as at December 31, 2022 and 2021, respectively (see Note 22).

4. Cash

This account consists of:

	2022	2021
Cash on hand	**₱4,536,150**	₱2,487,637
Cash in banks	**357,124,688**	227,208,767
	₱361,660,838	₱229,696,404

Cash in banks earn interest at prevailing bank deposit interest rate of 0.1% to 1.3% in 2022 and 2021. Interest income on cash in banks amounted to ₱0.1 million and ₱0.1 million in 2022 and 2021, respectively.

5. Trade and Other Receivables

	2022	2021
Trade:		
Third parties	**₱670,618,998**	₱479,172,586
Related parties (Note 23)	**218,397,603**	262,799,719
Nontrade	**186,359,842**	241,271,819
Advances to officers and employees (Note 23)	**19,003,504**	12,474,296
Receivable from government	**3,922,953**	4,059,611
Others	**11,669,312**	16,077,795
	1,109,972,212	1,015,855,826
Allowance for ECL	**(157,848,770)**	(156,144,135)
	₱952,123,442	₱859,711,691

Trade receivables are usually due within 30 to 90 days and are noninterest-bearing (see Note 23).

Advances to officers and employees are unsecured, noninterest-bearing and subject to salary deduction or liquidation for a specified period of time of about one year (see Note 23).

Nontrade receivables comprise mainly of receivables arising from incidental income of the Company such as tolling, rentals, hatching, hauling and laboratory analysis charges. These are settled within 30 to 90 days and are noninterest-bearing.

Other receivables comprise mainly of unsecured and noninterest-bearing short term rental deposits.

Trade and other receivables collected after due date earned an interest income amounting to ₱2.4 million and nil in 2022 and 2021, respectively.

Movements in the allowance for ECL account as at December 31 are shown below:

	Trade	Others	Total
Balance as at January 1, 2022	**₱50,817,036**	**₱105,327,099**	**₱156,144,135**
Provision (Note 21)	**1,704,635**	**–**	**1,704,635**
Balance as at December 31, 2022	**₱52,521,671**	**₱105,327,099**	**₱157,848,770**

	Trade	Others	Total
Balance as at January 1, 2021	₱40,659,317	₱209,949,226	₱250,608,543
Provision (Note 21)	10,157,719	–	10,157,719
Accounts written-off	–	(104,622,127)	(104,622,127)
Balance as at December 31, 2021	₱50,817,036	₱105,327,099	₱156,144,135

6. Inventories and Livestock

	2022	2021
Inventories:		
At net realizable value - Finished goods	**₱265,341,476**	₱184,305,798
At cost:		
Raw materials and feeds supplements	**435,228,997**	315,027,658
Supplies and animal health products	**90,663,848**	64,126,465
Hatching eggs	**43,901,754**	36,849,974
Finished goods	**23,529,061**	22,708,402
	858,665,136	623,018,297
Livestock:		
Day-old chicks and growing broilers	**110,095,736**	38,086,778
Parent stock	**6,023,019**	14,380,992
	116,118,755	52,467,770
	₱974,783,891	₱675,486,067

Inventories

Inventories are valued at lower of cost and NRV as at December 31, 2022 and 2021. The cost of finished goods carried at NRV amounted to ₱266.2 million and ₱185.2 million as at December 31, 2022 and 2021, respectively. Inventories charged to cost of goods sold amounted to ₱9,485.4 million and ₱7,645.0 million in 2022 and 2021, respectively (see Note 17).

Livestock
The Company's biological assets pertain to its livestock consisting of day-old chicks, broilers and parent stock.

Day-old chicks, broilers and parent stock	2022	2021
Opening balance	**₱52,467,770**	₱42,332,469
Increase due to production	**5,183,298,174**	4,022,075,185
Decrease due to sales, harvest and mortality	**(5,130,583,627)**	(3,989,265,663)
Fair value adjustment*	**10,936,438**	(22,674,221)
	₱116,118,755	₱52,467,770

** Presented under revenue and cost of goods sold in the statements of comprehensive income.*

Movements in the allowance for inventory obsolescence account as at December 31 are shown below:

	2022	2021
Balance at beginning of year	**₱896,315**	₱896,315
Provision (Note 20)	**–**	–
	₱896,315	₱896,315

7. Other Current Assets

This account consists of:

	2022	2021
Advances to suppliers	**₱466,419,711**	₱176,344,063
Advances to contract grower	**47,546,420**	76,660,861
Advances to contract breeder	**9,987,453**	24,685,426
CWT	**75,377,158**	88,608,614
Prepayments	**45,758,073**	26,382,863
Input VAT	**6,645,525**	3,488,442
	651,734,340	396,170,269
Allowance for impairment losses	**(46,748,582)**	(46,748,582)
	₱604,985,758	₱349,421,687

Advances to suppliers pertain to advance payments on purchases of goods and services to be purchased in the Company's normal course of business. These goods and services are expected to be delivered within a year.

CWT represents the amount withheld by the Company's customers in relation to its sale of goods and services. These are recognized upon collection of the related billings and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations.

Prepayments mainly pertain to insurance and bond premiums, among others, which are amortized within a year. The allowance for impairment losses pertain to input VAT which is no longer recoverable by the Company.

8. Receivable from Insurance

The Company has an outstanding claim for typhoon damages from Charter Ping An Insurance Corporation. Pursuant to the Insurance Code, the Company is entitled to interest on its claim at a rate twice the ceiling prescribed by the Monetary Board beginning March 12, 2010, 90 days from the date the Company has filed the claim. On August 17, 2016, the Company received ₱58.9 million as partial settlement. The Company continues to legally pursue the remaining outstanding balance of ₱141.6 million as at December 31, 2022. The court proceedings for the remaining claims were remanded to the Regional Trial Court of Malolos City in accordance with the resolution issued by the Court of Appeals on February 13, 2018. Management and its legal counsel believe that the ongoing litigation on the remaining claims will not result in any significant adverse impact on the Company's financial condition and results of operations.

The composition of receivable from insurance are as follows:

	2022	2021
Cost	**₱141,664,583**	₱141,664,583
Allowance for ECL	**71,460,773**	71,460,773
	₱70,203,810	₱70,203,810

No provisions for and write off of allowance for receivable from insurance were recognized in the statement of comprehensive income for the years ended December 31, 2022 and 2021.

9. Investments in Subsidiaries

The components of the carrying values of investments in subsidiaries as at December 31, 2022 and 2021 that are accounted for under the cost method are as follows:

	2022		2021	
	% Interest Held	**Amount**	% Interest Held	Amount
BVC	**100%**	**₱1**	–	₱–
Gromax	**100%**	**49,973,544**	100%	49,973,544
		49,973,545		49,973,544
Allowance for impairment loss		**(49,973,545)**		(49,973,544)
		₱–		₱–

The Company's management has assessed that the investments in Gromax may not be recovered as the subsidiary has already discontinued its business operations. Accordingly, the investments were provided with full valuation allowance.

Acquisition of BVC

On December 16, 2021, the Company's BOD approved the acquisition of 100% of the outstanding capital stock of BVC from Luzon Agriventure, Inc. (LAVI) for a consideration of ₱1.00. BVC is a private domestic corporation engaged, among others, in poultry production as well as in the processing, raising and breeding of chickens and similar stocks. The registered principal place of business of the Company is located at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan.

The acquisition was accounted as an asset acquisition. Beginning January 1, 2022, BVC operated as the Company's wholly-owned subsidiary. Issuance and transfer of BVC shares of stock were duly completed in January 2022.

10. Property, Plant and Equipment

At Revalued Amount

The composition and movements of this account are presented below:

	2022					
	Land	**Machinery and Equipment**	**Buildings**	**Leasehold and Land Improvements**	**Office Furniture, Fixtures and Equipment**	**Total**
Cost						
Balance at beginning of year	**₱434,169,887**	**₱583,219,988**	**₱173,442,789**	**₱36,525,997**	**₱92,622,295**	**₱1,319,980,956**
Additions	–	**17,275,417**	**549,600**	**2,213,072**	**12,032,942**	**32,071,031**
Disposals	–	**(4,964,322)**	–	–	**(87,548)**	**(5,051,870)**
Reclassification	–	**415,352**	**4,841,141**	**1,010,000**	–	**6,266,493**
Adjustments	–	–	–	–	**(1,361,266)**	**(1,361,266)**
Revaluation	**72,229,943**	**33,130,050**	**(1,828,508)**	**2,977,620**	**(7,199,367)**	**99,309,738**
Balance at end of year	**506,399,830**	**629,076,485**	**177,005,022**	**42,726,688**	**96,007,056**	**1,451,215,082**
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	**288,556,522**	**71,377,286**	**15,696,316**	**72,338,595**	**447,968,719**
Depreciation and amortization (Notes 17 and 18)	–	**51,196,816**	**7,306,740**	**3,273,109**	**12,351,162**	**74,127,827**
Reclassification	–	–	–	–	**(775,990)**	**(775,990)**
Disposals	–	**(3,917,577)**	–	–	**(32,208)**	**(3,947,785)**
Balance at end of year	–	**335,837,762**	**78,684,026**	**18,969,425**	**83,881,556**	**517,372,771**
Net carrying amount	**₱506,399,830**	**₱293,238,723**	**₱98,320,996**	**₱23,757,263**	**₱12,125,499**	**₱933,842,311**

	2021					
	Land	Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost						
Balance at beginning of year	₱439,712,887	₱569,729,900	₱167,127,587	₱29,939,642	₱82,558,444	₱1,289,068,460
Additions	–	19,891,913	5,554,310	2,228,341	10,159,526	37,834,090
Disposals	–	(3,253,425)	–	–	(35,000)	(3,288,425)
Reclassification and	–	(2,186,450)	760,892	4,405,713	(60,675)	2,919,480
Transfer to investment properties	(5,543,000)	–	–	–	–	(5,543,000)
Adjustments	–	(961,950)	–	(47,698)	–	(1,009,648)
Balance at end of year	434,169,887	583,219,988	173,442,789	36,525,997	92,622,295	1,319,980,956
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	246,977,446	65,170,245	12,605,328	57,596,527	382,349,546
Depreciation and amortization (Notes 18 and 19)	–	55,155,948	7,081,549	3,280,276	14,809,549	80,327,322
Reclassification	–	(10,969,434)	(874,508)	(189,288)	(60,675)	(12,093,905)
Disposals	–	(2,607,438)	–	–	(6,806)	(2,614,244)
Balance at end of year	–	288,556,522	71,377,286	15,696,316	72,338,595	447,968,719
Net carrying amount	₱434,169,887	₱294,663,466	₱102,065,503	₱20,829,681	₱20,283,700	₱872,012,237

If all the property, plant and equipment were measured at cost model, the carrying amounts will be as follows:

	2022					
	Land	**Machinery and Equipment**	**Buildings**	**Leasehold and Land Improvements**	**Office Furniture, Fixtures and Equipment**	**Total**
Cost	**₱14,159,490**	**₱506,663,665**	**₱195,812,729**	**₱36,498,050**	**₱93,027,858**	**₱846,161,792**
Accumulated depreciation and impairment	**–**	**(304,687,791)**	**(65,511,000)**	**(14,883,151)**	**(77,146,981)**	**(462,228,923)**
Net carrying amount	**₱14,159,490**	**₱201,975,874**	**₱130,301,729**	**₱21,614,899**	**₱15,880,877**	**₱383,932,869**

	2021					
	Land	Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost as at year end	₱14,159,490	₱497,902,014	₱190,421,988	₱35,282,493	₱83,211,132	₱820,977,117
Accumulated depreciation and impairment	–	(266,429,519)	(62,608,559)	(12,641,339)	(65,220,773)	(406,900,190)
Net carrying amount	₱14,159,490	₱231,472,495	₱127,813,429	₱22,641,154	₱17,990,359	₱414,076,927

The Company's property, plant and equipment (except transportation equipment and construction in-progress) were appraised in 2022 and 2020.

Fair Value Measurement
The Company's property, plant and equipment (except for transportation equipment and construction in-progress) were appraised by an independent firm of appraisers. The latest appraisal report is at December 31, 2022. The fair value measurement for property, plant and equipment has been categorized as level 3 (significant unobservable inputs).

The description of valuation techniques used and key inputs to valuation on property, plant and equipment follows:

Market approach
Sales comparison approach involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

			Range	
	Valuation Technique	Significant Unobservable Inputs	**2022**	2021
Land	Sales Comparison Approach	Price per square meter	**₱1,500-₱6,000**	₱1,493-₱1,857
		Value adjustments	**5%-35%**	35%-48%

Significant increases (decreases) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value on a linear basis.

Replacement cost less accumulated depreciation
Replacement cost approach is a method under the cost approach that indicates the value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence. Depreciation is estimated as evidence by the observed condition and present and prospective serviceability in comparison with new units of like kind.

	Valuation Technique	Significant Unobservable Inputs	Remaining economic life
Machinery and Equipment	Cost Reproduction Approach	Replacement cost less accrued depreciation	3 - 5 years remaining economic life
Buildings	Cost Reproduction Approach	Replacement cost less accrued depreciation	7 - 25 years remaining economic life
Land Improvements	Cost Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining economic life
Office Furniture, Fixtures and Equipment	Cost Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining economic life
Leasehold Improvements	Cost Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining economic life

This approach is applied by estimating the amount that currently would be required to construct a substitute asset of comparable utility.

Significant increases (decreases) in the replacement cost in isolation would result in a significantly higher (lower) fair value on a linear basis.

At Cost
The composition and movements of this account are presented below:

	2022		
	Transportation Equipment	**CIP**	**Total**
Cost			
Balance at beginning of year	**₱48,160,960**	**₱38,699,957**	**₱86,860,917**
Additions	**420,000**	**77,451,662**	**77,871,662**
Adjustments	–	**12,851,524**	**12,851,524**
Reclassification	–	**(6,266,494)**	**(6,266,494)**
Balance at end of year	**48,580,960**	**122,736,649**	**171,317,609**
Accumulated Depreciation, and Amortization			
Balance at beginning of year	**40,879,752**	–	**40,879,752**
Depreciation and amortization (Notes 17 and 18)	**3,944,039**	–	**3,944,039**
Balance at end of year	**44,823,791**	–	**44,823,791**
Net carrying amount	**₱3,757,169**	**₱122,736,649**	**₱126,493,818**

	2021		
	Transportation Equipment	CIP	Total
Cost			
Balance at beginning of year	₱51,158,960	₱17,510,838	₱68,669,798
Additions	–	36,202,504	36,202,504
Reclassification	–	(15,013,385)	(15,013,385)
Disposals	(2,998,000)	–	(2,998,000)
Balance at end of year	48,160,960	38,699,957	86,860,917

(Forward)

	2021		
	Transportation Equipment	CIP	Total
Accumulated Depreciation and Amortization			
Balance at beginning of year	₱38,955,653	₱–	₱38,955,653
Depreciation and amortization (Notes 18 and 19)	4,922,099	–	4,922,099
Disposals	(2,998,000)	–	(2,998,000)
Balance at end of year	40,879,752	–	40,879,752
Net carrying amount	₱7,281,208	₱38,699,957	₱45,981,165

In 2022 and 2021, the Company sold property, plant and equipment for a cash consideration of ₱0.2 million and ₱1.0 million, resulting to a loss on disposal amounting to ₱1.0 million and ₱1.0 million, respectively.

Construction in-progress represents cost incurred in the construction of the Company's offices, cabling installation, piping, bagging system installation, and other developments. Costs primarily include raw materials procurement, general construction works and installation costs.

As at December 31, 2022 and 2021, there are no significant contractual commitments entered into by the Company.

Depreciation and amortization expenses are as follows:

	2022	2021
Property, plant and equipment:		
At revalued amount	**₱74,127,825**	₱80,327,322
At cost	**3,944,039**	4,922,099
Right-of-use asset (Note 12)	**17,723,732**	17,079,097
Computer software (Note 12)	**5,795,513**	3,678,102
	₱101,591,109	₱106,006,620

11. **Investment Properties**

Investment properties comprise of the Company's hatchery buildings, and dressing and rendering plants that are held to earn rentals and parcels of land which are either for lease or foreclosed by the Company to settle customers' liabilities. These foreclosed parcels of land are being held for capital appreciation only.

Movements in this account are summarized below:

	December 31, 2022		
	Land	**Building**	**Total**
Balance at beginning of year	**₱559,281,779**	**₱414,150,973**	**₱973,432,752**
Gain on fair value changes	**22,987,200**	**31,008,472**	**53,995,672**
Additions	–	**141,072,797**	**141,072,797**
Disposals	**(2,630,383)**	–	**(2,630,383)**
Adjustments	**(311)**	–	**(311)**
Balance at end of year	**₱579,638,285**	**₱586,232,241**	**₱1,165,870,526**

	2021		
	Land	Building	Total
Balance at beginning of year	₱554,272,573	₱377,103,407	₱931,375,980
Gain (loss) on fair value changes	7,830,673	(6,562,540)	1,268,133
Additions	–	43,610,106	43,610,106
Transfer from property, plant and equipment	5,543,000	–	5,543,000
Disposals	(1,870,779)	–	(1,870,779)
Write-offs	(6,493,688)	–	(6,493,688)
Balance at end of year	₱559,281,779	₱414,150,973	₱973,432,752

The composition of investment properties as at December 31 are as follows:

	2022	2021
Cost	**₱736,158,474**	₱597,716,371
Cumulative gain on fair value changes	**429,712,052**	375,716,381
	₱1,165,870,526	₱973,432,752

Rental income earned from the dressing plant in Bulacan amounted to ₱19.9 million and ₱11.1 million for the years ended December 31, 2022 and 2021, respectively (see Note 19). Direct costs related to properties that generate rental income amounted to ₱0.9 million and ₱0.9 million in 2022 and 2021, respectively.

Fair Value Measurement

Investment properties are revalued periodically at fair values as determined by an independent firm of appraisers. The latest appraisal reports are at December 31, 2022. The Company recognized fair value gain of ₱54.0 million and ₱1.3 million in 2022 and 2021, respectively. The fair value measurement for investment properties has been categorized as Level 3 (significant unobservable inputs).

Description of valuation techniques used and key inputs to valuation on investment properties follows:

Market approach

Sales comparison approach involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

			Range	
	Valuation Technique	Significant Unobservable Inputs	**2022**	2021
Land	Sales Comparison Approach	Price per square meter	**₱40-14,200**	₱200-₱12,000
		Value adjustments	**5%-80%**	5%-21%

Replacement cost less accumulated depreciation
Replacement cost approach is a method under the cost approach that indicates the value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence. Depreciation is estimated as evidence by the observed condition and present and prospective serviceability in comparison with new units of like kind.

	Valuation Technique	Significant Unobservable Inputs	Remaining economic life
Improvements	Cost Reproduction Approach	Replacement cost less accrued depreciation	7 - 33 years remaining economic life

Income approach
Income approach is a form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon.

	Valuation Technique	Significant Unobservable Inputs
Bulacan and Davao dressing plants	Income Approach	Price per square meter, value adjustments, discount rate, lease rates, escalation rate, and vacancy and bad debt allowance

The significant unobservable inputs to fair valuation are as follows:

Price per square meter: estimated value prevailing in the real estate market depending on the location, area, shape and time element.

Value adjustments: adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size, architectural features and etc.

Discount rate: This was arrived at by summing up the risk-free rate and management /liquidity rate. Management/liquidity rate refers to the estimated premium to compensate for the burden of management and the ease with which an investment can be sold.

Lease rates: estimated rental rates prevailing in the real estate market depending on the location of the properties.

Escalation rate: adjustments are made to account for the increase in rental rates in the subsequent periods.

Vacancy and bad debt allowance: adjustments made to consider that the properties may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling, maintenance). Collection losses can result from a tenant's inability or refusal to pay rent.

Significant increases (decreases) in estimated price per square meter, value adjustments, lease rates, and escalation rate in isolation would result in a significantly higher (lower) fair value on a linear basis. Significant increases (decreases) in discount rates and vacancy and bad debt allowance in isolation would result in a significantly lower (higher) fair value on a linear basis.

12. **Right-of-Use and Other Noncurrent Assets**

Right-of-use Assets
Movements in right-of-use assets are as follows:

		December 31, 2022	
	Building	**Transportation Equipment**	**Total**
Cost			
Balance at beginning of year	**₱12,065,912**	**₱94,587,585**	**₱106,653,497**
Additions	**–**	**34,331,713**	**34,331,713**
Balance at end of year	**12,065,912**	**128,919,298**	**140,985,210**
Accumulated Amortization			
Balance at beginning of year	**8,446,138**	**59,285,724**	**67,731,862**
Depreciation	**2,895,819**	**14,827,913**	**17,723,732**
Balance at end of year	**11,341,957**	**74,133,637**	**85,455,594**
Net carrying value	**₱723,955**	**₱54,805,661**	**₱55,529,616**

		December 31, 2021	
	Building	Transportation Equipment	Total
Cost			
Balance at beginning of year	₱12,065,912	₱71,138,213	₱83,204,125
Additions	–	23,194,616	23,194,616
Reclassification	–	254,756	254,756
Balance at end of year	12,065,912	94,587,585	106,653,497
Accumulated Amortization			
Balance at beginning of year	5,550,319	45,102,446	50,652,765
Depreciation	2,895,819	14,183,278	17,079,097
Balance at end of year	8,446,138	59,285,724	67,731,862
Net carrying value	₱3,619,774	₱35,301,861	₱38,921,635

Other Noncurrent Assets

	2022	2021
Project development costs	**₱31,368,395**	₱31,368,395
Security deposits	**18,229,324**	15,459,460
Computer software	**13,885,997**	19,661,027
	63,483,716	66,488,882
Allowance for impairment losses	**(31,368,395)**	(31,368,395)
	₱32,115,321	₱35,120,487

Project development costs represent expenses incurred on the Company's aqua feeds and aqua culture projects. Based on management's evaluation, these costs may no longer be recoverable. Accordingly, the project development cost amounting to ₱31.4 million was provided with full valuation allowance as at December 31, 2022 and 2021.

Security deposits represent rental and other deposits paid by the Company and will be returned at the end of the lease term (see Note 26).

Movements in computer software are as follows:

	2022	2021
Cost		
Balance at beginning of year	**₱43,344,648**	₱26,354,542
Additions	**20,483**	16,990,106
Balance at end of year	**43,365,131**	43,344,648
Accumulated Depreciation and Amortization		
Balance at beginning of year	**23,683,621**	20,005,519
Depreciation and amortization	**5,795,513**	3,678,102
Balance at end of year	**29,479,134**	23,683,621
Net Book Value	**₱13,885,997**	₱19,661,027

Computer software is amortized over the economic life of three years with an average remaining useful life of two to three years.

13. Trade and Other Payables

	2022	2021
Trade payables		
Third parties	**₱1,630,728,867**	₱1,170,645,926
Related parties (Note 23)	**4,333,416**	89,707,830
Accrued expenses		
Selling and administrative	**175,537,109**	218,454,340
Outside services	**16,315,967**	31,336,924
Others	**34,755,144**	66,319,175
Nontrade payables	**67,298,310**	88,002,512
Customers' deposits	**45,629,030**	26,731,743
Statutory liabilities	**18,566,413**	15,945,782
	₱1,993,164,256	₱1,707,144,232

Trade payables primarily consist of liabilities arising from purchases of raw materials in the normal course of business. These are noninterest-bearing and are generally on a 90-day credit term.

Accrued expenses mainly pertain to salaries and wages, freight and handling, outside services, rebates, taxes and licenses, commission, plant and office supplies. Accrued expenses are normally settled within one year.

Nontrade payables are liabilities arising from purchases of goods, other than raw materials, and various services giving rise to expenses such as trucking fees, utilities, security services and inspection fees, among others. These are settled within one year.

Customers' deposits are amounts received from customers. These serve as collateral for any unpaid balances.

Other payables consist of social security premiums payable and other statutory liabilities. These are normally settled within a month.

14. **Loans Payable**

This account consists of the following:

	2022	2021
Short-term loans	**₱960,657,066**	₱381,932,829
Long-term loans	**74,464,285**	123,118,899
	₱1,035,121,351	₱505,051,728

	2022	2020
Short-term loans	**₱960,657,066**	₱381,932,829
Current portion of long-term loans	**24,821,429**	24,821,429
Current portion	**985,478,495**	406,754,258
Noncurrent portion of long-term loans	**49,642,856**	98,297,470
	₱1,035,121,351	₱505,051,728

Total availment of loans payable amounted to ₱2,349.6 million and ₱540.7 million in 2022 and 2021, respectively. Total payments of loans payable amounted to ₱1,819.5 million and ₱315.6 million in 2022 and 2021, respectively.

Interest expense on loans payable amounted to ₱34.4 million and ₱20.7 million in 2022 and 2021, respectively.

The Company's short-term and long-term loans are not subject to any debt covenants.

<u>Short-Term Loans</u>
In 2022 and 2021, the Company obtained unsecured Peso-denominated short-term loans from local banks to finance working capital requirements. The Company's short-term loans bear interest at rates ranging from 6.00% to 6.50%.

<u>Long-Term Loans</u>
Long-term loans of the Company have remaining terms of five years. The Company's long-term loans bear interest at repriced interest rates ranging from 6.13% to 6.25%.

a. ₱86.9 million promissory note
   On October 31, 2018, the Company entered into an aggregate of ₱86.9 million, eight-year loan with China Bank Savings, Inc. ("CBS") payable in 28 quarterly installments with an interest rate of 7.875% per annum, repriced annually. Debt issue cost related to the promissory note pertaining to documentary stamp tax of ₱0.7 million was capitalized as part of the carrying amount of the loan amortized over the loan term using the effective interest method.

b. ₱86.9 million promissory note
   On December 6, 2018, the Company entered into an aggregate of ₱86.9 million, eight-year loan with CBS payable in 28 quarterly installments with an interest rate of 8.125% per annum, repriced annually. Debt issue cost related to the promissory note pertaining to documentary stamp tax of ₱0.7 million was capitalized as part of the carrying amount of the loan amortized over the loan term using the effective interest method.

15. Cash Bond Deposits

Cash bond deposits amounting to ₱56.1 million and ₱48.1 million as at December 31, 2022 and 2021, respectively, substantially consist of surety bond deposits obtained from contract growers, contract breeders, customers and salesmen. These will be refunded upon termination of the contract.

The carrying amounts of the cash bond deposits are at nominal values because the timing of the refund or settlement of the deposits could not be reasonably estimated.

16. Revenue

This account consists of:

	2022	2021
Sales:		
Feeds	**₱5,309,088,248**	₱4,821,057,084
Foods	**6,188,593,208**	4,236,179,697
Farms	**522,542,033**	742,624,261
Sales discount, returns and allowances	**(136,217,535)**	(150,699,234)
	11,884,005,954	9,649,161,808
Changes in fair values of biological assets	**12,070,807**	55,119,641
	₱11,896,076,761	₱9,704,281,449

The changes in fair values of biological assets are recognized under:

	2022	2021
Day-old chicks and broilers	**₱10,782,617**	₱48,631,208
Parent stock	**1,288,190**	6,488,433
	₱12,070,807	₱55,119,641

17. Cost of Goods Sold

	2022	2021
Inventories used (Note 6)	**₱9,485,448,374**	₱7,645,035,746
Outside services	**858,830,177**	712,164,921
Contractual services	**312,262,806**	258,517,601
Depreciation (Notes 10 and 11)	**66,477,312**	72,016,730
Salaries and employee benefits (Note 18)	**45,814,819**	38,472,730
Communication, light and water	**40,263,703**	31,797,494
Repairs and maintenance	**14,693,513**	8,216,556
Others	**5,835,757**	3,731,648
	₱10,829,626,461	₱8,769,953,426

18. **Operating Expenses**

Operating expenses are classified in the parent company statements of comprehensive income as follows:

	2022	2021
Administrative expenses	**₱538,386,396**	₱248,272,623
Selling and distribution expenses	**323,347,130**	452,654,119
	₱861,733,526	₱700,926,742

The details of operating expenses by nature are shown below:

	2022	2021
Transportation, travel and freight and handling	**₱291,275,669**	₱207,879,032
Salaries and employee benefits (see Note 21)	**245,177,654**	209,487,866
Publications and subscriptions	**39,323,376**	38,877,116
Representation and entertainment	**36,233,011**	24,959,164
Depreciation and amortization (see Notes 10 and 12)	**35,113,797**	33,989,891
Professional fees	**34,081,084**	29,894,725
Commissions	**27,560,525**	21,476,608
Taxes and licenses	**25,266,950**	17,764,542
Advertising and promotions	**24,540,837**	30,852,722
Contractual services	**21,765,940**	20,517,627
Communications, light and water	**9,205,922**	8,374,622
Rentals	**8,269,477**	8,526,711
Supplies	**4,496,766**	7,437,118
Insurance	**4,157,408**	4,383,834
Packaging and distribution	**3,952,152**	2,217,267
Repairs and maintenance	**2,897,165**	4,121,943
Bank charges	**2,571,647**	403,815
Others	**45,844,146**	29,762,139
	₱861,733,526	₱700,926,742

Other expenses include, among others, association dues, contributions, training and seminar costs and inspections fees.

Employee Benefits

Costs and expenses recognized as employee benefits are presented below:

	2022	2021
Salaries and wages	**₱253,870,375**	₱218,104,366
Retirement benefits (Note 21)	**22,336,339**	16,993,091
Other short-term benefits	**14,785,759**	12,863,139
	₱290,992,473	₱247,960,596

Salaries and employee benefits are allocated as follows:

	2022	2021
Cost of goods sold (Note 17)	**₱45,814,819**	₱38,472,730
Operating expenses:		
Administrative expenses	**176,820,010**	166,331,166
Selling and distribution expenses	**68,357,644**	43,156,700
	245,177,654	209,487,866
	₱290,992,473	₱247,960,596

Depreciation and Amortization
Depreciation and amortization are allocated as follows (see Notes 10 and 12):

	2022	2021
Cost of goods sold (Note 17)	**₱66,477,312**	₱72,016,730
Operating expenses:		
Administrative expenses	**14,170,652**	16,680,045
Selling and distribution expenses	**20,943,145**	17,309,846
	35,113,797	33,989,891
	₱101,591,109	₱106,006,621

Depreciation and amortization expense follow:

	2022	2021
Property, plant and equipment:		
At revalued amount	**₱74,127,825**	₱80,327,323
At cost	**3,944,039**	4,922,099
Right-of-use asset (see Note 12)	**17,723,732**	17,079,097
Computer software (see Note 12)	**5,795,513**	3,678,102
	₱101,591,109	₱106,006,621

19. Other Operating Income

	2022	2021
Sale of scrap materials	**₱33,929,546**	₱17,467,801
Rentals (Note 23)	**19,877,100**	11,096,406
	₱53,806,646	₱28,564,207

20. Other Income (Charges)

	2022	2021
Foreign exchange loss	**(₱28,701,581)**	(₱5,714,952)
Deficiency tax settlement	**(10,696,915)**	(10,000,000)
Impairment losses on receivables (Note 5)	**(1,704,635)**	(10,157,719)
Loss on disposal of property, plant and equipment, and investment property	**(1,037,745)**	(1,060,988)
Loss on chicken mortalities	–	(7,024,740)
Others - net	**932,945**	(3,621,052)
	(₱41,207,931)	(₱37,579,451)

Deficiency tax settlement pertains to the Company's payments to Bureau of Internal Revenue to settle tax assessments.

