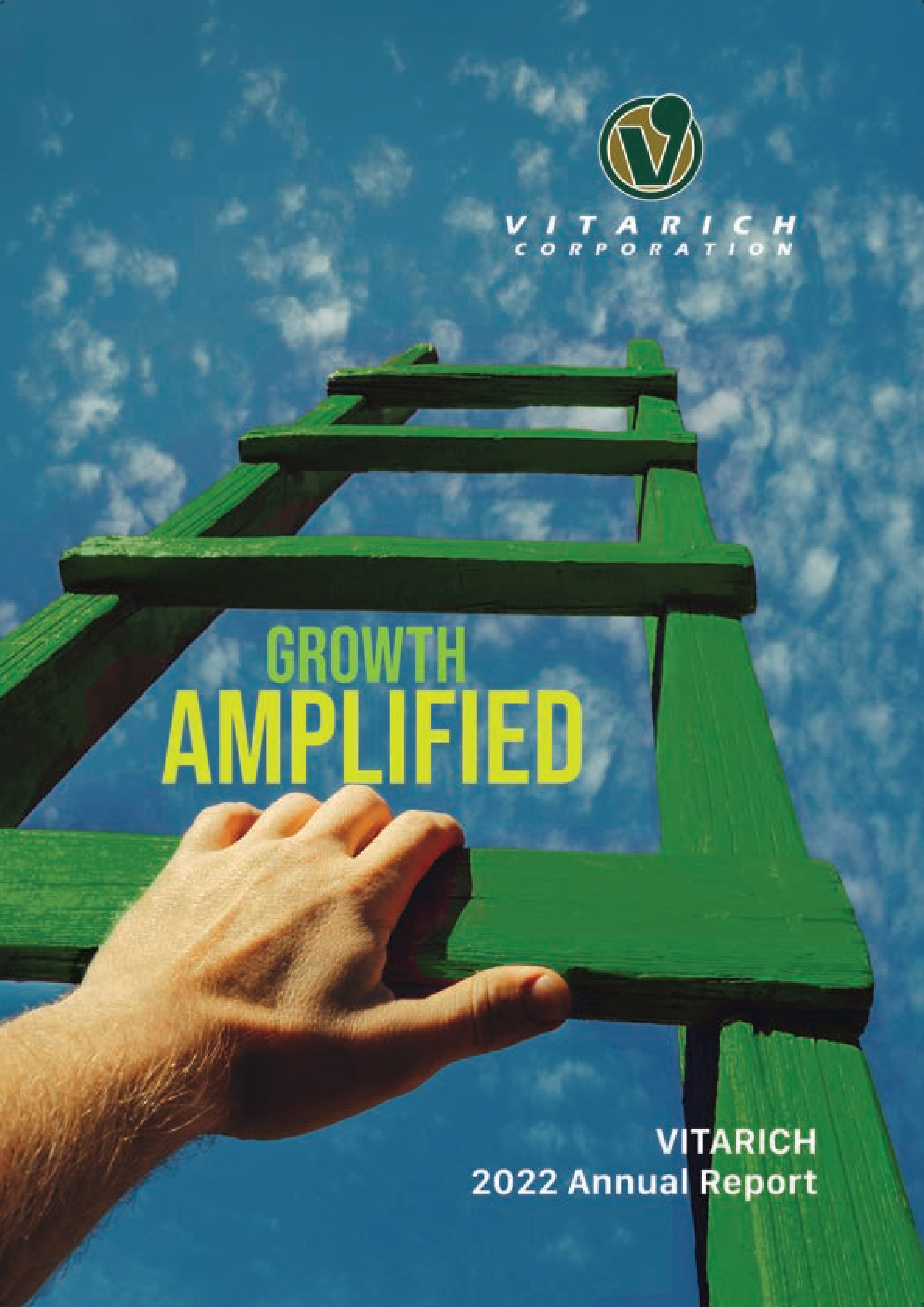


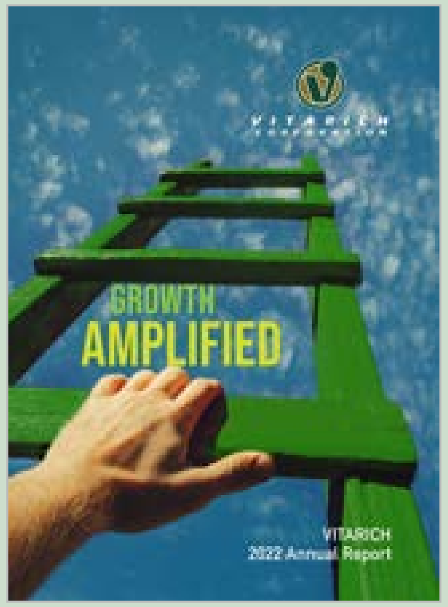
VITARICH
CORPORATION

GROWTH AMPLIFIED

VITARICH
2022 Annual Report

Growth Amplified

In 2022, the world faced deep and multiple challenges on our health, economy, and society from the overlapping impact of the COVID-19 pandemic, the war in Ukraine, the climate crisis, and the rising cost of living. Yet we worked through all these issues and more. We pulled together towards a common goal. We made things happen. We amplified growth.



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ABOUT THIS REPORT

This report summarizes the different facets of our achievements and practices, and illustrates how we are amplifying growth. We encourage you to review this report to better understand our strategy and how we run our business to fulfill our purpose, manage our sustainability commitments, and make a difference in communities across the country. We invite you to share comments or suggestions to ir@vitarich.com.

About Us

Vitarich Corporation is a leading poultry integrator and manufacturer of animal feeds and food products in the Philippines. Certified to international standards for sanitation, food safety, and quality, we operate in three primary segments: feeds, foods, and farms—forging livelihood and nourishing lives.

Vitarich shares are listed on the Philippine Stock Exchange under the symbol "VITA". To learn more, visit www.vitarich.com.

Our Purpose

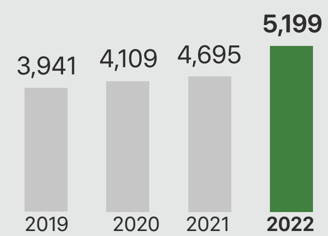
Forging Livelihood, Nourishing Lives

Core Values

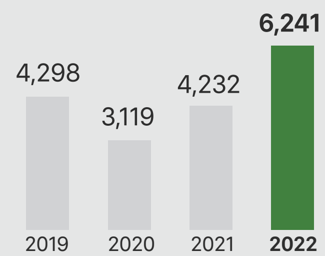
Leadership with integrity
Excellence
Care for others

Our Businesses

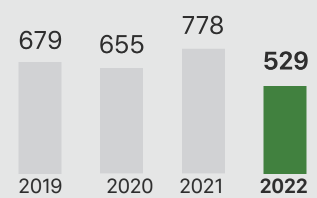
	FEEDS	FOODS	FARMS
	animal feeds, health and nutritional products, and supplements sold to distributors, dealers, and end users	broiler chickens sold to hotels, restaurants, institutions, supermarkets, and wet markets	day-old chicks sold to commercial end users or supplied to contract growers
REVENUES	₱5.2B	₱6.2B	₱529M
REVENUE CONTRIBUTION	44%	52%	4%



FEEDS REVENUES
₱ in millions



FOODS REVENUES
₱ in millions



FARMS REVENUES
₱ in millions

Dear Fellow Shareholders,

Over the many decades, our purpose has not changed: to serve as the backbone of every Filipino farmer's success, forging livelihood and nourishing lives. This is what we do and why we exist. We understand the importance of quality food and nutrition and the role it plays in our lives in terms of productivity, health and well-being, and fulfillment of human potential. At the same time, we recognize that this purpose is as just as important as a strong business performance.

"Looking forward, our business is well positioned to build upon the success we have so far achieved. Thanks to the support of our customers, employees, trade partners, Board colleagues, and shareholders, we have become stronger than we were two years ago. We stayed relevant and we delivered. And we are determined to keep it that way."

Meaningful progress delivered

In our letter to you last year, we reaffirmed five strategic proprieties that will shape our future. Today, we are pleased to report our many achievements and action plans. We hope that you will get a clear sense of how we are spurring higher levels of performance, which in turn fuels more growth.

1. **Grow the core**
   In the Foods segment, we widened our operations in various areas nationwide throughout the year—in Luzon: Catanduanes, Isabela, Sorsogon, and Greater Manila Area; in Visayas: Samar and Leyte; in Mindanao: Zamboanga City, Bukidnon, Marawi, Sultan Kudarat, and Saranggani. We added several key hotel, restaurant, and institutional (HRI) customers—including some leading fast food chains—which underscores the demand for joint product development and customization. Finally, we launched *Cook's* Flavor Origins in November as part of our strategy to differentiate our chicken products at the retail level. Our new offerings include French Roast, Mediterranean Roast, and South African Roast.

   In the Feeds segment, we increased the number of our distributors, megadealers, and retail feed outlets across Capiz, Aklan, and Central Negros. We also began a multiyear campaign that will establish our brand as "The Specialist in Animal Nutrition." Another highlight of the year is our transition to reusable woven feed sacks from laminated bags as part of our approach to sustainable product lifecycle.

2. **Diversify into adjacent opportunities**
   Starting in late 2018, the African Swine Fever (ASF) outbreak continues to affect many countries across Asia including the Philippines, which endures the greatest impact according to the Food and Agriculture Organization (FAO) of the United Nations. As such, prospects for pork production are limited and less robust prior its expected recovery by 2024.

