COVER SHEET

2	1	1	3	4				

S.E.C. Registration Number

VITARICH CORPORATION

(Company's Full Name)

MARILAO-SAN JOSE ROAD, STA.
ROSA I, MARILAO, BULACAN

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

Atty. Mary Christine Dabu-Pepito
Contact Person

(+632) 8843-30-33
Company Telephone Number

12-31
Month *Day*

Fiscal Year

17-A
Form Type

Last Friday of June

06
Month Day

Secondary License Type. If Applicable

Dept. Requiring this Doc.

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

S T A M P S

SEC COVER SHEET 17-A

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2023**

2. SEC identification Number **21134**

3. BIR Tax Identification No. **000-234-398**

4. **VITARICH CORPORATION**
   Exact name of issuer as specified in its charter

5. **BULACAN**
   Province, country or other jurisdiction of incorporation or organization

6. **POULTRY AND LIVESTOCK**
   Industry Classification Code: (SEC Use Only)

7. **MARILAO-SAN JOSE ROAD, STA. ROSA I, MARILAO, BULACAN** **3019**
   Address of issuer's principal office Postal Code

8. (**+632) 8843-3033**
   Registrant's telephone number, including area code

9. **N/A**
   Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Stock	**3,054,334,014**

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

    Yes [√] No [ ]

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

    Philippine Stock Exchange, Inc. **Common**

12. Indicate by check mark whether the registrant:

    (a) Has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

    Yes [√] No [ ]

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

    Yes [ ] No [√]

13. The aggregate market value of the voting stock by non-affiliates of the registrant total to P 408,306,096.6 as of December 31, 2023.

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.
Yes [ ] No [✓]

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated

(a) Any annual report to security holders
-

(b) Any information statement filed pursuant to SRC Rule 20
-

(c) Any prospectus filed pursuant to SRC Rule 8.1
-

VITARICH CORPORATION
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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

HISTORY

Vitarich Corporation ("Corporation" or "Vitarich" or "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 31, 1962 to engage primarily in manufacturing, preparing, processing, mixing and dealing with feeds, foodstuffs, grains, and commodities of every description for poultry, livestock and all kinds of animal feeding. Its shares of stock were registered with the Philippine Stock Exchange on February 8, 1995. Vitarich's authorized capital stock is P1,330,000,000.00 divided into 3.5 billion shares at P0.38/share par value.

Over the years, Vitarich grew to become one of the Philippines' leading integrators. It operates on plants nationwide which produce hog, poultry, and other specialty feed requirements. It is an integrated poultry producer who oversees every aspect of the poultry production. It is involved in breeding, hatching, growing, to sales and marketing of its animals.

The Corporation's registered principal place of business is at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan. It also operates in Luzon (Bicol and Isabela), Visayas (Iloilo, Cebu and Bacolod), and Mindanao (Davao, General Santos City and Cagayan de Oro).

SUBSIDIARY
BARBATOS VENTURES CORPORATION

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

BUSINESS OF ISSUER

Business Segments and Product Distribution

For management purposes, the Company is organized and managed separately according to the nature of products and services 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:

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

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

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

The Corporate and Others segment includes general and corporate income and expense items of the Company which are not specifically identifiable to a particular segment.

The relative contributions of each principal product to consolidated revenue for the years ended December 31, 2023, December 31, 2022, and December 31, 2021, are:

PHP millions

	2023	**2022**	**Change**	**2021**	**Change**
Feeds	5,128	5,199	-1%	4,695	11%
Foods	6,943	6,241	11%	4,231	47%
Farms	424	528	-20%	778	-32%
	12,495	**11,968**	4%	**9,704**	23%

Competition

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

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

Sources of Raw Materials

The raw material components of feeds represent the most significant cost components of the Company's operations. Major raw materials of the Company's feed business are corn, wheat, and soybean meal. The Company purchases these materials directly from either local or foreign traders. Imported materials originate from Australia, North and South America, India, and Pakistan. The Company is not dependent on, nor has any major existing supply contracts with, any single or limited number of its suppliers for the purchase of essential raw materials.

Customers

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

Trademarks, Royalty, and Patents

As of 2023, the Company continued to use the following trademarks, devices, and logos, which were previously registered with the Intellectual Property Office of the Philippines ("IPOPhil") on the dates opposite to its names:

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

The Company continues to use the above-mentioned marks and had filed the required Declaration of Actual Use with the IPOPhil as the same falls due per trademark/mark. Company does not hold any other patent, trademark, franchise, concession, or royalty agreement.

Certifications

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

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

The food sales business of Vitarich was also recertified in March 2022 for implementing an effective quality management system for the delivery of safe and quality food products using the Codex Alimentarius Commission General Principles on Food Hygiene and the Guidelines on HACCP, or Hazard Analysis and Critical Control Points. Recently, in March 2024, Vitarich underwent an HACCP Surveillance Audit and retains its HACCP Certification for the verification and delivery of raw and frozen chicken, including giblets. The HACCP certification of Vitarich remains current, complete, and effective. The HACCP Certificate was issued by NQA Philippines, Inc., a certifying body accredited by UKAS, the United Kingdom Accreditation Service. This certification is in line with Vitarich's mission to continuously adopt new business development programs and technological advancements to enhance the quality of products and services provided to its stakeholders. Vitarich Corporation holds an FDA License to Operate as a Food Trader, issued in October 2023, with an effective date remaining until October 11, 2028.

Government Regulations and Approval

As an agri-business, the Corporation operates within a highly regulated environment governed by government standards.

Adherence to environmental laws not only fosters positive relationships within communities and industries but also assures employees and the surrounding community of their health and safety. This commitment safeguards the Corporation from potential violations and penalties.

In addition to environmental compliance, the Company prioritizes ensuring the delivery of safe and high-quality products to consumers. This involves seeking government approval for its core products and services, as well as securing registration for its feed mill, accreditation for its chemical laboratory, and certification for its meat plant and cold storage facilities, in accordance with the standards set by the Bureau of Animal Industry ("BAI") and the National Meat Inspection Services ("NMIS"). Furthermore, the Corporation diligently acquires all necessary permits from the Environmental Management Bureau ("EMB") under the Department of Environment and Natural Resources ("DENR") for its feed mill plants, dressing plants, and rendering plants.