21. **Net Retirement Liability**

The Company maintains a partially funded, noncontributory post-employment defined benefit plan covering all of its regular full-time employees. The defined benefit plan is being administered by a trustee bank which is responsible for the administration of the plan assets and for the definition of the investment strategy. The Company's retirement benefits are based on years of service and one and one-fourth month's salary for every year of continuous service.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentrations of risk on the plan assets.

Actuarial valuations are made periodically to update the retirement liability and the amount of contributions. The latest actuarial valuation of the plan is as at December 31, 2022.

Breakdown of retirement expense recognized in the statements of comprehensive income is as follows:

	2022	2021
Current service costs	**₱13,896,753**	₱11,956,045
Interest expense	**8,641,280**	5,187,339
Interest income	**(201,694)**	(150,293)
	₱22,336,339	₱16,993,091

The amounts of net retirement liability recognized in the statements of financial position are determined as follows:

	2022	2021
Present value of the DBO	**₱150,989,435**	₱170,439,444
FVPA	**(3,931,933)**	(3,978,184)
	₱147,057,502	₱166,461,260

Movements in the present value of the DBO are as follows:

	2022	2021
Balance at beginning of year	**₱170,439,444**	₱136,150,631
Current service costs	**13,294,753**	11,956,045
Interest expense	**8,641,280**	5,187,339
Benefits paid	**(9,124,310)**	(5,868,959)
Remeasurement loss recognized in OCI	**(32,261,732)**	23,014,388
Balance at end of year	**₱150,989,435**	₱170,439,444

Movements in the FVPA are presented below:

	2022	2021
Balance at beginning of year	**₱3,978,184**	₱3,944,702
Interest income	**201,694**	150,293
Remeasurement loss	**(247,945)**	(116,811)
	₱3,931,933	₱3,978,184

Remeasurement loss on retirement liability, net of tax presented in the statements of comprehensive income for the years ended December 31 are as follows:

	2022	2021
Remeasurement loss (gain)	**(₱32,013,787)**	₱23,131,199
Deferred income tax effect		
Current year	**172,717**	(5,782,800)
Impact of CREATE	–	409,587
	172,717	(5,373,213)
Remeasurement loss (gain)	**(₱31,841,070)**	₱17,757,986

Actual returns on plan assets amounted to (₱46,251) and ₱33,482 in 2022 and 2021, respectively. The categories of plan assets of the Company are as follows:

	2022	2021
Cash and cash equivalents	**₱658,992**	₱1,992,275
Equity instruments	**548,505**	502,047
Debt instruments	**2,834,137**	1,487,840
Others	**(109,701)**	(3,978)
	₱3,931,933	₱3,978,184

There are no expected future contributions in the plan in 2023.

The schedule below presents a projection of benefit payments expected to be paid out of the retirement fund.

	2022	2021
Less than one year	**₱31,611,680**	₱18,757,732
Between one and five years	**42,714,397**	46,202,735
Over five years	**116,035,367**	103,855,449
	₱190,361,444	₱168,815,916

For the determination of retirement liability, the following actuarial assumptions were used:

	2022	2021
Discount rate	**7.21%**	5.07%
Expected rate of salary increase	**5.00%**	5.00%
Average remaining working life of an employee retiring at the age of 60:	**23**	23

The weighted average duration of the present value of defined benefit obligation is 7.6 and 9.1 years in 2022 and 2021, respectively.

A quantitative sensitivity analysis for changes in assumptions as at December 31, 2022 and 2021 are shown below (amounts in thousands):

		Impact on Defined Benefit Obligation	
	Change in Assumptions	2022	2021
Discount rate	+100 bps	**(₱10,677)**	(₱14,073)
	-100 bps	**12,215**	16,277
Salary rate	+100 bps	**12,365**	16,122
	-100 bps	**(10,984)**	(14,207)

22. **Income Tax**

The components of provision for (benefit from) income tax as reported in the statements of comprehensive income are as follows:

	2022	2021
RCIT (at 25%)	**₱51,302,873**	₱28,700,502
Impact of CREATE Act on current income tax	–	(2,907,407)
Deferred income tax expense	**23,493,573**	5,371,040
	₱74,796,446	₱31,164,135

The reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense reported in the statements of comprehensive income is as follows:

	2022	2021
Income tax expense at statutory tax rate	**₱58,142,839**	₱30,151,438
Change in unrecognized deferred tax assets	–	(3,700,188)
Tax effects of:		
Adjustment on deferred taxes	**22,616,362**	–
Depreciation on investment properties at cost	**(8,629,163)**	(5,145,889)
Nondeductible expenses	**2,693,789**	3,966,426
Income already subjected to final tax	**(27,381)**	(36,572)
Adjustment on CREATE Act for 2020 recognized in 2021	–	5,928,920
	₱74,796,446	₱31,164,135

The components of the recognized net deferred tax assets and liabilities as at December 31 are as follows:

	2022	2021
Deferred income tax directly recognized in profit or loss:		
Deferred tax assets:		
Allowance for impairment loss on:		
Trade and other receivables	**₱36,931,060**	₱36,504,900
Advances to contract growers and contract breeders	**10,914,262**	10,914,262
Project development costs	**7,842,099**	7,842,099
Property, plant and equipment	**4,494,042**	4,494,042
Inventory	**224,079**	224,079
Retirement liability	**28,258,810**	32,786,534
Excess of lease liability over right-of-use asset	–	770,909
	88,664,352	93,536,825
Deferred tax liabilities:		
Changes in fair value of investment properties	**(66,032,543)**	(50,952,993)
Changes in fair value of biological assets	**(2,845,398)**	(111,288)
Excess of right-of-use assets over lease liabilities	**(807,444)**	–
	(69,685,385)	(51,064,281)

(*Forward*)

	2022	2021
Deferred income tax asset (liability) directly recognized in other comprehensive income:		
Revaluation reserve on property, plant and equipment	**(₱135,792,432)**	(₱114,483,826)
Accumulated actuarial loss on defined benefit plan	**7,658,015**	7,830,731
	(128,134,417)	(106,653,095)
Net deferred tax liabilities	**(₱109,155,450)**	(₱64,180,551)

Details of MCIT, which can be claimed as deduction from future RCIT due within three years from the year the MCIT was incurred, is shown below.

Year Incurred	Beginning Balance	Incurred	Applied	Ending Balance	Valid Until
2020	₱6,146,121	₱–	(3,700,188)	₱–	2023
2020 CREATE impact	(2,445,933)	–	–	–	2023
2018	3,346,948	–	(3,346,948)	–	2021
2016	11,630,895	–	(11,630,895)	–	2019
	₱18,678,031	₱–	(₱18,678,031)	₱–	

The amount of MCIT and other deductible temporary differences as at December 31 which the related deferred tax assets have not been recognized are shown below.

	2021		2020	
	Amount	**Tax Effect**	Amount	Tax Effect
Allowance for ECL on:				
Receivable from insurance	**₱71,460,773**	**₱17,865,193**	₱71,460,773	₱21,438,232
Trade and other receivables	**23,631,013**	**5,907,753**	19,704,509	5,911,353
Retirement liability	**3,992,203**	**998,051**	3,992,203	1,197,661
MCIT	**–**	**–**	6,146,121	6,146,121
	₱99,083,989	**₱24,770,997**	₱101,303,606	₱34,693,367

23. Related Parties

The Company engages, in the normal course of business, in various transactions with its related parties which include stockholders, entities under common control, key management and others, as described below. Unless otherwise indicated, settlement of related party transactions is made thru cash.

Due to and from related parties

Trade Receivables. The Company sells animal feeds, raw materials, feed supplements and dressed chicken to related parties, which are due within 90 days and are noninterest bearing (see Note 5).

Advances to and from Related Parties. The Company grants unsecured advances to its related parties for working capital requirements. These are payable on demand, hence, are classified under current assets in the statements of financial position.

Trade Payable. The Company buys raw materials, hogs, and breeder flocks from related parties. These are noninterest-bearing and are generally on a 90-day credit term (see Note 13).

Operating leases - the Company as lessor. The Company is a lessor to related party leases covering the lease of a dressing plant, ice plant and rendering plant in Bulacan (i.e., dressing and rendering), which has a remaining lease term of around 3 years.

Summarized below are the outstanding accounts arising from these transactions (see Notes 5, 13 and 26):

		2022		2021	
Related Parties	Nature of Transactions	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Trade and other receivables					
Entities under common control	Sales	**₱509,194,217**		₱1,426,066,299	
	Collections	**(553,596,333)**	**₱218,397,603**	(1,358,918,127)	₱262,799,719
Trade and other payables					
Entities under common control	Purchases	**1,097,925,538**		1,744,904,273	
	Payments	**(1,183,299,952)**	**4,333,416**	(1,697,114,977)	89,707,830
Operating lease					
Entities under common control	Rental income	**₱19,877,100**		₱11,096,406	
	Collection	**(5,015,370)**	**₱20,122,723**	(5,835,411)	₱5,260,993

Advances to Officers

The Company grants unsecured, noninterest-bearing advances to its officers which are normally collected within one year through salary deduction (see Note 5). Certain officers also pay operating expenses on behalf of the Company which are payable upon demand (see Note 13). Shown below are the movements in the accounts.

		2022		2021	
	Nature of Transactions	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Advances to officers	Net transactions	**₱6,529,468**	**₱19,003,504**	₱473,848	₱12,474,296

Compensation of Key Management Personnel

The compensation includes the following:

	2022	2021
Short-term employee benefits	**₱55,480,527**	₱35,561,950
Retirement benefits	**5,010,571**	5,872,830
Others	**17,133,565**	10,784,789
	₱77,624,663	₱52,219,569

24. **Equity**

Capital Stock

As of December 31, 2022, the Company has authorized capital stock of 3.5 billion shares at ₱0.38 par value equivalent to ₱1.3 billion. Details of authorized and issued and outstanding shares are as follows:

	2022	2021
Authorized	**3,500,000,000**	3,500,000,000
Issued and outstanding	**3,054,334,014**	3,054,334,014

The following summarizes the information on the Company's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares	No. of Shares Issued
December 22, 2017	3,500,000,000	267,836,113
October 16, 2013	3,500,000,000	2,286,497,901
February 9, 1989	200,000,000	200,000,000
August 11, 1986	200,000,000	200,000,000
December 5, 1982	33,000,000	33,000,000
December 5, 1977	45,000,000	45,000,000
October 31, 1974	7,000,000	7,000,000
May 2, 1973	10,000,000	10,000,000
October 2, 1972	5,000,000	5,000,000

On December 22, 2017, the SEC approved the debt to equity conversion of the remaining payable of ₱407.1 million to Kormasinc at ₱1.52 a share.

The following summarizes the information on the Company's issued and outstanding shares as at December 31, 2022 and 2021:

	2022		2021	
	Number of shares issued and outstanding	**Percentage of shares**	Number of shares issued and outstanding	Percentage of shares
Issued and outstanding	**3,054,334,014**	**100.00%**	3,054,334,014	100.00%
Listed shares:				
Owned by related parties	**2,186,198,604**	**71.58%**	2,186,198,604	71.58%
Owned by public	**785,650,032**	**25.72%**	787,146,032	25.77%
Owned by directors and officers	**82,485,378**	**2.70%**	80,989,378	2.65%
Total	**3,054,334,014**	**100.00%**	3,054,334,014	100.00%

Of the total shares owned by the public, 115.7 million and 116.7 million shares are foreign-owned as at December 31, 2022 and 2021.

The total number of shareholders of the Company is 4,113 and 4,115 as at December 31, 2022 and 2021, respectively.

Other Comprehensive Income
The components and movements of other comprehensive income not to be reclassified to profit or loss are presented below:

	Revaluation Reserve (Note 10)	Accumulated Actuarial Loss (Note 21)	Total
Balance as at January 1, 2022	**₱343,451,478**	**(₱23,492,192)**	**₱319,959,286**
Actuarial gain, net of tax	–	**31,841,070**	**31,841,070**
Revaluation increase on property, plant and equipment, net of tax	**78,001,128**	–	**78,001,128**
Transfer to retained earnings of revaluation reserve realized through depreciation, net of tax	**(11,767,279)**	–	**(11,767,279)**
Balance as at December 31, 2022	**₱409,685,327**	**₱8,348,878**	**₱418,034,203**
Balance as at January 1, 2021	₱324,682,440	(₱5,734,207)	₱318,948,233
Actuarial loss, net of tax	–	(17,348,399)	(17,348,399)
Impact of change in tax rate	23,191,602	(409,586)	22,782,016
Transfer to retained earnings of revaluation reserve realized through depreciation, net of tax	(4,422,564)	–	(4,422,564)
Balance as at December 31, 2021	₱343,451,478	(₱23,492,192)	₱319,959,286

As of December 31, 2022, there are no available amounts for dividend declaration based on the Company's balances.

25. **Earnings Per Share**

Basic and diluted earnings per share were computed as follows:

	2022	2021
Net income for the year	**₱157,773,315**	₱94,758,038
Divided by the weighted average number of outstanding shares	**3,054,334,014**	3,054,334,014
Earnings per share - basic and diluted	**₱0.052**	₱0.031

Diluted earnings per share is equal to the basic earnings per share because the Company does not have potential dilutive shares.

26. **Significant Agreements**

Company as Lessor
The Company is a party under cancellable leases covering certain hatcheries and plants (i.e., dressing and rendering), which have remaining lease terms of between two to three years. All leases include a clause to enable upward revision of rental charges on an annual basis based on prevailing market conditions.

Total rent income from these operating leases amounted to ₱19.9 million and ₱11.1 million in 2022 and 2021, respectively, and are shown as part of "Other operating income" account in the statements of comprehensive income (see Note 19).

Future minimum rentals receivable under non-cancellable operating leases as at December 31 are as follows:

	2022	2021
Within one year	**₱1,146,696**	₱6,298,929
After one year but not more than five years	–	1,127,321
	₱1,146,696	₱7,426,250

Company as Lessee - Short-term or lease of Low-value Assets
The Company leases its warehouses under operating lease agreements. The terms of the lease contracts are not exceeding one year and renewable upon mutual agreement by the parties. Security deposits amounted to ₱18.2 million and ₱15.5 million as at December 31, 2022 and 2021, respectively (see Note 12). Rent expense amounted to ₱8.3 million and ₱8.5 million in 2022 and 2021, respectively (see Note 18).

Company as Lessee
The Company is under arrangements of lease of an office space and financing of car plans. The present value of the lease liability is discounted at the Company's incremental borrowing rate of 7.06% at the date of commencement of the lease. The lease term of the office space is at 5 years and has a remaining term of 3 months as of December 31, 2022. On the other hand, the financing of multiple car plans with various banks are under a period of 5 years. These arrangements bear annual interest rate ranging from 2% to 4% and are payable in 60 equal monthly installments. The implicit rate in the lease used in the computation are the rates provided by the banks as the interest rate over the period of the loan. These rates are ranging from 9.379616% to 9.38091%.
Lease Liabilities
The following are the amounts recognized in the statements of comprehensive income:

	2022	2021
Depreciation expense of right-of-use assets	**₱17,723,732**	₱17,079,097
Interest expense on lease liabilities	**4,266,400**	2,385,774
Expenses relating to short-term leases (see Note 18)	**8,269,477**	8,526,711
Total amount recognized in the statement of comprehensive income	**₱30,259,609**	₱27,991,582

The rollforward analysis of lease liabilities follows:

	2022	2021
As at January 1	**₱42,005,270**	₱35,637,457
Additions	**34,331,713**	23,208,300
Interest expense	**4,266,400**	2,385,774
Payments	**(28,303,544)**	(19,226,261)
As at December 31	**₱52,299,839**	₱42,005,270

As at December 31, 2022 and 2021, the details of the lease liabilities follow:

	2022	2021
Current	**₱15,413,841**	₱17,808,894
Noncurrent	**36,885,998**	24,196,376
	₱52,299,839	₱42,005,270

Future minimum lease payments under these lease agreements as of December 31, 2022 and 2021 are as follows:

	2022	2021
Within one year	**₱15,413,841**	₱17,808,894
More than one year but not more than five years	**36,885,998**	24,196,376
	₱52,299,839	₱42,005,270

Tolling Agreements

The Company has entered into various toll arrangements, mainly for the manufacture of feeds, hatching of eggs and dressing of poultry livestock. The Company's payment is fixed per unit of output.

Total payments for this type of arrangements amounted to ₱858.8 million and ₱712.2 million in 2022 and 2021, respectively, and is recorded as part of "Cost of goods sold" account under "Outside services" in the statements of comprehensive income.

27. Note to Statements of Cash Flows

The changes in the Company's liabilities arising from financing activities are as follows:

	January 1, 2022	**Proceeds/ Additions**	**Payments**	**Interest expense**	**December 31, 2022**
Loans payable	**₱505,051,728**	**₱2,349,559,151**	**(₱1,819,489,528)**	**₱–**	**₱1,035,121,351**
Accrued interest payable	**4,655,329**	**–**	**(4,655,329)**	**–**	**–**
Lease liabilities	**42,005,270**	**34,331,713**	**(28,303,544)**	**4,266,400**	**52,299,839**
Total liabilities from financing activities	**₱551,712,327**	**₱2,383,890,863**	**(₱1,852,448,401)**	**₱4,266,400**	**₱1,087,421,190**

	January 1, 2021	Proceeds/ Additions	Payments	Interest expense	December 31, 2021
Loans payable	₱279,963,857	₱540,681,912	(₱315,594,041)	–	₱505,051,728
Accrued interest payable	1,451,680	–	(23,051,290)	26,254,939	4,655,329
Lease liabilities	35,637,457	23,208,300	(19,226,261)	2,385,774	42,005,270
Total liabilities from financing activities	₱317,052,994	₱563,890,212	(₱355,485,818)	₱26,254,939	₱551,712,327

The Company's additions to lease liabilities and right-of use assets amounted to ₱34.3 million and ₱23.2 million for the years ended December 31, 2022 and 2021, respectively.

28. Contingencies

There are outstanding warranty and legal claims against the Company. The Company and its legal counsel believe that the other pending claims will be settled favorably and will not result to a material loss or impairment, if any.

29. Fair Value Information

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the statements of financial position are shown below:

	2022		2021	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets at Amortized Cost				
Cash in banks	**₱357,124,688**	**₱357,124,688**	₱227,208,767	₱227,208,767
Trade and other receivables	**952,123,443**	**952,123,443**	859,711,691	859,711,691
Security deposits	**18,229,324**	**18,229,324**	15,459,460	15,459,460
Receivable from insurance	**70,203,810**	**70,203,810**	70,203,810	70,203,810
	₱1,397,681,265	**₱1,397,681,265**	₱1,172,583,728	₱1,172,583,728
Financial Liabilities at Amortized Cost				
Trade and other payables*	**₱1,974,597,843**	**₱1,974,597,843**	₱1,691,198,634	₱1,691,198,634
Loans payable	**1,035,121,351**	**1,100,568,884**	505,051,728	512,144,709
Cash bond deposits	**56,102,619**	**56,102,619**	48,052,089	48,052,089
	₱3,065,821,813	**₱3,131,269,346**	₱2,244,302,451	₱2,251,395,432

**Excluding statutory liabilities amounting to ₱18.6 million and ₱15.9 million as at December 31,2022 and 2021, respectively*

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

Long-term Debt. The estimated fair value is based on the discounted value of the future cash flows using the prevailing interest rate. As at December 31, 2022, the discount rates used ranged from 3.8% to 4.2% while as at December 31, 2021, the fair value of long-term debt approximates its carrying value as they carry interest rates of comparable instruments in the market.

Cash Bond Deposits. Cash bond deposits are presented at nominal values because the timing of the refund or settlement of the deposits could not be reasonably estimated.

The carrying values of the following financial assets and financial liabilities approximate their values as at December 31, 2022 and 2021.

Cash in banks, trade and other receivables, security deposits, and trade and other payables. As at December 31, 2022 and 2021, the carrying amounts of these financial instruments approximate their fair values due to the short-term nature of these accounts.

As at December 31, 2022 and 2021, the Company's financial assets, liabilities, biological assets, property, plant and equipment and investment properties are categorized under Level 3 in the fair value hierarchy. There has been no transfer from Level 3 to other levels in 2022 and 2021.

30. Financial Risk Management Objectives and Policies

The Company is exposed to a variety of financial risks which result from its operating, financing and investing activities. The Company's overall risk management program focuses on the unpredictability of the markets and seeks to minimize potential adverse effects on the Company's performance.

The Company does not engage in the trading of financial assets for speculative purposes nor does it write options. The financial risks, which the Company is exposed to, are described below and in the succeeding pages.

Foreign Currency Risk
To a certain extent, the Company has an exposure to foreign currency risks as some of its raw materials purchases are sourced outside the Philippines and are therefore denominated in foreign currencies. However, the Company has not yet experienced significant losses due to the effect of foreign currency fluctuations because purchases denominated in foreign currency are kept at a minimum.

Interest Rate Risk
As at December 31, 2022 and 2021, the Company has no significant floating rate financial assets or liabilities. The Company's operating cash flows are substantially independent of changes in market interest rates.

The Company has no borrowings that carry variable interest rates, which released the Company from any cash flow interest rate risk.

Credit Risk
Credit risk arises because the counterparty may fail to perform its obligations. With respect to credit risk arising from the financial assets of the Company, the exposure to credit risk arises from default of the counterparty.

Gross Maximum Exposure to Credit Risk
Generally, the maximum credit risk exposure of the financial assets is the carrying amount of the financial assets as shown in the statements of financial position (or in the detailed analysis provided in the notes to the financial statements) as summarized below.

	2022	2021
Cash in banks	**₱357,124,688**	₱227,208,767
Trade and other receivables	**952,123,443**	859,711,691
Security deposits	**18,229,324**	15,459,460
Receivable from insurance	**70,203,810**	70,203,810
	₱1,397,681,265	₱1,172,583,728

The Company continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. When available at a reasonable cost, external credit ratings and/or reports on counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The Company's trade and other receivables are not exposed to a concentration of credit risk as the Company deals with a number of customers. The trade and other receivables are actively monitored and assessed, and when necessary, an adequate level of provision is maintained. In addition, to minimize credit risk, the Company requires collateral, generally land and real estate, from its customers.

The Company's management considers that trade and other receivables that are not impaired nor past due for each reporting periods are of good credit quality.

Credit Quality per Class of Financial Asset. The tables below show the credit quality by class of financial assets based on the Company's credit rating system as at December 31, 2022 and 2021:

	2022				
	General Approach			**Simplified**	
	Stage 1	**Stage 2**	**Stage 3**	**Approach**	**Total**
Cash in banks	**₱357,124,688**	**₱–**	**₱–**	**₱–**	**₱357,124,688**
Trade and other receivables	**186,827,873**	**–**	**34,127,739**	**889,016,601**	**1,109,972,213**
Security deposits	**18,229,324**	**–**	**–**	**–**	**18,229,324**
Receivable from insurance	**–**	**141,664,583**	**–**	**–**	**141,664,583**
	₱562,181,885	**₱141,664,583**	**₱34,127,739**	**₱889,016,601**	**₱1,626,990,808**

	2021				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash in banks	₱227,208,767	₱–	₱–	₱–	₱227,208,767
Trade and other receivables	250,252,508	–	23,631,013	741,972,305	1,015,855,826
Security deposits	15,459,460	–	–	–	15,459,460
Receivable from insurance	–	141,664,583	–	–	141,664,583
	₱492,920,735	₱141,664,583	₱23,631,013	₱741,972,305	₱1,400,188,636

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix (in millions):

	2022								
	Days Past Due								
	Current	**<30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**More than 120 days**	**Total**	**Accounts with full provision**	**Total**
Expected credit loss rate	**0.00%**	**0.01%**	**0.3%**	**0.50%**	**0.40%**	**6.00%**			
Estimated total gross carrying amount at default	**₱618.03**	**₱144.3**	**₱36.28**	**₱10.92**	**₱2.96**	**₱25.7**	**₱732.9**	**₱50.8**	**₱889.0**
Expected credit loss	**₱0.00**	**₱0.01**	**₱0.09**	**₱0.05**	**₱0.01**	**₱1.54**	**₱1.7**	**₱50.8**	**₱52.5**

	2021								
	Days Past Due								
	Current	<30 days	30-60 days	61-90 days	91-120 days	More than 120 days	Total	Accounts with full provision	Total
Expected credit loss rate	0.00%	0.01%	0.04%	0.07%	0.10%	5.43%			
Estimated total gross carrying amount at default	₱523.98	₱99.74	₱17.14	₱13.99	₱13.35	₱23.29	₱692.5	₱49.5	₱742
Expected credit loss	₱0.0	₱0.01	₱0.01	₱0.01	₱0.01	₱1.26	₱1.3	₱49.5	₱50.8

Cash Deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's BOD on an annual basis and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Liquidity Risk

The Company manages its liquidity profile to be able to service debt as this falls due by maintaining sufficient cash from operations. The Company maintains cash to meet its liquidity requirements for up to 30-day periods.

As at December 31, 2022 the Company's financial liabilities have contractual maturities which are presented below:

	Current		**Noncurrent**	
	Within 6 Months	**6 to 12 Months**	**1 to 5 Years**	**Later than 5 Years**
Trade and other payables*	**₱1,974,597,843**	**₱–**	**₱–**	**₱–**
Loans payable	**948,246,351**	**12,410,714**	**74,464,286**	–
Lease liabilities	**8,146,807**	**7,267,034**	**36,885,998**	–
Cash bond deposits	–	–	**56,102,619**	–
Future interest on long term debt	**3,949,451**	**3,460,672**	**17,336,971**	–
	₱2,934,940,452	**₱23,138,420**	**₱184,789,874**	**₱–**

**Excluding statutory liabilities amounting to ₱18.6 million as at December 31, 2022*

As at December 31, 2021 the Company's financial liabilities have contractual maturities which are presented below:

	Current		Noncurrent	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Trade and other payables*	₱1,691,198,634	₱–	₱–	₱–
Loans payable	394,343,543	12,410,715	98,297,470	–
Lease liabilities	8,904,447	8,904,447	24,196,376	–
Cash bond deposits	–	–	48,052,089	–
Future interest on long term debt	3,774,947	3,425,303	13,221,623	–
	₱2,098,221,571	₱24,740,465	₱183,767,558	₱–

**Excluding statutory liabilities amounting to ₱19.8 million as at December 31, 2021*

Price Risk

The Company is exposed to commodity price risk as the raw materials of its main products are subject to price swings. The Company's management actively seeks means to minimize exposure to such risk.

31. Capital Management Objectives, Policies and Procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and significantly improve its operations.

On December 22, 2017, the SEC approved the Company's debt to equity conversion improving debt to equity ratio from 2.29 in 2016 to 1.26 in 2017. Moreover, the Company's stockholders approved a quasi-reorganization plan to eliminate Company deficit and generate retained earnings to provide returns to its stockholders and maximize shareholder value.

The Company's liabilities and equity are shown below:

	2022	2021
Total liabilities	**₱3,392,901,018**	₱2,532,895,130
Total equity	**1,884,708,315**	1,617,092,805

32. New and Amended Standards and Interpretations

Adoption of Amendments to Standards and Interpretation
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The adoption of these standards did not have significant impact on the Company's financial statements. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PFRS 3, Reference to the Conceptual Framework
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards, Subsidiary as a First-time Adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 Per Cent' Test for Derecognition of Financial Liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

Standard and Amendments to Standards Issued but Not Yet Effective
Pronouncements issued but not yet effective are listed below. The Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

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*

33. Supplementary Information Required by the Bureau of Internal Revenue

On November 25, 2010, the BIR issued RR No. 15-2010 prescribing the manner of compliance in connection with the preparation and submission of financial statements accompanying tax returns. It includes provisions for additional disclosure requirements in the notes to the financial statements, particularly on taxes and licenses paid or accrued during the year.

The Company reported and/or paid the following types of taxes for the year:

VAT

The National Internal Revenue Code of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's sales are subject to output VAT while its purchases from other VAT registered individuals or corporations are subject to input VAT.

Details of the Company's net sales/receipts, output VAT and input VAT accounts follow:

a. Output VAT

	Gross Amount of Revenues	Output VAT
Exempt Sales	₱12,200,451,585	₱–
Sales subject to 12% VAT	83,222,196	9,986,664
Total	₱12,283,673,781	₱9,986,664
Applied Input VAT		(9,986,664)
VAT payments		-
		₱–

b. Input VAT

	Amount
Beginning balance	₱396,910
Add: Current year's domestic purchases / payments for:	
Goods other than capital goods	147,584,827
Domestic purchase of services	–
Less: Input tax allocable to exempt sales	(134,441,080)
Claims for tax credit / refund and other adjustments	–
Applied against Output VAT	(9,986,664)
Balance at the end of the year	₱3,553,993

Other Taxes and Licenses
This includes all other taxes, local and national, including real estate taxes, licenses and permit fees:

Business permits	₱10,059,721
Real property tax	4,368,130
Fringe benefit tax	727,173
Documentary stamp tax	7,470,542
	₱22,625,566

The above local and national taxes (except fringe benefits tax) are classified under “Taxes and licenses” in “Operating expenses.” Fringe benefits tax is presented as part of “Salaries and employee benefits” under “Operating expenses” account in the statement of comprehensive income.

Withholding Taxes
The amount of withholding taxes paid/accrued for the year amounted to:

	Paid	Accrued
Expanded Withholding Tax	₱107,905,467	₱13,820,254
Withholding tax on compensation	24,309,357	1,485,185
	₱132,214,824	₱15,305,439

Tax Assessment
The Company received two letters of authority from the BIR on November 23, 2022 and March 21, 2022 respectively. No final assessment was made as of December 31, 2022.

Tax Cases
The Company has no pending tax case in courts or other regulatory bodies outside of the BIR as at and for the year ended December 31, 2022.