In view of this, we have delayed our diversification into hog growing and production until the ongoing threats of the disease have been fully resolved. In the meantime, we help to prioritize focus on biosecurity measures. In 2022, we initiated information campaigns to raise awareness and to support effective on-farm biosecurity practices.

3. **Transform the cost base and enhance risk management processes**
   To manage the fluctuations in prices and availability of raw materials, we continuously optimized efficiency between different core ingredients for feeds, as well as expanded our supplier base for key raw materials to maintain flexibility and price competitiveness. We also worked with strategic alliances to bring in dry bulk commodities by aggregating our requirements with other parties to benefit from economies of scale and achieve sourcing efficiencies. Alongside this, we completed the construction of a new warehouse in Davao, which is now our largest nationwide, primarily for the higher inventory requirement.

4. **Invest and adapt for the future**
   Over the course of the year, we invested in transformative technologies and processes aimed at enhancing risk management and building relevant digital capabilities in the areas of supply chain management, innovation, brand building, and more. Examples of the initiatives we implemented across the company include:
   - digitization of processes and workflows
   - automation of the distributor management system for ordering and monitoring of inventory, and sales order validation for faster processing and approval
   - colocation of data center as an offsite backup location and disaster recovery site
   - completion of the upgrade of the Oracle Process Manufacturing, and the Advanced Supply Chain Planning application as well as the integration of other modules
   - use of online resources such as payment systems, channels to access consumers, social media, as well as tools for internal and external communications

Specifically for Bulacan, we installed new machinery and additional facilities for blast freezing and cold storage. On the automation front, we developed a comprehensive dressing plant management system to improve the accuracy of reporting and product inventory—from receiving of live birds to inventory management and further processing.

5. **Create shared value**
   Being our framework for responsible production, we maintain certifications to international food safety management systems for all our owned properties. For our feed mills in Iloilo and Davao, our ISO 22000:2018 certifications were renewed on schedule, which are valid until 2025. For our dressing plants in Bulacan and Davao, our adherence to Hazard Analysis and Critical Control Points (HACCP) standards was reviewed and processed for annual renewal by an independent third party as well as by the National Meat Inspection Service of the Department of Agriculture. These dressing plants were also certified to Halal standards.

2022 performance

Despite the challenges and setbacks predominantly from price hikes of raw materials, 2022 sums up as a successful year for us. Below are our financial highlights.

- Revenues reached ₱12 billion, an increase of 23% year-over-year, marking the first time in our history that annual revenues exceeded ₱10 billion. All our business segments were profitable with strong momentum in the Foods segment.
  - Foods revenues amounted to ₱6.2 billion, an all-time high on 48% growth, as the more robust recovery in food services and restaurants lifted demand and the 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.
  - Feeds revenues grew 11% to ₱5.2 billion driven by pricing which increased 18% compared to the year-ago period versus input costs of 23%. As expected, price actions had some unfavorable impact on volume which decreased 6%.
  - Farms revenues were down 32% to ₱529 million due to the shortage of day-old chicks. A fair value adjustment on biological assets amounting to ₱12.1 million was recognized as part of revenues and ₱1.1 million as part of cost of goods.
- Cost of goods rose 23% to ₱10.9 billion following higher sales volumes and input costs. Key raw materials including wheat, soybean meal, 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 ₱1.1 billion and operating profit increased 21% to ₱223.2 million, benefiting from volume growth, pricing changes, and efficiencies.
- Net income reached ₱129 million with earnings per share of ₱0.042, up 44% over the prior year.
- Capital expenditures were ₱257.2 million (including expansion costs of ₱189.9 million and other operational capital expenditures of ₱67.3 million).

	2022	2021	2020	2019
Financial highlights (₱ in millions, except per share amounts and percentages)				
Revenues	**11,970**	9,704	7,882	8,918
Gross profit	**1,061**	856	572	717
Gross profit margin	**9%**	9%	7%	8%
Operating profit	**223**	184	79	159
Operating profit margin	**2%**	2%	1%	2%
Earnings before interest, tax, depreciation & amortization (EBITDA)	**342**	250	222	386
EBITDA Margin	**3%**	3%	3%	4%
Net income	**129**	89	9	129
Earnings per share	**0.042**	0.029	0.003	0.042
Operating data (in metric tons, except percentages)				
Feeds capacity	**326,400**	300,200	290,800	280,200
Feeds production	**262,100**	226,900	209,700	215,700
Feeds utilization rate	**77%**	79%	79%	82%
Foods capacity	**96,800**	79,000	75,500	75,500
Foods production	**43,600**	35,700	29,500	36,100
Foods utilization rate	**74%**	75%	70%	84%

Capacity and production include owned and leased facilities
Utilization includes owned plants only and excludes facilities owned by third parties

₱12B
Record-high revenues

+44%
Increase in EPS

₱129M
Net income

People growth at Vitarich

We are proud of how our company has grown in scale and competency. We have our Board and our people to thank for that.

Over the past two years, our people have adapted to an ever-changing landscape in response to the pandemic, supply chain disruptions, and higher costs. They created a safe work environment for each other and provided reliable products and service for our customers. In fact, our customer satisfaction scores remained intact, as measured by product attributes and performance, logistics, and sales and marketing services provided to customers. But we never rest. That's why investing in our people is a focus area for our management and the Board. Starting 2021, we added key personnel in marketing, finance, manufacturing, and human resources. We implemented salary adjustments and continued to invest in benefits to support our employees in various aspects of their physical, mental, and financial well-being. We also strengthened our talent development efforts, doubling training hours in 2022 and providing our people the opportunity to gain new skills and advance their careers.

There is still much work ahead, but we are grateful to be recognized for our accomplishments as we press on.

Vitarich was named the Executive Leadership Team of the Year at the 13th Asia CEO Awards. The award is presented to the most outstanding team that has achieved important success based on the following criteria: Leadership and Governance, Financial Contribution, Pioneering Achievements, Recognition, and Social Commitment. Since 2010, the Asia CEO Awards is an annual event that celebrates individuals and organizations who have made a positive contribution to the development of the economic capacity and international reputation of the Philippines. This year, more than 400 nominations were received and reviewed by PwC Philippines and judged by a panel of business leaders.

This year the Board also welcomed Pierre Carlo C. Curay as independent director following the annual stockholders' meeting in June. Pierre has over 20 years of experience in logistics and supply chain management, in addition to being a technology professional. He is also the CEO of Insight and Supply Chain Solutions, Vice President of the Supply Chain Management Association of the Philippines, and Co-Chair for Supply Chain Management of the Committee on Transport and Logistics of the Philippine Chamber of Commerce and Industry.

Food security for a sustainable future

Ensuring food security for Filipinos has always been the driving force behind our actions. In meeting this agenda, we know we must take multiple actions to advance the priorities that support this, including playing our part in improving the governance of food systems, empowering small-scale producers, and boosting social protection programs.

To aid the industry's competitiveness and governance, Vitarich participated in the development of the country's commodity roadmaps, specifically for the poultry broiler industry. Led by our Director Stephanie Nicole S. Garcia, the roadmap was published in June 2022 in collaboration with various units of the Department of Agriculture, the academe, farmers cooperatives and associations, research groups, and other industry stakeholders. Concerning our own governance, Ms. Garcia was appointed as our Chief Sustainability Officer, Corporate Management Services Director, and Treasurer effective November 1, 2022. She will oversee different environmental, social, and governance (ESG) projects that are of the greatest importance to the company and our stakeholders so that the programs are embedded into our processes and decision making and are continually reexamined. Ms. Garcia has been a member of the Corporate Governance Committee of our Board since 2013. She is also former President and board member of the Philippine Association of Feed Millers Inc.

Ultimately, though, we know that to fight hunger and food insecurity, we have to constantly strive to maintain quality and responsible pricing. With this in mind, we have provided more detail on our initiatives and metrics related to our material ESG topics in the Sustainability section of this report. As always, your comments and thoughts are welcome and appreciated.

STRATEGY

- Grow the core
- Diversify into adjacent opportunities
- Transform the cost base and enhance risk management processes
- Invest and adapt for the future
- Create shared value

Looking forward, our business is well positioned to build upon the success we have so far achieved. Thanks to the support of our customers, employees, trade partners, Board colleagues, and shareholders, we have become stronger than we were two years ago. We stayed relevant and we delivered. And we are determined to keep it that way.

JOSE VICENTE C. BENGZON III
Chairman

RICARDO MANUEL M. SARMIENTO
President and Chief Executive Officer

Our purpose: Forging Livelihood, Nourishing Lives

At Vitarich, we are actively cultivating a culture that values an Environmental, Social, and Governance (ESG) mindset. To us, it means aligning our actions with our purpose—to forge livelihood and nourish lives—and improving our business resilience in a manner that creates value for our customers, employees, shareholders, and other stakeholders. In doing so, we are also contributing to the United Nations Sustainable Development Goals (SDGs), focusing on three key SDGs of most importance to our stakeholders: Zero Hunger, Decent Work and Economic Growth, and Responsible Production and Consumption.

Materiality assessment

Drawing from the Materiality Matrix advocated by the Securities and Exchange Commission (SEC) as well as the framework by the Sustainability Accounting Standards Board (SASB), we carry out a materiality assessment to identify and prioritize key ESG-related topics that could affect our business and stakeholders.

Our approach involves research, collection and analysis of information, and discussion of the findings with our management and department representatives. We also review other sources of information that we provide externally to regulatory authorities such as the Bureau of Internal Revenue (BIR), Department of Labor and Employment (DOLE), and Department of Environment and Natural Resources-Environmental Management Bureau (DENR-EMB). This process helps us establish context and understand current practices and standards relevant to our sector. It also allows us to reflect on areas for improvement in our strategy, risk management, and reporting.