The Company has successfully obtained all required permits, licenses, and government approvals to manufacture and distribute its products. It remains vigilant regarding any potential legislative changes that may impact its operations or financial standing, yet currently, there are no known recent or impending regulations that could significantly affect its business or financial condition.

Research and Development

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

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

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

- Advanced Animal nutrition
- Diagnostic Laboratory Services
- Feeds and Feeds Quality Control
- Poultry Genetic Research
- New Product Development
- Technical Extension Services for contract breeders, growers, and sales clients

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

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

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

For research and development activity, the Corporation spent P8.8 million in 2023, P10.6 million in 2022, and P6.0 million in 2021.

Cost and Effects of Compliance with Environmental Laws

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

1.Annual stack Emission Testing of boilers to ensure that all the gases being emitted during the operation of boilers and power generators are within the Standards of the Clean Air Act of the Philippines. For the Davao plant, a 3rd-party tester (Berksman) has been tapped for emissions testing of the 2 boiler units for Plant 1, the 2 boiler units for Plant 2, and the single-unit power generator for Plant 2. The most recent test was conducted on December 4-9, 2023 at a cost of Two Hundred Eighty-Five Thousand Six Hundred Pesos (P285,600.00). The Vitarich Davao plant passed all the parameters and earned a satisfactory rating. The result will be submitted to EMB as compliance to conditions for maintaining the Permit to Operate Air Pollution Sources and Control Installations ("POA").

> For Iloilo, the Permit to Operate ("PTO") for the boiler was issued on November 22, 2022, with five years of validity until April 8, 2027. Annual Boiler Stack Emission Testing was done last May 12, 2023 and testing fee was Fifty Thousand pesos (P50,000.00). Ambient air monitoring test was also done last July 7, 2023 with a testing fee of Thirty Five Thousand pesos (P35,000.00). Both results passed the EMB-DENR standards. Subsequent annual Boiler Servicing and Emissions Testing will be carried out subject to inspection and approval by the DOLE and EMB-DENR.

2. Regular Monitoring of the final discharge of wastewater from the Corporation's plants, ensuring that water discharge from the operations is within the regulatory standards set by the Clean Water Act. The Iloilo Plant's Wastewater Discharge Permit was issued on February 21, 2024 after passing all the test parameters for Wastewater Discharges and after submission of all relevant documents. The cost of the Laboratory Analysis fee amounted to Seven Thousand Five Hundred Pesos (P7,500.00) and the fee for the permit for processing Waste Water Discharge was Two Thousand One Hundred Twenty Three & 05/100 Pesos (P2,123.05). For the Davao plant, the Waste Water Discharge permit was issued in January 2021 with validity coverage of 5 years. The cost of acquiring the permit was Fourteen Thousand Forty Pesos (P14,040.00).

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

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

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

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

7. The Company acquired an additional permit to transport hazardous material (used oil) for the Davao plant at a cost of One Thousand Forty Pesos (P1,040.00). VDAP Certificate for the production of veterinary products cost Six Thousand Pesos (P6,000.00) and will be renewed in August 2024.

8. The Company had taken steps in 2023 to comply with RA 11898 or the Extended Producer Responsibility Act of 2022 and incurred costs amounting to at least Two Hundred Eighty Five Thousand One Hundred Twenty Pesos (P100,000.00). It sought accreditation with Philippine Alliance for Recycling and Materials Sustainability. It had already accredited a waste diverter in Davao in is now in the process of engaging a DENR-accredited third-party auditor.

Manpower Complement

As of December 31, 2023, total headcount was 1,245 employees, including 672 regulars and 573 contractual employees from reputable service provider. As of March 7, 2024, total headcount stood at 1,313 employees – including 673 regular and 640 contractual workers.

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

Pension Costs/Retirement Benefits

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

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

Actuarial valuations are made periodically to update the retirement liability and the amount of contributions. The latest actuarial valuation of the plan is as of December 31, 2023.

Financial Risk Management

The Company's financial instruments consists of cash, trade and other receivables (excluding advances to officers and employees), receivable from an insurance company, security deposits, trade and other payables (excluding statutory payables), loans payable, lease liabilities and cash bond deposits.

It is the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD and its Audit, Risk Oversight, and Related Party Transactions Committee reviews and approves policies for managing these risks as summarized below.

Credit Risk

The Company's exposure to credit risk arises from the failure of a counterparty to fulfill its financial commitments to the Group under the prevailing contractual terms. Financial instruments that potentially subject the Group to credit risk consist primarily of trade receivables and other financial assets at amortized cost. The carrying amounts of these financial assets represent its maximum credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company may not be able to settle its obligations as they fall due.

The Company monitors its risk to a shortage of funds through analyzing the maturity of its financial liabilities and cash flows from operations. The Company monitors its cash position by a system of cash forecasting, wherein all expected collections, check disbursements and other payments are determined on a timely basis to arrive at the projected cash position to cover its obligations.

The Company's objective is to maintain a balance between continuity of funding and flexibility. The Company addresses liquidity concerns primarily through cash flows from operations.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Company's loans payable to local banks are subject to fixed interest rates and are exposed to fair value interest rate risk. The re-pricing of these instruments is done on regular intervals. The Company regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take. The Company likewise continuously negotiates with creditors to get a mutually beneficial interest rate, which would benefit both the creditor and the Company. No sensitivity analysis is needed as management has assessed that future interest rate changes are not expected to significantly affect the Company's consolidated net income.

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.

Financial and Other Risks Relating to Livestock

The Company is exposed to various risks affecting the food industry such as food spoilage and contamination, thus, it is regulated by environmental, health and food safety organizations. The Company has processes and systems in place to monitor food safety risks in all stages of manufacturing and processing to mitigate these risks. In addition, the livestock industry is exposed to risks associated with supply and price volatility of its inventories and livestock.

To mitigate this risk, the Company regularly monitors the supply and price of commodities and enters into supply agreements at a reasonable price.

Item 2. PROPERTIES

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

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

The Corporation will only consider a project that is critical to its continued operations and that will likewise generate substantial cost savings and higher returns on investment.