2022 SUSTAINABILITY REPORT

2022 SUSTAINABILITY REPORT
VITARICH CORPORATION

Contextual Information

Company Details	
Name of Organization	Vitarich Corporation (PSE: VITA)
Location of Headquarters	Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan
Location of Operations	Principal Office: Marilao-San Jose Road, Sta. Rosa I, Bulacan Other offices: #8 C. Building, Maharlika Highway, San Fermin, Cauayan City, Isabela Zone 4, San Isidro, Magarao, Camarines Sur Brgy. Mali-ao, Pavia, Iloilo Luzuriaga Ext., Reclamation Area, Brgy. 13, Bacolod City Warehouse No. 10, Marciano Quizon St., Brgy. Alang Alang, Mandaue City, Cebu Km. 14, Panacan, Davao City Unit A, Warehouse 3, Neo Central Arcade, Cugman, Cagayan De Oro City Doors D and E, FMUFASCO Building, National Highway, Brgy. Sinawal, Gen. Santos City Feed Mill Plants owned and operated by VITA: Brgy. Mali-ao, Pavia, Iloilo Km. 14, Panacan, Davao City VITA has also operations with its Toll Mill Partner in 105 Barrio Bagbaguin, Sta. Maria, Bulacan
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	The report covers only VITA and the feed mill plants it operates, except as otherwise stated in the report. Moreover, except as otherwise stated and/or reported, this report excludes the operations in VITA's dressing plants in Marilao, Bulacan and Tugbok, Davao City as they are being operated by third parties/business partners. The report also excludes data on the operations of VITA's subsidiary, Barbatos Ventures Corporation.

Business Model, including Primary Activities, Brands, Products, and Services	Please see Annex "A" 
Reporting Period	January 1, 2022 to December 31, 2022
Highest Ranking Person responsible for this report	Atty. Mary Christine C. Dabu-Pepito (Assistant Corporate Secretary/Compliance Officer/Corporate Information Officer)

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]

The data and information necessary for the report were collated from the different departments of VITA. Some of the information came from reports that are also submitted to government agencies like the BIR, DOLE and DENR-EMB. Based on these existing data, the material topics for the report were analyzed using the Materiality Matrix. Per assessment, the following are the topics material to Vitarich:

(a) Direct Economic Value Generated and Distributed
(b) Climate Related Risks and Opportunities
(c) Proportion of Spending on Local Suppliers
(d) Resource Management except Ecosystems and Biodiversity as the Corporation does not operate within or adjacent to protected areas and areas of high biodiversity value outside protected areas
(e) Environmental Impact Management
(f) Environmental Compliance
(g) Employee Management
(h) Occupational Health and Safety
(i) Relationship with Community, except those pertaining to IPs
(j) Customer Management, except Customer Privacy

[1] See *GRI 102-46* (2016) for more guidance.

However, while the same were assessed to be material, some disclosure topics have limited available data because VITA has only completed its Sustainability Dashboard in 2022. This Sustainability Dashboard contains the 3 UN Sustainable Development Goals ("UN SDGs") material to VITA and VITA's sustainability practices and goals. The topics that are not material were left in blank/unanswered.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	12,014,706,705.00	PhP
Direct economic value distributed:		
a. Operating costs	10,862,756,465.00	PhP
b. Employee wages and benefits	296,956,326.00	PhP
c. Payments to suppliers, other operating costs	575,076,446.00	Php
d. Dividends given to stockholders and interest payments to loan providers	Interest payments only - 40,001,976.00	PhP
e. Taxes given to government	182,767,626.00	PhP
f. Investments to community (e.g. donations, CSR)	0.00	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
VITA generated a total consolidated revenue of Php12,014,706,705.00 as a result of its business operations, strategies and other operating and passive income. This was higher than the total revenue in 2021, primarily driven by its chicken segment. Aside from the increase in sales volume of chicken in 2022, the average selling price of chicken also increased in 2022. VITA's revenue allowed it to fund its operating costs and pay its suppliers, employees, creditors and the government (taxes and licenses). As disclosed in its	➢ Government ➢ Employees ➢ Creditors ➢ Suppliers ➢ Community ➢ Shareholders ➢ Investors	VITA's Lifetime Profitable Partnership ("LPP") principle continues to create a long-term growth for VITA and its stakeholders. The monthly results of operations as well as the projections for the succeeding months are reported to the Board of Directors. The management continuously evaluates its strategies and modifies them as may be necessary to adapt to the changing landscapes, provide solutions to challenges encountered, and pioneer innovations.

Consolidated and Parent Audited Financial Statements, its net income for 2022 was higher than that in 2021.		It faithfully complies with its contractual obligations to its stakeholders. VITA's cashflow, including collections and disbursements, are closely monitored and managed. There are also internal control systems and processes in place to manage business operations and finances.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
❖ African Swine Flu (ASF) ❖ Avian Influenza (AI) ❖ Rising costs of fuel ❖ Increasing interest rates ❖ High costs of raw materials ❖ High costs of foreign exchange rates in relation to imported raw materials	➢ Suppliers ➢ Employees ➢ Business partners ➢ Customers ➢ Creditors	VITA tightened biosecurity measures, maximized travel itinerary and use of technology, continuously improved its inventory levels, innovated strategies to lower raw materials cost, and constantly communicated and negotiated with suppliers and with creditors as regards debts and interest rates.
What are the Opportunity/ies Identified?		**Management Approach**
❖ The availability of multiple sales channels for VITA's products helped the innovations made in its business strategies. ❖ The innovations and strategies done in 2022 to lower raw material costs continue to present an opportunity to manage production costs without affecting the quality of VITA's products.		In addition to the foregoing management approaches, VITA commits to continue improving its operations and business strategies to allow expansion of its businesses.

Climate-related risks and opportunities[2]

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities	Disclose the actual and potential impacts[3] of climate-related risks and opportunities on the organization's	Disclose how the organization identifies, assesses, and manages climate-related risks	Disclose the metrics and targets used to assess and manage relevant climate-related risks and

[2] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.
[3] For this disclosure, impact refers to the impact of climate-related issues on the company.

	businesses, strategy, and financial planning where such information is material		opportunities where such information is material
Recommended Disclosures			
a) Describe the board's oversight of climate-related risks and opportunities	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	a) Describe the organization's processes for identifying and assessing climate-related risks	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process
The President and/or department heads report to the Board of Directors how floods or extreme weather conditions affect or impact VITA's business as well as the measures undertaken/to be undertaken to minimize the impacts.	VITA is exposed to the following risks due to climate change: i. Physical Risk. Being an agribusiness, it is exposed to physical risks of drought and extreme rains/extreme weather condition and flooding. ii. Operational Risk. Climate change poses the risk of disrupting VITA's operations. iii. Credit and Liquidity Risks. Climate change could affect VITA's financial performance and access to capital. On climate-related opportunities, VITA's Iloilo Feed Mill plant started the use of solar energy in its operations beginning 01 April 2022. VITA is to assess and determine if the same can be replicated in its	VITA identifies and assesses climate-related risks through any or all of the following methods: (a) continuous analysis of its business processes and finding the factors that could affect its processes and targeted goals; (b) reviewing past negative experiences or negative results and finding out the root cause; and/or (c) continuous research and benchmarking with other companies in the same industry.	VITA's metrics in assessing its climate-related risk management and strategy are: (a) cost efficiency of its strategy; (b) quality of feeds, animal health, dressed chicken and value-added products; (c) ability to meet customers' demands; and (d) customer satisfaction.

	other plants as well as the improvements that can be made to maximize its benefits. Another climate-related opportunity is the compliance with RA 11898 or the Extended Producer Responsibility Act ("EPR Act"). VITA is, at present, taking steps to comply with said law. Still another opportunity is the Green Sanctuary Program, which started only as a Company-wide contest to beautify VITA's offices, but was continued by the employees as they take home and/or share among themselves their harvests from fruit/vegetable bearing plants that they planted. These plants help absorb carbon emissions.		
b) Describe management's role in assessing and managing climate-related risks and opportunities	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	b) Describe the organization's processes for managing climate-related risks	b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets
The management regularly assesses impacts of predictable climate-related risks, such as extreme rains, extreme humidity, or even flooding, to its operations and makes	Drought and extreme rains/extreme weather condition and flooding cause disruptions in crop production and also affects the quality of raw materials. In addition, all the	To manage the climate-related risks, VITA re-formulates its feeds as may be necessary to adapt to maintain the same quality while adapting to the environment. VITA also	VITA's target in managing its climate-related risk management and strategy is to continue to deliver on time the agreed volume or agreed reduced

the appropriate adjustments in its strategies. The unpredictable climate-related risks like earthquake as well as measures undertaken/to be undertaken to minimize the adverse impacts are discussed by the management and reported to the Board as it happens.	identified risks have the following impacts/potential impacts on its business operations: a. Higher costs due to insufficiency of raw materials or because of disruptions in the crop production. b. Decrease in demand for feeds from animal raisers/growers since drought and extreme rains and flooding adversely affect the growth efficiency of farm animals, especially poultry. c. Disruption in the breeding cycles of poultry breeding stocks, thus, disrupting the supply chain considering that limited breeding stocks result in scarcity of day old chicks. d. Disruptions in poultry growing. e. Delays in delivery brought about by delays in payment to suppliers. On the other hand, the use of solar energy in the Iloilo feed mill plant resulted in a savings of Php0.03/bag of feeds, in addition to reducing VITA's GHG emissions as disclosed under the topics on Energy Consumption within the Organization and Reduction of Energy Consumption. This	benchmarks and conducts continuous consultations and research and development to maintain the quality of feeds despite using alternative raw materials. Likewise, VITA's locally sourced materials are supported by importations and frame contract to manage and mitigate impacts of climate-related risks. VITA also conducts regular trainings on biosecurity measures to help its business partners in terms of productivity. VITA's Iloilo Feed Mill plant has started using solar energy on 01 April 2022. VITA allowed the employees to continue the Green Sanctuary Program, which helps absorbs carbon emissions. Apart from this, VITA also regularly maintains and upgrades its equipment to comply with DENR standards as well as to maintain and improve operational efficiencies.	volume of feeds and chicken to its customers without sacrificing quality, and without incurring too much costs.

	could also help in mitigating the impacts of other risks leading to less exposure to operating loss. The Green Sanctuary Program helps absorb carbon emissions, which, in turn, helps in managing VITA's environmental impacts.		
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	
	VITA's climate-related risk management continues to prove to be resilient as evidenced by: (a) continued existence; (b) continued financial stability; (c) increase in its revenue in 2022.	As can be seen above, changes and modifications are made in VITA's business processes and feed formulation to mitigate impacts of climate-related risks and adapt to constraints brought about by climate-related risks and events.	

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	Nationwide: 83.73% Luzon – 41.90% Visayas – 11.76% Mindanao – 30.07%	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
For the year 2022, 83.73% of VITA's procurement budget was spent on local suppliers. These suppliers include service providers such as consultants and contractors aside from suppliers of raw and other trade materials used in the manufacture of feeds and chicken products. The decrease of 11.72% from its 2021 spending on local suppliers (95.45%) was primarily due to higher importation of major raw materials versus that in 2021.	➢ Suppliers ➢ Domestic companies especially the MSMEs, and farmers.	VITA allots more of its procurement budget on local suppliers. Its procurement policies and strategies were crafted, reviewed, revised and implemented in a manner consistent with the company's vision of being the backbone of every Filipino farmer's success and mission of building partnerships with its suppliers, among others. Its procurement policies and strategies are periodically reviewed in order to continuously improve the company's buying plans, strategies and timings.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
❖ Operational risks due to supply constraints, poor quality of supplies, inconsistent quality of the raw materials, animal diseases such as ASF and AI and delays in deliveries on account of calamities or extreme weather conditions. ❖ Financial risks due to sudden or significant increase in prices of goods and services. ❖ Legal, operational, financial and reputational risks due to delayed or non-payment of suppliers.	In addition to the foregoing: ➢ Customers ➢ Creditors ➢ Shareholders ➢ Investors	In addition to the foregoing, VITA accredits additional suppliers, or it re-formulates feeds as may be necessary without sacrificing the quality of feeds. VITA also conducts regular trainings on biosecurity measures to help its business partner – farmers in terms of productivity. VITA makes payment allocations to suppliers, especially major raw materials suppliers in order to ensure timely deliveries of major raw materials absent calamities or extreme weather conditions and to ensure better raw materials cost and the continuity of operations. VITA has created a Zero Hunger Task Force in 2022 to continuously increase the availability of reliable local suppliers, help in the livelihood of the community in the areas where it
What are the Opportunity/ies Identified?		
❖ The availability of long-term contracts with suppliers will allow better terms with local raw materials suppliers. ❖ The availability of reliable local suppliers can ensure operational efficiencies despite weather conditions. ❖ The availability of raw materials and other input goods and services all		

year round can minimize increase in costs despite sudden or significant increase in prices of goods and services.		operates, and contribute to UN SDG 2 (Zero Hunger).

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to		%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to		%
Percentage of directors and management that have received anti-corruption training		%
Percentage of employees that have received anti-corruption training		%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption		#
Number of incidents in which employees were dismissed or disciplined for corruption		#
Number of incidents when contracts with business partners were terminated due to incidents of corruption		#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	Visayas – 197,573	Kwh
Energy consumption (SFO)	Visayas – 3,886.57	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	Visayas – 200	KG
Energy consumption (diesel)	Visayas – 577.92 Mindanao – 14,172.21	GJ GJ
Energy consumption (electricity)	Luzon – 299,701.23 Visayas – 1,632,400 (Iloilo); 13,592 (Bacolod Satellite Warehouse); 5,460 (Cebu Satellite Warehouse) Mindanao – 3,529,892.80 (Davao); 5,310 (CDO Satellite Warehouse)	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (SFO)	Visayas - 476.43	GJ
Energy reduction (gasoline)		GJ

Energy reduction (LPG)		GJ
Energy reduction (diesel)	Visayas – 117.83	GJ
Energy reduction (electricity)		kWh
Energy reduction (gasoline)		GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data above was primarily based from VITA's Iloilo and Davao feed mill plants as well as the electricity consumption in the principal office (Marilao, Bulacan) and satellite warehouses in Bacolod, Cebu, and CDO. The electricity consumption disclosed for the Iloilo feed mill plant is separate and distinct from the renewable source consumption from the said plant. The data on gasoline and diesel exclude the fleet consumption as there is no available data yet on fleet consumption. The reductions on SFO and diesel consumptions in Visayas were due to the proper equipment maintenance, among other factors. The increase in 2022 in consumption of fuel and electricity in the Iloilo feed mill plant was due to the increase of production volume. The impact is on the environment as the use of renewable sources of energy decreases GHG emissions while the use of non-renewable sources results in emissions that could be harmful to the environment. There is also an impact on the supply chain because the use of non-renewable sources could deplete these sources.	➢ Suppliers ➢ Communities where VITA operates.	VITA complies with laws relating to environment, energy consumption and efficiency. It started using solar energy in its Iloilo feed mill plant on 01 April 2022. VITA is studying the feasibility of using solar energy in its Davao feed mill plant. VITA plans to use solar perimeter lights in its Davao feed mill plant in 2023. In addition, it conducts regular preventive maintenance of all its equipment. In line with its goal to contribute to UN SDG 12 (Responsible Production and Consumption), it continuously improves its processes to ensure operational efficiencies, which, in turn, helps in the efficient energy consumption.

The use of solar energy in the Iloilo feed mill plant beginning 01 April 2022 resulted in reduction of VITA's GHG emissions by: (a) 339,282.84 kg in terms of CO_2 emissions; (b) 181.99 kg. in terms of NO_x emissions; and (c) 3.81 kg. in terms of SO_2 emissions. It should be, however, noted that VITA's solar capacity is only around 15% to 20% of the plant's electrical power requirement. Thus, the electricity consumption from ILECO was still higher than that from solar energy. The electricity supplied by ILECO helps run the machineries and utilities in the plant.		
What are the Risk/s Identified?		
❖ Climate change brought about by increase in air emissions and pollutions due to the use of non-renewable sources of energy. ❖ Depletion or shortage of non-renewable sources of energy.		
What are the Opportunity/ies Identified?		
❖ The continued use of solar energy in the Iloilo feed mill plant gives the opportunity to further increase efficient consumption of energy. ❖ The foregoing gives rise to an opportunity to also use solar energy in its Davao feed mill plant.		

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	Visayas – 5,663 Mindanao – 6,306	Cubic meters
Water consumption	Visayas – 5,663 (Iloilo); 112 (Bacolod Satellite Warehouse); 96 (Cebu Satellite Warehouse) Mindanao – 6,304 (Davao); 121 (CDO Satellite Warehouse)	Cubic meters
Water recycled and reused	Visayas – 0 Mindanao – 2.0	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data above were based on the water consumption and withdrawal in VITA's Iloilo feed mill plant and office, as well as in the satellite warehouses in Bacolod, Cebu and CDO, and Davao feed mill plant and office. The data were based on the consumption reflected in VITA's water billings. In Visayas, water consumption and withdrawal in 2022 decreased by 426 cubic meters. The proper maintenance of the water pipelines and boiler system contributed to the decrease in water consumption and water withdrawal. In Mindanao, the seeming increase in water consumption and withdrawal in 2022 was only due to the inclusion of the disclosure of the water consumption and withdrawal in the Davao office as opposed to the data disclosed in 2021, which was based only on the consumption	➢ Communities where VITA operates ➢ Government	VITA complies with all laws and regulations pertaining to water and it continuously improves the operational efficiencies in order to maintain efficient water consumption. It also conducts regular preventive maintenance of its equipment and replaces the same with more efficient and more technologically advanced equipment as may be necessary.

and withdrawal in the Davao feed mill plant. In both the Iloilo and Davao feed mill plants, the water is used only for steam generation. Recycled water in Davao feed mill plant is very low as water is used only to control particulate matter.		
What are the Risk/s Identified?		
❖ Climate change ❖ Depletion or shortage of water		
What are the Opportunity/ies Identified?		
❖ VITA could explore rainwater harvesting in the feed mill plants in order to further reduce its water withdrawals.		

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• Renewable	Luzon – 109,859,296 Visayas – 50,875,300 Mindanao – 85,688,860	kg
• non-renewable	Luzon – 2,127,754 Visayas – 109,654 Mindanao – 620,140 Plastic Packaging – 1,350,291.71	Kg
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

<table>
<tr>
<td>The data above was based on the raw materials for feeds production – macro, micro and packaging. The non-renewable materials are the energy consumed. The plastic packaging materials are disclosed separately.

The impact is on the environment as VITA, although on a minimal level only, continues to contribute to waste generation and pollution as a necessary consequence of its operations.

The increase or decrease in the materials consumed, whether renewable or not, in 2022 was due to an increase or decrease in production volume.</td>
<td rowspan="5">➢ Suppliers
➢ Communities where VITA operates
➢ Government
➢ Customers</td>
<td rowspan="5">VITA complies with laws relative to materials consumption and conservation. It also shifted from the use of laminated sack to a reusable woven sack for its feeds. It continuously improves its inventory management to have higher recovery/conversion of materials to finished products.

VITA has also taken steps to address waste and pollution generated and contributed. It took steps to comply with the EPR Act and it has sought accreditation with an organization that can help it develop, implement and monitor its compliance with the EPR Act.

In line with its goal to contribute to UN SDG 12 [Responsible Production and Consumption], VITA continuously improves its processes to ensure operational efficiencies, which, in turn, helps in the efficient resource management.</td>
</tr>
<tr><td>What are the Risk/s Identified?</td></tr>
<tr><td>The continuous demand for non-renewable materials increases VITA’s contribution to pollution and waste and it increases the possibility of shortage of non-renewable materials.</td></tr>
<tr><td>What are the Opportunity/ies Identified?</td></tr>
<tr><td>Reduction in waste and pollution contribution through the use of renewable, reusable and recyclable materials in the production of feeds.</td></tr>
</table>

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

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	(identify all sites)	
Habitats protected or restored		ha
IUCN[4] Red List species and national conservation list species with habitats in areas affected by operations	(list)	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	Iloilo Feedmill – 150 mg/Ncm^3 = 1.704 MT/year Davao Feedmill (CO emission only) Boiler 1A – 244.7mg/Nm^3 = 3.5 MT/year Boiler 1B 236.3mg/Nm^3 = 2.0 MT/year Boiler 2A – 240.8mg/Nm^3 = 1.8 MT/year Boiler 2B – 237.4mg/Nm^3 = 3.3 MT/year	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO_2e

[4] International Union for Conservation of Nature

Emissions of ozone-depleting substances (ODS)	0	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data above were based on the emission testing conducted by a DENR-EMB accredited third party company on VITA's Davao and Iloilo feed mill plants. While VITA has neither indirect GHG emissions nor ozone depleting substances emissions, its feed mill operations in Iloilo and Davao contribute to GHG emissions as a necessary consequence of its operations, albeit in a low level only.	❖ Communities where VITA operates ❖ Government ❖ Public in general	VITA complies with all laws relative to the environment, including the Clean Air Act. It also regularly conducts preventive maintenance on its equipment, regular repair of its facilities, including pollution control facilities, to ensure not only good operating conditions but also compliance with the environmental laws and regulations. VITA also ensures that its operations are efficient in order to keep its emissions low against the DENR-EMB standards. On 01 April 2022, VITA started using solar energy (up to 20% capacity) in its Iloilo feed mill plant. Moreover, by allowing the employees to plant within its plant premises (Green Sanctuary Program), VITA helps mitigate its GHG emissions as plants help reduce these emissions. For 2023, VITA plans to use perimeter solar lights in the Davao feed mill plant. VITA has Pollution Control Officers ("PCO") who monitor and ensure compliance with laws and regulations relating to the environment and its conservation.
What are the Risk/s Identified?		
❖ Operational risks due to climate change brought about by the emissions and continuous contribution to air pollution. ❖ Health risks on the communities where VITA operates as well as the public in general due to the continuous GHG emissions.		
What are the Opportunity/ies Identified?		
❖ The continuous operation and use of as well as the possibility of increase in capacity of the solar energy in the Iloilo feed mill plant will mitigate and reduce VITA's GHG emissions.		

❖ The completion of installation and use of perimeter solar lights in the Davao feed mill plant in 2023 can help reduce VITA's GHG emissions. ❖ The use of solar energy in the Davao feed mill plant is an opportunity that VITA can explore to reduce its GHG emissions. ❖ The continuation of the Green Sanctuary Program can also benefit the environment as plants can help reduce GHG emissions.		

Air pollutants

Disclosure	Quantity	Units
NO_x	Iloilo Feedmill – 22.1 Davao Feedmill Boiler 1-A – 83.3 Boiler 1-B – 82.3 Boiler 2-A – 84.5 Boiler 2-B – 89.5 Genset – 251.6	ave. concentration in mg/Nm^3
SO_x	Iloilo Feedmill – 589.8 Davao Feedmill Boiler 1-A – 3.2 Boiler 1-B – 3.5 Boiler 2-A – 3.0 Boiler 2-B – 3.8	ave. concentration in mg/Nm^3
Persistent organic pollutants (POPs)	0	Kg
Volatile organic compounds (VOCs)	0	Kg
Hazardous air pollutants (HAPs)	0	Kg
Particulate matter (PM)	Iloilo Feedmill – 68.5 Davao Feedmill Boiler 1-A – 34.9 Boiler 1-B – 2.2 Boiler 2-A – 26.8 Boiler 2-B – 32.9	ave. concentration in mg/Nm^3

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data were based on the emission testing conducted by a DENR-EMB accredited third party company on VITA's Iloilo and Davao feed mill plants. While these pollutants/emissions are low as against DENR thresholds, they still contribute to GHG emissions and air pollution generation. **What are the Risk/s Identified?** ❖ Operational risks due to climate change brought about by contribution to air pollution. ❖ Health risks on the communities where VITA operates as well as the public in general due to the continuous air pollution contribution. **What are the Opportunity/ies Identified?** ❖ The continuous operation and use of as well as the possibility of increase in capacity of the solar energy in the Iloilo feed mill plant will mitigate and reduce VITA's air pollutant emissions. ❖ The completion of installation and use of perimeter solar lights in the Davao feed mill plant in 2023 can help reduce VITA's air pollutant emissions. ❖ The use of solar energy in the Davao feed mill plant is an	➢ Communities where VITA operates ➢ Government ➢ Public in general	VITA complies with all laws relative to the environment, including the Clean Air Act. It regularly conducts preventive maintenance on its equipment, and regular repair of its facilities, including pollution control facilities, to ensure not only good operating conditions but also compliance with the environmental laws and regulations. VITA also ensures that its operations are efficient in order to keep its emissions low against the DENR-EMB standards. On 01 April 2022, VITA started using solar energy (up to 20% capacity) in its Iloilo feed mill plant, which helped avoided these emissions: (a) 339,282.84 kg CO_2; (b) 181.99 kg NO_x; and (c) 3.81 kg. SO_2. Moreover, by allowing the employees to plant within its plant premises (Green Sanctuary Program), VITA helps mitigate its air pollutant emissions as plants help reduce these emissions. VITA has PCOs who monitor and ensure compliance with laws and regulations relating to the environment and its conservation.

opportunity that VITA can explore to reduce its air pollutant emissions. ❖ The continuation of the Green Sanctuary Program can also benefit the environment as plants can help reduce GHG emissions.		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	Visayas – 1,750/month Mindanao – 2,500/month	kg
Reusable	Visayas – 250/month Mindanao – 500/month	kg
Recyclable	Visayas – 300/month Mindanao – 300/month	kg
Composted	Visayas – 200/month Mindanao – 700/month	kg
Incinerated	Visayas – 0 Mindanao – 0	kg
Residuals/Landfilled	Visayas – 1000/month Mindanao – 1000/month	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data above were based on the monthly estimated solid waste collected by third party solid waste collectors from the Iloilo and Davao feed mill plants as reported by VITA's PCOs to the government.	➢ Employees ➢ Communities where VITA operates ➢ Public in general ➢ Government	VITA has a properly labelled Materials Recovery Facility in its Iloilo and Davao feed mill plants for the proper segregation, storage, and disposal of these wastes. It also hired a third-party solid

While VITA has recyclable and reusable solid wastes, about 57.14% of the estimated monthly solid wastes generated still go into the landfills.		waste collector to properly dispose its solid wastes. VITA has PCOs who monitor compliance with laws and regulations relating to the environment and its conservation, including waste segregation and proper waste disposal. It also continuously reiterated and strengthened its campaign and practice for waste segregation and proper waste disposal. It collects sweepings (assorted wastes collected through the process of sweeping) to be reprocessed/included in the formulation of feeds, reuses and recycles all that may be reused or recycled, as the case may be, and keeps its residual solid wastes within the allowed threshold. It regularly evaluates sweepings to make sure that it would not cause infections. VITA also provides the employees with PPEs and biosecurity measures in place are strictly implemented. VITA has taken steps to comply with the EPR Act. It is continuously developing its program for the recovery of its plastic wastes. VITA will also look into the possibility of partnering with the LGUs to increase its composting capability.
What are the Risk/s Identified?		
❖ Increase in pollution due to increase in residual solid wastes. ❖ Health risks on the employees and communities where VITA operates and the public in general due to the increase in solid waste pollution. ❖ Regulatory and legal risks due to non-compliance with the EPR Act.		
What are the Opportunity/ies Identified?		
❖ VITA's compliance with the EPR Act presents an opportunity to not only reuse and recycle its solid wastes but also to recover its solid wastes, thus, reducing its residual solid wastes, which in turn would reduce the solid wastes going into the landfills. ❖ The availability of funds of the local government units where VITA operates presents an opportunity for VITA to partner with host LGUs to increase its composting capability. VITA can also seek the assistance of the DOST to avail of bio-composters at reasonable price.		

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	Visayas:	

	Used oil – 300/year Busted lamps – 55/year Mindanao: Used oil – 0/year Busted lamps – 33	liters kg liters
Total weight of hazardous waste transported	Visayas: 0 Mindanao: 0	 liters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data above were based on the report that VITA's PCOs in the Iloilo and Davao feed mill plants submitted to the DENR-EMB. The hazardous wastes that VITA generated for both plants are low or minimal only. Thus, there was no need to transport the same. The decrease of 50 liters in the used oil generated in the Iloilo feed mill plant in 2022 was due to the new generator set, which required less oil change. The decrease in busted lamps generated in the Iloilo feed mill plant in 2022 was due to the proper maintenance of electric lamps/bulbs. For Davao feed mill plant, there was no recorded used oil in 2022. For the busted lamps, the same was due to the absence of recorded busted lamps in 2021. There was no used oil transported in 2022 because	➢ Employees ➢ Communities where VITA operates ➢ Public in general ➢ Government	VITA has a designated and properly labelled Materials Recovery Facility to properly store used oil and busted lamps. It has PCOs in its Iloilo and Davao feed mill plants to ensure that the proper waste disposals prescribed under existing laws and regulations are strictly followed. It continuously improves its preventive maintenance program/schedule in order to minimize used oil. It continuously converts all lights into LED lamps/bulbs, which have a higher life span, to minimize busted lamps. In addition to the foregoing, VITA monitors the consumption of oils and lamps so that the waste is kept within threshold and that these hazardous wastes are segregated from the non-hazardous wastes. It also strictly implements its "No Smoking" policy and provides employees with PPEs, which they are also required to wear within the premises.

there was no collected used oil to be transported.		
What are the Risk/s Identified?		
Improper disposal may lead to environmental risks as well as health risks on the employees, the communities where VITA operates and the public in general. It may also lead into fire and pollution.		
What are the Opportunity/ies Identified?		
❖ The regular preventive maintenance conducted on VITA's equipment to ensure operational efficiencies also helps in reducing hazardous wastes, thereby reducing environmental and health risks. It also has the potential to avoid fire and decrease in contribution to pollution. ❖ Avoidance of fire and decrease in contribution to pollution.		

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	Visayas – 70/month Mindanao – 0	Cubic meters
Percent of wastewater recycled	Visayas – 0 Mindanao – 4.12	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

The data were based on the water discharges and waste water recycled in the Iloilo and Davao feed mill plants as reported to the DENR. The increase in clean-up activities in the Iloilo feed mill plant contributed to the increase of 4 cubic meters in the water discharges therein. There was no water discharge in the Davao feed mill plant since water scrubber for boiler is recycled and not discharged in the public drainages. VITA's water discharges are minimal or very low as against DENR standards. However, it still impacts the environment, particularly the water bodies. **What are the Risk/s Identified?** Increase in water pollution contribution due to increase in waste water. **What are the Opportunity/ies Identified?** ❖ Presence of technologies that can help improve waste water treatment in the feed mills. ❖ The proper disposal of waste water as well as waste water treatment present an opportunity to mitigate and decrease water pollution contribution.	➢ Communities where VITA operates ➢ Government	VITA monitors the final discharge of waste water to ensure that its operations are within the Clean Water Act and other regulatory standards. It complies with the proper waste water disposal prescribed under the law and regulations. VITA has waste water treatment facilities in its dressing plants although it is not the one operating the same. VITA has a PCO that monitors and ensures compliance with laws and regulations relative to water use, water discharge and proper waste water disposal.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	None	#
No. of cases resolved through dispute resolution mechanism	None	#

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>VITA was neither penalized nor complained for violation or non-compliance with environmental laws and regulations in 2022.

Having complied with environmental laws and regulations, VITA maintained its contribution to pollution as a necessary consequence of its operations at a minimal level – within DENR thresholds.</td><td rowspan="5">➢ Government
➢ Communities where VITA operates
➢ Business partners
➢ Customers
➢ Employees
➢ Investors
➢ Shareholders
➢ Directors
➢ Officers</td><td rowspan="5">VITA strictly monitors compliance with environmental laws and regulations, including securing all permits and licenses needed for the continued operation of its business. It continuously upgrades and regularly maintains its facilities to ensure efficiencies and maintain pollution contribution to a minimum.