The result of our annual materiality assessment is summarized as follows:

- Economic Performance including Direct Economic Value Generated and Distributed, Climate-related Risks and Opportunities, and Proportion of Spending on Local Suppliers;
- Resource Management except Ecosystems and Biodiversity (as we do not operate within or adjacent to protected areas and areas of high biodiversity value outside protected areas)
- Environmental Impact Management;
- Environmental Compliance;
- Employee Management;
- Workplace Conditions, Labor Standards and Human Rights including Occupational Health and Safety;
- Relationship with Community, except those pertaining to Indigenous Peoples (IPs); and
- Customer Management, except Customer Privacy

BRAND PURPOSE

FORGING LIVELIHOOD, NOURISHING LIVES

VISION	MISSION			
Vitarich will continue being the pioneer, agribusiness partner, and innovator in the feeds industry, and will be the backbone of every Filipino farmer's success by providing the best solutions through its product and services.	Continuously adopt new business development programs and technological advancements to enhance product and service quality	Empower employees, trade partners, and customers through knowledge sharing and innovations in agribusiness	Provide comprehensive solutions to raise the standards of the country's agribusiness industry	Build partnerships with our business partners and customers to achieve long term profitability and sustainability and increase shareholder value

INPUTS	BUSINESS ACTIVITIES/ PROCESSES	OUTPUTS	OUTCOMES
Financial Capital Manufactured Capital Intellectual Capital Human Capital Social Capital Natural Capital	Manufacturing and distribution of various animal feeds Integration of broiler chicken from contract growing Production and distribution of dressed chicken Production and distribution of animal health products	Several lines of hogs and poultry feeds for different customers Dressed chicken and branded products under Cook's brand Valued relationships with institutional customers, distributors, and SMEs Animal health products for partner growers, broilers, hog raisers, and customers in the general public	Sustainable business and partnerships with growers, broilers, and hog raisers, as well as farmers and suppliers, and other stakeholders where employees are engaged, product integrity is prioritized, productivity is improved, and negative impacts of our operations to the environment and social risks are reduced Continued contribution to the country's economic development through jobs, incomes, and improved competencies, as well as taxes paid to the government

CORE VALUES

Leadership with integrity | Excellence | Care for others

Economic

Growth in the agricultural sector has wide implications on our country's economy, on the incomes of many rural families, and on ensuring food security for a population of more than 100 million. This reality drives our company to take a long-term view in running the business, so it brings economic value for all our stakeholders.

OUR IMPACT

We have a responsibility to safeguard the welfare and stability of our workforce, partners and suppliers, and wider stakeholder groups. By considering their needs and relevant circumstances, as well as managing our business successfully and in accordance with ethical business standards, we can continue to make a positive contribution towards economic growth and prosperity.

2022 was another record year for us with economic value generated surpassing the ₱12 billion mark, up 23% compared to the previous year (2021: 23%). At the same time, value distributed grew by 24%, which was broadly in line with the 21% in 2021. More detail on our performance can be found in the Letter to Shareholders section of this report.

Direct Economic Value Generated and Distributed

Disclosure (in PHP)	2022	2021	2020
Direct economic value generated	**12,014,706,705**	9,734,138,801	7,928,548,948
Direct economic value distributed			
a. Operating costs	**10,862,756,465**	8,809,454,556	7,246,545,920
b. Employee wages and benefits	**296,956,326**	247,960,506	209,735,077
c. Payments to suppliers, other operating costs	**575,076,446**	473,966,753	377,414,989
d. Interest payments to loan providers	**40,001,976**	23,051,290	34,454,582
e. Taxes to government	**182,767,626**	123,431,294	98,788,835

OUR MANAGEMENT APPROACH

We believe that a successful company is led by a diverse and entrepreneurial board, whose role is to promote the long-term sustainable future of the company for all its stakeholders. To support this principle, our Board has established a strong governance structure, with effective controls and processes in place. They are also complemented by a team of appointed officers who are responsible for the day-to-day management of our key strategic objectives, operational activities, and principal risks and uncertainties.

Based on this division of responsibilities, our management team meets at least twice a month to discuss the results of operations, the factors for achieving said results or non-attainment of targets, the financial and climate-related risks and opportunities as well as any emerging issues such as animal diseases and viruses. Our Board, in turn, reviews these matters on a monthly basis, along with forecasts for the next months. Within this framework, appropriate adjustments in the business strategies may be made, where applicable.

Over the years, we have thoughtfully transformed our company to be the resilient business it is today. 2022 was no different. During the year, we:

- continued to widen our operations in the Foods segment by covering various areas nationwide—in Luzon: Isabela and Bicol; in Visayas: Samar and Leyte; in Mindanao: Zamboanga City, Bukidnon, Marawi, Sultan Kudarat, and Saranggani.
- unveiled Cook's Flavor Origins in November as part of our growth strategy at the retail level. This includes differentiated product offerings such as French Roast, Mediterranean Roast, and South African Roast.
- opened our largest warehouse nationwide. Located within our feed mill complex in Panacan, Davao City, it can store about 6,600 metric tons of raw materials and finished goods which expands our inventory capacity for Mindanao by almost 50%.
- expanded our presence in the Feeds segment across Capiz, Aklan, and Central Negros to increase the number of distributors, megadealers, and retail feed outlets carrying our products.
- began our multiyear campaign that will establish our brand as "The Specialist in Animal Nutrition."
- transitioned to reusable woven feed sacks from laminated bags to manage our product lifecycle.

While we continue to make meaningful progress in strategic areas, we also recognize that there are external uncertainties and changes in our supply chain which may have a negative impact on our performance and in the overall industry. These events are: African Swine Flu (ASF), Avian Influenza, rising costs of fuel and interest rates, changes in foreign exchange rates in relation to raw materials, and other factors that we are unable to predict or control. Despite these risks, we know we can face them with determination and confidence, just like the past challenges that we have navigated our way through.

Climate-related risks

As is typical in our industry, we have high exposure to physical risks brought about by climate change. Drought, typhoon, extreme rains and flooding are identified as occurrences that can potentially disrupt our operations in the following ways:

1. Higher costs due to shortage of raw materials, or disruptions in the crop production;
2. Decrease in demand for feeds due to a material adverse effect in the growth efficiency of farm animals especially poultry;
3. Disruption in the supply chain arising from changes in breeding cycles which lead to a scarcity of day-old chicks;
4. Exposure to all sorts of risks should corn importations increase to more than 50% of the corn supply due to a decrease in local corn produce and producers;
5. Disruptions in poultry growing;

To address these risks, our department heads:

1. Conduct an ongoing analysis of our business processes and the climate risk factors that could affect our processes and targets;
2. Review our past negative experiences and its root causes; and
3. Carry out continuous research and benchmarking with other companies in the same industry, which becomes the basis of recommended mitigation actions

Any climate-related issue that affects or may potentially affect our business operations are taken up during our management team's bimonthly meetings and discussed at the Board's monthly meeting, together with preventive and corrective measures to address the issues.

Procurement

Our procurement policies and strategies were crafted, reviewed, revised, and implemented in a manner consistent with our vision of being the backbone of every Filipino farmer's success.

An important aspect of our approach is to use a multiple sourcing strategy which we believe allows us to manage climate-related risks because it gives us access to raw materials and other input goods and services all year round. In addition, the availability of reliable suppliers enables us to maintain operational efficiencies despite changing weather patterns and extreme weather events. It also helps us to respond to significant increases in costs more quickly.

In 2022, our procurement budget spent on local suppliers was 84%, down from 95% in 2021 due to higher importation of key raw materials. This spending includes payments for raw materials and other inputs as well as for service providers such as consultants and contractors. That's why to strengthen our supply chain and as part of our collaboration philosophy, we created a Zero Hunger Task Force during the year to help us proactively increase the number of trusted suppliers in the future. We also offered regular trainings on biosecurity measures for our business partners and farmers, intended to ensure productivity.

Environment

Our industry relies heavily on natural resources as critical inputs for value creation. Although we are still in the early stage of integrating our sustainability strategy, it does not mean our commitment to responsible stewardship of the environment is any less clear. Increasingly, we are working to advance our practices in resource management, impact management, and environmental compliance. We believe when we look at our business and activities through this lens, we can create a sense of urgency and action around climate change.