Item 3. LEGAL PROCEEDINGS

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

On May 31, 2023, the court granted Vitarich's claim and ordered Charter Ping An to pay Vitarich, among others, the amount of Two Hundred Forty Seven Million Six Hundred Twenty Thousand Five Hundred Fifty Five Pesos (P247,620,555.00), representing the actual loss of the insurance claim. On June 7, 2023, Charter Ping An appealed the case to the Court of Appeals Manila. On June 14, 2023, the RTC of Bulacan issued an Order directing the records of the case to be forwarded to the Court of Appeals, Manila City. Vitarich will file a Motion for Execution Pending Appeal before the Court of Appeals.

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.

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

There were no matters submitted to a vote of security holders during the calendar year covered by this report other than those made during the Annual General Meeting of the Stockholders held on June 30, 2023. The results of the AGM were disclosed to the Philippine Stock Exchange via the PSE Edge portal on June 30, 2023 and posted on the Company's website. A copy of the draft of the Minutes of the meeting is also posted on the Company's website.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. MARKET PRICE OF AND DIVIDENDS ON REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

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

	2022		2023	
	High	**Low**	**High**	**Low**
1st Quarter	0.61	0.61	0.64	0.61
2nd Quarter	0.6	0.59	0.63	0.6
3rd Quarter	0.57	0.51	0.57	0.54
4th Quarter	0.6	0.59	0.52	0.5

The closing price of the Corporation's common shares as of the last trading date, December 31, 2023, was P0.60 per share.

As of March 20, 2023, the latest trading date prior to the completion of this annual report, the price per share of the common stock was P0.51/share.

No securities have been issued in connection with an acquisition, business combination, or other re-organization within the last two fiscal years.

Holders

The Corporation has only one class of shares, i.e., common shares. The total number of stockholders as of December 31, 2023 was 4,113 with the total number of shares outstanding on that date of three billion fifty-four million three hundred and thirty-four thousand and fourteen shares (3,054,334,014).

	Dec 2023	Dec 2022
Number of Issued & Outstanding Shares	3,054,334,014	3,054,334,014
Number of Stockholders	4,103	4,113
Number of Shareholders owning at least one board lot each	3,102	3,111

The Company's foreign equity ownership as of December 31, 2023, is:

	No. of Shares	% Ownership
Shares owned by Filipinos	2,955,903,884	97%
Shares owned by Foreigners	115,737,442	3%
Total	**3,054,334,014**	**100%**

The top 20 stockholders of the Corporation as of December 31, 2023:

Rank	Name of Stockholders	Number of Shares	Percent to Total Outstanding Shares
1	PCD NOMINEE CORPORATION (FILIPINO)	2,936,639,752	96.15%
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	97,593,630	3.20%
3	YAZAR CORPORATION	1,402,520	0.05%
4	JOSE M. SARMIENTO	1,305,320	0.04%
5	MA. LUZ S. ROXAS	1,305,320	0.04%
6	MA. VICTORIA M. SARMIENTO	1,305,320	0.04%
7	GLICERIA M. SARMIENTO	690,000	0.02%
8	NELIA CRUZ	527,850	0.02%
9	ROGELIO M. SARMIENTO	290,000	0.01%
10	ANTONINO S. RAAGAS	270,000	0.01%
11	BETINA ANGELINA I. SARMIENTO	228,510	0.01%
12	NORBERTO T. HOFELENA	220,778	0.01%
13	GLADY Y. LAO	215,000	0.01%
14	BERNAD SECURITIES, INC.	203,000	0.01%
15	DANIEL J. ADVINCULA	200,000	0.01%
16	ORLANDO P. CARVAJAL	185,000	0.01%
17	TERESITA Y. SARMIENTO	164,000	0.01%
18	LORENZO S. SARMIENTO	141,134	0.00%
19	BIENVENIDO LIM	140,000	0.00%
20	GEORGE CHUA	111,000	0.00%
	Others	11,195,880	0.37%
	Total Shares Issued and Outstanding	**3,054,334,014**	**100%**

Dividends

The Corporation has not declared dividends since 1996.

Sales of Unregistered Securities

The Corporation has not sold unregistered or exempt securities within the past three (3) years. Neither has it issued securities within the past three (3) years.

Description of Shares

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

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

Management's Discussion and Analysis

Fiscal Year 2023 compared to Fiscal Year 2022

The Company reported revenues of ₱12.5 billion in 2023, an increase of 4% year-over-year, with the following highlights:

- Foods segment was the largest contributor to revenues at 56%, growing 11% from last year to ₱6.9 billion. There was continued momentum in the business with a 14% volume expansion led by demand in Luzon and the Visayas. Pricing, however, was under pressure amid oversupply of chicken in the market.
- Feeds segment comprised 41% of revenues, which was down 1% versus the prior year to ₱5.1 billion. Pricing climbed 16% while sales volume decreased 15%. This performance was due to multiple factors, including the following: the continued gradual increase in selling prices which the Company implemented since 2022 in response to high input cost inflation; the lower demand for hog feeds due to the continued spread of African swine fever; and the depressed selling prices of chicken which dampened the demand for broiler feeds among the commercial farms.
- Farms segment accounted for 3% of revenues, reflecting a 20% decrease to ₱424.4 million as a result of overall market conditions. A fair value changes on biological assets amounting to a loss of ₱47.8 million was recognized as part of revenues based on lower estimated selling price of chicken in the market.

Gross profit was ₱904.5 million, a 19% decline from the previous year, as cost of goods rose 6% to ₱11.6 billion on higher production costs. Gross margin decreased to 7% from 9%.

Net income was ₱13.3 million with earnings per share of ₱0.004 compared with ₱89.6 million and ₱0.029 in 2022 largely due to the decline in gross profit combined with higher operating expenses mainly from increased labor costs.

The Company is implementing efforts to strengthen a more resilient business model to deliver its long-term business and financial goals. These initiatives include stronger marketing and brand support, capability investment, and increased visibility in modern trade channels which are expected to drive top-line growth and gross margin expansion.