VITA incorporates in its contracts with suppliers and partners the obligation to comply with all existing laws and regulations. This includes the duty to comply with said laws and regulations and there are sanctions for breach of this obligation.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Legal, financial, operational and environmental risks due to non-compliance with laws and regulations protecting the environment.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>Business continuity and minimal pollution contribution due to compliance with laws and regulations protecting the environment.</td></tr>
</table>

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[5]	619	
a. Number of female employees	236	#
b. Number of male employees	383	#
Attrition rate[6]	1.14%	Rate
Ratio of lowest paid employee against minimum wage	None	Ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	11.47	15.67
PhilHealth	Y	10.18	16.32
Pag-ibig	Y	15.02	23.91
Parental leaves	Y	0.97	1.29
Vacation leaves	Y	29.08	45.72
Sick leaves	Y	21.16	30.21
Medical benefits (aside from PhilHealth))	Y	11.79	13.41
Housing assistance (aside from Pag-ibig)	Y	0	0.16
Retirement fund (aside from SSS)	Y	0.48	0.97
Further education support	N		
Company stock options	N		
Telecommuting	Y	5.49	1.29
Flexible-working Hours	Y	5.33	9.05
(Others)	Y		

[5] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)
[6] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The data above includes only the regular and organic employees of VITA. With operations in Luzon, Visayas and Mindanao, it contributes to labor and employment. It also helps promote local employment in Bulacan, Iloilo, Davao and all other provinces where it holds its operations. The number of regular employees increased by 38 in 2022 due to the increase in VITA's R&D farms. The attrition rate decreased by 0.61% in 2022. The salary adjustments made in 2022 and increase in employee engagement activities contributed to the decrease in the attrition rate. It also contributes to its employees' welfare and quality of life by providing benefits other than and on top of the government-mandated benefits. In fact, 25.20% of its employees availed of VITA's medical benefits other than PhilHealth. In addition, 0.16% of its employees availed of housing benefits other than Pag-Ibig, and 1.45% of its employees availed of retirement benefits aside from SSS.	VITA provides benefits on top of the government-mandated benefits, such as medical benefits in addition to PhilHealth benefits, PPEs, uniform, rice subsidy, seniority pay, transportation and meal allowances when applicable, funeral assistance, hazard pay to qualified employees. It also provided shuttle services and vitamins for the employees. It also engaged the services of a physician who can conduct physical examinations and check-ups to employees and who goes to the office and plants at least once a week so that his/her services will be more accessible to the employees. VITA likewise allowed telecommuting and flexible working hours to its employees and it continuously conducted massive awareness campaign on COVID-19 prevention and management. Anchored on one of its core values of "care for others", VITA also continued its employees' welfare program in 2022. The program included COVID-19 prevention and vaccine assistance. VITA continuously engaged with its employees at least once a month to continuously take care and improve the over-all well-being of the employees. It also conducted webinars on mental health, reproductive health, and self-love, to name a few. There were also some physical activities like Zumba and sports-related activities that were conducted. As stated above, it launched its Sustainability Dashboard containing its sustainability roadmap on its contributions to SDG 8 – Decent Work and Economic Growth, among others. As part of this roadmap, it established LPP Champions in 2022 to oversee and monitor progress of its specified activities and goals. It has also initiated and develop its policy on Safe Spaces in the work place.
What are the Risk/s Identified?	
VITA recognizes that poor over-all well-being of the employees, unsecured workplace, low morale on the employees' part, or uncompetitive compensation and benefits package may result in higher turn-over rate of the employees, thereby increasing its attrition rate. An increase in attrition rate may, in turn, affect VITA's productivity outputs.	
What are the Opportunity/ies Identified?	**Management Approach**

❖ Increased involvement of the employees on the development and implementation of its Sustainability Dashboard. ❖ Reiteration of the Safe Spaces in the Workplace Policy and roll-out of the publicity materials/infographics related to the policy. The foregoing are seen to increase employees' morale and over-all well-being, and maintain a harmonious working environment, thereby increasing employee retention and decreasing attrition rate. ❖ Availability of skilled workforce in the areas of operation and continuous provision of competitive compensation and benefits package to the employees.	Reiteration of the sustainability roadmap of VITA as contained in its Sustainability Dashboard through visual boards posted in the office and/or sent to the employees' e-mails in order to increase employees' involvement in the development and implementation of the dashboard. Top-to-bottom reiteration of the Safe Spaces in the Workplace Policy through posting of the infographics in the office and/or sending the same by e-mails. VITA regularly checks the laws and regulations on the minimum wage and benefits set by the government as well as industry standards and it benchmarks on similar companies within the industry to evaluate the need to update and increase its compensation and benefit package to ensure that the same is competitive, if not better, than the companies within the industry.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	4,953.50	Hours
b. Male employees	3,809.00	Hours
Average training hours provided to employees		
a. Female employees	7.98	hours/employee
b. Male employees	6.13	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
VITA's training and development programs for its employees, whether internal or external, contribute to the employees' personal and professional growth and efficiency in the performance of their tasks. In 2022, there was an increase of 4,519 training hours provided to the employees versus 2021 due to the increase in onsite trainings provided to the employees and the holding of compliance trainings to keep the ISO FSMS certification, in addition to the regular and compliance trainings being provided to the PCOs and Safety Officers, and Occupational Health Nurses. There were also trainings on personal development from	VITA has a training calendar per region. The trainings are held on a monthly basis unless otherwise requested by the concerned department. Most of the trainings are targeted and tailor fit on the employees' and departments' needs/requests. VITA conducts an over-all post training evaluation and feedback based on how the training was conducted. It also conducts regular performance evaluation of the employees to measure their growth and improvement.

middle management and up, skills upgrade on food sales and leadership, technical know-how relevant to the employees' duties and functions, compliance trainings for its various certifications, including Halal certification. Trainings on the company rules and regulations were also conducted for the new hires. Some of these trainings were conducted in-house and some were conducted by third-parties.	
What are the Risk/s Identified?	**Management Approach**
❖ Ineffective or irrelevant trainings, which, in turn, result in zero to minimal effects on productivity. ❖ Resignation of employees despite investments made on training and development.	In addition to the over-all post training evaluation and feedback, the employees will be evaluated by their supervisors/immediate head within 30 to 60 days from the training. The effectiveness of trainings is also seen in the performance appraisal or competency matrix. VITA has a database of trainings already provided and trainings that may still be provided to the employees to ensure that the trainings remain to be relevant and effective. It also ensures that trainings attended by supervisors and up are cascaded to their teams within three months from the end of the training to ensure that all trainings benefit everyone in the team.
What are the Opportunity/ies Identified?	**Management Approach**
The availability of external training providers for employees can help VITA to continuously build new leaders and develop the organization and the management team to have better productivity and efficiency results.	VITA has a database of trainings already provided and trainings that may still be provided to the employees to ensure that the trainings remain to be relevant and effective.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements		%
Number of consultations conducted with employees concerning employee-related policies		#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach

What are the Risk/s Identified?	**Management Approach**
What are the Opportunity/ies Identified?	**Management Approach**

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce		%
% of male workers in the workforce		%
Number of employees from indigenous communities and/or vulnerable sector*		#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
What are the Risk/s Identified?	**Management Approach**
What are the Opportunity/ies Identified?	**Management Approach**

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	1,453,148	Man-hours
No. of work-related injuries	Visayas – 1	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	Mindanao – 1	#

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>Based on the data recorded by VITA's Safety Officer, there was a total of 1,453,148 safe man-hours on its plants. Only 1 work-related injury occurred, which was the result of an accident in in the plant. The employee involved had already recovered in full. In addition, there was only 1 fire drill conducted and the same involved only the office in Panacan, Davao City.</td><td rowspan="5">VITA has an existing Safety Policy, the implementation of which is being monitored by a Safety Officer in all of its plants and offices. It promotes health and safety awareness to employees through its Safety Officer. It strictly implements all sanitary and biosecurity measures in place. In addition, VITA provides safety-related trainings and PPEs to its employees detailed in the plants.

As an alternative measure to a fire drill, a Fire Safety Seminar was conducted in the Marilao office. VITA also conducted an orientation on occupational health and safety as well as seminar on what to do during and after an earthquake.

The Safety Officers also regularly sent the employees safety reminders by e-mails, especially during long weekends.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Work-related hazards that may cause work-related injuries, fatalities or ill-health include ergonomic hazards (lifting and prolonged sitting), dust and chemical exposure, computer radiation, moving machines, and equipment inside the plant.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>The identified risks present an opportunity to continuously train and educate the employees regarding the importance of compliance with all safety procedures, policies and measures being implemented by VITA.</td></tr>
</table>

Labor Laws and Human Rights

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

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

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor		
Child labor		
Human Rights		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach

What are the Risk/s Identified?	Management Approach
What are the Opportunity/ies Identified?	**Management Approach**

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy: ___________________________

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance		
Forced labor		
Child labor		
Human rights		
Bribery and corruption		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
What are the Risk/s Identified?	**Management Approach**
What are the Opportunity/ies Identified?	**Management Approach**

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)

Feed mill operations	Iloilo		N	As discussed above, VITA contributes to local employment and job creation. However, in the pursuit of its operations, it is unfortunate that it also contributes to pollution through its GHG emissions, air pollutants, solid, water and hazardous wastes.	As mentioned above, VITA regularly conducts preventive maintenance of its equipment to minimize its emissions. It also ensures that all wastes are properly segregated. VITA also complies with all environmental laws and regulations.
	Davao		N		

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____________

Certificates	Quantity	Units
FPIC process is still undergoing		#
CP secured		#

What are the Risk/s Identified?	Management Approach
What are the Opportunity/ies Identified?	**Management Approach**

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?

Customer satisfaction	July 2022 (Feeds only): Overall rating of feeds for both farms and dealership (nationwide) – 3.8/5 Product (color, size, texture, odor, weight) – 3.56/5.0 (average – nationwide) for farms and 3.32/5.0 (average – nationwide) for dealership Performance of feeds – 3.83/5 (average – nationwide) for farms and 3.87 (average – nationwide) for dealership Logistics services – 4.15/5 (average – nationwide) for farms and 3.57/5 (average – nationwide) for dealership Sales services – 4.41/5 (average – nationwide) for farms and 3.84/5 (average – nationwide) for dealership Marketing services - 4.21/5 (average – nationwide) for farms and 3.10 (average –	N

	nationwide) for dealership	

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>Based on the customer satisfaction survey for feeds conducted last July 2022, the over-all rating of VITA’s feeds was 3.8/5, which was at par with the over-all ratings for feeds in 2021.

Quality products and excellent customer service translate to customer satisfaction, which in turn, contributes to VITA’s revenues. They create higher demand for VITA’s products and services, thus, necessitating additional manpower. It also contributes to the growth of its business partners.</td><td rowspan="6">VITA regularly engages with its customers. For feeds, VITA conducts annual or bi-annual customer satisfaction surveys to assess how VITA can improve its products, services, and processes.

For distributors, VITA conducts an annual trade partners’ night and quarterly business reviews, where they give feedback to VITA relative to the latter’s products and services. For key customers, VITA conducts bi-annual business reviews with them, where they also give feedback to VITA.

For end-users or consumers of VITA’s chicken products under the Cook’s brand, feedbacks may be given through VITA’s website, mobile and landline numbers, e-mail, and social media sites.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Poor customer satisfaction may result in shift to competitors and reputational risks, especially when unsatisfied customers would air their concerns via comments on VITA’s social media platforms.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>❖ There is still an opportunity to conduct customer satisfaction surveys to end-users of VITA’s foods products (chicken) under the “Cook’s” brand and institutional clients to continuously improve VITA’s products and services.
❖ The customer care process of VITA may still be continuously improved and enhanced to increase customer base and retention.</td></tr>
</table>

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>For 2022, there was no substantiated complaint against the health and safety of VITA’s products. Thus, it was not exposed to legal, operational, and financial risks related to product health and safety.</td><td rowspan="5">VITA takes into consideration the health and safety of its feeds for consumption of poultry and livestock. It also requires its growers and breeders to follow the best practices in growing and raising poultry.

VITA has Quality Assurance personnel to ensure the health and safety of its products. Only those who passed VITA’s quality standards shall be supplied and distributed to the customers.

VITA has a Hazard Analysis Critical Control Points (HACCP) certification. This certification is a testament that VITA’s production process and food safety program are at par with internally recognized standards. Moreover, VITA’s Iloilo and Davao feed mill plants are FSMS ISO 22000:2018 certified, meaning that the food safety management systems in place in these plants passed internationally recognized standards. VITA’s chicken and value-added products under the Cook’s brand are likewise Halal certified, meaning that it is acceptable in accordance with Islamic law. There are also quarterly audits to ensure compliance with the quality standards. VITA continuously holds trainings related to product health and safety to comply with and maintain its ISO FSMS certification and continuously maintain the health and safety of its products.</td></tr>
<tr><td>What are the Risk/s Identified?</td></tr>
<tr><td>Failure to maintain the health and safety of its products exposes VITA to legal, operational, reputational and financial risks.</td></tr>
<tr><td>What are the Opportunity/ies Identified?</td></tr>
<tr><td>Keeping and ensuring the products’ health and safety to avoid legal, operational, reputational and financial risks.</td></tr>
</table>

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	No specific number but there were complaints in Isabela and Bicol.	#
No. of complaints addressed	All	#

**Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>For 2022, there were complaints received in Bicol and Isabela regarding the packaging of VITA’s chicken products as the customers were unable to associate the packaging to the products. These complaints were immediately resolved.</td><td rowspan="6">To address the complaints on the packaging, VITA re-designed its packaging for its chicken products. In addition, VITA has Quality Assurance personnel to ensure not only the health and safety of its products but also to ensure that its products are properly labelled and that the customers can identify and associate the products immediately based on the packaging. Further, prior to launching and using a particular packaging for a product, internal surveys among the employees are conducted to test run the intended packaging. These surveys are signed-off by the marketing, sales, quality assurance and R&D departments.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Failure to properly pack and/or label the products may cause confusion, misinformation, and even contamination of products.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>The complaints received in 2022 provide an opportunity to be more intentional in designing the packaging of VITA’s products in the sense that the packaging shows and communicates what the product is even without reading the label, apart from the necessary contents of the products’ packaging. Proper packing and labelling avoid confusion, misinformation, contamination or food poisoning.</td></tr>
</table>

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*		#
No. of complaints addressed		#
No. of customers, users and account holders whose information is used for secondary purposes		#

*Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
What are the Risk/s Identified?	**Management Approach**
What are the Opportunity/ies Identified?	**Management Approach**

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>For 2022, VITA did not experience data breach, leak, theft or even loss. All data regarding its business operations, trade secrets, employees, suppliers, and customers are intact and secured. Since it was able to keep its data secured, its business operations and supply chain remained undisturbed and its business operations and supply chain were not exposed to legal, financial and operational risks.</td><td rowspan="5">VITA has an IT department in charge of maintaining the integrity and security of data stored electronically as well as the maintenance and security of all computers used by the employees. It has also developed a safe-keeping system of all its contracts, records, and important documents to protect the data in the said contracts, records or documents. Only those that have a "need" to access these documents may be allowed access to the said records, contracts, or documents and the information contained in those records, contracts or documents must be used only for a legitimate purpose. In 2022, the IT department developed an active directory in Luzon, which limits the non-business activities that can be done using VITA's computers, internet, and mobile phones within and outside company premises. The active directory will be completed in 2023.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Breach of data security exposes VITA, its directors, officers, and employees to legal, operational, financial and reputational risks.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>The completion of the active directory in Luzon and its implementation in Luzon as well as its development and implementation in Visayas and Mindanao will help in avoiding breach of VITA's data security.</td></tr>
</table>

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

<table>
<tr><th>Key Products and Services</th><th>Societal Value / Contribution to UN SDGs</th><th>Potential Negative Impact of Contribution</th><th>Management Approach to Negative Impact</th></tr>
<tr><td>Animal Feeds</td><td rowspan="2">SDG Goal 2: Zero Hunger</td><td rowspan="2">1. Shortage of natural resources.</td><td rowspan="2">As disclosed in the previous topics, VITA continuously evaluates</td></tr>
<tr><td>Animal Health Care</td></tr>
</table>

Chicken (Dressed and Value-Added Products under the flagship brand “Cook’s”)	1. Continuous provision of healthy and safe feeds for animals and foods for people. 2. Lifetime Profitable Partnerships with its business partners, suppliers, customers and employees. 3. Higher allocation of VITA’s procurement budget to local suppliers. 4. Continuation of the Green Sanctuary Program. **SDG Goal 8: Decent Work and Economic Growth** 1. Continued economic growth of VITA and contribution to its stakeholders’ economic growth. 2. Job creation, competitive compensation packages, and career growth opportunities. 3. Full, productive, efficient, healthy and safe workplace. 4. Continuation of the Green Sanctuary program. 5. Higher allocation of VITA’s procurement budget to local suppliers. **SDG Goal 12: Responsible Production and Consumption** 1. Efficient use and management of natural and non-natural resources. 2. Compliance with environmental laws and regulations, including compliance with EPR Act.	2. Waste generation. 3. Pollution contribution. 4. Contribution to Climate Change.	its strategies and modifies them as may be necessary to adapt to the changing landscapes, provide solutions to challenges encountered, and pioneer innovations. VITA operates within the parameters of law, regulations, its ECC and it shall continue to look for solutions to further mitigate, manage, and reduce its contributions to pollution and climate change as well as to further reduce the wastes it generates/produces from its operations. It shall continue to regularly maintain and upgrade its equipment and facilities. VITA is continuously improving and innovating its operations and processes to manage its negative impacts to the economy, environment, and society as well as to have continuous LPPs with its stakeholders.

	3. Completion of Solar Energy Project in Iloilo feed mill. 4. About 83.73% of procurement budget was spent on local suppliers. 5. Healthy and safe feeds and food.		

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

ANNEX "A"

Annex C

Interim Financial Statements for the Quarter ended March 31, 2023

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	0	2	1	1	3	4

C O M P A N Y N A M E

VITARICH CORPORATION AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

C O M P A N Y I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
mccdabu-pepito@vitarich.com	(044) 8843-3033	(0925) 5121013

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
4,110	Last Friday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Stephanie Nicole S. Garcia	nsg@vitarich.com	(044) 843-3033	(0918) 8482258

CONTACT PERSON's ADDRESS

Marilao–San Jose Road, Sta. Rosa I, Marilao, Bulacan

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2023**

2. Commission identification number **21134** 3. BIR Tax Identification No. **000-234-398**

4. Exact name of issuer as specified in its charter **VITARICH CORPORATION**

5. Province, country or other jurisdiction of incorporation or organization **BULACAN**

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office Postal Code

   MARILAO-SAN JOSE ROAD, STA. ROSA I, MARILAO, BULACAN **3019**

8. Issuer's telephone number, including area code

   (+632) 8843-3033

9. Former name, former address and former fiscal year, if changed since last report

   N/A

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Stock	**3,054,334,014**

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

    Yes [√] No [ ]

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

    Philippine Stock Exchange, Inc. **Common**

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

    Yes [√] No [ ]

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

    Yes [ ] No [√]

Annex A

SEC Number 21134
File Number ________

VITARICH CORPORATION AND SUBSIDIARIES

(Company's Full Name)

Marilao- San Jose Road, Sta. Rosa. I. Marilao, Bulacan

(Company's Address)

(+632) 8843-30-33

(Telephone Number)

Quarterly Consolidated
Unaudited Financial Statements

Form Type

Amendment Designation (If Applicable)

March 31, 2023

Period Ended Date

(Secondary License Type and File Number)

PART I – FINANCIAL INFORMATION

Item 1 - Financial Statements

The unaudited financial statements of Vitarich Corporation and its subsidiaries as at and for the period ended March 31, 2023 (with comparative figures as of December 31, 2022) and for the period ended March 31, 2023 and Selected Notes to Consolidated Financial Statements are filed as part of this form 17-Q as Annex "A".

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by Part III, Paragraph (A) (2) (B) of "Annex C" is attached hereto as Annex "B".

PART II – OTHER INFORMATION

Vitarich Corporation and its subsidiaries may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure if such information is made under this Part II, it need not be repeated in a report on Form 17-C, which would otherwise be required to be filed with respect to such information, or in a subsequent report on Form 17-Q.

SIGNATURES

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

Registrant – **VITARICH CORPORATION**

By:

STEPHANIE NICOLE S. GARCIA
EVP & Chief Sustainability Officer (CSO)/
Corporate Management Services
Director/Treasurer

ATTY. MARY CHRISTINE DABU-PEPITO
Assistant Corporate Secretary, Corporate
Information Officer and Compliance Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Vitarich Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 31, 1962 to engage primarily in manufacturing and selling of feeds and livestock. On July 23, 2018, the SEC approved the extension of its corporate life to perpetual existence. The Company's shares of stock were registered with the Philippine Stock Exchange on February 8, 1995.

On October 16, 2013, the SEC approved the Company's increase in authorized capital stock to ₱3.5 billion and the conversion of Company debts amounting to ₱2.4 billion to Kormasinc, Inc. (Kormasinc) into equity at 1 share of common stock for every ₱1.00 debt. Of the converted debt, ₱90.0 million was applied as payment for 90,030,236 shares from unissued shares and ₱2.3 billion was applied as payment for additional shares from the increase in authorized capital.

With the debt-to-equity conversion and significant improvement in the Company's operations, the Regional Trial Court of Malolos, Bulacan (the Rehabilitation Court) approved the Company's exit from Corporate Rehabilitation on September 16, 2016.

On December 22, 2017, the SEC approved the debt-to-equity conversion of the remaining payable of ₱407.1 million to Kormasinc at ₱1.52 a share increasing Kormasinc's ownership interest from 69.20% to 71.90%.

On June 30, 2017, the Company's stockholders approved the Company's plan to undergo a Quasi-reorganization. The Company reduced the par value of the Company share and the existing additional paid-in capital and outstanding revaluation surplus was applied to eliminate the Company deficit of ₱2.2 billion as at December 31, 2017.

On July 11, 2018, the SEC approved the change in par value which resulted to a decrease in the capital stock of the Company from ₱3.5 billion divided into 3.5 billion shares with par value of ₱1.00 each to ₱1.33 billion divided into 3.5 billion shares with the par value of ₱0.38 each. The reduction in par value resulted to recognition of additional paid in capital amounting to ₱1.9 billion. On July 18, 2018, the Company received the Certificate of Approval of Equity Restructuring to wipe out the deficit as of December 31, 2017 in the amount of ₱2.3 billion against the additional paid in capital of ₱2.3 billion.

On July 26, 2017, the Board of Directors (BOD) and Stockholders of Philippines Favorite Chicken, Inc. (PFCI) approved the shortening of the corporate life of PFCI until March 31, 2019. PFCI which ceased operations since 2005, was placed under the liquidation process. The Company deconsolidated PFCI and recognized a gain of ₱28.2 million on deconsolidation.

On May 31, 2018, the SEC approved the shortening of the corporate life of Gromax, Inc. (Gromax) until November 10, 2019. Gromax ceased operations since 2015. The Company recognized an impairment loss of ₱7.4 million which pertains to assets that are no longer recoverable.

On December 16, 2021, the Company's Board of Directors approved the acquisition of 100% of the outstanding capital stock of BVC from Luzon Agriventure, Inc. (LAVI) for a consideration of P1.00. The acquisition was accounted as an asset acquisition.

The registered principal place of business of the Company is located at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan. The Company has operating offices in Luzon, Iloilo and Davao, and maintains satellite offices in Southern Philippines.

Results of Operations

Vitarich Corporation (PSE: VITA) sustained strong momentum in the first quarter of 2023 with double-digit revenue and earnings growth.

Revenues increased 27% year on year to P3.3 billion. Price adjustments and robust sales volume drove balanced growth across segments, with each of its Feeds and Foods segments contributing double-digit revenue growth compared to the prior-year period.

Rocco Sarmiento, President and CEO, said, “We are very pleased to have made such a strong start to the year. We continue to grow revenues in line with our long-term targets and work towards improving our profit margins. We also implement improvement initiatives to manage our working capital through reduction in inventory levels, process optimization, and more effective performance monitoring. Importantly, we continue to reshape our portfolio and strengthen our capabilities which we believe will support the delivery of consistent growth into the future.”

Cost of goods rose 27% to P3.0 billion driven by higher costs of feed ingredients and unfavorable foreign exchange rates, as well as transportation, freight, and handling. Key raw materials including wheat, soybean, and corn, which comprised about 70% of feed costs, remained elevated with an average increase of 19% versus the same period last year.

Gross profit grew 32% to P320.3 million and operating profit increased 43% to P105.8 million, supported by pricing adjustments, increased capacity utilization, and management actions aimed at mitigating input cost inflation, which included prioritizing local sourcing over importation and forward booking over spot purchases of raw materials.

Net income and earnings per share expanded 66% to P67.9 million and P0.022, respectively.

Segment highlights

- Revenues from the Foods segment were 22% higher to P1.73 billion, with a steady demand from commercial customers such as hotels, restaurants, and institutions (HRI) in Luzon. The Foods segment comprised 52% of overall revenues.

  During the quarter, the company successfully upgraded its dressing plant facilities in Bulacan, increasing its cold storage and blast freezing capacity and generating operating efficiencies.

- Feeds revenues advanced 37% to P1.5 billion fueled by both volume gains and price increases, which have sequentially stepped up over the past five quarters to cover rising input costs. The Feeds segment comprised 45% of revenues.

- Farms revenues were down 5% to P115.7 million. A fair value adjustment on biological assets amounting to -P26.2 million was recognized as part of revenues resulting from lower estimated sale price based on market prices in March and P8.9 million as part of cost of goods. The Farms segment comprised 3% of revenues.

Subsidiaries:

Barbatos Ventures Corporation (BVC) is a private domestic corporation engaged, among others, in poultry production as well as in the processing, raising and breeding of chickens and similar stocks. Beginning January 1, 2022, BVC operated as Vitarich’s wholly-owned subsidiary.

Gromax, Inc. is a wholly owned subsidiary of the Company which started commercial operation in January 1996. Previously, Gromax was a division of the Company, which was spun off to a separate entity. Gromax was registered with SEC on November 10, 1995.

Effective April 1, 2015 the operations of Gromax, manufacturing animal health and nutritional feeds, was reintegrated into the Company. Specialty feeds supplement the product offering of animal feeds produced by the Company. Pursuant to the reintegration, Gromax transferred all its employees to the Company. Retirement benefits accruing to these employees were transferred accordingly.

Gromax Inc. has ceased operations since 2015. On May 31, 2018, the SEC approved the shortening of the corporate life of Gromax until November 10, 2019. It has also informed the SEC of its decision to maintain its shortened term of November 10, 2019. The Company recognized an impairment loss of 7.4 million which pertains to assets that are no longer recoverable.

Philippine's Favorite Chicken Inc. (PFCI), one of the subsidiaries of the Company, entered into distribution agreements in 1995 with America's Favorite Chicken Company (AFC), a company that operates the Texas Chicken and Popeye's Chicken restaurants in the United States. Under these distribution agreements, PFCI will distribute the paper goods, restaurant supplies, equipment, and food products to Texas Manok Atbp. Inc. (TMA). The latter corporation, which is owned by the Sarmiento family, in turn, entered into a development and franchise agreement with AFC. Under the development agreement between TMA and AFC, PFCI was granted the exclusive right to develop an aggregate of fifty (50) Texas Chicken and fifty (50) Popeye's Chicken restaurants in the Philippines in consideration for territorial and franchise fees payable to AFC as stipulated in the agreements. In addition, a 5% percent royalty fee based on sales is assessed for each franchised restaurant. This royalty is being paid by TMA, the operator of the restaurant. The franchise agreement allows the PFCI to use the Texas Chicken and Popeye's Chicken trade names, service marks, logos, food formulae and recipes, and other exclusive rights to the proprietary Texas and Popeye's Chicken System.

The development of the restaurants is scheduled over a period of seven years starting in 1995 for Texas Chicken and 1996 for Popeye's. The franchise agreement shall be for a period of ten (10) years for each restaurant unit, renewable for four additional periods of five years each, at the option of the franchisee. However, PFCI, in 2000, lost its right to develop Popeye's Chicken in the Philippines.

On October 1, 1998, the Board of Directors of PFCI approved the conversion into equity of the advances of Vitarich Corporation to PFCI amounting to 165 million to be applied to its unpaid subscriptions and for additional shares of stock of PFCI. Out of the 165 million advances to be converted into equity, 25 million was applied to Vitarich's unpaid subscription while the remaining 140 million was shown under Deposit on Future Stock Subscriptions account pending the approval from the SEC of the conversion.

In 2003, PFCI reverted the investment in shares of stock in PFCI to Advances to subsidiaries amounting to 140 million, as the BOD of PFCI decided not to pursue its application with the SEC to convert into equity the advances received from Vitarich. PFCI initially recorded the transaction as an increase in investment in shares of stock in PFCI and a decrease in advances to subsidiaries when the BOD of PFCI approved the proposed conversion in 1998.

AFC unilaterally terminated its development and franchise agreements with PFCI in 2001. As a result, in August 2001, PFCI and TMA filed a case against AFC and some of AFC's officers, such as Tom Johnson, Anthony Pavese and Loreta Sassen, among others, for undue termination of the development and franchise agreements with the Regional Trial Court of Pasig City, docketed as Civil Case No. 68583. The case called for injunction, specific performance, sum of money, and damages against AFC and some of its officers.

In connection with such legal action, in 2001, PFCI recognized as claims receivable, as of December 31, 2001, certain losses arising from the closure of certain Texas Chicken restaurants and legal fees incurred relating to the case filed against AFC. Losses recognized as claims receivable include, among others, the loss on write-off of leasehold and building improvements relating to the closed stores. The total amount recognized as claims receivable (presented as part of Other Non-current Assets account in the condensed interim consolidated balance sheets) totaled 23.2 million as of December 31, 2001.

The Regional Trial Court of Pasig City, in a decision dated April 3, 2002, approved the issuance of a preliminary writ of attachment on the properties of AFC in the Philippines upon posting of PFCI and TMA of a bond amounting to 100 million. Management believed that this case would be settled in favor of PFCI and TMA.

On September 24, 2003, the trial court granted the Motion to Dismiss filed by two of the defendants. PFCI, in turn, filed a Motion for Partial Reconsideration of the order. Moreover, AFC has filed a Petition for Certiorari before the Court of Appeals assailing the validity of the trial court previously issued writ of attachment.

On December 22, 2004, the parties have entered into a compromise agreement for the settlement of the case of which the parties have filed a joint motion to dismiss before the Regional Trial Court of Pasig City, Branch 152.

On March 4, 2005, the Regional Trial Court of Pasig City, Branch 152 had approved the Joint Motion to Dismiss filed by the parties based on the Compromise Agreement entered into by them, thus, putting an end to the case.