OUR IMPACT

Disclosure		Location	2022	2021	2020	Units
Energy consumption	Renewable sources	Iloilo	**197,573**	0	0	kWh
		Davao	**0**	0		
	SFO	Iloilo	**3,886.6**	4,363	4,691.1	GJ
		Davao	**0**	0		
	Gasoline	Iloilo	**0**	0	0	GJ
		Davao	**0**	0		
	LPG	Iloilo	**200**	233	0	kg
		Davao	**0**	0		
	Diesel	Iloilo	**577.9**	695.8	792	GJ
		Davao	**14,172.2**	13,128.8	11,988.9	
	Electricity	Luzon	**299,701.2**	1,296	0	kWh
		Visayas	**1,651,452**	1,657,600	1,779,250	
		Mindanao	**3,535,202.8**	3,146,111	3,005,411.4	
Energy reduction	SFO	Iloilo	**476.4**	-	-	GJ
	Diesel	Iloilo	**117.8**	-	-	
Water consumption	Water withdrawal	Iloilo	**5,663**	6,089	5,736	cubic meters
		Davao	**6,306**	6,142	2,008	
	Water consumption Mindanao	Visayas	**5,871**	6,089	5,736	
		Davao	**6,425**	6,140	1,962	
	Water recycled and reused	Iloilo	**0**	0	0	
		Davao	**2**	2	2	
GHG	Direct (Scope 1) GHG Emissions	Iloilo	**1.704**	0.079	0.08	tonnes CO_2e
		Davao	**10.6**	4.2	6.0	
	Energy indirect (Scope 2) GHG Emissions	Iloilo	**0**	0	0	tonnes CO_2e
		Davao	**0**	0	0	
	Emissions of ozone-depleting substances (ODS)	Iloilo	**0**	0	0	tonnes
		Davao	**0**	0	0	

Disclosure		Location	2022	2021	2020	Units
Air pollutants	NOx	Iloilo	**22.1**	350	348	Average concentration in mg/Nm^3
		Davao	**339.6**	389.3	284.2	
	SOx	Iloilo	**589.8**	618	605	mg/Nm^3
		Davao	**13.5**	12	49.2	
	Persistent organic pollutants (POPs)	Iloilo	**0**	0	0	kg
		Davao	**0**	0	0	kg
	Volatile organic compounds (VOCs)	Iloilo	**0**	0	0	kg
		Davao	**0**	0	0	kg
	Hazardous air pollutants (HAPs)	Iloilo	**0**	0	0	kg
		Davao	**0**	0	0	kg
	Particulate matter (PM)	Iloilo	**68.5**	62.6	62.47	mg/Nm^3
		Davao	**96.8**	49.8	10.30	
Solid waste	Total solid waste generated	Iloilo	**1,750**	1,700	1,700	kg/month
		Davao	**2,500**	2,500	2,500	
	Reusable Davao	Iloilo	**250**	300	200	
		Davao	**500**	500	500	
	Recyclable Davao	Iloilo	**300**	250	250	
		Davao	**300**	300	300	
	Composted Davao	Iloilo	**200**	150	100	
		Davao	**700**	700	700	
	Incinerated	Iloilo	**0**	0	0	
		Davao	**0**	0	0	
	Residuals/Landfilled	Iloilo	**1,000**	1,000	1,150	
		Davao	**1,000**	1,000	1,000	
Hazardous waste	Total weight of waste generated – Used oil	Iloilo	**300**	350	275	liters
		Davao	**0**	1,000	900	
	Total weight of waste generated – Busted lamps	Iloilo	**55**	61	51	kg
		Davao	**33**	0	0	
	Total weight of waste transported	Iloilo	**0**	0	0	liters
		Davao	**0**	1,000	0	
Effluents	Total volume of water discharges	Iloilo	**840**	792	960	cubic meters
		Davao	**0**	0	0	
	Percent of wastewater recycled	Iloilo	**0**	0	0	%
		Davao	**4.1%**	4.1%	0	
Non-compliance with environmental laws and regulations	Total amount of monetary fines for non-compliance		**0**	0	0	PHP
	No. of non-monetary sanctions for non-compliance		**None**	None	None	#
	No. of cases resolved through dispute resolution mechanism		**None**	None	None	#

OUR MANAGEMENT APPROACH

Over the years, our governance framework for responsible production and consumption (SDG Goal 12) has proven to be effective in enabling us to comply with all applicable laws and regulations. It also continuously challenges us to be sustainable for the long term, including aligning with international standards for sanitation, food safety, and quality. For example, we first achieved International Organization for Standardization (ISO): 9001 certification in 2002 and Hazard Analysis and Critical Control Points (HACCP) in 2020. Equally important is we stay up-to-date and adapted to a fast-changing landscape, which is why we currently have the latest certifications in ISO 22000:2018 and HACCP.

Our teams are aligned and engaged in keeping abreast of evolving trends, reducing negative environmental impact, and increasing productivity. Specifically, we have dedicated technical persons competent in pollution control and environmental management who are officially accredited by the Environmental Management Bureau (EMB) to perform such responsibilities. We invest in new machinery and processes, conduct regular preventive maintenance of our equipment and facilities, maintain a Materials Recovery Facility (MRF), use third-party services for solid waste collection, monitor consumption of resources, and raise awareness among employees and operators, among others. In parallel, we require our suppliers and partners to comply with all existing requirements related to environmental laws and regulations. This obligation is incorporated into our contracts which also stipulate the sanctions for breach.

Last year was once again a year of building momentum. Some examples of our accomplishments include:

- the commissioning of the solar energy project in our Iloilo feed mill plant, which now produces approximately 16% of the site's total annual power consumption, and is the reason for the reduction in our CO2, NOx, and SO2 emissions in 2022. Following the completion, we expect to reduce our energy consumption in Iloilo by 13% and generate over 366 megawatt—hours of solar energy per year—equivalent to powering 150 homes annually. This initiative is estimated to offset nearly 444 metric tons of CO2 emissions annually, equivalent to 472,000 pounds of coal burned in one year.

ISO 22000:2018 Food Safety Management Systems

Hazard Analysis and Critical Control Points (HACCP)

Halal Certification

- the transition of our Feeds packaging to reusable woven sacks from laminated bags to manage our product lifecycle.
- the increase in boiler efficiency in our Iloilo plant as a result of the maximization of air fuel ratio which drove the 94% reduction in our NOx at the site.
- meaningful steps taken to comply with the Extended Producer Responsibility (EPR) Act, a law that requires large companies to manage their own plastic packaging waste. These actions include seeking accreditation from Philippine Alliance for Recycling and Materials Sustainability (PARMS), a non-stock non-profit industry organization that brings together stakeholders across the supply and waste value chain working closely with government to achieve its vision of Zero Waste to Nature 2030. Vitarich is an Obliged Enterprise under PARMS. All our EPR activities will be anchored to PARMS EPR activities.
- the continuation of the Green Sanctuary Program which we launched in 2021 across all our sites, where employees can grow flowers and vegetables and share its produce

Building on the success of our solar project in Iloilo, we will be evaluating proposals for solar power in our Davao feed mill plant in 2023. We are also installing perimeter solar lights on the site.

Social

Our purpose is our foundation. We live by our mission to forge livelihood and nourish lives. Marrying this with our competitive advantages, we create opportunities that respect, protect, and benefit our employees, customers, communities, and investors.

OUR IMPACT

Disclosure			2022	2021	2020	Units
Employee data	Total number of employees		**855 (of which 619 are regular)**	822 (of which 581 are regular)	963 (of which 526 are regular)	Number
	Female		**236**	223	293	
	Male		**619**	599	670	
	Attrition rate		**1.14%**	1.75%	16.54%	Rate
	Ratio of lowest paid employee against minimum wage		**None**	None	None	Ratio
Employee benefits	SSS	Female	**11.5%**	6.2%	16.0%	Percentage of employees who availed for the year
		Male	**15.7%**	9.6%	12.2%	
	Philhealth	Female	**10.2%**	2.4%	2.7%	
		Male	**16.3%**	2.6%	4.2%	
	Pag-ibig	Female	**15.0%**	5.0%	12.6%	
		Male	**23.9%**	9.5%	8.5%	
	Parental leaves	Female	**1.0%**	2.8%	1.7%	
		Male	**1.3%**	0.7%	0.7%	
	Vacation leaves	Female	**29.1%**	32.0%	62.1%	
		Male	**45.7%**	51.0%	45.8%	
	Sick leaves	Female	**21.2%**	23.1%	49.8%	
		Male	**30.2%**	30.3%	30.1%	
	Medical benefits (aside from PhilHealth)	Female	**11.8%**	19.1%	18.1%	
		Male	**13.4%**	27.7%	10.4%	
	Housing assistance (aside from Pagibig)	Female	**0%**	-	-	
		Male	**0.2%**	-	-	
	Retirement fund (aside from SSS)	Female	**0.5%**	0.2%	0.3%	
		Male	**1%**	1.0%	0.3%	
	Telecommuting	Female	**5.5%**	63.4%	8.8%	
		Male	**1.3%**	21.7%	1.0%	
	Flexible-working hours	Female	**5.3%**	4.7%	14.0%	
		Male	**9.1%**	11.2%	12.7%	
Employee Training and Development	Training hours	Female	**4,953.5**	1,534	1,250	Hours
		Male	**3,809**	2,709.5	2,295.5	
	Average training hours per employee	Female	**21.0**	7.4	6.0	
		Male	**9.9**	7.5	6.3	

OUR MANAGEMENT APPROACH

At Vitarich, our culture is a great strength, and for years, that culture has driven our approach to social issues where we can deliver the most significant value which are addressing hunger (SDG Goal 2) and decent work and economic growth (SDG Goal 8).

Employees

Our efforts to contribute positively to society begins with our responsibility in taking care of our employees. With this in mind, we invest to attract, develop, and retain people who share our ambition and shape our future.

Hiring and Benefits. In our continuous evaluation of our practices, we monitor government laws and regulations as well as industry standards and benchmarks in relation to our employee benefits. We also regularly communicate with our workforce through our Employee Lifetime Profitable Partnership ("Employee LPP"), aimed at collecting feedback, formulating plans, and increasing employee engagement. As a result, we provide the following benefits to our regular employees in addition to the government-mandated benefits:

- Group health insurance plan;
- Group personal accident insurance;
- PPEs and uniform;
- Rice subsidy;
- Seniority pay;
- Transportation and meal allowances, as applicable;
- Funeral assistance; and
- Hazard pay to qualified employees

Starting 2021, we invested in salary adjustments. We also continuously emphasized the importance of training and development in gaining new skills and career advancement.