Fiscal Year 2022 compared to Fiscal Year 2021

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

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

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

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

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

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

Segment highlights

- Revenues from the Foods segment amounted to P6.2 billion, an all-time high on 48% growth, as the more robust recovery in food services and restaurants lifted demand and the company’s value-added products that were unveiled in November provided some additional support. Volume was up 22% led by demand in Luzon and Mindanao while average prices increased 19%, reflecting significant cost inflation. The Foods segment comprised 52% of overall revenues.

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

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

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

Fiscal Year 2021 compared to Fiscal Year 2020

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

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

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

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

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

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

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

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

Segment Highlights

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

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

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

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

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

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

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

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

Outlook

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

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

PHP millions, except per share data

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

Fiscal Year 2020 compared to Fiscal Year 2019

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

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

Sales of goods per business segment:

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

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

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

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

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

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

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

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

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

Fiscal Year 2019 compared to Fiscal Year 2018

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

Sales by business segment are:

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

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

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

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

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

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

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

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

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

Financial Condition

As at December 31, 2023, total assets were ₱5.2 billion, increasing ₱1.6 million from December 31, 2022. Current assets declined 4% to ₱2.7 billion following the reduced advances to suppliers related to the importation of raw materials. Non-current assets increased 5% to ₱2.5 billion primarily due to new machinery and equipment at the Marilao dressing plant, additional transportation equipment, and the completion of the Davao warehouse.

Total liabilities were ₱3.3 billion, down ₱26.7 million from December 31, 2022. Current liabilities decreased 1% to ₱3.0 billion as the Company managed to limit importation of raw materials which lowered short-term loans payable. Non-current liabilities grew 3% to ₱289.1 million driven by additional retirement obligations recognized based on the latest actuarial valuation and an additional credit line for planned vehicle acquisitions.

Stockholders' equity stood at ₱1.9 billion.

Net cash provided by operating activities was ₱371.8 million in 2023, net cash used in investing activities was ₱111.5 million, and net cash used in financing activities was ₱231.4 million.

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

	2023	**2022**	**2021**
Revenue (P Million):			
Sale of goods	12,544	11,958	9,649
Fair value adjustment on biological assets	(48)	11	(23)
Cost Contribution (P Million): Cost of Goods Sold	11,591	10,900	8,752
Gross Profit Rate (%)	7%	9%	9%
Operating Margin (P Million)	22	194	184

1) Sales Volumes, Price, and Revenue Growth

Consolidated revenue composed of feeds, day-old chicks, and chicken and animal health products sales including fair value adjustment on biological assets, amounted to P12.5 billion, 4% higher than the previous year of P12.0 billion, driven by increased sales volume of chicken and increase in feeds pricing.

2) Cost Contribution

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

3) Gross Profit Rate

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

4) Operating Margin

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

5) Plant Capacity Utilization

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

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

There are no material commitments for capital expenditures.

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

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

Item 7. FINANCIAL STATEMENTS

The Consolidated Audited Financial Statement of the Corporation for the year-ended December 31, 2023, including the applicable schedules listed in the accompanying index to financial statements and supplementary schedules are filed as part of this form 17-A. The Parent Audited Financial Statements for the year-ended December 31, 2023 is likewise attached.

Item 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

External Audit Fees and Services

Audit and Audit-Related Fees

The work of Reyes Tacandong & Co. consisted of an audit of the financial statements of the Company to enable them to express an opinion on the fair presentation, in all material respects, of the Company's statement of financial position, statement of comprehensive income, statement of changes in equity, and statement of cash flows in accordance with Philippine Financial Reporting Standards. For the year 2023, audit fees amounted to P3.45 million, exclusive of VAT and out of pocket expenses.

All Other Fees

For the year 2023, Vitarich engaged the services of Reyes Tacandong & Co. to do tax compliance review. The consideration for such services is P 1.1 million, exclusive of vat and out-of-pocket expenses.

There were no other services obtained from the external auditor other than those mentioned above.

Prior to the engagement of the external auditor, the Audit, Risk Oversight and Related Party Transactions Committee reviewed and confirmed the terms of engagement and the scope of services of the external auditor as endorsed by the management of the Company. Its approval policies and procedures for external auditors are:

1. Statutory audit of the Company's annual financial statements

a. The Audit, Risk Oversight, and Related Party Committee ensures that the services of the external auditor conform with the provision of the company's manual of corporate governance specifically articles 2.3.4.1, 2.3.4.3 and 2.3.4.4
b. The Audit, Risk Oversight, and Related Party Committee makes an assessment of the quality of the prior year audit work services, scope, and deliverables and makes a determination of the reasonableness of the audit fee based on the proposed audit plan for the current year.

2. For services other than annual F/S audit:

a. The Audit, Risk Oversight, and Related Party Committee evaluates the necessity of the proposed services presented by management taking into consideration the following:

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

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

For 2023, the Company's independent public accountant was Reyes Tacandong & Co. The audit of the financial statements of the Company was handled and certified by the engagement partner, Ms. Michelle R. Mendoza-Cruz. The firm complied with the Revised SRC Rule 68, paragraph 3 (b) (iv) re: seven (7) years rotation requirement for the external auditor.

Pursuant to SRC Rule 68.1 (Qualification and Reports of Independent Auditors), the Company engaged Reyes Tacandong & Co. for the audit of the Company's financial statements effective calendar year 2023. The engagement of Reyes, Tacandong & Co. and the engagement partner was approved by the Board of Directors and the stockholders of the Company.

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

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS

Pursuant to the Company's Amended Articles of Incorporation dated March 25, 2021, its Board of Directors has nine (9) members, two (2) of whom are independent directors.

The directors of the Company are elected at the annual meeting of the stockholders to hold office for one (1) year until the next succeeding annual meeting of the stockholders and until the respective successors have been elected and qualified. Any vacancy shall be filled in accordance with the provisions of the Revised Corporation Code of the Philippines.

Officers are elected by the newly elected Board of Directors at the organizational meeting held right after the annual meeting of the stockholders. The Board also elects during its organizational meeting the chairman and members of the Audit, Risk Oversight, and Related Party Transactions Committee as well as the chairman and members of the

Nominations, Remunerations, and Corporate Governance Committee. The officers shall be subject to removal at any time by the Board of Directors, but all officers, unless removed, shall hold office for a term of one (1) year until their successors are appointed. If any vacancy shall occur among the officers of the Corporation, such vacancy shall be filled by the Board of Directors.