In 2005, PFCI discontinued operations of its Texas Manok's Restaurants. Accordingly, it terminated all its employees and provided full valuation allowances on all its remaining assets. On July 26, 2017, the BOD and Stockholders of PFCI approved the shortening of the corporate life of PFCI until March 31, 2019. On February 16, 2021, PFCI filed with the SEC a Notice of Retention of Corporate Term (until March 31, 2019). PFCI which ceased operations since 2005 and was placed under the liquidation process. The Company deconsolidated PFCI and recognized a gain of 28.2 million on deconsolidation.

Financial Condition

The Company's consolidated total assets as of March 31, 2023 was ₱5.2 billion at par with December 31, 2022 level. Total current assets decreased to ₱2.8 billion on March 31, 2023, down by 3% from ₱2.9 billion as of December 31, 2022, primarily because of lower advances to suppliers related to raw materials importation.

Inventories amounting to ₱1.1 billion as at March 31, 2023 increased from ₱979.5 million as at December 31,2022. This was attributed to increased feeds volume requirements and raw material prices in the market remain high.

Non-current assets slightly increased by 1% at ₱2.4 billion as of March 31, 2023 related to improvements in Marilao Dressing plant.

Current liabilities decreased by 4% to ₱2.9 billion as of March 31, 2023, from ₱3.0 billion on December 31, 2022, mainly due to decrease in short-term loans payable and trade payables as we updated payments to all business partners.

Non-current liabilities slightly decreased by 2% to ₱382.9 million as of March 31, 2023 from ₱389.6 million on December 31, 2022, mainly due to partial payments of long-term debt and lower net deferred tax liabilities.

Stockholders' equity stood at ₱1.9 billion as of March 31, 2023, up by 4% over December 31, 2022 balance of ₱1.8 billion due to posted net income for the quarter of ₱67.9 million.

The Corporation's top five (5) key performance indicators are described as follows:

	Unaudited March 2023	Unaudited March 2022
Revenue (₱ million)		
Sale of goods	**₱3,356**	₱2,601
Fair value adjustment on biological assets	**(26)**	16
Cost Contribution (₱ million)		
Cost of goods sold	**3,001**	2,334
Fair value adjustment on biological assets	**9**	42
Gross Profit Rate (%)	**10%**	9%
Operating Income (₱ million)	**106**	74

1) Sales Volume, Price, and Revenue Growth

Consolidated revenue composed of feeds, day-old chicks, chicken, and animal health products sales including fair value adjustment on biological assets, amounted to ₱3.3 billion, 27% higher than the previous year of ₱2.6 billion, mainly because of increased sales volume and higher feeds selling price.

2) Cost Contribution

This measures the cost efficiency of the products and trends of raw materials prices, particularly importations, which involve foreign exchange exposure. Costs are analyzed on a regular basis to assist strategic management decision making regarding cost reduction and efficiency measures.

3) Gross Profit Rate

Reviews are conducted on a regular basis to check if targets are being met based on the forecasted gross profit rate and to ensure proper and immediate action can be taken.

4) Operating Margin

Operating margin is profit after operating expenses are deducted. Reviews of operating expenses are performed on a regular basis. These are analyzed and compared against budget, previous month and previous years, to ensure that cost reduction measures are being met and implemented.

5) Plant Capacity Utilization

This determines total usage of the plant capacity. The higher the plant utilization, the better the productivity, which translates to better margins.

VITARICH CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited March 2023	Audited December 2022
ASSETS		
Current Assets		
Cash (Note 6)	**₱374,016,174**	₱369,416,726
Trade and other receivables (Note 7)	**885,185,879**	882,943,523
Inventories and livestock (Note 8)	**1,068,041,761**	979,486,204
Other current assets (Note 9)	**445,900,184**	623,187,708
Total Current Assets	**2,773,143,998**	2,855,034,161
Noncurrent Assets		
Receivable from insurance (Note 10)	**70,203,810**	70,203,810
Property, plant and equipment - net (Note 11)		
At revalued amount	**1,038,546,422**	942,776,782
At cost	**32,055,215**	126,640,633
Investment properties (Note 12)	**1,174,286,964**	1,165,870,526
Right-of-use assets (Note 13)	**63,330,500**	55,529,616
Other noncurrent assets (Note 13)	**31,486,316**	32,115,321
Total Noncurrent Assets	**2,409,909,227**	2,393,136,688
TOTAL ASSETS	**₱5,183,053,225**	₱5,248,170,849
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 14)	**₱1,976,555,471**	₱2,001,706,561
Loans payable (Note 15)	**885,629,444**	985,478,495
Current portion of lease liabilities (Note 27)	**14,082,295**	15,413,841
Total Current Liabilities	**2,876,267,210**	3,002,598,897
Noncurrent Liabilities		
Loans payable - net of current portion (Note 15)	**43,437,499**	49,642,856
Cash bond deposits (Note 16)	**58,660,795**	56,299,659
Lease liabilities - net of current portion (Note 27)	**46,979,087**	36,885,998
Net retirement liability (Note 22)	**146,365,502**	147,057,502
Deferred tax liabilities - net (Note 23)	**87,473,389**	99,758,010
Total Noncurrent Liabilities	**382,916,272**	389,644,025
Total Liabilities	**3,259,183,482**	3,392,242,922
Equity		
Capital stock (Note 25)	**1,160,646,925**	1,160,646,925
Additional paid-in capital (Note 1)	**1,470,859**	1,470,859
Retained earnings	**343,717,756**	275,775,940
Other comprehensive income (Notes 11, 22 and 25)	**418,034,203**	418,034,203
Total Equity	**1,923,869,743**	1,855,927,927
TOTAL LIABILITIES AND EQUITY	**₱5,183,053,225**	₱5,248,170,849

See accompanying Notes to Interim Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Three Months Ended	
	Unaudited Jan-Mar 2023	Unaudited Jan-Mar 2022
REVENUE		
Sale of goods, net of discount (Notes 17 and 24)	**₱3,356,320,286**	₱2,601,250,325
Fair value adjustment on biological assets (Notes 4 and 17)	**(26,209,385)**	16,056,152
	3,330,110,901	2,617,306,477
COST OF GOODS SOLD		
Cost of goods sold (Note 18)	**(3,000,834,925)**	(2,333,633,724)
Fair value adjustment on biological assets (Notes 4 and 18)	**(8,967,773)**	(41,887,412)
	(3,009,802,698)	(2,375,521,136)
GROSS PROFIT	**320,308,203**	241,785,341
Operating expenses (Note 19)	**(225,167,784)**	(177,537,168)
Other operating income (Note 20)	**10,685,501**	9,946,566
	(214,482,283)	(167,590,602)
OPERATING PROFIT	**105,825,920**	74,194,739
OTHER INCOME (EXPENSES)		
Interest expense (Notes 15 and 27)	**(18,297,275)**	(9,529,461)
Interest income (Notes 6 and 7)	**441,511**	612,683
Other charges - net (Note 21)	**(1,717,828)**	(9,523,362)
	(19,573,592)	(18,440,140)
INCOME BEFORE INCOME TAX	**86,252,328**	55,754,599
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 23)		
Current	**30,595,133**	22,628,998
Deferred	**(12,284,621)**	(7,712,320)
	18,310,512	14,916,678
NET INCOME	**67,941,816**	40,837,921
OTHER COMPREHENSIVE INCOME (LOSS)		
Items not to be reclassified to profit or loss:		
Actuarial gain (loss) - net of deferred income tax (Note 22)	–	–
Revaluation increase on property, plant and equipment - net of deferred income tax (Note 11)	–	–
	–	–
TOTAL COMPREHENSIVE INCOME	**₱67,941,816**	₱40,837,921
EARNINGS PER SHARE - BASIC AND DILUTED (Note 26)	**₱0.022**	₱0.013

See accompanying Notes to Interim Consolidated Financial Statemen

VITARICH CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED MARCH 31, 2023, MARCH 31, 2022 AND DECEMBER 31, 2022

	Capital Stock (Note 25)	Additional Paid-in Capital (Note 1)	Retained Earnings	Other Comprehensive Income (Notes 11, 22 and 25)	Total
Balances at December 31, 2022	**₱1,160,646,925**	**₱1,470,859**	**₱275,775,940**	**₱418,034,203**	**₱1,855,927,927**
Net income	**–**	**–**	**67,941,816**	**–**	**67,941,816**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**67,941,816**	**–**	**67,941,816**
Balances at March 31, 2023	**₱1,160,646,925**	**₱1,470,859**	**₱343,717,756**	**₱418,034,203**	**₱1,923,869,743**

	Capital Stock (Note 25)	Additional Paid-in Capital (Note 1)	Retained Earnings	Other Comprehensive Income (Notes 11, 22 and 25)	Total
Balances at December 31, 2021	₱1,160,646,925	₱1,470,859	₱135,021,722	₱319,959,284	₱1,617,098,790
Net income	–	–	40,837,921	–	40,837,921
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	40,837,921	–	40,837,921
Balances at March 31, 2022	₱1,160,646,925	₱1,470,859	₱175,859,643	₱319,959,284	₱1,657,936,711

	Capital Stock (Note 25)	Additional Paid-in Capital (Note 1)	Retained Earnings	Other Comprehensive Income (Notes 11, 22 and 25)	Total
Balances at December 31, 2021	1,160,646,925	1,470,859	135,021,722	319,959,284	1,617,098,790
Net income	–	–	128,986,939	–	128,986,939
Other comprehensive loss	–	–	–	109,842,198	109,842,198
Total comprehensive income	–	–	128,986,939	109,842,198	238,829,137
Transfer to retained earnings of revaluation reserve realized through depreciation, net of deferred income tax (Note 11)	–	–	11,767,279	(11,767,279	–
Balances at December 31, 2022	₱1,160,646,925	₱1,470,859	₱275,775,940	₱418,034,203	₱1,855,927,927

See accompanying Notes to Interim Consolidated Financial Statements

VITARICH CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended	
	Unaudited March 2023	Unaudited March 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱86,252,328**	₱55,754,599
Adjustments for:		
Gain on fair value of biological assets (Note 17)	**35,177,158**	(25,831,260)
Depreciation and amortization (Notes 11, 13 and 19)	**26,295,891**	25,624,287
Interest expense (Notes 15 and 27)	**18,297,275**	9,529,461
Interest income (Notes 6 and 7)	**(441,511)**	(612,683)
Retirement benefit expense (Note 22)	**145,000**	1,766,000
Loss (gain) on disposal of property, plant and equipment (Notes 11, and 21)	**–**	1,048,745
Operating income before working capital changes	**165,726,141**	67,279,149
Decrease (increase) in:		
Trade and other receivables	**(1,820,552)**	143,577,529
Inventories and livestock	**(123,732,715)**	(265,634,575)
Other current assets	**177,287,524**	(257,047,038)
Other noncurrent assets related to operations	**1,319,784**	(19,341,175)
Increase (decrease) in:		
Trade and other payables	**(11,922,790)**	273,247,515
Cash bond deposits	**2,361,136**	2,999,502
Net cash generated from (used for) operations	**209,218,528**	(54,919,093)
Income tax paid	**(30,595,133)**	(22,628,999)
Retirement benefits paid (Note 22)	**(837,000)**	(110,930)
Interest received	**19,707**	9,831
Net cash provided by (used in) operating activities	**177,806,102**	(77,649,191)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property, plant and equipment (Note 11)	**(35,971,776)**	(14,862,860)
Investment properties (Note 12)	**(8,416,438)**	(6,487,892)
Proceeds from sale of property, plant and equipment	**–**	231,830
Net cash used in investing activities	**(44,388,214)**	(21,118,922)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of loans (Note 15)	**528,777,595**	310,538,031
Payments of loans (Note 28)	**(634,832,003)**	(231,113,667)
Interest paid	**(13,419,537)**	(9,529,461)
Payments of principal lease liabilities (Note 27)	**(9,344,495)**	(5,342,511)
Net cash provided by (used in) financing activities	**(128,818,440)**	64,552,392
NET INCREASE (DECREASE) IN CASH	**4,599,448**	(34,215,722)
CASH AT BEGINNING OF YEAR	**369,416,726**	230,015,919
CASH AT END OF PERIOD	**₱374,016,174**	₱195,800,197

See accompanying Notes to Interim Consolidated Financial Statements

VITARICH CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

Vitarich Corporation (the Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 31, 1962 to engage primarily in manufacturing, growing and selling of feeds and livestock. The Parent Company's shares of stock were registered with the Philippine Stock Exchange on February 8, 1995.

The subsidiaries of the Parent Company are as follows:

		Percentage	
	Line of Business	**2023**	2022
Barbatos Ventures Corporation*	Poultry dressing	**100%**	100%
Gromax, Inc. (Gromax)**	Manufacturing	**100%**	100%

**Acquired by the Parent Company effective January 1, 2022 (see Note 33).*
***Ceased operations in 2005*

The Parent Company and its subsidiaries are collectively referred herein as "the Company".

On October 16, 2013, the SEC approved the Parent Company's increase in authorized capital stock to ₱3.5 billion and the conversion of Parent Company debts amounting to ₱2.4 billion to Kormasinc, Inc. (Kormasinc) into equity at one share of common stock for every ₱1.00 debt. Of the converted debt, ₱90.0 million was applied as payment for 90,030,236 shares from unissued shares and ₱2.3 billion was applied as payment for additional shares from the increase in authorized capital.

With the debt to equity conversion and significant improvement in the Parent Company's operations, the Regional Trial Court of Malolos, Bulacan (the Rehabilitation Court) approved the Parent Company's exit from corporate rehabilitation on September 16, 2016.

On December 22, 2017, the SEC approved the debt to equity conversion of the remaining payable of ₱407.1 million to Kormasinc at ₱1.52 a share increasing Kormasinc's ownership interest from 69.20% to 71.90% (see Note 25).

On June 30, 2017, the Parent Company's stockholders approved the Parent Company's plan to undergo a quasi-reorganization. The Parent Company reduced the par value of the Parent Company's shares and the existing additional paid-in capital and outstanding revaluation surplus was applied to eliminate the Parent Company's deficit of ₱2.2 billion as at December 31, 2017.

On July 11, 2018, the SEC approved the change in par value which resulted to a decrease in the capital stock of the Parent Company from ₱3.5 billion divided into 3.5 billion shares with par value of ₱1.00 each to ₱1.3 billion divided into 3.5 billion shares with par value of ₱0.38 each. The reduction in par value resulted to recognition of additional paid-in capital of ₱1.9 billion. On July 18, 2018, the Parent Company received the Certificate of Approval of Equity Restructuring to wipe out the deficit as of December 31, 2017 in the amount of ₱2.3 billion against the additional paid in capital of ₱2.3 billion.

On May 31, 2018, the SEC approved the shortening of the corporate life of Gromax until November 10, 2019. Gromax ceased operations since 2015. In 2018, the Company recognized an impairment loss of ₱7.4 million which pertains to assets that are no longer recoverable. As of April 1, 2023, the liquidation process of Gromax is ongoing.

The registered principal place of business of the Parent Company is located at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan. The Parent Company has operating offices in Luzon, Iloilo and Davao, and maintains satellite offices in southern Philippines.

The interim consolidated financial statements were authorized for issue by the Board of Directors (BOD) on May 11, 2023.

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2. Summary of Significant Accounting Policies

Basis of Preparation
The interim consolidated financial statements have been prepared on a going concern basis. All amounts are stated at historical cost, except for property, plant and equipment (excluding transportation equipment and construction in-progress) which are stated at revalued amount, and investment properties and biological assets which are stated at fair value.

The interim consolidated financial statements of the Company are presented in Philippine Peso, the Company's functional and presentational currency. All values represent absolute amounts except when otherwise stated.

Statement of Compliance
The accompanying interim consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Philippine Financial Reporting Standards Council) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC. This financial reporting framework includes all applicable PFRSs, Philippine Accounting Standards (PAS), interpretations from the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC), and SEC provisions.

Basis of Consolidation
The interim consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31 of each reporting date. Control is achieved when the Parent Company 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 Parent Company controls an investee if, and only if, it 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.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; or
- The Parent Company's voting rights and potential voting rights.

The Company reassesses 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 from the date of acquisition, being the date 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 interim consolidated financial statements 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 Company and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is considered as an acquisition or disposal of noncontrolling interest and is accounted for as an equity transaction. The difference between the amount by which the noncontrolling interest is adjusted and the fair value of the consideration paid or received is recorded directly in equity.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, noncontrolling interest and other components of equity, while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions and gains and losses resulting from intra-group transactions and dividends are eliminated in full during consolidation.

<u>Business Combinations</u>
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any noncontrolling interests in the acquiree. For each business combination, the Parent Company elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Parent Company 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. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments*, is measured at fair value with the changes in fair value recognized in the interim consolidated statement of comprehensive income in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized the interim consolidated statement of comprehensive income.

If the acquisition of an asset or a group of assets does not constitue a business, the Parent Company identifies and recognizes the individual identified assets acquired (including those assets that meet the definition of and recognition criteria for intangible assets) and liabilities assumed.

<u>Current versus Noncurrent Classification</u>
The Company presents assets and liabilities in the interim consolidated statements of financial position based on current/noncurrent classification.

An asset is current when:
- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within 12 months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as noncurrent.

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

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the interim 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 interim consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for fair value measurements on financial instruments, biological assets, property, plant and equipment and investment properties.

External valuers are involved for valuation of significant assets, such as property, plant and equipment and investment properties. The involvement of external valuers is determined annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyzes the movements in the values of assets and liabilities which are required to be remeasured or reassessed per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company, in conjunction with the external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company 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
Cash includes cash on hand and in banks. Cash in banks earn interest at prevailing bank deposit rates.

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.

Financial Assets
Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through OCI (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company 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.

The Company'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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company 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) and financial assets at FVTPL.

- *Financial Assets at Amortized Cost (Debt Instruments)*. This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:
  - the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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 the interim consolidated statements of comprehensive income when the asset is derecognized, modified or impaired.

Financial assets at amortized cost are classified as current assets when the Group expects to realize the asset within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

As at March 31, 2023 and December 31, 2022, the Company's cash, trade and other receivables, receivable from insurance and security deposits (presented under "Other noncurrent assets") are classified under this category.

The Company has no debt and equity instruments at FVOCI and at FVTPL as at March 31, 2023 and December 31, 2022.

Impairment of Financial Assets. The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. 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.

Determining the Stage for Impairment. At each reporting date, the Company assesses whether there has been a significant increase in credit risk (SICR) for financial assets since initial recognition by comparing the risk of a default occurring over the expected life between the reporting date and the date of initial recognition. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Staging Assessment. PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been SICR of a financial asset. Three stages are established to determine the amount of impairment to be recognized:

- Stage 1 is comprised of all financial instruments which have not experienced SICR since initial recognition. The Company is required to recognize 12-month ECL for stage 1 financial instruments.
- Stage 2 is comprised of all financial instruments which have experienced SICR since initial recognition. The Company is 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 SICR since initial recognition, then the Company 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 negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the requirements under PAS 39, *Financial Instruments: Recognition and Measurement*, for impaired financial instruments.

General Approach for Cash, Other Receivables, Receivable from Insurance, and Security Deposit. For cash, other receivables, receivable from insurance and security deposits, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been SICR on its cash, other receivables, receivable from insurance and security deposits since initial recognition.

For cash in banks, the Company assessed that placements are with reputable counterparty banks that possess good credit ratings. For receivable from insurance, the Company assessed the timing and amount of expected net recoveries in calculating the ECL. For other receivables and security deposits, the Company used external benchmarking which compares the internal credit risk rating of certain debtor with the external rating agencies and use the latter's estimate of probability of default (PD) for similar credit risk rating.

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

The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in the following notes:
- Note 4, *Significant Judgment, Accounting Estimates and Assumptions*
- Note 7, *Trade and Other Receivables*

Derecognition of Financial Assets. A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:
- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of ownership of the asset, or (b) has neither

transferred nor retained substantially all the risks and rewards of ownership of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of ownership of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings 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, net of directly attributable transaction costs.

Subsequent Measurement. For purposes of subsequent measurement, financial liabilities are classified in two categories: financial liabilities at amortized cost and financial liabilities at FVTPL.

- *Financial Liabilities at Amortized Cost*. This is the category most relevant to the Company. After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the interim consolidated statements of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

  Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the interim consolidated statement of comprehensive income.

  As at March 31, 2023 and December 31, 2022, the Company's trade and other payables (excluding statutory payables), loans payable, lease liabilities and cash bond deposits are classified under this category.

The Company has no financial liabilities at FVTPL and derivatives designated as hedging instruments in an effective hedge as at March 31, 2023 and December 31, 2022.

Derecognition of Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the interim consolidated statement of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original EIR, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the consolidated statement of comprehensive income. On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. The gross carrying amount of the financial liability is recalculated as the present value of the modified contractual cash flows discounted at the original EIR and recognizes modification gain or loss. Cost or fees incurred adjust the carrying amount of the financial liability and are amortized over the remaining term of the modified financial liability.

<u>Offsetting of Financial Instruments</u>
Financial assets and financial liabilities are offset with the net amount reported in the interim consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

The Company 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 insolvency or bankruptcy of the Company and all of the counterparties.

<u>Inventories</u>
The Company recognizes inventories when the risk and rewards of ownership are transferred to the Company (i.e., usually upon receipt from local suppliers and upon delivery of the goods to the carrier from importation).

Inventories are valued at the lower of cost and net realizable value (NRV). The purchase price and costs incurred in bringing each product to its present location are accounted for as follows:

Raw Materials and Feeds Supplements, Supplies and Animal Health Products - Weighted Average Method. All costs directly attributable to acquisition such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities are included as part of costs of these inventories.

Finished Goods and Factory Stocks and Supplies Inventories - Weighted Average Method. All costs directly attributable to acquisition such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities are included as part of costs of these inventories. Included also are the costs of direct materials, labor and manufacturing overhead.

NRV of finished goods is based on the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. NRV of raw materials and supplies is the current replacement cost.

<u>Livestock</u>
Livestock consist of biological assets such as day-old chicks after undergoing hatching process, chicks which are grown as chicken broilers, hatching eggs which are recorded under raw materials, and live, fresh, frozen and cut-ups chicken which are recorded under finished goods.

Day-old Chicks and Chicken Broilers. These are accounted for as biological assets in accordance with PAS 41, *Agriculture*. The Company recognized the amount of fair value adjustment on agricultural produce that are in the inventory and sold during the year. The valuation takes into consideration input based on hatchability rate of eggs, mortality of chicks being grown as chicken broilers and estimated future cash flows to be incurred in hatching the eggs and growing the chicks. The market prices are derived from unobservable market prices. The prices are reduced for costs incurred in dressing the chicken and freight costs to market, to arrive at a net fair value at farm gate. The fair value adjustments of livestock that are in inventory and sold during the year is presented as part of interim consolidated statement of comprehensive income.

Raw Materials (Hatching Eggs). All costs directly attributable to acquisition such as the purchase price and taxes that are not subsequently recoverable from taxing authorities are included as part of costs of these inventories.

Finished Goods (Live, Fresh, Frozen and Cut Ups Chicken) - Weighted Average Method. The costs include all costs of the chicken broilers, labor and manufacturing overhead costs.

<u>Other Current and Noncurrent Assets</u>

Other current assets consist of creditable withholding taxes (CWT), prepayments, input value-added taxes (VAT) and advances to suppliers, contract growers and breeders.

CWT. CWT represents the amount withheld at source by the Company's customers in relation to its income. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations. These are classified as current assets and are expected to be applied against income tax in the succeeding year. CWT is stated at its estimated NRV.

Advances to Suppliers. Advances to suppliers consist of payments in advance of raw materials, supply labor tools, subscriptions, memberships, and other fees.

Prepayments. Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time.

Prepayments are classified as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent assets.

VAT. Input value-added taxes (VAT) represent VAT imposed on the Company by its suppliers for the acquisition of goods and services. Output VAT represents indirect tax on consumption levied on the sale of goods and services, which is passed on by the Company to its customers. Where VAT incurred on the purchase of an asset or services is not recoverable from the taxation authority, such VAT is recognized as part of the cost of acquisition of the asset or part of the expense item, as applicable.

When output VAT exceeds input VAT, the excess is recognized as payable in the statement of financial position. When input VAT exceeds output VAT, the excess is recognized as an asset (presented under "Other current assets") in the interim consolidated statement of financial position to the extent of the recoverable amount.

Other noncurrent assets consist of right-of-use asset, project development costs, security deposits and computer software.

Project Development Costs. These costs represent capitalized development costs which are accounted for under the cost model. The cost of the asset is the amount of cash paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition or production.

Costs associated with research activities are recognized as expense in the interim consolidated statement of comprehensive income as these are incurred. Costs that are directly attributable to the development phase of the Company's aqua feeds and aqua culture projects are recognized as project development cost provided, they meet the following recognition requirements:
a. there is a demonstration of technical feasibility of the prospective product for internal use or sale;
b. the intangible asset will generate probable economic benefits through internal use or sale;
c. sufficient technical, financial and other resources are available for completion; and
d. the intangible asset can be reliably measured.

All other development costs are expensed as incurred.

Security Deposits. These represent rental deposits paid by the Company and will be returned at the end of the lease term. These qualify as financial assets.

Computer Software. Computer software acquired is measured on initial recognition at cost. Subsequent to initial recognition, computer software is carried at cost less any accumulated amortization and any impairment losses. Internally generated computer software, excluding capitalized development costs, is not capitalized and expenditure is charged against the interim consolidated statement of comprehensive income in the period in which the expenditure is incurred.

Computer software is amortized on the straight-line basis over the economic useful life of three years and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortization period and method for computer software are reviewed at least at each reporting date. Changes in the expected useful life 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 a change in accounting estimates.

Gains or losses arising from disposition of computer software measured as the difference between the disposal proceeds and the carrying amount of the asset, are recognized in the interim consolidated statement of comprehensive income when the asset is derecognized.

Property, Plant and Equipment
Property, plant and equipment (except for transportation equipment and construction in-progress) are stated at revalued amount as determined by an independent firm of appraisers. Transportation equipment is stated at cost less accumulated depreciation and any impairment in value.

The cost of an asset at initial recognition comprises its purchase price and directly attributable costs of bringing the asset to working condition and location for its intended use. Expenditures for major additions, improvements and renewals are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

Subsequent to initial recognition at cost, property, plant and equipment (except for transportation equipment and construction in-progress) are carried at revalued amount less any subsequent accumulated depreciation, amortization and any accumulated impairment losses. Fair market value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Any revaluation reserve is credited to “Revaluation reserve” account presented under the “Other comprehensive income” section of the interim consolidated statement of financial position. Any decrease in the revaluation surplus of the same asset is charged to OCI to the extent of any credit balance existing in the revaluation surplus in respect of that asset and the remaining decline, if any, is recognized in the interim consolidated statement of comprehensive income.

Annually, an amount from the “Revaluation reserve” account is transferred to “Retained earnings” under the “Equity” section in the interim consolidated statement of financial position for the depreciation relating to the revaluation reserve, net of related taxes. Upon disposal, any revaluation reserve relating to the particular asset sold is transferred to “Retained earnings.” Revaluations are performed every three to five years ensuring that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets (except for land).

The depreciation and amortization periods for property, plant and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Machinery and equipment	10 to 20 years
Buildings	20 years
Leasehold and land improvements	2 to 5 years or lease term, whichever is shorter
Office furniture, fixtures and equipment	3 to 10 years
Transportation equipment	4 to 5 years

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

The estimated useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in-progress (CIP) pertains to properties under construction and is stated at cost. Cost includes costs of construction, labor and other direct costs. CIP is not depreciated until such time that the relevant assets are completed and available for operational use.

Fully depreciated assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

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 of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the interim consolidated statement of comprehensive income in the year the item is derecognized.

<u>Investment Properties</u>
Investment properties, accounted for under the fair value model, are property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at acquisition cost, including transaction costs. Subsequently, investment properties are stated at fair value as determined by independent appraisers on an annual basis. The carrying amount recognized in the interim consolidated statement of financial position reflects the prevailing market conditions at the end of each reporting period.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognized in the interim consolidated statement of comprehensive income.

No depreciation charges are recognized on investment properties accounted for under the fair value method.

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal.

Rental income and operating expenses from investment properties are reported as part of "Other operating income" and "Operating expenses," respectively, in the interim consolidated statements of comprehensive income.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under "Property, plant and equipment" up to the date of change in use.

Impairment of Nonfinancial Assets

Nonfinancial assets consisting of property, plant and equipment, investment properties, right-of-use assets, computer software and project development costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or CGU is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction, while value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life. 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 time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the interim consolidated statement of comprehensive income.

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. 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 interim consolidated statement of comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over remaining useful life.

Equity

Capital Stock and Additional Paid-in Capital (APIC). Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as APIC. Incremental costs incurred directly attributable to the issuance of new shares are recognized in equity as deduction from proceeds, net of tax. Unpaid subscriptions are recognized as a reduction of subscribed capital shares.

OCI. OCI comprises of items of income and expense that are not recognized in profit or loss for the year in accordance with PFRSs. OCI of the Company pertains to revaluation reserve on property, plant and equipment and accumulated remeasurement gains and losses on retirement liability - net.

Retained Earnings. Retained earnings represents the accumulated net income or losses, net of any dividend declaration. Retained earnings may also include effect of changes in accounting policy as may be required by a standard's transitional provisions.

Revenue Recognition

The Company is engaged in the growing, production and distribution of chicken broilers, either as live or dressed, manufacture and distribution of animal feeds, animal health and nutritional products, and feed supplements and production of day-old chicks and pullets. 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 Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

Revenue from sale of live or dressed chicken, animal feeds, animal health and nutritional products, and feed supplements and day-old chicks is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery. The normal credit term is 30 to 90 days upon delivery.

The Company 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, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

The variable consideration is estimated at contract inception and 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.

The following specific recognition criteria must also be met before revenue is recognized.

Sale of Goods. Revenue is recognized at point in time when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

Tolling. Revenue is recognized over time when the performance of contractually agreed tasks have been substantially rendered.

Other Income. Other income is recognized when earned. Revenue is measured at the fair value of the consideration received.

Rights of Return
For sale of animal feeds, certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in PFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognizes a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

Contract Balances
Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade Receivables. A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

As at March 31, 2023 and December 31, 2022, the Company does not have contract assets and contract liabilities.

Right of Return Assets. Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund Liabilities. A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

As at March 31, 2023 and December 31, 2022, the Company's estimated right of return assets and refund liabilities are not material.

Revenue Outside the Scope of PFRS 15
Interest income. Interest income is recognized as the interest accrues on a time proportion basis taking into account the principal amount outstanding and effective yield on the assets.

Rentals. Revenue from operating leases is recognized on a straight-line basis over the lease term.

Cost and Expense Recognition
Costs and expenses are decreases in economic benefits during the accounting period in the form of

outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. These are recognized in the interim consolidated statement of comprehensive income in the period these are incurred and are measured at the fair value of the consideration paid or payable.

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease - 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.

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

Right-of-Use Assets. The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, amortization is calculated using the estimated useful life of the assets.