Training and Development. To promote the development of our team, we maintain a training calendar per region. Training sessions are held monthly and are based on the needs of employees and concerned departments. These are capped by post-training evaluation and regular performance review to measure employee growth and improvement.

Our practices that uphold labor standards based on UN Global Impact and International Labour Organization checklist:

- ☑ Right to organize
- ☑ Collective bargaining
- ☑ No child labor
- ☑ Equal opportunity
- ☑ Risk assessment
- ☑ Impact assessment
- ☑ Safe working conditions
- ☑ Mechanisms for age verification
- ☑ Employee training and awareness
- ☑ Supply chain arrangements
- ☑ Monitor and evaluate performance
- ☑ Public disclosure of policies and practices

As in prior years, our development programs were specific on technical topics, administrative and support, and leadership. In 2022, the topics covered were related to compliance with ISO-FSMS and Halal certification, such as upskilling of workforce, supervisory and management training, fundamentals of sales capability, food safety, as well as orientation for new employees. We also organized webinars on mental health, reproductive health, and self-care.

Occupational Health and Safety. We work to maintain the highest standards of health, safety, and security in everything we do and in all our working environments. We also work with our partners to raise the standards in the country's agribusiness industry.

Some of our initiatives are conducting safety-related trainings, providing personal protective equipment (PPE) to all employees, and working with government bodies for the conduct of emergency drills such as fire safety drills and earthquake drills. We also have dedicated roles and responsibilities in place across our locations. For example, we have a Safety Policy and Safety Officers in all company-owned manufacturing sites who promote health and safety awareness to employees and implement sanitary and biosecurity measures. In Visayas and Mindanao, our physicians visit our plants regularly for medical examinations and check- ups.

Since the beginning of the COVID-19 pandemic, health and safety considerations have been central to our business response. We have complied with all recommended and mandatory public health standards, including awareness campaigns and vaccination program, to minimize and prevent its spread. Further, we have provided vaccines, PPEs, and vitamins to employees and extended provisions of COVID-19 care kits to their families.

Customers and Communities

We are a pioneer, agribusiness partner, and leader in the animal feeds industry in the Philippines since the 1960s. Together, our corporate culture and Lifetime Profitable Partnership approach gain long-standing relationships with stakeholders, from which we derive our strengths, competitiveness, and cost efficiency through an effective, efficient, compliant supply chain.

Health and Safety. In our view, strict technical and quality standards, continuing education and assistance, and accreditation by our stakeholders strengthen every link in our supply chain. For this reason, we particularly devote resources towards health and safety. Our current certifications in ISO 22000:2018 and HACCP are some examples of our strategic initiatives.

Added to that, we hold broad-based information campaigns and thought leadership webinars occasionally. We cover a variety of topics that are relevant and timely to our target audience such as biosecurity measures, sources of possible contamination, best practices for farm cleaning and disinfection, regular disinfection, water sanitation and disinfection, and chicken layer farm management.

Customer Satisfaction. Excellent customer service translates to customer satisfaction, which in turn, results in several core factors that could be advantageous to us, including:

- a strong relationship with the customer;
- continuous improvement of our products, services, and processes;
- the morale and productivity of our employees;
- our relationship with suppliers; and
- the financial growth of our business partners

As a reflection of our Lifetime Profitable Partnership (LPP) principle and good practice, we regularly perform customer satisfaction surveys with target responses from farmers, retailers, and distributors. We use this tool as a guide to gather information and devise improvements on our products, services, and processes. We also have quarterly business reviews and annual trade partners' night with distributors, and bi-annual business reviews with key customers.

In 2022, we administered customer satisfaction surveys in July with respect to our Feeds business. The results give us insight into how customers feel about our products and services in this segment. The table below shows our nationwide average scores in each category. Our overall score was 3.8 out of 5, unchanged from 2021.

Looking ahead, we see opportunities to formalize our customer care processes for improving customer service. We will also explore expanding our surveys to capture feedback from our institutional clients as well as end-users of our products under the *Cook's* brand.

Metric (Feeds products)	July 2022	September 2021	July 2021
Product (for 2022: color, size, texture, odor, weight; for 2021: physical appearance, bulk, and price at the market)	Farms: 3.56 Dealership: 3.32	3.9	3.58
Performance of feeds	Farms: 3.83 Dealership: 3.87	4.17	3.8
Logistics	Farms: 4.15 Dealership: 3.57	3.59	N/A
Sales services provided to customers	Farms: 4.41 Dealership: 3.84	3.83	3.99
Marketing services provided to customers	Farms: 4.21 Dealership: 3.10	3.44	N/A
Average score for all criteria	3.8	3.8	3.79

Our practices that support societal goals based on UN Global Impact checklist:

- ☑ Actions that tie philanthropic contributions to core competencies
- ☑ Public advocacy to take specific actions
- ☑ Participation in events on public policy
- ☑ Implementation of partnership projects
- ☑ Collaboration or partnerships with local stakeholder groups

Community relationship. Aligned with our advocacy on food security, we engage in voluntary actions to support social development such as policy discussions and stakeholder engagement.

During 2022, we were recognized as a leader in Supply Chain Community by Union Bank of the Philippines. We received two "Supply Chain Community Anchors Recognition" awards, including Top 1 on micro, small, and medium enterprises (MSME) Penetration Rate and Top 2 on MSME Onboarding. These awards recognize us as a partner to helping MSMEs get access to the funding they need to scale their businesses.

Through our Director Stephanie Nicole Garcia, Vitarich actively participated in the development of the country's commodity industry roadmaps, specifically for the poultry broiler industry which was released in June. The project was completed in collaboration with various units of the Department of Agriculture, the academe, farmers cooperatives and associations, research groups, and other industry stakeholders.

Finally, as someone with deep understanding of our business and the wider industry, our President & CEO took part in panel discussions. He served as a panelist at the 17th Philippine Summit hosted by The Asset on October 24, 2022. The session "driving the digital agenda" shared perspectives on digitalization and how it is supporting inclusive growth for MSMEs. He was also a panelist at the economic forum presented by BusinessWorld on November 29, 2022. The discussion focused on the state of agriculture and how the country can work towards ensuring food security.

Investors

We are committed to raise our visibility and promote a two-way communication between us and the investing public through:

- regulatory reporting and continuous disclosures;
- investor marketing and outreach; and
- research and perception study

As we cultivate relations with the investment community, we also partner with the members of the business and financial media to augment our IR efforts and help deliver the company's investment story to a wider audience. We engage with them via e-mails and phone calls, and give them the information their readers demand.

Some examples of our activities in the past year are Annual Stockholders' Meeting, direct engagements with analysts and investors, and participation in high-level flagship events of Asia CEO Awards, The Asset, and BusinessWorld. These were initiated by our investor relations advisor, Onward Investor Relations Inc.

Governance

We remain committed to our values and ethics through our governance structure. This includes our Manual on Corporate Governance, Code of Business Conduct and Ethics, and Board committee charters, all of which are available on our website www.vitarich.com

We also post our Integrated Annual Corporate Governance Report (I-ACGR), which summarizes our governance strategy and efforts. It also highlights how we run our business, including topics on The Board's Governance Responsibilities, Disclosure and Transparency, Internal Control System and Risk Management Framework, Cultivating a Synergic Relationship with Shareholders, and Duties to Stakeholders. We encourage you to review the report to gain a better understanding of our practices in these areas.

Board of Directors

JOSE VICENTE C. BENGZON III
Chairman, Non-Executive Director

- Independent Director of Upson International Corp., President and CEO of Torres Trading Company, Inc., Vice Chairman of Commtrend Construction Corp., Director and Treasurer of Inception Technology Philippines Corp., and Senior Adviser to the Board of Malayan Bank
- Former Director of Rizal MicroBank, Philippine Quality Awards Foundation, Manila North Tollways Corp., South Luzon Tollways Corp., Century Peak Mining Corp., and Independent Director of Bermaz Auto Philippines, Inc., President of UPCC Holdings Corp., Acting Chairman and Board member of Philippine National Construction Corp.
- Certified Public Accountant
- MBA from Northwestern University Kellogg School of Management, and bachelor's degree in commerce and economics from De La Salle University

RICARDO MANUEL M. SARMIENTO
Executive Director, President, and Chief Executive Officer

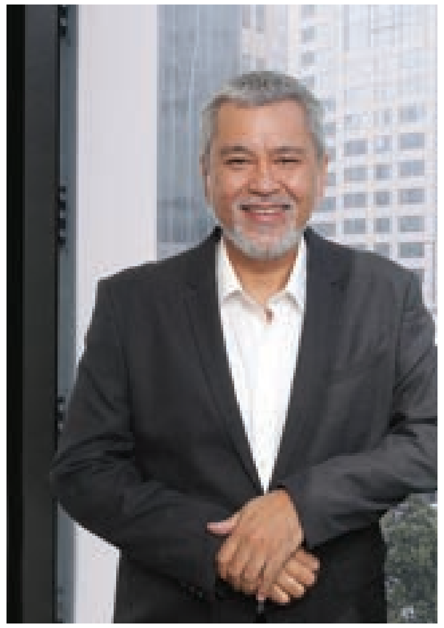
- Responsible for the overall success of the organization with primary responsibilities in setting corporate objectives, guiding strategy, driving growth, and leading operations towards achievement of goals
- Active member of the Rotary Club of Manila, Young Presidents' Organization (Philippines Chapter), and Upsilon Sigma Phi
- He has been a panelist in various business and industry forums including the Philippine Summit of The Asset, and the Economic Forum of BusinessWorld
- Bachelor's degree in tourism from the University of the Philippines, Diliman