Directors and Officers

The following are the directors and officers of the Corporation for the term of one (1) year from June 30, 2023 or until their successors shall have been elected and qualified:

Jose Vicente C. Bengzon III, Filipino, 66 years old
Director/Chairman of the Board

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

Ricardo Manuel M. Sarmiento, Filipino, 47 years old
Director/President & Chief Executive Officer

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

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

Mr. Sarmiento is an active member of the Rotary Club of Manila, Upsilon Sigma Phi, and the Young President's Organization (YPO Philippines Chapter). He has been a panelist in various business forums including the Philippine Summit of The Asset and the Economic Forum of BusinessWorld. His team was recognized as the Executive

Leadership Team of the Year and a Circle of Excellence Awardee at the Asia CEO Awards 2022. Mr. Sarmiento holds a bachelor's degree in tourism from the University of the Philippines, Diliman.

Stephanie Nicole M. Sarmiento-Garcia, Filipino, 44 years old
Director/Executive Vice-President, Chief Sustainability Officer (CSO)/Corporate Management Services Director/Treasurer

Ms. Garcia is the Executive Vice President - Chief Sustainability Officer and Corporate Management Services Director of Vitarich Corporation. She carries with her almost two decades of solid hands-on experience in the integrated feeds and foods businesses of the company. In addition to her integral role in the corporation, Ms. Garcia also oversees the external activities of Vitarich Corporation and manages its various partnerships with key stakeholders and the government. She is likewise the President of Precisione International Research & Diagnostic Laboratory, Inc. Due to her deep knowledge in the poultry and feeds business, she is recognized by the Philippine Department of Agriculture as a technical resource person and is often invited to share her expertise with the government and private sector groups. She is one of the leaders of Pilipinas Kontra Gutom - a national and multi-sectoral anti-hunger movement, which aims to bring public and private organizations together on various programs with a common goal: 1 million fewer hunger Filipinos by 2022. Ms. Garcia served as the President of the Philippine Association of Feed Millers, Inc. (PAFMI) from February 2020 to February 2021. Prior to Vitarich, she was a Store Manager at *Le Pain Quotidien,* an international chain of café-style restaurants, specializing in bakery items. Earlier on, she held a front desk position at the *Ritz Carlton Hotel* in San Francisco. She holds a degree in International Hospitality Management from the Glion Institute of Higher Education (formerly known as Glion Hotels School), a private, university-level Swiss hotel management school in Switzerland. Ms. Garcia joined Vitarich in October 2003.

Rogelio M. Sarmiento, Filipino, 75 years old
Director

Mr. Sarmiento served the Corporation in different capacities as director (1982 to 1991; 2003 until April 29, 2021; October 15, 2021 to present), President and Chief Executive Officer (2003 to June 24, 2016), and Chairman of the Board of Directors (2003 to June 29, 2012). He was elected on October 15, 2021 as a director to fill in the vacancy that resulted from the untimely demise of Mr. Jose M. Sarmiento. He was also the President of L.S. Sarmiento & Co., Inc., Sarmiento Industries, Inc., Fortuna Mariculture Corporation, and Sarphil Corporation from 1968 to 1981. He obtained his Bachelor of Science in Business Administration degree from the University of San Francisco and his Master of Business Administration degree from the University of Santa Clara in the United States of America. He was President of the Philippine Association of Feed Millers Inc. from 1990 to 1992 and Vice-President of the Philippine Chamber of Commerce from 1988 to 1989. Formerly a member of the Interim Batasang Pambansa, he concurrently served as Minister of State for Transportation and Communications. He also served as Deputy Director General of the National Economic and Development Authority. He was a member of the House of Representatives representing the First District of the Province of Davao del Norte from 1992 to 2001.

Benjamin I. Sarmiento, Jr., Filipino, 54 years old
Director

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

Lorenzo Vito M. Sarmiento, III, Filipino, 49 years old
Director

Mr. Sarmiento was elected as director on June 29, 2012. He is also the President of Lockbox Storage, Inc. He was Co-founder and Chief Operating Officer of Advanced Environmental Soil Solutions, Inc. He was President of Davito

Holdings Corporation, President of Speed Space Systems, Chairman of Emphasys Process Corporation, Investor and co-founder at South Super Sports, Team Manager under contract with the Philippine Football Federation, and Creative Director of Speed HKG. He graduated in 1999 from the University of San Francisco with a Bachelor of Science degree in Business Administration with emphasis on Marketing and International Business. He took up special courses in International Studies at the Richmond College in London, England, and Network Engineering at Herald College, San Francisco, USA.

Atty. Juan Arturo Iluminado C. De Castro, J.S.D., LL.M., Filipino, 43 years old
Director

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

Pierre Carlo C. Curay, Filipino, 45 years old
Independent Director

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

Vicente Julian A. Sarza, Filipino, 71 years old
Independent Director

Mr. Sarza was first elected as Independent Director of the Corporation in 2016. He also serves as Independent Director of HC Consumer Finance Phils, Inc. (Home Credit) and the AIB Money Market Mutual Fund, Inc. He was a director and Chief Operating Officer of Mabuhay Capital until his retirement therefrom in 2020. However, he remains a consultant of Mabuhay Capital. Prior to joining Mabuhay Capital, Mr. Sarza was Senior Vice President, Head of institutional banking at Asia United Bank (AUB), a publicly listed company, which operates as a universal bank. Before moving to AUB, Mr. Sarza was a Principal, Head of Advisory Services, in KPMG Philippines. He was responsible for the significant expansion of market share and significant increase in recognition of KPMG Advisory as an advisory services firm in key industries, such as financial institutions, energy, water, infrastructure, insurance and in government and multilateral institutions. Over the years, Mr. Sarza's extensive experience included successful engagements as Director to Chief Privatization Officer, rank of Undersecretary in the Privatization and Management Office (an agency of the Department of Finance). Mr. Sarza was also a Director and Chairman of the Technical Committee on

Privatization and Office for Special Concerns for the Department of Finance (Republic of the Philippines). Mr. Sarza had various roles in the successful privatization of Maynilad, International School Manila, Philippine Telecommunications Investment Corp., Energy Development Corp., and lloilo Airport. Mr. Sarza spent more than 25 years in banking, his stints spanning corporate, middle market, and consumer banking with added responsibilities in his last 8 years through involvement in senior functions such as Mancom, Asset and Liabilities Management, and Credit Committee duties, among others. Prior to the Department of Finance, Mr. Sarza spent a total of 14 years at United Coconut Planters Bank (UCPB) and UCPB Savings Banks as Manager to First Vice President-Head of the Commercial Credit Division and President and COO, respectively. Mr. Sarza holds an A.B. degree in Economics from the Ateneo De Manila University.