The amortization periods for the right-of-use asset, based on the above policies, are as follows:

Asset Type	Number of Years
Right-of-use asset - transportation equipment	5 years
Right-of-use asset - building	2 to 5 years

Lease Liabilities. At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The 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 Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in 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 and Leases of Low-value Assets. The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Pre-termination of Lease Contracts. The Company, as a lessee, reassesses whether it is reasonably certain not to exercise a termination option upon the occurrence of either a significant event or a significant change in circumstances that: (a) is within the control of the Company; and (b) affects whether the Company is reasonably certain to exercise an option not previously included in its determination of lease term, or not to exercise an option previously included in its determination of the lease term. Pre-termination of the lease will result in the derecognition of the right-of-use assets and lease liability and recognition of a pre-termination gain or loss.

Company as a Lessor

Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Employee Benefits

Short-term benefits. The Company provides short-term benefits to its employees in the form of basic pay, 13th month pay, bonuses, employer's share on government contribution, and other short-term benefits.

Retirement Benefits. The Company has a partially funded, noncontributory retirement plan, administered by trustees, covering their permanent local employees. Costs of retirement benefits are actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income in the interim consolidated statement of comprehensive income.

Past service costs are recognized in the statements of comprehensive income on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

Net interest on the net retirement liability or asset is the change during the period in the net retirement 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 retirement liability or asset.

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 OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of plan assets (FVPA) is based on market price information. When no market price is available, the FVPA 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 FVPA is higher than the present value of the defined benefit obligation (DBO), 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 defined benefit asset or liability is the aggregate of the present value of the DBO and FVPA on which the liabilities are to be settled directly. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the interim consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities necessary to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are available for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects to the extent that they are regarded as an adjustment to interest cost.

Interest expense are expensed as incurred.

Income Taxes

Income tax is recognized in the interim consolidated statement of comprehensive income, except to the extent that it relates to items recognized directly in equity or recognized in OCI.

Current Tax. Current income tax assets and liabilities for the current and prior years 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 period.

Deferred Tax. Deferred tax is provided on all temporary differences 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: (1) when the deferred tax liability arises from the initial recognition of goodwill or 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 taxable profit or loss; and (2) 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, the carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry-over (NOLCO) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carryforward benefit of unused tax credits and unused tax losses can be utilized except: (1) when the deferred income 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 taxable profit or loss; and (2) 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 taxable income will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) in effect at the reporting date.

Deferred tax assets and 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.

Foreign Currency Transactions
The Company determines its own functional currency and items included in the interim consolidated financial statements are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency exchange rate ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the interim consolidated statement of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. 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 on translation of nonmonetary 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.

Related Party Transactions
Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

Provisions and Contingencies
Provisions for legal claims are recognized when (1) the Company has a present legal or constructive obligation as a result of past events, (2) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (3) a reliable estimate can be made of the amount of the obligation. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the interim consolidated financial statements. These are disclosed in the notes to interim consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the interim consolidated financial statements but disclosed in the notes to interim consolidated financial statements when an inflow of economic benefits is probable.

Earnings Per Share
The Company presents basic and diluted earnings per share rate for its shares.

Basic earnings per share (EPS) is calculated by dividing net income for the year attributable to equity holders of the Company by the weighted average number of shares outstanding during the year, excluding common shares purchased by the Company and held as treasury shares, if any, and after giving retroactive effect to any stock dividend declarations.

Diluted EPS is computed in the same manner, adjusted for the effect of the shares issuable to qualified officers and employees under the Company's stock incentive plan which are assumed to be exercised at the date of grant. Where the effect of the vesting of stock under the stock incentive plan is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Segment Reporting
Operating segments are components of the Company: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Company); (b) whose operating results are regularly reviewed by the Company's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of management reporting, the Company's operating businesses are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

Events After the Reporting Period
Post period events that provide additional information about the Company's financial position at the end of reporting period (adjusting events) are reflected in the interim consolidated financial statements. Post period events that are non-adjusting events are disclosed in the notes to interim consolidated financial statements when material.

3. New and Amended Standards and Interpretations

Adoption of Amendments to Standards and Interpretation
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The adoption of these standards did not have significant impact on the Company's interim consolidated financial statements. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PAS 1, Presentation of Financial Statements, and PFRS Practice, Making Materiality Judgments - Disclosure Initiative - Accounting Policies

- Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
  Amendments to PAS 12, Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction

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

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

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*

4. Significant Judgments, Accounting Estimates and Assumptions

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

Judgments
In the process of applying the Company'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 interim consolidated financial statements:

Determination of Operating Segments. Determination of operating segments is based on the information about components of the Company that management uses to make decisions about operating matters. Operating segments use internal reports that are regularly reviewed by the Company's chief operating decision maker, which is defined to be the Company's BOD, in order to allocate resources to the segment and assess its performance. The Company reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) the assets of the segment are 10% or more of the combined assets of all operating segments.

The Company has three reportable operating segments which are its foods, feeds and farms segments, and one geographical segment as the Company's operations are located in the Philippines. The Company operates and derives all its revenue from domestic operations. Thus, no further disclosures of geographical segments are necessary.

Assessment of Legal Contingencies. The estimate of the probable costs for the resolution of possible claims have been developed in consultation with external counsel handling the Company's defense in these matters and is based upon an analysis of potential results.

There are ongoing litigations filed against the Company that management believes would not have a material adverse impact on the Company's financial condition and results of operations.

Disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only general descriptions were provided.

Classification of Properties. The Company classifies its property as owner-occupied based on its current intentions where the property will be used. When the property is held for capital appreciation or when management is still undecided as to its future use, land is classified as investment property. Property used in operations are classified as owner-occupied property and included as part of property, plant and equipment.

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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 described below. The Company based its assumptions and estimates on parameters available when the interim consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimation of ECL of Receivable from Insurance. As discussed in Note 10, the Company has an outstanding claim for typhoon damages from an insurance company. The Company is currently involved in legal proceedings to pursue the collection of the remaining balance of receivable from insurance. The determination of whether the insurance claims receivable is realizable requires management's estimate of the amount and timing of the future cash inflows from this receivable and the related EIR used to discount the cashflows.

Management and its legal counsel believe that the ongoing litigation on the remaining claims will not result in any significant adverse impact on the Company's financial condition and results of operations.

Receivable from insurance amounted to ₱70.2 million as at March 31, 2023 and December 31, 2022. Allowance for ECL related to receivable from insurance amounted to ₱71.5 million as at March 31, 2023 and December 31, 2022 (see Note 10).

Estimation of Fair Value of Biological Assets. The fair values of the Company's livestock are based on the most reliable estimate of market prices at the point of harvest.

The following table provides a description of the various biological asset types, shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Description	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
Day-old chicks - These are hatched from eggs with hatching period of 21 days.	Income approach. The valuation model considers the net cash flows expected to be generated from the sale of day-old chicks. The cash flow projections include specific estimates for the hatching period. The valuation model also considers the hatchability rate. Due to the short hatching period, discounting is generally ignored.	Inclusive of: ▪ Estimated future sale price of day-old chicks ▪ Estimated hatchability and mortality rate ▪ Estimated volume of production ▪ Estimated costs to be incurred in the hatching process	The estimated fair value would increase (decrease) if: ▪ the estimated sale price was higher (lower); ▪ the estimated cash inflows based on forecasted sales were higher (lower); ▪ the estimated; hatchability rate was higher (lower); ▪ the estimated volume of production was higher (lower) or ▪ the estimated costs to be incurred in the hatching process were lower (higher).
Growing broilers - These are grown from chicks for a period of 30 days	Income approach. The valuation model considers the net cash flows expected to be generated from the sale of fully-grown broilers as dressed chickens. The cash flow projections include specific estimates for the volume of harvest considering the mortality rates. Due to the short growing period of chicks into broilers, discounting is generally ignored.	Inclusive of: ▪ Estimated future sale price of dressed chicken (growing broilers) or breeder chicken (parent stock) ▪ Estimated mortality rate ▪ Estimated volume of production ▪ Estimated costs to be incurred in the growing process	The estimated fair value would increase (decrease) if: ▪ the estimated sale price was higher (lower); ▪ the estimated cash inflows based on forecasted sales were higher (lower); ▪ the estimated mortality rate was lower (higher); ▪ the estimated volume of production was higher (lower);or the estimated costs to be incurred in the growing process were lower (higher).
Parent stock	Income approach. The valuation model considers the net cash flows expected to be generated from the day-old chicks that will be born. The	Inclusive of: ▪ Estimated future sale price of breeder chicken (parent stock) ▪ Estimated	The estimated fair value would increase (decrease) if: ▪ the estimated sale price was higher (lower);

Description	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
	cash flow projections include specific estimates for the volume of harvest considering the mortality rates. Due to the short growing period of chicks into parent stock, discounting is generally ignored.	mortality rate ▪ Estimated volume of raised breeder chicken (parent stock) ▪ Estimated costs to be incurred in the growing process	▪ the estimated cash inflows based on forecasted purchased were higher (lower); ▪ the estimated mortality rate was lower (higher); ▪ the estimated volume of raised breeder chicken was higher (lower);or ▪ the estimated costs to be incurred in the growing process were lower (higher).

The changes in fair value of biological assets are recognized under sales amounting to ₱26.2 million and ₱16.1 million for the period ended March 31, 2023 and 2022, respectively, and under cost of sales amounting to ₱9.0 million and ₱41.9 million for the period ended March 31, 2023 and 2022, respectively (see Note 17).

Revaluation of Property, Plant and Equipment (excluding Transportation Equipment and CIP) and Investment Properties. The Company carries its investment properties at fair value, with changes in fair value being recognized in the interim consolidated statements of comprehensive income. In addition, the Company measures property, plant and equipment (excluding transportation equipment and CIP) at revalued amounts, with changes in fair value being recognized in OCI.

In determining the appraised values of the property, plant and equipment and investment properties, the Company hired independent firms of appraisers as at December 31, 2022 and 2020. In order to arrive at a reasonable valuation, the appraisers personally inspected the properties, requested information from reputable sources and considered the following: (a) utility and market value of the land; (b) cost of reproduction of the replaceable property; (c) current prices for similar-use property in the second-hand market; (d) age, condition, past maintenance, and present and prospective serviceability in comparison with new assets of similar kind; (e) accumulated depreciation; (f) lease rates and, (g) recent trends and development in the industry concerned.

The fair values of the land classified as part of investment properties and under property, plant and equipment were derived using the sales comparison approach. Under this approach, the value of the land is based on the sales and listings of comparable properties registered within the vicinity. This approach requires the establishment of comparable properties by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property to those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison was premised on factors such as location, size and shape of the land, and time element which are the most significant unobservable inputs on the valuation. Although this input is subjective, management considers that the overall valuation would not be materially affected by reasonable and possible alternative assumptions.

The fair values of property, plant and equipment (except for land) and investment properties (except for land and the Bulacan and Davao dressing plants) were arrived at using the cost reproduction approach as there is a lack of comparable market data because of the nature of the properties. Under this approach, the most significant inputs are estimates of the current cost of reproduction of the replaceable property in accordance with the current market prices for materials, labor, manufactured equipment, contractor's overhead and profit and fees, but without prior provision for overtime or bonuses for labor and premiums for materials. Adjustments are then made to reflect depreciation resulting from physical deterioration and obsolescence to arrive at a reasonable valuation which is an unobservable input.

The fair values of the Company's dressing plants in Bulacan and Davao which is classified as investment properties were arrived at using the income approach. Under this approach, the value of an asset is determined by reference to the value of income, cash flow, or cost savings generated by the asset. Assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period. Although this input is subjective, management considers that the overall valuation would not be materially affected by reasonable and possible alternative assumptions.

In 2022 and 2020, the Company's property, plant and equipment (except transportation equipment and CIP) were reappraised by an independent firm of appraisers resulting to an additional revaluation gain of ₱99.3 million and ₱30.9 million before tax effect, respectively. The carrying value of property, plant and equipment at revalued amount amounted to ₱1,038.5 million and ₱942.8 million as at March 31, 2023 and December 31, 2022, respectively. No revaluation was made in 2021 (see Note 11).

In 2022 and 2021 the Company's investment properties were reappraised by independent firms of appraisers resulting to an additional fair value gain of ₱54.0 million, and ₱1.3 million, respectively. The carrying value of investment properties amounted to ₱1,174.3 million and ₱1,165.9 million as at March 31, 2023 and December 31, 2022,respectively (see Note 12).

Estimating ECL on Trade and Other Receivables. The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. To search the most relevant macroeconomic variable with a strong linear relationship on the past due behavior of the portfolio, regression analysis was applied to the following: inflation, unemployment, movement of Philippine peso against the US dollar, percentage change in gross domestic product and consumer price index. Among these factors, the forward-looking information on percentage change in gross domestic product was determined to have a strong and symmetrical relationship with the past due behavior of the Company's trade receivable portfolio. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Company's receivables is disclosed in Notes 7 and 31.

The Company did not provide any extension or reduction in payment, except for very few customers, as a result of the COVID-19 pandemic. Management has considered the impact of the COVID-19 pandemic on its ECL calculation and assessed the impact to be not significant.

The Company recognized provision for ECL on trade and other receivables amounting to ₱0.5 million and ₱1.7 million for the three months period ended March 31,2023 and year ended December 31, 2022, respectively (see Note 21).

The carrying value of trade and other receivables amounted to ₱885.2 million and ₱882.9 million as at March 31, 2023 and December 31, 2022, respectively. Allowance for ECL on trade and other receivables as at March 31, 2023 and December 31, 2022 amounted to ₱167.8 million and ₱171.4 million, respectively (see Note 7).

Estimating Retirement Benefits. The cost of the defined benefit pension plan and the present value of the DBO are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, the DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables for the Philippines. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases consider historical rate increases as well as expected future inflation rates.

Further details about pension obligations are provided in Note 22.

The Company's net retirement liability amounted to ₱146.4 million and ₱147.1 million as at March 31, 2023 and December 31, 2022, respectively (see Note 22).

Realizability of Deferred Tax Assets. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the following reporting period. This forecast is based on the Company's past results and future expectations on revenues and expenses as well as future tax planning strategies.

No deferred tax assets were recognized on certain deductible temporary differences and carryforward benefits of MCIT as at March 31, 2023 and December 31, 2022, respectively (see Note 23). Management has assessed that it may not be probable that future taxable profit will be available in the near future against which these deferred tax assets can be utilized.

Deferred tax assets recognized by the Company amounted to ₱108.5 million and ₱98.1 million as at March 31, 2023 and December 31, 2022, respectively (see Note 23).

5. **Segment Reporting**

Business Segments

For management purposes, the Company is organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The industry segments where the Company operates are as follows:

a. The Food segment is engaged in the growing, production and distribution of chicken broilers, either as live or dressed. Its products are distributed to wet markets and supermarkets.
b. The Feeds segment caters to the feed requirement of the poultry growers' industry. It is engaged in the manufacture and distribution of animal feeds, animal health and nutritional products, and feed supplements.
c. The Farms segment is involved in the production, sale and distribution of day-old chicks.
d. The Corporate and Others segment includes general and corporate income and expense items which are not specifically identifiable to a particular segment.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities.

Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments and between geographical segments. Such sales and purchases are eliminated in consolidation. The Company generally accounts for intersegment sales and transfers at cost.

Segment Financial Information

The segment financial information is presented as follows (in thousands):

	Unaudited March 31, 2023					
	Foods	**Feeds**	**Farms**	**Corporate & Others**	**Eliminations**	**Consolidated**
REVENUES						
Sale of goods, net of discount	**₱1,728,549**	**₱1,485,858**	**₱141,913**	**₱–**	**₱–**	**₱3,356,320**
Fair value adjustment on biological assets	–	–	**(26,209)**	–	–	**(26,209)**
	1,728,549	**1,485,858**	**115,704**	–	–	**3,330,111**
COST AND OTHER OPERATING EXPENSES AND OTHER OPERATING INCOME						
Cost of goods sold excluding depreciation	**₱1,573,652**	**₱1,289,944**	**₱129,235**	**₱–**	**₱–**	**₱2,992,831**
Operating expenses excluding depreciation	**29,612**	**50,888**	**3,315**	**132,029**	–	**215,844**
Depreciation and amortization	**1,600**	**19,238**	–	**5,458**	–	**26,296**
Other operating income	–	**(8,376)**	–	**(2,309)**	–	**(10,686)**
	1,604,864	**1,351,693**	**132,550**	**135,178**	–	**3,224,285**
SEGMENT OPERATING PROFIT (LOSS)	**₱123,685**	**₱134,165**	**(₱16,847)**	**(₱135,178)**	**₱–**	**₱105,826**
Other charges -net						**(19,574)**
Income before income tax						**86,252**
Tax expense						**(18,311)**
Net income						**₱67,942**
ASSETS AND LIABILITIES						
Segment assets	**₱1,564,023**	**₱1,696,547**	**₱213,028**	**₱1,709,456**	**₱–**	**₱5,183,053**
Segment liabilities	**₱983,470**	**₱1,066,803**	**₱133,953**	**₱1,074,957**	**₱–**	**₱3,259,183**
OTHER INFORMATION						
Capital expenditures	**₱8,416**	**₱22,743**	**₱–**	**₱13,228**	**₱–**	**₱44,388**
Non-cash expenses other than depreciation and impairment losses	**₱–**	**₱–**	**₱–**	**₱145**	**₱–**	**₱145**

	Unaudited March 31, 2022					
	Foods	Feeds	Farms	Corporate & Others	Eliminations	Consolidated
REVENUES						
Sale of goods, net of discount	₱1,411,224	₱1,084,004	₱106,022	₱–	₱–	₱2,601,250
Fair value adjustment on biological assets	–	–	16,056	–	–	16,056
	1,411,224	1,084,004	122,078	–	–	2,617,306
COST AND OTHER OPERATING EXPENSES AND OTHER OPERATING INCOME						
Cost of goods sold excluding depreciation	₱1,236,169	₱977,762	₱144,006	₱–	₱–	₱2,357,937
Operating expenses excluding depreciation	23,750	35,761	2,609	107,376	–	169,496
Depreciation and amortization	3,724	19,552	–	2,349	–	25,625
Other operating income	–	(7,751)	–	(2,196)	–	(9,947)
	1,263,643	1,025,324	146,615	107,530	–	2,543,111
SEGMENT OPERATING PROFIT (LOSS)	₱147,581	₱58,680	(₱24,537)	(₱107,530)	₱–	₱74,195
Other charges -net						(18,440)
Income before income tax						55,755
Tax expense						(14,917)
Net income						₱40,838
ASSETS AND LIABILITIES						
Segment assets	₱905,137	₱1,966,981	₱233,194	₱1,415,095	₱–	₱4,520,407
Segment liabilities	₱518,553	₱924,302	₱216,827	₱1,202,788	₱–	₱2,862,470
OTHER INFORMATION						
Capital expenditures	₱6,488	₱12,003	₱–	₱2,860	₱–	₱21,351
Non-cash expenses other than depreciation and impairment losses	₱–	₱–	₱–	₱1,766	₱–	₱1,766

Currently, the Company's operation is only in the Philippines, hence it has no geographical segment. The Company, however, has manufacturing plants in different regions of the country.

6. Cash

	Unaudited March 2023	Audited December 2022
Cash on hand	**₱11,591,992**	₱4,752,268
Cash in banks	**362,424,182**	364,664,458
	₱374,016,174	₱369,416,726

Cash in banks earn interest at prevailing bank deposit interest rates of 0.1% to 1.3% in March 31, 2023 and December 31, 2022. Interest income on cash in banks amounted to ₱0.02 million and ₱0.1 million in March 31, 2023 and December 31, 2022, respectively.

7. Trade and Other Receivables

	Unaudited March 2023	Audited December 2022
Trade:		
Third parties	**₱649,093,566**	₱679,515,851
Related parties (Note 24)	**266,906,511**	218,397,603
Nontrade	**78,939,027**	109,099,431
Advances to officers and employees (Note 24)	**27,200,426**	19,003,504
Receivable from government	**2,451,955**	3,922,953
Others	**28,358,595**	24,359,432
	1,052,950,080	1,054,298,774
Allowance for ECL	**(167,764,201)**	(171,355,251)
	₱885,185,879	₱882,943,523

Trade receivables are usually due within 30 to 90 days and are noninterest-bearing (see Note 24).

Nontrade receivables comprise mainly of receivables arising from incidental income of the Company such as tolling, rentals, hatching, hauling and laboratory analysis charges. These are settled within 30 to 90 days and are noninterest-bearing.

Advances to officers and employees are unsecured, noninterest-bearing and subject to salary deduction or liquidation for a specified period of time of about one year (see Note 24).

Other receivables comprise mainly of unsecured and noninterest-bearing short term rental deposits.

Trade and other receivables collected after due date earned an interest income amounting to ₱0.4 million, and ₱0.6 million in March 31, 2023 and 2022, respectively .

Movements in the allowance for ECL account as at March 31, 2023 and December 31, 2022 are shown below:

	Trade	Others	Total
Balance as at January 1, 2023	**₱66,028,152**	**₱105,327,099**	**₱171,355,251**
Provision (Note 21)	**507,806**	**–**	**507,806**
Reclassification	**–**	**(4,098,856)**	**(4,098,856)**
Balance as at March 31, 2023	**₱66,535,958**	**₱101,228,243**	**₱167,764,201**

	Trade	Others	Total
Balance as at January 1, 2022	₱64,323,517	₱105,327,099	₱169,650,616
Provision (Note 21)	1,704,635	–	1,704,635
Balance as at December 31, 2022	₱66,028,152	₱105,327,099	₱171,355,251

8. **Inventories and Livestock**

	Unaudited March 2023	Audited December 2022
Inventories:		
At net realizable value - Finished goods	**₱313,284,929**	₱265,341,476
At cost:		
Raw materials and feeds supplements	**457,643,096**	435,228,997
Supplies and animal health products	**102,410,827**	95,366,161
Finished goods	**57,378,560**	23,529,061
Hatching eggs	**48,758,093**	43,901,754
	979,475,505	863,367,449
Livestock:		
Day-old chicks and growing broilers	**83,831,426**	110,095,736
Parent stock	**4,734,830**	6,023,019
	88,566,256	116,118,755
	₱1,068,041,761	₱979,486,204

Inventories

Inventories are valued at lower of cost and NRV as at March 31, 2023 and December 2022. The cost of finished goods carried at NRV amounted to ₱314.2 million and ₱266.2 million as at March 31, 2023 and December 31, 2022, respectively. Inventories charged to cost of goods sold amounted to ₱2,626.9 million and ₱2,021.3 million in March 31, 2023 and 2022, respectively (see Note 18).

Livestock

The Company's biological assets pertain to its livestock consisting of day-old chicks, broilers and parent stock.

Day-old chicks, broilers, and parent stock	**Unaudited March 2023**	Audited December 2022
Opening balance	**₱116,118,755**	₱52,467,770
Increase due to production	**1,453,354,282**	5,183,298,174
Decrease due to sales, harvest and mortality	**(1,445,729,623)**	(5,130,583,627)
Fair value adjustment*	**(35,177,158)**	10,936,438
	₱ 88,566,256	₱116,118,755

**Presented under revenue and cost of goods sold in the statement of comprehensive income*

Allowance for inventory obsolescence amounted to P896,315 as at March 31, 2023 and December 31, 2022.

9. Other Current Assets

This account consists of:

	Unaudited March 2023	Audited December 2022
Advances to suppliers	**₱278,597,321**	₱466,876,004
Prepayments	**76,017,655**	49,606,422
CWT	**63,734,039**	80,816,559
Advances to contract growers	**49,310,249**	47,546,420
Input VAT	**18,998,504**	15,103,433
Advances to contract breeders	**10,089,854**	9,987,452
	496,747,622	669,936,290
Allowance for impairment losses	**(50,847,438)**	(46,748,582)
	₱445,900,184	₱623,187,708

Movements in the allowance for impairment losses as at March 31, 2023 and December 31, 2022 are shown below:

	March 2023	**December 2022**
Beginning Balance	**₱46,748,582**	**₱46,748,582**
Reclassification	**4,935,437**	**–**
Ending Balance	**₱50,847,438**	**₱46,748,582**

Advances to suppliers pertain to advance payments on purchases of goods and services to be purchased in the Company's normal course of business. These goods and services are expected to be delivered within a year.

CWT represents the amount withheld by the Company's customers in relation to its sale of goods and services. These are recognized upon collection of the related billings and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations.

Prepayments mainly pertain to insurance and bond premiums, among others, which are amortized within a year. The allowance for impairment losses pertain to input VAT which is no longer recoverable by the Company.

10. Receivable from Insurance

The Company has an outstanding claim for typhoon damages from Charter Ping An Insurance Corporation. Pursuant to the Insurance Code, the Company is entitled to interest on its claim at a rate twice the ceiling prescribed by the Monetary Board beginning March 12, 2010, 90 days from the date the Company has filed the claim. On August 17, 2016, the Company received ₱58.9 million as partial settlement. The Company continues to legally pursue the remaining outstanding balance of ₱141.6 million as at December 31, 2021. The court proceedings for the remaining claims were remanded to the Regional Trial Court of Malolos City in accordance with the resolution issued by the Court of Appeals on February 13, 2018. Management and its legal counsel believe that the ongoing litigation on the remaining claims will not result in any significant adverse impact on the Company's financial condition and results of operations.

The composition of receivable from insurance at at March 31, 2023 and December 31, 2022 are as follows:

Cost	**₱141,664,583**
Allowance for ECL	**71,460,773**
	₱70,203,810

No provisions for and write off of allowance for receivable from insurance were recognized in the statement of comprehensive income for the years ended March 31, 2023, and March 31, 2022

11. **Property, Plant and Equipment**

At Revalued Amount
The composition and movements of this account are presented below:

	Unaudited March 31, 2023					
	Land	**Machinery and Equipment**	**Buildings**	**Leasehold and Land Improvements**	**Office Furniture, Fixtures and Equipment**	**Total**
Cost						
Balance at beginning of year	**₱506,399,830**	**₱638,259,780**	**₱177,005,022**	**₱44,868,134**	**₱97,611,945**	**₱1,464,144,711**
Additions	**–**	**7,564,930**	**204,960**	**955,004**	**1,004,695**	**9,729,589**
Reclassification	**–**	**214,000**	**105,804,000**	**–**	**(355,875)**	**105,662,125**
Balance at end of year	**506,399,830**	**646,038,710**	**283,013,982**	**45,823,138**	**98,260,765**	**1,579,536,425**
Accumulated Depreciation and Amortization						
Balance at beginning of year	**–**	**338,592,171**	**78,684,026**	**19,600,284**	**84,491,446**	**521,367,927**
Depreciation and amortization (Notes 18 and 19)	**–**	**12,901,076**	**2,295,915**	**1,010,556**	**3,414,528**	**19,622,075**
Balance at end of year	**–**	**351,493,247**	**80,979,940**	**20,610,840**	**87,905,974**	**540,990,002**
Net carrying amount	**₱506,399,830**	**₱294,545,463**	**₱202,034,042**	**₱25,212,297**	**₱10,354,791**	**₱1,038,546,422**

	Audited December 31, 2022					
	Land	Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost						
Balance at beginning of year	₱434,169,887	₱583,219,988	₱78,684,026	₱36,525,997	₱92,622,295	₱1,319,980,956
Addition from acquisition of Suibsidiary (Note 33)	–	3,964,796	–	2,007,514	767,403	6,739,713
Additions	–	22,493,,915	549,600	2,347,003	12,870,426	38,260,944
Disposal	–	(4,964,322)	–	–	(87,548)	(5,051,870)
Adjustments	–	–	–	–	(1,361,266)	(1,361,266)
Reclassification	–	415,353	4,841,141	1,010,000	–	6,266,495
Revaluation	72,229,943	33,130,050	(1,828,508)	2,977,620	(7,199,367)	99,309,738
Balance at end of year	506,399,830	638,259,780	177,005,022	44,868,134	97,611,945	1,464,144,709
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	288,556,522	71,377,286	15,696,316	72,338,595	447,968,719
Depreciation and amortization (Notes 18 and 19)	–	53,951,226	7,306,740	3,903,968	12,961,049	78,122,983
Reclassification and	–	–	–	–	(775,990)	(775,990)
Disposals	–	(3,915,577)	–	–	(32,208)	(3,947,785)
Balance at end of year	–	338,592,171	78,684,026,	19,600,284	84,491,446	521,367,927
Net carrying amount	₱506,399,830	₱299,667,609	₱98,320,996	₱25,267,850	₱13,120,497	₱942,776,782

Reclassification of CIP was done because construction has already been completed.

If all the property, plant and equipment were measured at cost model, the carrying amounts will be as follows:

	Unaudited March 31, 2023					
	Land	**Machinery and Equipment**	**Buildings**	**Leasehold and Land Improvements**	**Office Furniture, Fixtures and Equipment**	**Total**
Cost	**₱14,159,490**	**₱525,635,050**	**₱301,821,689**	**₱41,059,112**	**₱96,356,614**	**₱979,031,957**
Accumulated depreciation and impairment	**–**	**(319,111,246)**	**(67,806,915)**	**(16,354,172)**	**(81,392,011)**	**(484,664,340)**
Net carrying amount	**₱14,159,490**	**206,523,805**	**234,014,774**	**24,704,940**	**14,964,605**	**494,367,614**

	Audited December 31,2022					
	Land	Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost as at year end	₱14,159,490	₱510,628,461	₱195,812,729	₱38,505,564	₱93,795,261	₱852,901,505
Accumulated depreciation and impairment	–	(304,687,791)	(65,511,000)	(14,883,151)	(77,146,981)	(462,228,923))
Net carrying amount	₱14,159,490	₱205,940,670	₱130,301,729	₱23,622,413	₱16,648,280	₱390,672,582

The Company’s property, plant and equipment (except transportation equipment and construction in-progress) was appraised in 2022.

Fair Value Measurement

The Company’s property, plant and equipment (except for transportation equipment and construction in-progress) were appraised by an independent firm of appraisers. The latest appraisal report is at December 31, 2022. The fair value measurement for property, plant and equipment has been categorized as level 3 (significant unobservable inputs).

The description of valuation techniques used and key inputs to valuation on property, plant and equipment follows:

Market approach

Sales comparison approach involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

			Range	
	Valuation Technique	Significant Unobservable Inputs	**March 2023**	December 2022
Land	Sales Comparison Approach	Price per square meter	**₱1,500-₱6,000**	₱1,500-₱6,000
		Value adjustments	**5%-35%**	5%-35%

Significant increases (decreases) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value on a linear basis.

Replacement cost less accumulated depreciation

Replacement cost approach is a method under the cost approach that indicates the value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence. Depreciation is estimated as evidence by the observed condition and present and prospective serviceability in comparison with new units of like kind.