STEPHANIE NICOLE M. SARMIENTO-GARCIA
Executive Director, Executive Vice President, Chief Sustainability Officer, Corporate Service Management Director, and Treasurer

- Oversees the company's cash management, administration, and corporate services as well as its external activities, and manages various partnerships with key stakeholders and the government
- President of Precisione International Research & Diagnostic Laboratory, Inc.
- Former President and Board Member of the Philippine Association of Feed Millers Inc.
- Degree in international hospitality management from Glion Institute of Higher Education (formerly known as Glion Hotels School)

ROGELIO M. SARMIENTO
Non-Executive Director, Chairman Emeritus

- Former Chairman of the Board of Directors, President, and CEO
- Former President of L.S. Sarmiento & Co, Sarmiento Industries, Fortuna Mariculture Corporation, Sarphil Corporation, Philippine Association of Feed Millers, and Vice President of the Philippine Chamber of Commerce
- Former member of the Interim Batasang Pambansa, Minister of Transportation and Communications, Deputy Director General of the National Economic and Development Authority, and Member of the House of Representatives for First District Davao del Norte
- MBA from Santa Clara University, bachelor's degree from University of San Francisco in California, USA



BENJAMIN I. SARMIENTO, JR.
Non-Executive Director

- CEO of Sarmiento Pacific Holdings and Equities (formerly Pacific Equities, Inc.), and Sarmiento Pacific Agribusiness
- Director of M3 Ventures International Inc., Ultra-Seer Inc., Hillsdale Marketing Inc., Specialized Products & Services Inc., Escotek Inc., and Diversified Industrial Technology Inc.
- Bachelor's degree in economics from University of San Francisco in California, USA

LORENZO VITO M. SARMIENTO III
Non-Executive Director

- President of Lockbox Storage Inc.
- Former Chairman of Emphasys Process Corporation, and President of Davito Holdings Corporation, Speed Space Systems
- Co-founder and COO of Advanced Environmental Soil Solutions Inc., Co-founder of South Super Sports
- Former Team Manager under contract with the Philippine Football Federation, and Creative Director of Speed HKG
- Bachelor's degree in business administration with focus on marketing and international business from University of San Francisco, and various courses in international studies at the Richmond College in London, England and network engineering at Heald College in California, USA

JUAN ARTURO ILUMINADO C. DE CASTRO
Non-Executive Director

- Managing partner of the De Castro & Cagampang-De Castro Law Firm, with extensive experience in corporate rehabilitation
- Assistant Professorial Lecturer at the De La Salle University College of Law, Consultant at the Cybercrime Investigation and Coordinating Center (CICC)
- Author of the Philippine Energy Law: The Philippine Electric Power Industry: Deciphering the Unique Dynamics of Energy Law, Policy, and Development in a Developing Country (2012)
- Master of laws, and doctorate in the science of law from University of California Berkeley School of Law, and bachelor of laws from University of the Philippines College of Law

VICENTE JULIAN A. SARZA
Independent Director

- Independent Director of HC Consumer Finance Philippines, Inc. (Home Credit) and AIB Money Market Mutual Fund, Inc.
- Consultant of Mabuhay Capital where he was former Director and COO
- Former Senior Vice President Head of Institutional Banking of Asia United Bank, Principal of Advisory Services in KPMG Philippines, and President and COO of United Coconut Planters Bank Savings Bank
- Former Chief Privatization Officer, and Director and Chairman of the Technical Committee Privatization Office and Special Concerns for the Department of Finance where he was involved in the successful privatization of Maynilad, International School, Philippine Telecommunications Investment Corp., Energy Development Corp., and Iloilo Airport
- Bachelor's degree in economics from the Ateneo De Manila University

PIERRE CARLO C. CURAY
Independent Director

- Co-Founder and CEO of Insight and Supply Chain Solutions, and Director and Vice President for Strategic Solutions of XVC Logistics
- Former President and currently Vice President of Supply Chain Management Association of the Philippines, Co-Chair for Supply Chain Management of the Committee on Transport and Logistics of Philippine Chamber of Commerce and Industry
- Technical Consultant for the Regulatory Reform Support Program for National Development of the University of the Philippines Public Administration and Extension Services Foundation, Inc.
- Mentor at the ASEAN Mentorship for Entrepreneurs Network, the Department of Trade and Industry, and the Department of Agriculture GoNegosyo
- Bachelor's degree in management information systems, information technology from the Ateneo de Manila University, and training programs on logistics management and qualifications systems from the Association of the Overseas Technical Scholarships in Japan and the Entrepreneurship Acceleration Program at The Wharton School

Management Committee

JOSE VICENTE C. BENGZON III
Non-Executive Director, Chairman of the Board

RICARDO MANUEL M. SARMIENTO
President and Chief Executive Officer

STEPHANIE NICOLE SARMIENTO-GARCIA
Executive Vice President and Chief Sustainability Officer/ Corporate Management Services Director/Treasurer

REYNALDO D. ORTEGA
Senior Vice President and General Manager, Poultry and Food Sales Division

ALICIA G. DANQUE
Senior Vice President and Feeds Business Units Manager/ Alternate Corporate Information Officer

MA. DIANA M. CUNA
Senior Vice President – Chief Human Resource Officer (effective December 1, 2022)

EMMANUEL S. MANALANG
Vice President and Nutrition, and Research and Development Manager

CARMENCITA S. POLICARPIO
Vice President and Poultry Production Operations Manager
Vice President and General Manager for Barbatos Ventures Corporation

DILBERT D. TAN
Vice President and Finance Operations Director

ELAINE C. NANTES
Vice President and Corporate Quality and Technical Services Director

MARIE ANGELIE BAUTISTA-MACATUAL
Vice President – Marketing and Business Development Director (effective February 13, 2023)

MARC AURELIUS T. MENDIOLA
Assistant Vice President – Poultry Operations

RUBY P. MACARIO
Executive Assistant to the President and Corporate Communications Officer

MARIAN A. DIONISIO
Comptroller

CAMILLE ANNE A. SARMIENTO
HR Learning and Development Manager

LILIBETH R. CARAO
Human Resource and Compliance Risk Manager

JOSE MAGTANGGOL U. MACARAEG JR.
Hotels, Restaurants, and Institutions Sales Manager

ALLAN RAYMOND B. CHAVEZ
Foods Visayas and Mindanao Manager

ROCHELLE B. ALDEGUER
Corporate Planning Manager

AISON BENEDICT C. VELASCO
Corporate Secretary

MARY CHRISTINE DABU-PEPITO
Assistant Corporate Secretary, Corporate Information Officer, and Compliance Officer

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

BUREAU OF INTERNAL REVENUE
LT-DOCUMENT PROCESSING & QUALITY ASSURANCE DIVISION
RECEIVED
APR 1 2 2023
ROSE MARCIANO

Ricardo Manuel M. Sarmiento
President/Chief Executive Officer

Stephanie Nicole S. Garcia
Executive Vice President & Chief Sustainability Officer (CSO) /
Corporate Management Services Director / Treasurer

Subscribed and sworn to before me this ____ day of 03 APR 2023 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:

Doc. No. 501;
Page No. 102;
Book No. 8;
Series of 2023

NENITA DC. TUAZON NOTARY PUBLIC ROLL NO. 47194 MARILAO, BULACAN

ATTY. NENITA DC. TUAZON
NOTARY PUBLIC
PNC-83-MB-2022 UNTIL DEC. 31, 2024
SANDICO ST., POBLACION 1, 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

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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 (PSA). 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 ₱70.2 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 10 to the consolidated financial statements.

Audit Response

We obtained an understanding of the methodologies and models used for the Company's assessment on the realizability of the receivable from insurance and the estimation of such amount. 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 bases in pursuing the insurance claim. We also evaluated management's estimate of the amount and timing of the future cash inflows from this 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 ₱116.1 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 ₱12.1 million. The valuation of biological assets is significant to our audit because the estimation 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 livestock's future selling prices, hatchability 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.

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, hatchability 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 Amount

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 amount. These properties represent 40.2% of the total consolidated assets as at 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 estimations. 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 debts rates, interest 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 compared the inputs and assumptions used with internal and external evidences 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.

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 PSA 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 PSA, 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 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 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 on regulation precludes public disclosure about the matters 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 Erwin A. Paigma.