Executive Officers

Atty. Aison Benedict C. Velasco, Filipino, 46 years old
Corporate Secretary

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

Atty. Mary Christine C. Dabu-Pepito, CCO, TCS, Filipino, 38 years old
Assistant Corporate Secretary/Compliance Officer/Corporate Information Officer

Atty. Dabu-Pepito was first appointed as the Corporation’s Assistant Corporate Secretary/Compliance Officer/Corporate Information Officer on March 21, 2016. She obtained her Bachelor of Arts degree in Broadcast Communication from the University of the Philippines-Diliman and graduated Cum Laude in 2006. She took up her Bachelor of Laws degree at the San Beda University-Manila in 2011 and was admitted to the Bar on March 28, 2012. She is a Partner at Dabu & Associates Law Office. Her areas of practice are litigation and corporate law. This includes civil, family, criminal, commercial, administrative, employment, and labor law litigation as well as corporate and commercial services, and corporate housekeeping. She is also one of the Corporation’s legal counsels. She is an alumna of the 5th cohort of the Applied Sustainability Management in Asia Pacific (ASMAP 5) held on October 2019. Organized by the Center for Social Responsibility of the University of Asia and the Pacific, ASMAP is an executive training program for linking sustainability and business performance. She is a Certified Compliance Officer and Certified Tax Compliance Specialist having completed and passed the qualifying examinations of the Certification Course for Compliance Officers and Certification Course for Tax Compliance Specialist administered by the Center for Global Best Practices on April 5, 2022 and September 22, 2023, respectively.

Other Executive Officers

Reynaldo D. Ortega, Filipino, 54 years old
Senior Vice President and General Manager Poultry, Feeds, and Foods Sales Division

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

Poultry production, processing, and marketing in the USA, Europe and Asia.

Alicia G. Danque, Filipino, 50 years old
Senior Vice President – Chief Supply Chain Officer/Alternate Corporate Information Officer

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

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

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

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

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

Elaine C. Nantes, Filipino, 60 years old
Vice President & Corporate Quality and Technical Services Director

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

Council of the Department of Agriculture National Meat Inspection Service (Philippines). She was awarded by her alma mater, the University of Santos Tomas, *the Albertus Magnus Award* of the College of Science for alumna who excelled in their chosen field of expertise: Microbiology.

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

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

Carmencita S. Policarpio, Filipino, 60 years old
Vice President & Director, Corporate Technical Services Directorate (Facilities & Project Management)

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

She has extensive work experience in developing and implementing effective quality control processes, quality management, laboratory, and production/plant management. She has been with the Corporation since 10 October 2016 and as such, has been assigned in the Corporation's feed mill plants, poultry dressing operations, commercial laboratory management, and Facility/Project management. She has attended several trainings and conventions in Thailand, Malaysia, Singapore and Indonesia. Throughout her leadership, the corporation's feed mill plants experienced significant advancements in food safety. They successfully implemented and transitioned to ISO 22000:2018 Food Safety Management System, which was granted by Certification International, Philippines. This accomplishment ensures a higher level of food safety for consumers. Moreover, the corporation received the HACCP (Hazard Analysis and Critical Control Point) certification from NQA, a globally recognized Testing, Inspection, and Certification (TIC) provider, accredited by UKAS (United Kingdom Accreditation Service). This certification was awarded to their poultry dressing plant. Furthermore, the company obtained Halal Registration Certificate and Halal Dressing Plant Accreditation, showcasing their dedication to maintaining a secure and safe food production process for its poultry dressing plant, further demonstrating their commitment to maintaining a safe and secure food production process. Engr. Policarpio is presently serving as Auditor & Technical Committee Head of the Philippine Institute of Chemical Engineers - CAMANAVA Chapter. Prior to joining the Corporation, she worked as Plant Manager of Secret Recipes Foods Corp. (Subsidiary of Robinson's Group of Companies), Assistant Manufacturing Manager of Plastic Container Packaging Corp, a food packaging company, and QA Manager then promoted to Plant Manager of Vassar Industries Inc. (Food Packaging company).

On July 1, 2023, Engr. Policarpio successfully finished her master's degree in food safety management from the School of Food Science and Technology at the Philippine Women's University. She graduated with outstanding academic performance, receiving an Excellent grade for her Food Safety Management Case Study Defense. This achievement showcases her dedication and expertise in the field of food safety.

Dilbert D. Tan, Filipino, 43 years old
Vice President and Finance Operations Director

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

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

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

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

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

Carina Lourdes M. Fabian, Filipino, 51 years old
Vice President – Special Projects Director

Ms. Fabian was first appointed on January 2, 2024. She is a customer development professional with more than 2 decades of experience in growing multinational & family-owned corporations. Prior to her appointment with the Company, she was National Sales Manager – Non-Traditional Channel at Century Pacific Food, Inc. for 5 years. Her vast experience includes her employment stint with Pure Foods Corporation, San Miguel Corporation, and Digitel Mobile Philippines, Inc., among other companies. She is a graduate of Bachelor of Science in Business Administration at University of the Philippines, Diliman.