	Valuation Technique	Significant Unobservable Inputs	Remaining economic life
Machinery and Equipment	Cost Reproduction Approach	Replacement cost less accrued depreciation	3 - 5 years remaining economic life
Buildings	Cost Reproduction Approach	Replacement cost less accrued depreciation	7 - 25 years remaining economic life
Land Improvements	Cost Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining economic life
Office Furniture, Fixtures and Equipment	Cost Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining economic life
Leasehold Improvements	Cost Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining economic life

This approach is applied by estimating the amount that currently would be required to construct a substitute asset of comparable utility.

Significant increases (decreases) in the replacement cost in isolation would result in a significantly higher (lower) fair value on a linear basis.

At Cost
The composition and movements of this account are presented below:

	Unaudited March 31, 2023		
	Transportation Equipment	**CIP**	**Total**
Cost			
Balance at beginning of year	**₱48,817,257**	**₱122,736,649**	**₱171,553,906**
Addition	**–**	**13,013,885**	**13,013,885**
Reclassification	**23,333**	**(106,714,000)**	**(106,690,667)**
Balance at end of year	**₱48,840,590**	**₱29,036,534**	**₱77,877,124**
Accumulated Depreciation, and Amortization			
Balance at beginning of year	**44,913,273**	**–**	**44,913,273**
Depreciation and amortization (Notes 18 and 19)	**908,637**	**–**	**908,637**
Balance at end of year	**45,821,910**	**–**	**45,821,910**
Net carrying amount	**₱3,018,680**	**₱29,036,534**	**₱32,055,215**

	Audited December 31, 2022		
	Transportation Equipment	CIP	Total
Cost			
Balance at beginning of year	₱48,160,960	₱38,699,957	₱86,860,917
Additions from acquisition Of subsidiary (Note 33)	229,333	-	229,333
Additions	426,964	77,451,662	77,878,626
Adjustments	–	12,851,524	12,851,524
Reclassification	-	(6,266,494)	(6,266,494)
Balance at end of year	₱48,817,257	₱122,736,649	₱171,553,906

	Audited December 31, 2022		
	Transportation Equipment	CIP	Total
Accumulated Depreciation and Amortization			
Balance at beginning of year	₱40,879,752	₱–	₱40,879,752
Depreciation and amortization (Notes 18 and 19)	4,033,521	–	4,033,521
Balance at end of year	44,913,273	–	44,913,273
Net carrying amount	₱3,903,984	₱122,736,649	₱126,640,633

In March 31, 2023 and December 31, 2022, the Company sold property, plant and equipment for a cash consideration of nil and 0.2 million, resulting to a loss on disposal amounting to nil and ₱1.0 million, respectively.

Construction in-progress represents cost incurred in the construction of the Company's offices, cabling installation, piping, bagging system installation, and other developments. Costs primarily include raw materials procurement, general construction works and installation costs.

As at March 31, 2023 and December 31, 2022, there are no significant contractual commitments entered into by the Company.

Depreciation and amortization expense follow:

	Unaudited March 2023	Unaudited March 2022
Property, plant and equipment:		
At revalued amount	**₱19,622,075**	₱19,470,254
At cost	**908,637**	535,116
Right-of-use asset (Note 13)	**4,915,673**	4,152,533
Computer software (Note 13)	**849,505**	1,466,384
	₱26,295,891	₱25,624,287

12. **Investment Properties**

Investment properties comprise of the Company’s hatchery buildings, and dressing and rendering plants that are held to earn rentals and parcels of land which are either for lease or foreclosed by the Company to settle customers’ liabilities. These foreclosed parcels of land are being held for capital appreciation only.

Movements in this account are summarized below:

	Unaudited March 31, 2023		
	Land	**Building**	**Total**
Balance at beginning of year	**₱579,638,285**	**₱586,232,241**	**₱1,165,870,526**
Additions	–	**8,416,438**	**8,416,438**
Balance at end of year	**₱579,638,285**	**₱594,648,679**	**₱1,174,286,964**

	Audited December 31, 2022		
	Land	Building	Total
Balance at beginning of year	₱559,281,779	₱414,150,973	₱973,432,752
Gain (loss) on fair value changes	22,987,200	31,008,472	53,995,672
Additions	–	141,072,796	141,072,796
Disposals	(2,630,383)	–	(2,630,383)
Adjustment	(311)	–	(311)
Balance at end of year	₱579,638,285	₱586,232,241	₱1,165,870,526

The composition of investment properties as at March 31, 2023 and December 31, 2022 are as follows:

	Unaudited March 2023	Audited December 2022
Cost	**₱744,574,912**	₱736,158,474
Cumulative gain on fair value changes	**429,712,052**	429,712,052
	₱1,174,286,964	₱1,165,870,526

Rental income earned from the dressing plant in Bulacan amounted to ₱2.2 million and ₱2.5 million for the periods ended March 31, 2023 and 2022, respectively (see Note 20). Direct costs related to properties that generate rental income amounted to ₱0.3 million and ₱1.1 million for the periods ended March 31, 2023 and 2022 respectively.

Fair Value Measurement

Investment properties are revalued periodically at fair values as determined by an independent firm of appraisers. The latest appraisal reports are at November 14, 2022. The Company recognized fair value gain of ₱54.0 million, and ₱1.3 million in 2022, and, 2021, respectively. The fair value measurement for investment properties has been categorized as Level 3 (significant unobservable inputs).

Description of valuation techniques used and key inputs to valuation on investment properties follows:

Market approach

Sales comparison approach involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

	Valuation Technique	Significant Unobservable Inputs	Range 2023	Range 2022
Land	Sales Comparison Approach	Price per square meter	**₱40-₱14,200**	₱40-₱14,200
		Value adjustments	**5%-80%**	5%-80%

Replacement cost less accumulated depreciation

Replacement cost approach is a method under the cost approach that indicates the value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence. Depreciation is estimated as evidence by the observed condition and present and prospective serviceability in comparison with new units of like kind.

	Valuation Technique	Significant Unobservable Inputs	Remaining economic life
Improvements	Cost Reproduction Approach	Replacement cost less accrued depreciation	7 - 33 years remaining economic life

Income approach
Income approach is a form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon.

	Valuation Technique	Significant Unobservable Inputs
Bulacan and Davao dressing plants	Income Approach	Price per square meter, value adjustments, discount rate, lease rates, escalation rate, and vacancy and bad debt allowance

The significant unobservable inputs to fair valuation are as follows:

Price per square meter: estimated value prevailing in the real estate market depending on the location, area, shape and time element.

Value adjustments: adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size, architectural features and etc.

Discount rate: This was arrived at by summing up the risk-free rate and management /liquidity rate. Management/liquidity rate refers to the estimated premium to compensate for the burden of management and the ease with which an investment can be sold.

Lease rates: estimated rental rates prevailing in the real estate market depending on the location of the properties.

Escalation rate: adjustments are made to account for the increase in rental rates in the subsequent periods.

Vacancy and bad debt allowance: adjustments made to consider that the properties may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling, maintenance). Collection losses can result from a tenant's inability or refusal to pay rent.

Significant increases (decreases) in estimated price per square meter, value adjustments, discount rates, lease rates, escalation rate, and vacancy and bad debt allowance in isolation would result in a significantly higher (lower) fair value on a linear basis. Significant increases (decreases) in discount rates and vacancy and bad debt allowance in isolation would result in a significantly lower (higher) fair value on a linear basis.

13. Right-of-Use Assets and Other Noncurrent Assets

Right-of-use Assets
Movements in right-of-use assets are as follows:

	Unaudited March 31, 2023		
	Building	**Transportation Equipment**	**Total**
Cost			
Balance at beginning of year	**₱12,065,912**	**₱128,919,298**	**₱140,985,210**
Reclassification	**–**	**(511,743)**	**(511,743)**
Additions	**–**	**13,228,300**	**13,228,300**
Balance at end of year	**12,065,912**	**141,635,855**	**153,701,767**
Accumulated Amortization			
Balance at beginning of year	**11,341,957**	**74,113,637**	**85,455,594**
Depreciation	**723,955**	**4,191,718**	**4,915,673**
Balance at end of year	**12,065,912**	**78,305,355**	**90,371,267**
Net carrying value	**₱–**	**₱63,330,500**	**₱63,330,500**

	Audited December 31, 2022		
	Building	Transportation Equipment	Total
Cost			
Balance at beginning of year	₱12,065,912	₱94,587,585	₱106,653,497
Additions	–	34,331,713	34,331,713
Balance at end of year	12,065,912	128,919,298	140,985,210
Accumulated Amortization			
Balance at beginning of year	8,446,138	59,285,724	67,731,862
Depreciation	2,895,819	14,827,913	17,723,732
Balance at end of year	11,341,957	74,113,637	85,455,594
Net carrying value	₱723,955	₱54,805,661	₱55,529,616

Other Noncurrent Assets

	Unaudited March 2023	Audited December 2022
Project development costs	**₱31,368,395**	₱31,368,395
Security deposits	**18,449,824**	18,229,324
Computer software	**13,036,492**	13,885,997
	62,854,711	63,483,716
Allowance for impairment losses	**(31,368,395)**	(31,368,395)
	₱31,486,316	₱32,115,321

Project development costs represent expenses incurred on the Company's aqua feeds and aqua culture projects. Based on management's evaluation, these costs may no longer be recoverable. Accordingly, the project development cost amounting to ₱31.4 million was provided with full valuation allowance as at March 31, 2023 and December 2022.

Security deposits represent rental and other deposits paid by the Company and will be returned at the end of the lease term (see Note 27).

Movements in computer software are as follows:

	Unaudited March 2023	Audited December 2022
Cost		
Balance at beginning of year	**₱43,365,131**	₱43,344,648
Additions	–	20,483
Balance at end of year	**43,365,131**	43,365,131
Accumulated Depreciation and Amortization		
Balance at beginning of year	**29,479,134**	23,683,621
Depreciation and amortization	**849,505**	5,795,513
Balance at end of year	**30,328,639**	29,479,134
Net Book Value	**₱13,036,492**	₱13,885,997

Computer software is amortized over the economic life of three years with an average remaining useful life of two to three years.

14. Trade and Other Payables

	Unaudited March 2023	Audited December 2022
Trade payables		
Third parties	**₱1,412,103,896**	₱1,627,742,437
Related parties (Note 24)	**35,837,450**	4,333,416
Accrued expenses		
Selling and administrative	**256,588,655**	175,537,109
Outside services	**80,093,839**	16,315,967
Others	**70,808,743**	49,318,293
Nontrade payables	**58,936,890**	62,588,749
Customers' deposits	**40,077,322**	45,629,029
Statutory liabilities	**22,108,676**	20,241,561
	₱1,976,555,471	₱2,001,706,561

Trade payables primarily consist of liabilities arising from purchases of raw materials in the normal course of business. These are noninterest-bearing and are generally on a 90-day credit term.

Accrued expenses mainly pertain to salaries and wages, freight and handling, outside services, rebates, taxes and licenses, commission, plant and office supplies. Accrued expenses are normally settled within one year.

Nontrade payables are liabilities arising from purchases of goods, other than raw materials, and various services giving rise to expenses such as trucking fees, utilities, security services and inspection fees, among others. These are settled within one year.

Customers' deposits are amounts received from animal and aqua feeds' customers. These serve as collateral for any unpaid balances.

Other payables consist of social security premiums payable and other statutory liabilities. These are normally settled within a month.

15. Loans Payable

This account consists of the following:

	Unaudited March 2023	Audited December 2022
Short-term loans	**₱885,629,444**	₱960,657,066
Long-term loans	**43,437,499**	74,464,285
	₱929,066,943	₱1,035,121,351

	Unaudited March 2023	Audited December 2022
Short-term loans	**₱ 860,808,015**	₱960,657,066
Current portion of long-term loans	**24,821,429**	24,821,429
Current portion	**885,629,444**	985,478,495
Noncurrent portion of long-term loans	**43,437,499**	49,642,856
	₱929,066,943	₱1,035,121,351

Total availment of loans payable amounted to ₱528.8 million and ₱2,349.6 million in March 31, 2023 and December 31, 2022, respectively. Total payments of loans payable amounted to ₱634.8 million and ₱1,819.5 million in March 31, 2023 and December 31, 2022, respectively.

Interest expense on loans payable amounted to ₱16.5 million and ₱9.5 million in March 31, 2023 and March 31, 2022, respectively.

The Company's short-term and long-term loans are not subject to any debt covenants.

Short-Term Loans
In March 31, 2023 and December 31, 2022, the Company obtained unsecured Peso-denominated short-term loans from local banks to finance working capital requirements. The Company's short-term loans bear interest at rates ranging from 3.25% to 5.50%.

Long-Term Loans
Long-term loans of the Company have remaining terms of five years. The Company's long-term loans bear interest at repriced interest rates ranging from 5.5% to 6.25%.

a. ₱86.9 million promissory note
   On October 31, 2018, the Parent Company entered into an aggregate of ₱86.9 million, eight-year loan with China Bank Savings, Inc. ("CBS") payable in 28 quarterly installments with an interest rate of 7.875% per annum, repriced annually. Debt issue cost related to the promissory note pertaining to documentary stamp tax of ₱0.7 million was capitalized as part of the carrying amount of the loan amortized over the loan term using the effective interest method.

b. ₱86.9 million promissory note
   On December 6, 2018, the Parent Company entered into an aggregate of ₱86.9 million, eight-year loan with CBS payable in 28 quarterly installments with an interest rate of 8.125% per annum, repriced annually. Debt issue cost related to the promissory note pertaining to documentary stamp tax of ₱0.7 million was capitalized as part of the carrying amount of the loan amortized over the loan term using the effective interest method.

16. **Cash Bond Deposits**

Cash bond deposits amounting to ₱58.7 million and ₱56.3 million as at March 31, 2023 and December 31, 2022, respectively, substantially consist of surety bond deposits obtained from contract growers, contract breeders, customers and salesmen. These will be refunded upon termination of the contract.

The carrying amounts of the cash bond deposits are at nominal values because the timing of the refund or settlement of the deposits could not be reasonably estimated.

17. **Revenue**

	Unaudited March 2023	Unaudited March 2022
Sales		
Foods	**₱1,733,427,757**	₱1,417,136,947
Feeds	**1,513,390,591**	1,109,491,402
Farms	**143,443,419**	107,637,983
Sales discount, returns and allowances	**(33,941,481)**	(33,016,007)
	3,356,320,286	2,601,250,325

	Unaudited March 2023	Unaudited March 2022
Changes in fair values of biological assets	**(26,209,385)**	16,056,152
	₱3,330,110,901	₱2,617,306,477

The changes in fair values of biological assets are recognized for (see Note 8):

	Unaudited March 2023	Unaudited March 2022
Day-old chicks and broilers	**₱ (26,209,385)**	₱16,056,152
	₱ (26,209,385)	₱16,056,152

18. **Cost of Goods Sold**

	Unaudited March 2023	Unaudited March 2022
Inventories used (Note 8)	**₱2,626,945,223**	₱2,021,330,604
Outside services	**246,818,613**	218,501,493
Contractual services	**91,026,759**	52,644,331
Depreciation	**16,972,167**	17,584,065
Salaries and employee benefits (Note 19)	**8,347,411**	9,054,320
Communication, light and water	**7,051,346**	8,673,429
Repairs and maintenance	**1,533,065**	2,649,999
Others	**2,140,341**	3,195,483
	₱3,000,834,925	₱2,333,633,724

19. **Operating Expenses**

Operating expenses in the interim consolidated statements of comprehensive income are classified as follows:

	Unaudited March 2023	Unaudited March 2022
Administrative expenses	**₱137,487,409**	₱109,724,983
Selling and distribution expenses	**87,680,375**	67,812,185
	₱225,167,784	₱177,537,168

The details of operating expenses by nature are shown below:

	Unaudited March 2023	Unaudited March 2022
Salaries and employee benefits (Note 24)	**₱78,705,358**	₱53,730,355
Transportation, travel and freight and handling	**73,126,745**	54,128,016
Publications and subscriptions	**9,833,456**	9,464,000
Depreciation and amortization	**9,323,724**	8,040,222
Contractual services	**8,644,159**	6,149,221
Professional fees	**8,335,053**	9,041,067
Other corporate expenses	**7,644,635**	8,718,646

	Unaudited March 2023	Unaudited March 2022
Taxes and licenses	**5,863,169**	6,085,269
Commissions	**5,579,371**	7,198,079
Advertising and promotions	**3,745,784**	4,393,570
Representation and entertainment	**3,370,060**	1,321,228
Communications, light and water	**2,246,272**	2,272,157
Repairs and maintenance	**1,696,903**	1,279,405
Rentals (Note 27)	**1,589,304**	1,240,565
Supplies	**1,369,663**	842,292
Insurance	**404,295**	935,808
Bank charges	**13,694**	1,582,669
Others	**3,676,139**	1,114,599
	₱225,167,784	₱177,537,168

Other expenses include, among others, association dues, contributions, training and seminar costs and inspections fees.

Employee Benefits
Breakdown of employee benefits is presented below:

	Unaudited March 2023	Unaudited March 2022
Salaries and wages	**₱82,163,618**	₱58,395,686
Commission	**5,579,371**	7,198,079
Retirement benefits (Note 22)	**145,000**	1,766,000
Other short-term benefits	**4,744,151**	2,622,989
	₱92,632,140	₱69,982,754

Salaries and employee benefits is allocated as follows:

	Unaudited March 2023	Unaudited March 2022
Cost of goods sold (see Note 18)	**₱8,347,411**	₱9,054,320
Operating expenses:		
Administrative expenses	**58,274,126**	37,044,376
Selling and distribution expenses	**26,010,603**	23,884,058
	84,284,729	60,928,434
	₱92,632,140	₱69,982,754

Depreciation and Amortization
Depreciation and amortization are allocated as follows (see Notes 11 and 13):

	Unaudited March 2023	Unaudited March 2022
Cost of goods sold (Note 18)	**₱16,972,167**	₱17,584,065
Operating expenses:		
Administrative expenses	**3,726,596**	3,482,691
Selling and distribution expenses	**5,597,128**	4,557,531
	9,323,724	8,040,222
	₱26,295,891	₱25,624,287

20. **Other Operating Income**

	Unaudited March 2023	Unaudited March 2022
Miscellaneous sales (scrap materials, etc.)	**₱8,376,305**	₱7,751,145
Rentals (Notes 24 and 27)	**2,309,196**	2,195,421
	₱10,685,501	₱9,946,566

21. **Other Income (Charges)**

	Unaudited March 2023	Unaudited March 2022
Impairment losses on:		
Foreign exchange gain (loss)	**₱1,721,048**	(₱2,657,971)
Receivables (Note 7)	**(507,806)**	(427,259)
Accrual of corporate charges	**–**	(4,500,000)
Gain (loss) on disposal of property, plant and equipment	**–**	(1,048,745)
Others - net	**(2,931,070)**	(889,387)
	(₱1,717,828)	(₱9,523,362)

22. **Net Retirement Liability**

The Company maintains a partially funded, noncontributory post-employment defined benefit plan covering all of its regular full-time employees. The defined benefit plan is being administered by a trustee bank which is responsible for the administration of the plan assets and for the definition of the investment strategy. The Company's retirement benefits are based on years of service and one and one-fourth month's salary for every year of continuous service.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentrations of risk on the plan assets.

Actuarial valuations are made periodically to update the retirement liability and the amount of contributions. The latest actuarial valuation of the plan is as at December 31, 2021.

Breakdown of retirement expense recognized in the interim consolidated statements of comprehensive income is as follows:

	Unaudited March 2023	Unaudited March 2022	Audited December 2022
Current service costs	**₱145,000**	₱1,766,000	₱13,896,753
Interest expense	**–**	–	8,641,280
Interest income	**–**	–	(201,694)
	₱145,000	₱1,766,000	₱22,336,339

The amounts of net retirement liability recognized in the interim consolidated statements of financial position are determined as follows:

	Unaudited	Audited

	March 2023	December 2022
Present value of obligation	**₱147,057,502**	₱150,989,435
FVPA	**(692,000)**	(3,931,933)
	₱146,365,502	₱147,057,502

Movements in the present value of the retirement liability are as follows:

	Unaudited March 2023	Audited December 2022
Balance at beginning of year	**₱150,989,435**	₱170,439,444
Remeasurement loss recognized in OCI	**–**	(32,261,732)
Current service costs	**145,000**	13,294,753
Interest expense	**–**	8,641,280
Benefits paid	**(4,076,933)**	(9,124,310)
Balance at end of year	**₱147,057,502**	₱150,989,435

Movements in the FVPA are presented below:

	Unaudited March 2023	Audited December 2022
Balance at beginning of year	**₱3,931,933**	₱3,978,184
Interest income	**–**	201,694
Remeasurement loss	**(3,239,933)**	(247,945)
	₱692,000	₱3,931,933

Actual returns on plan assets amounted to (₱46,251) and ₱33,482 in 2022 and 2021, respectively. The categories of plan assets of the Company are as follows:

	2023	2022
Cash and cash equivalents	**₱658,992**	₱658,992
Equity instruments	**548,505**	548,505
Debt instruments	**2,834,137**	2,834,137
Others	**(109,701)**	(109,701)
	₱3,931,933	₱3,931,933

There are no expected future contributions in the plan in 2023

The schedule below presents a projection of benefit payments expected to be paid out of the retirement fund.

	2023	2022
Less than one year	**₱31,611,680**	₱31,611,680
Between one and five years	**42,714,397**	42,714,397
Over five years	**116,035,367**	116,035,367
	₱190,361,444	₱190,361,444

For the determination of retirement liability, the following actuarial assumptions were used:

	2023	2022
Discount rate	**7.21%**	7.21%
Expected rate of salary increase	**5.00%**	5.00%
Average remaining working life of an employee retiring at the age of 60:	**23**	23

The weighted average duration of the present value of defined benefit obligation is 7.6 and 9.1 years in 2022 and 2021, respectively.

A quantitative sensitivity analysis for changes in assumptions as at December 31, 2022 and 2021 are shown below (amounts in thousands):

		Impact on Defined Benefit Obligation	
	Change in Assumptions	**2023**	2022
Discount rate	+100 bps	**(₱10,677)**	(₱10,677)
	-100 bps	**12,215**	12,215
Salary rate	+100 bps	**12,365**	12,365
	-100 bps	**(10,984)**	(10,984)

23. Income Tax

The components of provision for (benefit from) income tax as reported in the interim consolidated statements of comprehensive income are as follows:

	Unaudited March 2023	Unaudited March 2022
RCIT (25% in 2023 and 2022)	**₱30,595,133**	₱22,628,998
Deferred income tax expense (benefit)	**(12,284,621)**	(7,712,320)
	₱18,310,512	₱14,916,678

The reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense (benefit) reported in the interim consolidated statements of comprehensive income is as follows:

	Unaudited March 2023	Unaudited March 2022
Income tax expense at statutory tax rate	**₱21,537,827**	₱16,609,171
Tax effects of:		
Nondeductible expenses	**1,232**	615
Income already subjected to final tax	**(4,927)**	(2,458)
Depreciation on investment properties at cost	**(3,223,620)**	(1,690,650)
	₱18,310,512	₱14,916,678

The components of the recognized net deferred tax assets and liabilities as at March 31, 2023 and December 31, 2022 are as follows:

	Unaudited March 2023	Audited December 2022
Deferred tax assets:		
Allowance for impairment loss on:		
Trade and other receivables	**₱37,058,012**	₱36,931,060
Advances to contract grower and contract breeder	**10,914,263**	10,914,262
Project development costs	**7,842,099**	7,842,099

Property, plant and equipment	**4,494,042**	4,494,042
Inventory	**224,079**	224,079
Retirement liability	**38,453,074**	28,258,810
NOLCO	**9,296,421**	9,397,440
Excess of lease liability over right-of-use asset	**210,622**	-
	108,492,611	98,061,792

	Unaudited March 2023	Audited December 2022
Deferred tax liabilities:		
Changes in fair value of investment properties	**(66,032,543)**	(66,032,543)
Changes in fair value of biological assets	**5,948,892**	(2,845,398)
Excess of right-of-use assets over lease liabilities	**-**	(807,444)
	(60,083,651)	(69,685,385)

	Unaudited March 2023	Audited December 2022
Deferred income tax asset (liability) directly Recognized in other comprehensive income:		
Revaluation reserve on property, plant and equipment	**(₱135,882,349)**	(₱135,792,432)
Accumulated actuarial loss on defined benefit plan	**-**	7,658,015
	(₱135,882,349)	(128,134,417)
Net deferred tax liabilities	**(₱87,473,389)**	(₱99,758,010)

Details of NOLCO of BVC are as follows:

Year Incurred	Beginning Balance	Incurred	Applied / Expired	Ending Balance	Valid Until
2022	₱-	₱35,983,222	₱–	₱35,983,222	2027
2021	11,003,980	–	(505,094)	10,498,886	2026
	₱11,003,980	₱35,983,222	(₱505,094)	₱46,482,108	

Details of MCIT, which can be claimed as deduction from future RCIT due within three years from the year the MCIT was incurred, is shown below.

Year Incurred	Beginning Balance	Incurred	Applied	Ending Balance	Valid Until
2020	₱6,146,121	₱–	(₱3,700,188)	₱–	2023
2020 CREATE impact	(2,445,933)	–	–	–	2023
2018	3,346,948	–	(3,346,948)	–	2021
	₱7,047,136	₱–	(₱7,047,136)	₱–	

The amount of MCIT and other deductible temporary differences as at March 31, 2023 and December 31, 2022 which the related deferred tax assets have not been recognized are shown below.

	Unaudited March 2023		Audited December 2022	
	Amount	**Tax Effect**	Amount	Tax Effect
Allowance for ECL on:				
Receivable from insurance	**₱71,460,773**	**₱17,865,193**	₱71,460,773	₱17,865,193
Trade and other receivables	**23,631,013**	**5,907,753**	23,631,013	5,907,753
Retirement liability	**3,992,203**	**998,051**	3,992,203	998,051
	₱99,083,989	**₱24,770,997**	₱99,083,989	₱24,770,997

24. Related Party Transactions

The Company engages, in the normal course of business, in various transactions with its related parties which include stockholders, entities under common control, key management and others, as described below. Unless otherwise indicated, settlement of related party transactions is made thru cash.

Due to and from related parties

Trade Receivables. The Company sells animal feeds, raw materials, feed supplements and dressed chicken to related parties, which are due within 90 days and are noninterest bearing (see Note 7).

Advances to and from Related Parties. The Company grants unsecured advances to its related parties for working capital requirements. These are payable on demand, hence, are classified under current assets in the consolidated statements of financial position.

Trade Payable. The Company buys raw materials, hogs, and breeder flocks from related parties. These are noninterest-bearing and are generally on a 90-day credit term (see Note 14).

Operating leases - the Company as lessor. The Company is a lessor to related party leases covering the lease of a dressing plant, ice plant and rendering plant in Bulacan (i.e., dressing and rendering), which has a remaining lease term of around 3 years.

Summarized below are the outstanding accounts arising from these transactions (see Notes 7, 14 and 20):

		Unaudited March 2023		Audited December 2022	
Related Parties	Nature of Transactions	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Trade and other receivables					
Entities under common control	Sales	**₱213,559,964**		₱509,194,217	
	Collections	**(165,051,055)**	**₱266,906,511**	(553,596,333)	₱218,397,603
Trade and other payables					
Entities under common control	Purchases	**₱271,410,143**		₱1,097,925,538	
	Payments	**(239,906,108)**	**₱35,837,450**	(1,183,299,952)	₱4,333,416
Operating lease					
Entities under common control	Rental income	**₱3,467,065**		₱19,877,100	
	Collection	**(5,010,686)**	**₱18,579,102**	(5,015,370)	20,122,723

Advances to Officers

The Company grants unsecured, noninterest-bearing advances to its officers which are normally collected within one year through salary deduction (see Note 7). Certain officers also pay operating expenses on behalf of the Company which are payable upon demand (see Note 14). Shown below are the movements in the accounts.

		Unaudited March 2023		Audited December 2022	
	Nature of Transactions	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Advances to officers	Net transactions	**₱8,196,922**	**₱27,200,426**	₱6,589,468	₱19,003,504

Compensation of Key Management Personnel
The compensation includes the following:

	Unaudited March 2023	Audited December 2022
Short-term employee benefits	**₱13,946,878**	₱55,480,527
Retirement benefits	**4,306,819**	5,010,571
Others	**1,255,903**	17,133,565
	₱19,509,600	₱77,624,663

25. **Equity**

Capital Stock
As of March 31, 2023, the Company has authorized capital stock of 3.5 billion shares at ₱0.38 par value equivalent to ₱1.3 billion. Details of authorized and issued and outstanding shares are as follows:

	Unaudited March 2023	Audited December 2022
Authorized	**3,500,000,000**	3,500,000,000
Issued and outstanding	**3,054,334,014**	3,054,334,014

The following summarizes the information on the Company's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares	No. of Shares Issued
December 22, 2017	3,500,000,000	267,836,113
October 16, 2013	3,500,000,000	2,286,497,901
February 9, 1989	200,000,000	200,000,000
August 11, 1986	200,000,000	200,000,000
December 5, 1982	33,000,000	33,000,000
December 5, 1977	45,000,000	45,000,000
October 31, 1974	7,000,000	7,000,000
May 2, 1973	10,000,000	10,000,000
October 2, 1972	5,000,000	5,000,000

On December 22, 2017, the SEC approved the debt to equity conversion of the remaining payable of ₱407.1 million to Kormasinc at ₱1.52 a share.

The following summarizes the information on the Company's issued and outstanding shares as at March 31, 2023 and December 31, 2022:

	Unaudited March 31, 2023		Audited December 31, 2022	
	Number of shares issued and outstanding	**Percentage of shares**	Number of shares issued and outstanding	Percentage of shares
Issued and outstanding	**3,054,334,014**	**100.00%**	3,054,334,014	100.00%
Listed shares:				
Owned by related parties	**2,186,198,604**	**71.58%**	2,186,198,604	71.58%
Owned by public	**785,650,032**	**25.72%**	785,650,032	25.72%
Owned by directors and officers	**82,485,378**	**2.70%**	82,485,378	2.70%
Total	**3,054,334,014**	**100.00%**	3,054,334,014	100.00%

Of the total shares owned by the public, 112.4 million and 115.7 million shares are foreign-owned as at March 31, 2023 and December 31, 2022.

The total number of shareholders of the Company is 4,110 and 4,113 as at March 31, 2023 and December 31, 2023.

Other Comprehensive Income

The components and movements of other comprehensive income not to be reclassified to profit or loss are presented below:

	Revaluation Reserve (Note 11)	Accumulated Actuarial Loss (Note 22)	Total
Balance as at Jan 1, 2023 and March 31, 2022	**₱409,685,327**	**₱8,348,878**	**₱418,034,203**
Balance as at January 1, 2022	₱343,451,478	(₱23,492,192)	₱319,959,284
Actuarial loss, net of tax	–	31,841,070	31,841,070
Revaluation, net of tax	78,001,128	-	78,001,128
Transfer to retained earnings of revaluation reserve realized through depreciation, net of tax	(11,767,279)	–	(11,767,279)
Balance as at December 31, 2022	₱409,685,327	₱8,348,878	₱418,034,203

As of March 31, 2023, there are no available amounts for dividend declaration based on Parent Company balances.