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Building a better working world

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
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
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash (Note 6)	**₱369,416,726**	₱230,015,919
Trade and other receivables (Note 7)	**882,943,523**	859,711,691
Inventories and livestock (Note 8)	**979,486,204**	675,486,067
Other current assets (Note 9)	**623,187,708**	349,108,154
Total Current Assets	**2,855,034,161**	2,114,321,831
Noncurrent Assets		
Receivable from insurance (Note 10)	**70,203,810**	70,203,810
Property, plant and equipment - net (Note 11)		
At revalued amount	**942,776,782**	872,012,237
At cost	**126,640,633**	45,981,165
Investment properties (Note 12)	**1,165,870,526**	973,432,752
Right-of-use assets (Note 13)	**55,529,616**	38,921,635
Other noncurrent assets (Note 13)	**32,115,321**	35,120,487
Total Noncurrent Assets	**2,393,136,688**	2,035,672,086
TOTAL ASSETS	**₱5,248,170,849**	₱4,149,993,917
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 14)	**₱2,001,706,561**	₱1,707,144,229
Loans payable (Note 15)	**985,478,495**	406,754,258
Current portion of lease liabilities (Note 27)	**15,413,841**	17,808,894
Total Current Liabilities	**3,002,598,897**	2,131,707,381
Noncurrent Liabilities		
Loans payable - net of current portion (Note 15)	**49,642,856**	98,297,470
Cash bond deposits (Note 16)	**56,299,659**	48,052,089
Lease liabilities - net of current portion (Note 27)	**36,885,998**	24,196,376
Net retirement liability (Note 22)	**147,057,502**	166,461,260
Deferred tax liabilities - net (Note 23)	**99,758,010**	64,180,551
Total Noncurrent Liabilities	**389,644,025**	401,187,746
Total Liabilities	**3,392,242,922**	2,532,895,127
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	**275,775,940**	135,021,722
Other comprehensive income (Notes 11, 22 and 25)	**418,034,203**	319,959,284
Total Equity	**1,855,927,927**	1,617,098,790
TOTAL LIABILITIES AND EQUITY	**₱5,248,170,849**	₱4,149,993,917

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 discount (Notes 17 and 24)	**₱11,957,515,851**	₱9,649,161,808	₱7,682,430,958
Fair value adjustment on biological assets (Notes 4, 8 and 17)	**12,070,807**	55,119,641	199,489,329
	11,969,586,658	9,704,281,449	7,881,920,287
COST OF GOODS SOLD			
Cost of goods sold (Note 18)	**(10,907,436,915)**	(8,769,953,424)	(7,125,724,162)
Fair value adjustment on biological assets (Notes 4 and 8)	**(1,134,369)**	(77,973,862)	(184,396,574)
	(10,908,571,284)	(8,847,927,286)	(7,310,120,736)
GROSS PROFIT	**1,061,015,374**	856,354,163	571,799,551
Operating expenses (Note 19)	**(880,497,823)**	(700,926,732)	(536,760,257)
Other operating income (Note 20)	**42,721,588**	28,564,205	43,970,861
	(837,776,235)	(672,362,527)	(492,789,396)
OPERATING PROFIT	**223,239,139**	183,991,636	79,010,155
OTHER INCOME (EXPENSES)			
Interest expense (Notes 15, 24, and 27)	**(40,001,976)**	(23,051,290)	(34,454,582)
Interest income (Notes 6 and 7)	**2,398,459**	1,293,145	202,303
Gain on changes in fair value of investment properties (Note 12)	**53,995,672**	1,268,133	4,053,232
Other charges - net (Note 21)	**(43,044,719)**	(42,895,874)	(23,383,725)
	(26,652,564)	(63,385,886)	(53,582,772)
INCOME BEFORE INCOME TAX	**196,586,575**	120,605,750	25,427,383
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 23)			
Current	**51,302,707**	25,793,096	11,629,665
Deferred	**16,296,929**	5,371,040	4,509,242
	67,599,636	31,164,136	16,138,907
NET INCOME	**128,986,939**	89,441,614	9,288,476
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss:			
Actuarial gain (loss) [net of tax effect of ₱0.2 million in 2022, ₱5.9 million in 2021 and ₱6.6 million in 2020] (Note 22)	**31,841,070**	(17,757,985)	(19,880,635)
Revaluation increase on property, plant and equipment in 2022 and 2020, net of tax effect of ₱21.3 million and ₱5.1 million, respectively, and impact of change in tax rate in 2021 on revaluation reserve (Note 11)	**78,001,128**	23,191,602	15,421,851
	109,842,198	5,433,617	(4,458,784)
TOTAL COMPREHENSIVE INCOME	**₱238,829,137**	₱94,875,231	₱4,829,692
EARNINGS PER SHARE - BASIC AND DILUTED (Note 26)	**₱0.042**	₱0.029	₱0.003

See accompanying Notes to Consolidated Financial Statements

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	**₱1,160,646,925**	**₱1,470,859**	**₱135,021,722**	**₱319,959,284**	**₱1,617,098,790**
Net income	–	–	**128,986,939**	–	**128,986,939**
Other comprehensive income	–	–	–	**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**

	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	₱41,157,542	₱318,948,233	₱1,522,223,559
Net income	–	–	89,441,614	–	89,441,614
Other comprehensive income	–	–	–	5,433,617	5,433,617
Total comprehensive income	–	–	89,441,614	5,433,617	94,875,231
Transfer to retained earnings of revaluation reserve realized through depreciation, net of deferred income tax (Note 11)	–	–	4,422,566	(4,422,566)	–
Balances at December 31, 2021	₱1,160,646,925	₱1,470,859	₱135,021,722	₱319,959,284	₱1,617,098,790

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	Capital Stock (Note 25)	Additional Paid-in Capital (Note 1)	Retained Earnings (Deficit)	Other Comprehensive Income (Notes 11, 22 and 25)	Total
Balances at January 1, 2020	₱1,160,646,925	₱1,470,859	₱28,105,487	₱327,170,596	₱1,517,393,867
Net income	–	–	9,288,476	–	9,288,476
Other comprehensive loss	–	–	–	(4,458,784)	(4,458,784)
Total comprehensive income (loss)	–	–	9,288,476	(4,458,784)	4,829,692
Transfer to retained earnings of revaluation reserve realized through depreciation, net of deferred income tax (Note 11)	–	–	3,763,579	(3,763,579)	–
Balances at December 31, 2020	₱1,160,646,925	₱1,470,859	₱41,157,542	₱318,948,233	₱1,522,223,559

See accompanying Notes to Consolidated Financial Statements

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	**₱196,586,575**	₱120,605,750	₱25,427,383
Adjustments for:			
Depreciation and amortization (Notes 11, 13 and 19)	**105,675,749**	106,006,621	162,610,786
Interest expense (Notes 15 and 27)	**40,001,976**	23,051,290	34,454,582
Loss (gain) on fair value adjustments on biological assets (Note 17)	**(10,936,438)**	22,854,221	(15,092,757)
Retirement benefit expense (Note 22)	**22,336,339**	16,993,091	14,327,563
Gain on fair value changes of investment properties (Note 12)	**(53,995,672)**	(1,268,133)	(4,053,232)
Gain on pre-termination of lease contracts (Notes 21 and 27)	**–**	–	(3,424,542)
Loss on disposal of property, plant and equipment, and investment property, and right-of-use assets (Notes 11, 12, 13 and 21)	**1,037,745**	1,060,988	2,269,651
Interest income (Notes 6 and 7)	**(2,398,459)**	(1,293,145)	(202,303)
Operating income before working capital changes	**298,307,815**	288,010,683	216,317,131
Decrease (increase) in:			
Trade and other receivables	**(20,942,232)**	(85,908,326)	207,112,559
Inventories and livestock	**(293,063,699)**	(195,411,784)	78,902,302
Other current assets	**(274,079,556)**	(50,976,411)	45,476,240
Other noncurrent assets related to operations	**(15,705,660)**	(11,299,126)	(1,655,887)
Increase (decrease) in:			
Trade and other payables	**287,936,590**	63,288,294	29,077,196
Cash bond deposits	**8,247,570**	7,954,810	(857,508)
Net cash generated from (used in) operations	**(9,299,172)**	15,658,140	574,372,033
Income tax paid	**(51,302,707)**	(25,793,096)	(11,629,665)
Retirement benefits paid (Note 22)	**(9,124,310)**	(5,868,959)	(2,039,380)
Interest received	**108,859**	140,673	202,303
Net cash provided by (used in) operating activities	**(69,617,330)**	(15,863,242)	560,905,291
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Note 11)	**(116,139,570)**	(74,036,594)	(70,403,848)
Investment properties (Note 12)	**(141,072,796)**	(43,610,106)	(125,303,374)
Proceeds from sale of property, plant and equipment	**200,000**	1,025,000	–
Net cash used in investing activities	**(257,012,366)**	(116,621,700)	(195,707,222)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment of loans (Note 15)	**2,349,559,151**	540,681,912	457,507,642
Payments of loans (Note 15)	**(1,819,489,528)**	(315,594,041)	(709,878,962)
Interest paid	**(35,735,576)**	(20,665,516)	(35,328,078)
Payments of principal portion of lease liabilities (Note 27)	**(28,303,544)**	(19,226,261)	(79,839,294)
Net cash provided by (used in) financing activities	**466,030,503**	185,196,094	(367,538,692)
NET INCREASE (DECREASE) IN CASH	**139,400,807**	52,711,152	(2,340,623)
CASH AT BEGINNING OF YEAR	**230,015,919**	177,304,767	179,645,390
CASH AT END OF YEAR	**₱369,416,726**	₱230,015,919	₱177,304,767

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.

<u>Financial Liabilities</u>
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, 13^{th} 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).
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.

	Valuation Technique	Significant Unobservable Inputs	Range 2022	Range 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 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.

			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 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.

<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>
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.