Marie Angelie Bautista-Macatual, Filipino, 45 years old (Resigned effective February 28, 2024)
Vice President – Marketing and Business Development Director

Ms. Macatual was appointed on February 20, 2023. She has more than 20 years of extensive experience in Marketing, Commercial Excellence, Project Management, Business Development and Cross-functional Leadership in both B2B/B2C and regional/global environments. She has specializations in End-to-End Consumer & Product Marketing, Brand Building, Cross-Market Research/ Data Analysis & Strategy Development - her previous roles include Regional Marketing Director/ Business Development Head (Globe Telecom), Strategic Marketing & Technology Director (Cargill ANH), Global Consultant for Strategic Marketing, Insights & Innovation (International

Marketing Consultancy), and Global Marketing Director for Strategy & Innovations / APAC Segment Marketing Director (Koninklijke Philips N.V.) Ms. Macatual is a graduate of the University of the Philippines, Diliman, with a Bachelor of Arts degree in Communications.

Significant Employees

The Corporation treats the contributions and services rendered of each employee as significant no matter how small the contributions or the work performed are.

Family Relationships

Director Rogelio M. Sarmiento is the father of Directors Ricardo Manuel M. Sarmiento and Stephanie Nicole S. Garcia.

Directors Benjamin I. Sarmiento Jr. and Lorenzo Vito M. Sarmiento III are the cousins of Directors Ricardo Manuel M. Sarmiento and Stephanie Nicole S. Garcia.

Involvement in Certain Legal Proceedings

The Company has no knowledge of any event during the past five (5) years up to the latest filing date, where any of its directors or executive officers had been or are currently involved in any criminal or bankruptcy proceedings or subject of any order or judgment of any court or quasi-judicial agency, whether local or foreign, effecting his/her involvement in business, securities, commodities or banking activities.

Item 10. EXECUTIVE COMPENSATION

Standard Arrangement

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

Arrangements with Directors & Officers

The Company does not extend or grant warrants or options to its executive officers and directors. Thus, it has no obligation to disclose information pertaining to warrants and options. The market value of the shares of stock, if any, received by the Company's executives and officers approximate the compensation that they should have received had the payment been made in other form of consideration at the grant date.

Executive Compensation

The compensation of key management personnel are as follows:

	2023	2022	2021
Short-term employee benefits	**₱54,914,416**	₱55,480,527	₱35,561,950
Retirement benefits	**5,238,557**	5,010,571	5,872,830
Other employee benefits	**19,521,032**	17,133,565	10,784,789
	₱79,674,005	₱77,624,663	₱52,219,569

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

NAME & PRINCIPAL POSITION	YEAR	SALARY	Bonus & Others
1. RICARDO MANUEL M. SARMIENTO – CEO/President	2023		
2. STEPHANIE NICOLE S. GARCIA- EVP, CSO/CMS Director /Treasurer	2023		
3. REYNALDO D. ORTEGA – SVP & GM Poultry, Feeds & Foods Sales Division	2023		
4. ALICIA G. DANQUE – SVP & Chief Supply Chain Officer/ Alternate Corporate Information Officer	2023		
5. DILBERT D. TAN - VP & Finance Operations Director	2023		
T O T A L (Estimated)	2024	**22.07**	-
	2023	**23.58**	-
	2022	**19.91**	-
ALL OTHER OFFICERS & DIRECTORS AS A COMPANY UNNAMED (Estimated)	2024	**3.09**	-
	2023	**2.60**	-
	2022	**3.17**	-

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

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

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

<u>Security Ownership of Certain Record and Beneficial Owners</u>

The following are the owners of record and beneficial owners of more than 5% of the Corporation's voting securities as of December 31, 2023 are as follows:

Title of Class	Name, address of Record Owner & Relationship with Issuer	Amount & Nature of Beneficial Ownership	Citizenship	No. of Shares	Percent of Class
Common Shares	**PCD NOMINEE CORPORATION (FILIPINO)** 37/F The Enterprise Center, Ayala Avenue Corner, Makati City	Various Beneficial Owners	Filipino	2,936,639,752	96.15%
	KORMASINC, INC 7th Floor, LTA Bldg., 118 Perea St. Legazpi Village, Makati City	Various Beneficial Owners	Filipino	1,480,532,604	48.47%
	CHOCOHOLIC HOLDINGS, INC Vitarich Corporation Compound, Marilao San Jose Road Brgy. Sta Rosa I, Marilao, Bulacan	Various Beneficial Owners	Filipino	705,666,000	23.10%

Security Ownership of Management

The number of common shares beneficially owned by directors and executive officers as of December 31, 2023 is as follows:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Jose Vicente C. Bengzon III	10,000	Filipino	0.00%
Common	Ricardo Manuel M. Sarmiento	55,240,990	Filipino	1.81%
Common	Stephanie Nicole S. Garcia	104,359	Filipino	0.00%
Common	Rogelio M. Sarmiento	6,386,320	Filipino	0.21%
Common	Benjamin I. Sarmiento Jr.	199	Filipino	0.00%
Common	Lorenzo Vito M. Sarmiento III	500	Filipino	0.00%
Common	Vicente Julian A. Sarza	1	Filipino	0.00%
Common	Pierre Carlo C. Curay	1	Filipino	0.00%
Common	Juan Arturo Iluminado C. de Castro	19,969,034	Filipino	0.65%
Common	Atty. Aison Benedict C. Velasco	0	Filipino	0.00%
Common	Atty. Mary Christine Dabu-Pepito	0	Filipino	0.00%
Common	Reynaldo D. Ortega	1,219,974	Filipino	0.04%
Common	Emmanuel S. Manalang	0	Filipino	0.00%
Common	Alicia G. Danque	0	Filipino	0.00%
Common	Elaine C. Nantes	0	Filipino	0.00%
Common	Carmencita S. Policarpio	0	Filipino	0.00%
Common	Dilbert D. Tan	0	Filipino	0.00%
Common	Ma. Diana M. Cuna	0	Filipino	0.00%
Common	Marie Angelie Bautista-Macatual	0	Filipino	0.00%
Common	Xerxes Noel O. Ordanez	0	Filipino	0.00%

Item 12. RELATED PARTY TRANSACTIONS

The Group, in its regular conduct of business, has transactions with its related parties. The following tables summarize the transactions with the related parties and outstanding balance arising from these transactions.