26. **Earnings Per Share**

Basic and diluted earnings per share were computed as follows:

	Unaudited March 2023	Unaudited March 2022	Audited December 2022
Net income for the period	**₱67,941,816**	₱40,837,921	₱128,986,939
Divided by the weighted average number of outstanding shares	**3,054,334,014**	3,054,334,014	3,054,334,014
Earnings per share - basic and diluted	**₱0.022**	₱0.013	₱0.042

Diluted earnings per share is equal to the basic earnings per share because the Company does not have potential dilutive shares.

27. **Significant Agreements**

Company as Lessor

The Company is a party under cancellable leases covering certain hatcheries and plants (i.e., dressing and rendering), which have remaining lease terms of between two to three years. All leases include a clause to enable upward revision of rental charges on an annual basis based on prevailing market conditions.

Total rent income from these operating leases amounted to ₱2.3 million and ₱2.2 million for the three months period ended March 31, 2023, and 2022, respectively, and are shown as part of "Other operating income" account in the interim consolidated statements of comprehensive income (see Note 20).

Future minimum rentals receivable under non-cancellable operating leases as at March 31, 2023 and December 31, 2022 are as follows:

	Unaudited March 2023	Audited December 2022
Within one year	**₱5,853,304**	₱1,146,696
After one year but not more than five years	**22,849,553**	-
	₱28,702,857	₱1,146,696

Company as Lessee - Short-term or lease of Low-value Assets

The Company leases its warehouses under operating lease agreements. The terms of the lease contracts are not exceeding one year and renewable upon mutual agreement by the parties. Security deposits amounted to ₱18.4 million and ₱18.2 million as at March 31, 2023 and December 31, 2022, respectively. Rent expense amounted to ₱1.6 million and ₱1.2 million for three months period ended March 31, 2023 and 2022 (see Note 19).

Company as Lessee

The Company is under arrangements of lease of an office space and financing of car plans. The present value of the lease liability is discounted at the Company's incremental borrowing rate of 7.06% at the date of commencement of the lease. The lease term of the office space is at 5 years and has a remaining term of 3 months as of December 31, 2022. On the other hand, the financing of multiple car plans with various banks are under a period of 5 years. These arrangements bear annual interest rate ranging from

2% to 4% and are payable in 60 equal monthly installments. The implicit rate in the lease used in the computation are the rates provided by the banks as the interest rate over the period of the loan. These rates are ranging from 9.379616% to 9.38091%.

Lease Liabilities
The following are the amounts recognized in the interim consolidated statements of comprehensive income:

	Unaudited March 2023	Unaudited March 2022	Audited December 2022
Depreciation expense of right-of-use assets	**₱4,915,673**	₱4,152,533	₱17,723,732
Interest expense on lease liabilities	**4,877,738**	925,627	4,266,400
Expenses relating to short-term leases (see Note 19)	**1,589,304**	1,240,565	8,269,477
Total amount recognized in the consolidated statement of comprehensive income	**₱11,382,716**	₱6,318,725	₱30,259,609

The rollforward analysis of lease liabilities follows:

	Unaudited March 2023	Audited December 2022
As at January 1	**₱52,299,839**	₱42,005,270
Additions	**13,288,300**	34,331,713
Interest expense	**4,877,738**	4,266,400
Payments	**(9,344,495)**	(28,303,544)
Ending balance	**₱61,061,382**	₱52,299,839

As at March 31, 2023 and December 31, 2022, the details of the lease liabilities follow:

	Unaudited March 2023	Audited December 2022
Current	**₱14,082,295**	₱15,413,841
Noncurrent	**46,979,087**	36,885,998
	₱61,061,382	₱52,299,839

Future minimum lease payments under these lease agreements as of March 31, 2023 and December 31, 2022 are as follows:

	Unaudited March 2023	Audited December 2022
Within one year	**₱14,082,295**	₱15,413,841
More than one year but not more than five years	**46,979,087**	36,885,998
	₱61,061,382	₱52,299,839

Tolling Agreements
The Company has entered into various toll arrangements, mainly for the manufacture of feeds, hatching of eggs and dressing of poultry livestock. The Company's payment is fixed per unit of output.

Total payments for this type of arrangements amounted to ₱246.8 million and ₱858.8 million in March 31, 2023 and December 31, 2022, respectively, and is recorded as part of "Cost of goods sold" account under "Outside services" in the consolidated statements of comprehensive income.

28. Note to Consolidated Statements of Cash Flows

The changes in the Company's liabilities arising from financing activities are as follows:

	January 1, 2023	**Proceeds/ Additions**	**Payments**	**Interest expense**	**March 31, 2023**
Loans payable	**₱1,035,121,351**	**₱528,777,595**	**(₱634,832,003)**	–	**₱929,066,943**
Lease liabilities	**52,299,839**	**13,228,300**	**(9,344,495)**	**4,877,738**	**61,061,382**
Total liabilities from financing activities	**₱1,087,421,190**	**₱545,005,895**	**(₱644,176,498)**	**₱4,877,738**	**₱990,128,325**

	January 1, 2022	Proceeds/ Additions	Payments	Interest expense	December 31, 2022
Loans payable	₱505,051,728	₱2,349,559,151	(₱1,819,489,528)	–	₱1,035,121,351
Accrued interest payable	4,655,329	–	(4,655,329)	-	-
Lease liabilities	42,005,270	34,331,713	(28,303,544)	4,266,400	52,299,839
Total liabilities from financing activities	₱551,712,327	₱2,383,890,864	(₱1,852,448,401)	₱4,266,400	₱1,087,421,190

The Company's additions to lease liabilities and right-of use assets amounted to ₱13.2 million and ₱34.3 million for the three months ended March 31, 2023 and year ended December 31, 2022, respectively.

29. Contingencies

There are outstanding warranty and legal claims against the Company. The Company and its legal counsel believe that the other pending claims will be settled favorably and will not result to a material loss or impairment, if any.

30. Fair Value Information

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the interim consolidated statements of financial position are shown below:

	March 2023 (Unaudited)		December 2022 (Audited)	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets at Amortized Cost				
Cash in banks	**₱362,424,182**	**₱362,424,182**	₱364,664,458	₱364,664,458
Trade and other receivables	**885,185,879**	**885,185,879**	882,943,523	882,943,523
Security deposits	**18,449,824**	**18,449,824**	18,229,324	18,229,324
Receivable from insurance	**70,203,810**	**70,203,810**	70,203,810	70,203,810
	₱1,336,263,695	**₱1,336,263,695**	₱1,336,041,115	₱1,336,041,115
Financial Liabilities at Amortized Cost				
Trade and other payables**	**₱1,954,446,795**	**₱1,954,446,795**	₱1,981,465,000	₱1,981,465,000
Loans payable	**929,066,943**	**1,050,751,884**	1,035,121,351	1,100,568,884
Cash bond deposits	**58,660,795**	**58,660,795**	56,102,619	56,102,619
	2,942,174,533	**3,063,859,474**	₱3,072,688,970	₱3,138,136,503

***Excluding statutory liabilities amounting to ₱22.1 million and ₱20.2 million as at March 31, 2023 and December 31,2022.*

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

Long-term Debt. The estimated fair value is based on the discounted value of the future cash flows using the prevailing interest rate. As at March 31, 2023, the discount rates used ranged from 3.8% to 4.2% while as at December 31, 2022, the fair value of long-term debt approximates its carrying value as they carry interest rates of comparable instruments in the market.

Cash Bond Deposits. Cash bond deposits are presented at nominal values because the timing of the refund or settlement of the deposits could not be reasonably estimated.

The carrying values of the following financial assets and financial liabilities approximate their values as at March 31, 2023 and December 31, 2022.

Cash in banks, trade and other receivables, security deposits, and trade and other payables.
As at March 31, 2023 and December 31, 2022, the carrying amounts of these financial instruments approximate their fair values due to the short-term nature of these accounts.

As at March 31, 20223 and December 31, 2022, the Company’s financial assets, liabilities, biological assets, property, plant and equipment and investment properties are categorized under Level 3 in the fair value hierarchy. There has been no transfer from Level 3 to other levels in March 31, 2023 and December 31, 2022.

31. Financial Risk Management Objectives and Policies

The Company is exposed to a variety of financial risks which result from its operating, financing and investing activities. The Company’s overall risk management program focuses on the unpredictability of the markets and seeks to minimize potential adverse effects on the Company’s performance.

The Company does not engage in the trading of financial assets for speculative purposes nor does it write options. The financial risks, which the Company is exposed to, are described below and in the succeeding pages.

Foreign Currency Risk
To a certain extent, the Company has an exposure to foreign currency risks as some of its raw materials purchases are sourced outside the Philippines and are therefore denominated in foreign currencies. However, the Company has not yet experienced significant losses due to the effect of foreign currency fluctuations because purchases denominated in foreign currency are kept at a minimum.

Interest Rate Risk
As at March 31, 2023 and December 31, 2022, the Company has no significant floating rate financial assets or liabilities. The Company’s operating cash flows are substantially independent of changes in market interest rates.

The Company has no borrowings that carry variable interest rates, which released the Company from any cash flow interest rate risk.

Credit Risk
Credit risk arises because the counterparty may fail to perform its obligations. With respect to credit risk arising from the financial assets of the Company, the exposure to credit risk arises from default of

the counterparty.

Gross Maximum Exposure to Credit Risk
Generally, the maximum credit risk exposure of the financial assets is the carrying amount of the financial assets as shown in the interim consolidated statements of financial position (or in the detailed analysis provided in the notes to the interim consolidated financial statements) as summarized below.

	Unaudited March 2023	Audited December 2022
Cash in banks	**₱362,424,182**	₱364,664,458
Trade and other receivables	**885,185,879**	882,943,523
Security deposits	**18,449,824**	18,229,324
Receivable from insurance	**70,203,810**	70,203,810
	₱1,309,063,269	₱1,336,041,115

The Company continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. When available at a reasonable cost, external credit ratings and/or reports on counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The Company's trade and other receivables are not exposed to a concentration of credit risk as the Company deals with a number of customers. The trade and other receivables are actively monitored and assessed, and when necessary an adequate level of provision is maintained. In addition, to minimize credit risk, the Company requires collateral, generally land and real estate, from its customers.

The Company's management considers that trade and other receivables that are not impaired nor past due for each reporting periods are of good credit quality.

Credit Quality per Class of Financial Asset. The tables below show the credit quality by class of financial assets based on the Company's credit rating system as at March 31, 2023 and December 31, 2022:

	March 31, 2023				
	General Approach			**Simplified**	
	Stage 1	**Stage 2**	**Stage 3**	**Approach**	**Total**
Cash in banks	**₱362,424,182**	**₱–**	**₱–**	**₱–**	**₱362,424,182**
Trade and other receivables	**123,036,953**	**–**	**215,012,301**	**714,900,825**	**1,052,950,080**
Security deposits	**18,449,824**	**–**	**–**	**–**	**18,449,824**
Receivable from insurance	**–**	**141,664,583**	**–**	**–**	**141,664,583**
	₱503,910,959	**141,664,583**	**₱215,012,301**	**₱714,900,825**	**₱1,575,488,669**

	December 31, 2022				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash in banks	₱364,664,458	₱–	₱–	₱–	₱364,664,458
Trade and other receivables	122,257,583	–	34,127,739	897,913,452	1,054,298,774
Security deposits	18,229,324	–	–	–	18,229,324
Receivable from insurance	–	141,664,583	–	–	141,664,583
	₱505,151,365	₱141,664,583	₱34,127,739	₱897,913,452	₱1,578,857,139

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix (in millions):

	March 31, 2023								
	Days Past Due								
	Current	**<30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**More than 120 days**	**Total**	**Accounts with full provision**	**Total**
Expected credit loss rate	**0.00%**	**0.01%**	**0.30%**	**0.50%**	**0.40%**	**6.00%**			
Estimated total gross carrying amount at default	**₱606.10**	**₱149.14**	**₱39.94**	**₱10.50**	**₱2.87**	**₱25.06**	**₱833.60**	**₱64.30**	**₱897.90**
Expected credit loss	**₱0.0**	**₱0.01**	**₱0.12**	**₱0.05**	**₱0.01**	**₱1.50**	**₱1.7**	**₱64.30**	**₱66.00**

	December 31, 2022								
	Days Past Due								
	Current	<30 days	30-60 days	61-90 days	91-120 days	More than 120 days	Total	Accounts with full provision	Total
Expected credit loss rate	0.00%	0.01%	0.30%	0.50%	0.40%	6.00%			
Estimated total gross carrying amount at default	₱606.10	₱149.14	₱39.94	₱10.50	₱2.87	₱25.06	₱833.60	₱64.30	₱897.90
Expected credit loss	₱0.0	₱0.01	₱0.12	₱0.05	₱0.01	₱1.50	₱1.7	₱64.30	₱66.00

<u>Cash Deposits</u>

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's BOD on an annual basis and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

<u>Liquidity Risk</u>

The Company manages its liquidity profile to be able to service debt as this falls due by maintaining sufficient cash from operations. The Company maintains cash to meet its liquidity requirements for up to 30-day periods.

As at March 31, 2023 the Company's financial liabilities have contractual maturities which are presented below:

	Current		**Noncurrent**	
	Within 6 Months	**6 to 12 Months**	**1 to 5 Years**	**Later than 5 Years**
Trade and other payables*	**₱1,954,446,795**	**₱–**	**₱–**	**₱–**
Loans payable	**873,218,730**	**12,410,714**	**43,437,499**	**–**
Lease liabilities	**7,041,148**	**7,041,148**	**46,979,087**	**–**
Cash bond deposits	**–**	**–**	**58,660,795**	**–**
Future interest on long term debt	**3,949,451**	**3,460,672**	**17,336,971**	**–**
	₱2,838,656,124	**₱22,912,534**	**₱166,414,352**	**₱–**

**Excluding statutory liabilities amounting to ₱22.1 million as at March 31, 2023*

As at December 31, 2022 the Company's financial liabilities have contractual maturities which are presented below:

	Current		Noncurrent	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Trade and other payables*	₱1,981,465,000	₱–	₱–	₱–
Loans payable	973,067,781	12,410,714	49,642,856	–
Lease liabilities	8,146,807	7,267,034	36,885,998	–
Cash bond deposits	–	–	56,299,659	–
Future interest on long term debt	3,949,451	3,460,672	17,336,971	–
	₱2,966,629,039	₱23,138,420	₱160,165,484	₱–

**Excluding statutory liabilities amounting to ₱20.2 million as at December 31, 2022*

Price Risk

The Company is exposed to commodity price risk as the raw materials of its main products are subject to price swings. The Company's management actively seeks means to minimize exposure to such risk.

32. Capital Management Objectives, Policies and Procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and significantly improve its operations.

On December 22, 2017, the SEC approved the Company's debt to equity conversion improving debt to equity ratio from 2.29 in 2016 to 1.26 in 2017. Moreover, the Company's stockholders approved a quasi-reorganization plan to eliminate Company deficit and generate retained earnings to provide returns to its stockholders and maximize shareholder value.

The Company's liabilities and equity are shown below:

	Unaudited March 2023	Audited December 2022
Total liabilities	**₱3,259,183,482**	₱3,392,242,922
Total equity	**1,923,869,743**	1,855,927,927

33. Asset Acquisition

Acquisition of Barbatos Ventures Corporation (BVC)

On December 16, 2021, the Company's Board of Directors approved the acquisition of 100% of the outstanding capital stock of BVC from Luzon Agriventure, Inc. (LAVI) for a consideration of P1.00. The acquisition was accounted as an asset acquisition. BVC is a private domestic corporation engaged, among others, in poultry production as well as in the processing, raising and breeding of chickens and similar stocks. The registered principal place of business of the Company is located at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan.

Beginning January 1, 2022, BVC operated as the Company's wholly-owned subsidiary. Issuance and transfer of BVC shares of stock were duly completed in January 2022.

The assets acquired and liabilities assumed from the business combination are as follows:

Cash	₱2,751,245
Accounts receivable - net	11,897,011
Prepayment	6,535,805
Property and equipment	6,739,713
Deferred tax assets	2,200,796
Total assets	₱30,124,570
Accounts payable and other trade payables	₱30,232,590
Deposit payable	177,040
Total liabilities	₱30,409,630

VITARICH CORPORATION AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex I: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex II: Financial Soundness Indicators

Annex III: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Intangible Assets
- Schedule E. Long-term Debt
- Schedule F. Receivable from (payable to) Related Parties
- Schedule G. Guarantees of Securities of Other Issuers
- Schedule H. Capital Stock

Annex IV: Map Showing the Relationship Between and Among the Group

VITARICH CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
MARCH 31, 2023

		Amount
Retained earnings as at beginning of year		₱304,556,328
Adjustments in previous year's reconciliation		
Deferred tax assets as of January 1, 2023		(88,664,352)
Cumulative gain on fair value changes of investment properties		(429,712,053)
Cumulative gain on fair value changes of biological assets		(10,936,438)
Deficit, as adjusted, at beginning of year		(224,756,515)
Add net income actually earned/realized during the year		
Net income for the three month period closed to retained earnings	₱67,941,816	
Realized fair value changes on biological assets	(23,795,568)	
Movement in deferred tax assets	(3,580,249)	40,565,999
Deficit as adjusted at end of the period		(₱184,190,516)

VITARICH CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Below is a schedule showing financial soundness indicators for the period ended:

RATIO	FORMULA	**Unaudited March 2023**	Unaudited March 2022	Audited December 2022
Current Ratio				
	Current assets	**2,773,143,998**	2,470,947,563	2,855,034,161
	Divided by current liabilities	**2,876,267,210**	2,520,079,749	3,002,598,897
	Current ratio	**0.96**	0.98	0.95
Debt−to−equity Ratio				
	Total liabilities	**3,259,183,482**	2,862,470,003	3,392,242,922
	Divided by total equity	**1,923,869,743**	1,657,936,711	1,855,927,927
	Debt-to-equity ratio	**1.69**	1.73	1.83
Asset−to−equity Ratio				
	Total assets	**5,183,053,225**	4,520,406,714	5,248,170,849
	Divided by total equity	**1,923,869,743**	1,657,936,711	1,855,927,927
	Asset-to-equity ratio	**2.69**	2.73	2.83
Solvency Ratio				
	Net income before depreciation and amortization	**94,237,707**	66,462,207	234,662,688
	Divided by total liabilities	**3,259,183,482**	2,862,470,003	3,392,242,922
	Solvency ratio	**0.03**	0.02	0.07
Interest rate coverage Ratio				
	Pretax income before interest	**104,549,603**	65,284,059	236,588,551
	Divided by interest expense	**18,297,275**	9,529,461	40,001,976
	Interest rate coverage ratio	**5.71**	6.85	5.91
Profitability Ratio				
	Net income	**67,941,816**	40,837,921	128,986,939
	Divided by total equity	**1,923,869,743**	1,657,936,711	1,855,927,927
	Profitability ratio	**3.53%**	2.46%	6.95%

RATIO	FORMULA	**Unaudited March 2023**	Unaudited March 2022	Audited December 2022
Gross Profit Margin				
	Gross Profit	**320,308,203**	241,785,341	1,061,015,374
	Divided by Net Sales Revenue	**3,356,320,286**	2,601,250,325	11,957,515,851
	Gross Profit Margin	**9.54%**	9.29%	8.87%
Net Profit Margin				
	Net Income	**67,941,816**	40,837,921	128,986,939
	Divided by Net Sales Revenue	**3,356,320,286**	2,601,250,325	11,957,515,851
	Net Profit Margin	**2.02%**	1.57%	1.08%
Earnings before Interest, Tax, Depreciation & Amortization (EBITDA)				
	Net Income	**67,941,816**	40,837,921	128,986,939
	Add: Interest Expense	**18,297,275**	9,529,461	40,001,976
	Add: Taxes	**18,310,512**	14,916,678	67,599,636
	Add: Depreciation & amortization	**26,295,891**	25,624,287	105,675,749
	EBITDA	**130,845,494**	90,908,347	342,264,300
EBITDA Margin				
	EBITDA	**130,845,494**	90,908,347	342,264,300
	Net Sales Revenue	**3,356,320,286**	2,601,250,325	11,957,515,851
	EBITDA Margin	**3.90%**	3.49%	2.86%
Price Earnings Ratio				
	Market Value per share	**0.64**	0.61	0.60
	Divided by Earnings per share	**0.02**	0.01	0.04
	Price earnings ratio	**32.00**	61.00	15.00
Return on Average Equity				
	Net income	**67,941,816**	40,837,921	128,986,939
	Divided by average total equity	**1,889,898,835**	1,709,249,802	1,736,513,358
	Return on Average Equity	**3.59%**	2.39%	7.43%

RATIO	FORMULA	**Unaudited March 2023**	Unaudited March 2022	Audited December 2022
Quick Ratio				
	Quick assets	**1,259,202,053**	955,216,174	1,252,360,249
	Divided by current liabilities	**2,876,267,210**	2,520,079,749	3,002,598,897
	Quick ratio	**0.44**	0.38	0.42
Debt to EBITDA				
	Total liabilities	**3,259,183,482**	2,862,470,003	3,392,242,922
	Divided by EBITDA	**130,845,494**	90,908,347	342,264,300
	Debt-to-EBITDA	**24.91**	31.49	9.91
Receivable Days Turnover				
	Average accounts receivable	**806,838,988**	664,044,728	819,942,880
	Multiply by Number of Days	**90**	90	365
	Divided by Net sales	**3,356,320,286**	2,601,250,325	11,957,515,851
	Receivable Days Turnover	**22**	23	25
Inventory Days Turnover				
	Average inventory	**1,023,763,983**	821,218,985	827,486,136
	Multiply by Number of Days	**90**	90	365
	Divided by Cost of goods sold	**3,000,834,925**	2,333,633,724	10,907,436,915
	Inventory Days Turnover	**31**	32	28
Accounts Payable Days				
	Average accounts payable	**1,548,182,912**	1,352,746,868	1,446,214,805
	Multiply by Number of Days	**90**	90	365
	Divided by Credit Purchases	**3,089,390,482**	2,625,099,559	11,211,437,052
	Accounts Payable Days	**45**	46	47
Cash Conversion Cycle				
	Days inventory outstanding	**31**	32	28
	Add: Days sales outstanding	**22**	23	25
	Less: Days payable outstanding	**45**	46	47
	Cash Conversion Cycle	**8**	9	6

VITARICH CORPORATION AND SUBSIDIARIES

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF REVISED SRC RULE 68

Audited

March 31, 2023

Table of Contents

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
MARCH 31, 2023
(In Thousands)

			Deductions		Ending Balance		
Name and Designation of Debtor	**Balance at beginning of Year**	**Additions**	**Collected**	**Written Off**	**Current**	**Noncurrent**	**Balance as at March 31, 2023**
Advances to Officers and Employees:							
Rey D. Ortega, Senior Vice-President and General Manager	47	147	183	–	11	–	11
Peter Andrew Dompor, Sales Manager	29	–	–	–	29	–	29
Adriano Barrameda, Sales Manager	63	–	10	–	53	–	53
Oliver Lupiba, Sales Manager	377	–	–	–	377	–	377
Cruz, Aaron, Sales Manager	116	114	106	–	124	–	124
Others*	18,371	15,862	7,627	–	26,606	–	26,606
	₱19,003	₱16,123	₱7,926	₱–	₱27,200	₱–	₱27,200

*Represent advances to officers and employees with balances less than ₱100,000.

Note: All of the above receivables are current.

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
MARCH 31, 2023
(In Thousands)

			Deductions			Ending Balance		
Related Party	Balance at beginning of year	Additions	Collections	Write Off	Amounts written off	Current	Noncurrent	Balance as at March 31, 2023
Amounts Due from Related Parties								
Gromax, Inc.	₱41,598	₱–	₱–	₱–	₱–	₱41,598	₱–	₱41,598

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS – OTHER ASSETS
MARCH 31, 2023
(In Thousands)

Description	**Begining balance**	**Additions**	**Charged to cost and expense**	**Charged to other accounts**	**Other changes additions (deductions)**	**Balance as at March 31, 2022**
Computer software	₱43,365	₱–	₱30,329	₱–	₱–	₱13,036

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE E – LONG TERM DEBT
MARCH 31, 2023
(In Thousands)

Title of the Issuer	Agent/Lender	Outstanding Balance	Current Portion	Noncurrent Portion	Interest Rate	Number of Periodic Installments	Interest Payment	Final Maturity
Fixed	Chinabank Savings	₱58,951	₱12,410	₱21,718	6.25%	28 quarterly payments	Monthly	October 30, 2026
Fixed	Chinabank Savings	58,951	12,411	21,719	6.25%	28 quarterly payments	Monthly	November 30, 2026
		₱117,902	₱24,821	₱43,437				

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE F - RECEIVABLE FROM (PAYABLE TO) RELATED PARTIES
March 31, 2023
(In Thousands)

			Deductions			Ending Balance		
Related Parties	Balance at beginning of year	Additions	Collections (Payments)	Discounting	Write Off	Current	Noncurrent	Balance as at March 31, 2023
Trade and other receivables								
Entities under common control	₱218,398	₱213,560	(₱165,051)	₱–	₱–	₱–	₱–	₱266,907
Trade and other payables								
Entities under common control	₱4,333	₱271,410	(₱239,906)	₱–	₱–	₱–	₱–	₱35,837

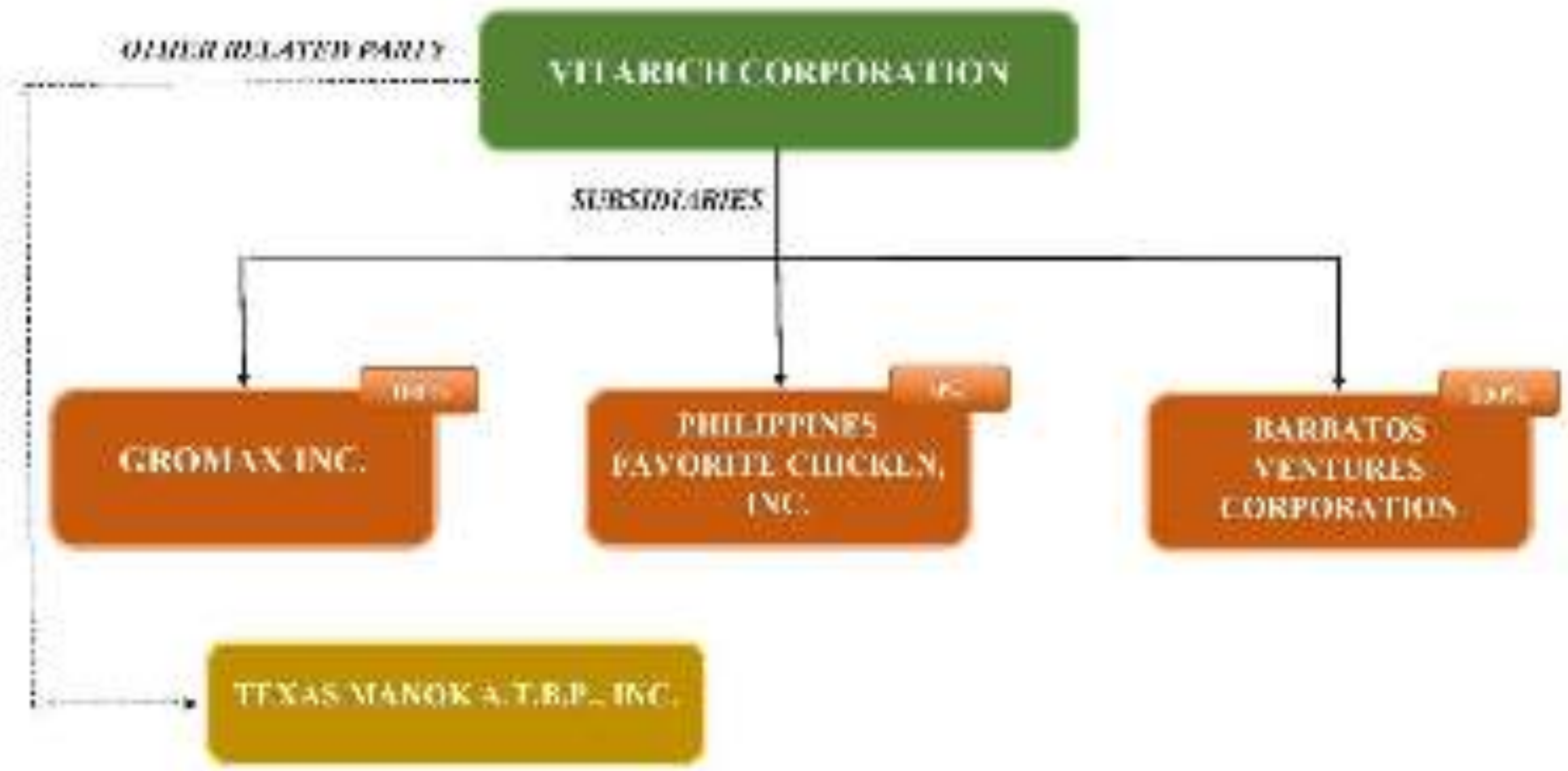
VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE H – CAPITAL STOCKHOLDER
March 31, 2023
(In Thousands)

				Number of shares held by		
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the statement of financial position caption	Number of shares reserved for options, warrants, conversion & other rights	Related parties	Directors, officers and employees	Public
Common stock – ₱0.38 par value per share						
Authorized - 3,500,000,000 shares	3,500,000	3,054,334	–	2,186,199	82,485	785,650

VITARICH CORPORATION AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE GROUP

March 31, 2023



Annex D

Certification of Stock Transfer Service Inc. dated June 21,2022

Stock Transfer Service, Inc.

Vitarich Corporation

Annual Stockholders' Meeting
24 June 2022 at 2:00 P.M.
via Remote Communication

ATTENDANCE REPORT

	No. of Shares	Percentage
TOTAL PROXIES AND ATTENDANCE	2,283,323,382	74.91%

TOTAL ISSUED & OUTSTANDING SHARES : 3,054,334,014

Certified by:

STOCK TRANSFER SERVICE, INC.

RICARDO D. REGALA, JR.
General Manager

Stock Transfer Service, Inc.
34/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
Telephone Nos. 8403-2410 / 8403-2412
Fax No.: 8403-2414

CERTIFICATION

As the Registrar and Stock Transfer Agent for the shares of stock of VITARICH CORPORATION (VITA) we hereby certify and provide the result of votes tabulated [illegible] as follows:

[illegible]	[illegible]		[illegible]		[illegible]	
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

This certification is being issued at the request of VITA for whatever legal purpose it may serve. Makati City, Jun. 21, 2022.

STOCK TRANSFER SERVICE, INC.
Transfer Agent

MICHAEL C. CAPOY
Assistant Manager

Stock Transfer Service, Inc.
34-D Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
Telephone Nos: [illegible]
Fax No: [illegible]