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	**₱1,097,925,538**		₱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

	Current	<30 days	30-60 days	61-90 days	91-120 days	More than 120 days	Total	Accounts with full provision	Total
		Days Past Due							
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

	Current	<30 days	30-60 days	61-90 days	91-120 days	More than 120 days	Total	Accounts with full provision	Total
		Days Past Due							
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

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
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
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				

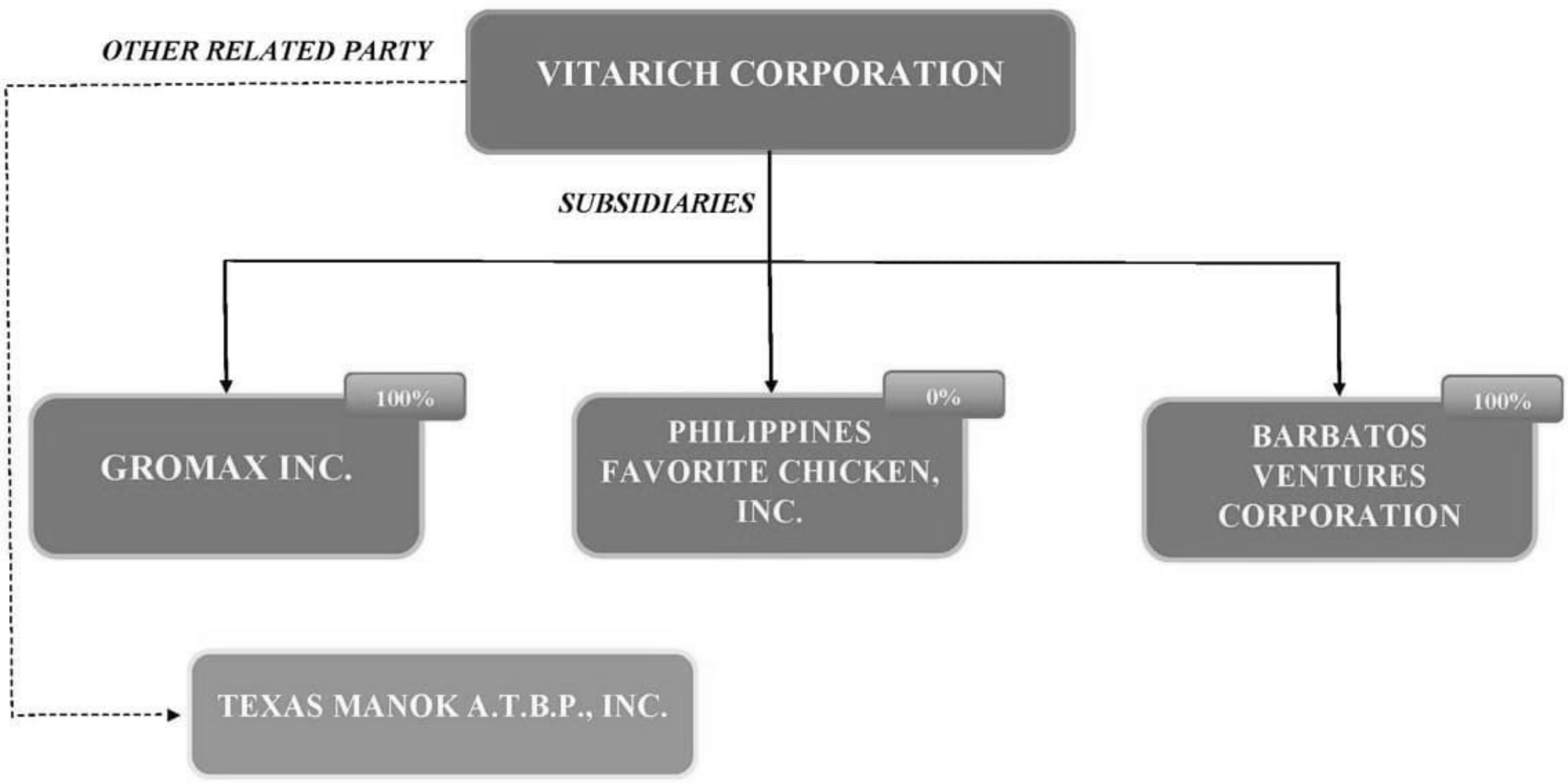
VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE F - RECEIVABLE FROM (PAYABLE TO) RELATED PARTIES
December 31, 2022
(In Thousands)

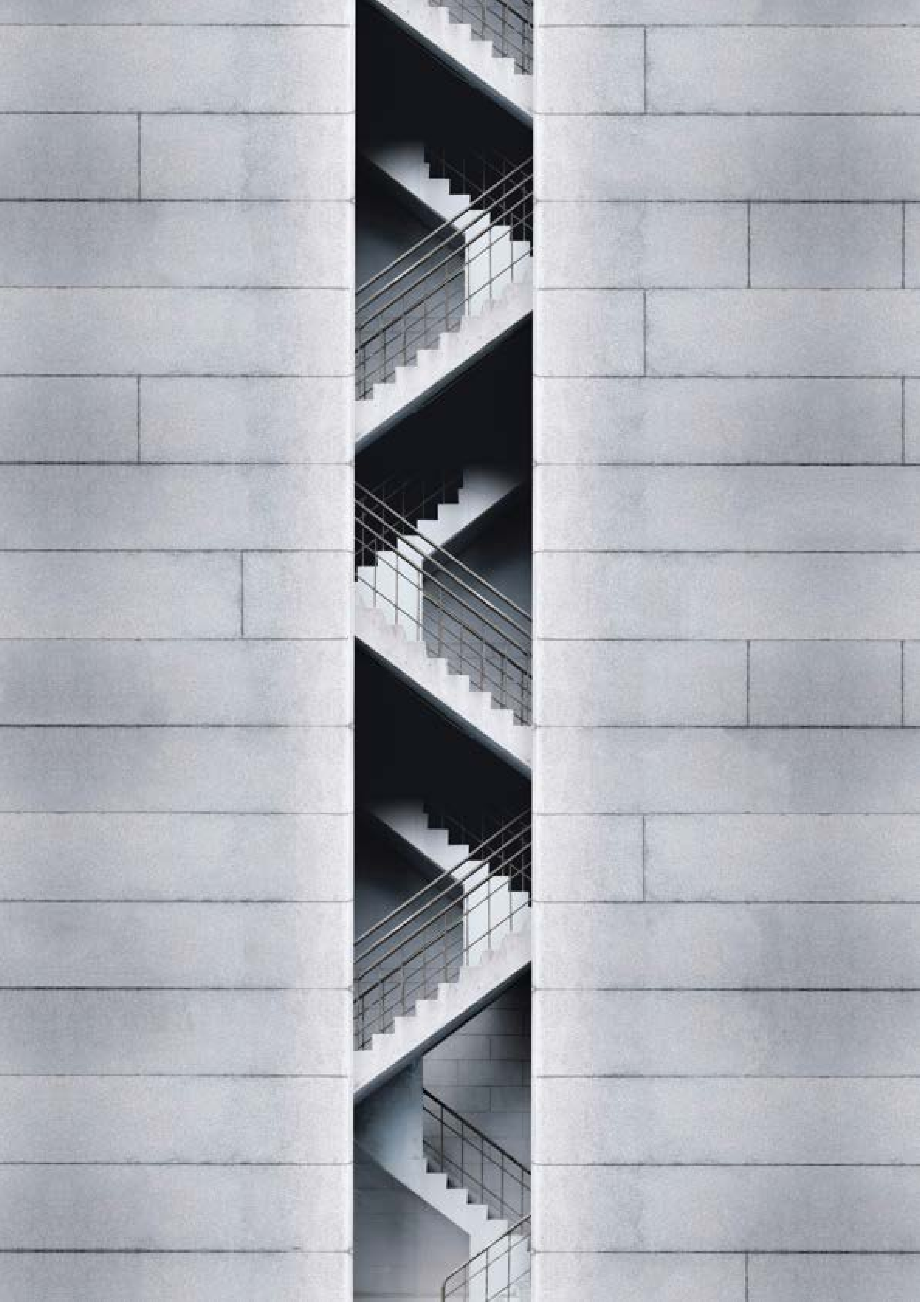
			Deductions			Ending Balance		
Related Parties	**Balance at beginning of year**	**Additions**	**Collections (Payments)**	**Discounting**	**Write Off**	**Current**	**Noncurrent**	**Balance as at December 31, 2022**
Trade and other receivables								
Entities under common control	₱262,800	₱509,194	(₱553,596)	₱–	₱–	₱–	₱–	₱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)

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	Number of shares held by: Related parties	Number of shares held by: Directors, officers and employees	Number of shares held by: 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





Corporate Information & Directory

STOCK EXCHANGE LISTING
Vitarich Corporation common shares are listed on the Philippine Stock Exchange (PSE: VITA, ISIN: PHY937931186).

REGISTERED OFFICES

Bulacan
Marilao-San Jose Road, Sta. Rosa 1
Marilao, Bulacan 3019
Phone: (02) 8843-3033

Bicol
Zone 4, Brgy. San Isidro Magarao,
Camarines Sur
Phone: (054) 881-9104

Iloilo
Brgy. Malli-ao, Pavia, Iloilo
Phone: (033) 320-6753

Bacolod
Luzuriaga Extension, Reclamation Area,
Brgy. 13 Bacolod City
Phone: (034) 445-3744

Cagayan de Oro
NEO Central Arcade, Unit A, Warehouse 3,
Cugman Highway, Cagayan de Oro
Phone: (088) 857-6938

Davao
Km.14, Panacan, Davao City
Phone: (082) 238-0330 to 32

General Santos
Doors D and E, FMUFASCO Building, National Highway,
Brgy. Sinawal, General Santos City, South Cotabato
Phone: (083) 553-5006
Target opening: July 2023

For inquiries from investors, analysts, and members of the media, contact ir@vitarich.com

For inquiries regarding shareholder records, dividend payments, change of address and account status, and lost or damaged stock certificates, contact:

Stock Transfer Service, Inc.
Unit 34-D, Rufino Pacific Tower
6784 Ayala Avenue, Makati City 1226
Mobile: 09454852455 | 09982915456
Phone: (02) 8403-2412 | (02) 8403-2410
(02) 8403-3433 | (02) 8403-9853
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VITARICH
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