Related Parties	Note	Nature of Transaction	Amount of Transactions 2023	2022	Outstanding Balance 2023	2022
Trade and other receivables	6					
Entities under common control		Sales	**₱623,194,605**	₱509,194,217		
		Collections	**(698,063,967)**	(553,596,333)	**₱143,528,241**	₱218,397,603
Trade and other payables	14					
Entities under common control		Purchases	**₱745,005,211**	₱ 1,097,925,538		
		Payments	**(745,431,091)**	(1,183,299,952)	**₱3,907,536**	₱4,333,416
Advances to officers	6	Advances - net of collections	**₱4,199,062**	₱6,589,468	**₱23,202,566**	₱19,003,504

Trade and Other Receivables

The Group sells animal feeds, raw materials, feed supplements and dressed chicken to related parties, which are due within 90 days and are noninterest-bearing. Outstanding balances of trade and other receivables from related parties are unsecured and to be settled in cash. No allowance for ECL on trade and other receivables from related parties was recognized as at December 31, 2023, and 2022 (see Note 6).

Trade and Other Payables

The Group buys raw materials and breeder flocks from related parties. These are noninterest-bearing, generally on a 90-day credit term, unsecured and to be settled in cash (see Note 14).

Advances to Officers

The Group grants unsecured, noninterest-bearing advances to its officers which are normally collected within one year through salary deduction. The allowance for ECL on advances to officers as at December 31, 2023 and 2022 are disclosed in Note 6.

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	2023	2022	2021
Short-term employee benefits	**₱54,914,416**	₱55,480,527	₱35,561,950
Retirement benefits	**5,238,557**	5,010,571	5,872,830
Other employee benefits	**19,521,032**	17,133,565	10,784,789
	₱79,674,005	₱77,624,663	₱52,219,569

Voting Trust Holders of 5% or more

The Company is not aware of any person holding more than 5% of its common shares under a voting trust or similar agreement as there has been no voting trust agreement which has been filed with the Company and the Securities and Exchange Commission, as required under the Corporation Code.

Description of any arrangement which may result in a change in control of the Corporation

There are no arrangements that will affect or change ownership.

PART IV – CORPORATE GOVERNANCE

Item 13. CORPORATE GOVERNANCE

The Company complies and adheres to its Amended Manual on Corporate Governance. The Board of Directors met at least once a month to oversee the Company's operations and to assist in further improving operational efficiencies. The Board of Directors and the management, from time to time, make the necessary amendments to its policies and strategies to ensure business continuity while employing the best practices in corporate governance. The members of the Board of Directors disclose any potential or actual conflict of interest they may have in a transaction presented for approval of the Board. They likewise inhibit from the discussions and voting of the said transaction. The Company continues to improve its corporate governance practices. For the year 2023, the Company appointed its Corporate Audit Manager, Mr. Xerxes Noel O. Ordanez, to take on the duties and functions of a Chief Audit Executive. Mr. Ordanez conducted audits on the Company's operations and processes to aid the management and the Board of Directors improve the Company's operations and processes while strengthening internal controls to minimize and manage risks. Quarterly reports were made to apprise the Board of any audit findings and the measures done to address any gap that may have been seen during the audit conducted. In addition, in order to strengthen its compliance with tax laws and regulations and minimize, if not eliminate, legal risks, as disclosed above, the Company engaged RTCo. to review the Company's tax compliance for the calendar year 2023. In line with UN Sustainable Development Goal 8 (Decent Work and Economic Growth), the Company strengthened its engagements with its employees, business partners, and customers.

PART V – EXHIBITS AND SCHEDULES

Item 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits

The exhibits, as indicated in the Index to Exhibits, are neither applicable to the Company nor require an answer.

(b) Reports on SEC Form 17-C

The following are the items reported under SEC Form 17-C for the year 2023:

Date of Report	Remarks
2023.01.23	Appointment of Mr. Xerxes Noel O. Ordanez as Corporate Audit Manager
2023.02.16	Appointment of Reyes Tacandong & Co. as External Auditor
2023.02.17	Appointment of Ms. Marie Angelie Bautista-Macatual as Vice President – Marketing and Business Development Director
2023.04.13	Press Release: VITA sets historic revenue record of P12 billion
2023.04.19	Notice of Annual General Meeting 2023
2023.05.12	Press Release: Vitarich 1Q 2023 net income up 66%
2023.05.22	Amended Notice of Annual General Meeting 2023
2023.06.01	List of Stockholders entitled to vote as of record date
2023.06.30	Material Related Party Transaction with LAVI
2023.06.30	Results of AGM and Organizational Meeting 2023

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code (now Section 177 of the Revised Corporation Code of the Philippines), this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of PASIG CITY on MAR 21 2024 20__.

By:

Ricardo Manuel M. Sarmiento
CEO & President
(Principal Executive Officer)

Marian A. Dionisio
Comptroller
(Principal Accounting Officer)

Stephanie Nicole S. Garcia
EVP & CSO/CMS Director/ Treasurer
(Principal Operating Officer)

Atty. Aison Benedict C. Velasco
Corporate Secretary

Dilbert D. Tan
VP & Finance Operations Director
(Principal Finance Officer)

SUBSCRIBED AND SWORN to before me this MAR 21 2024 day of ________ 20__ affiant(s) exhibiting to me his/their Valid Identification numbers, as follows:

NAMES	VALID ID NO.	DATE OF EXPIRATION
Ricardo Manuel M. Sarmiento	Driver's License No. N03-94-158946	January 20, 2032
Stephanie Nicole S. Garcia	Philippine Passport No. P85991758	December 28, 2031
Dilbert D. Tan	Driver's License No. N01-97-218062	November 10, 2033
Marian A. Dionisio	PRC License No. 010648	September 19, 2026
Atty. Aison Benedict C. Velasco	Passport No. P9245575A	March 13, 2028

Doc. No. 492;
Page No. 96;
Book No. 27;
Series of 2024.

FERDINAND D. AYAHAO
Notary Public
For and in Pasig City and the Municipality of Pateros
Appointment No. [illegible] valid until 12/31/2025
MCLE Exemption No. [illegible] until 04/14/28
Roll No. [illegible] 06/21/2001
TIN [illegible] 01/03/24, Pasig City
Unit 5 [illegible] Exchange Road
Ortigas Center, Pasig City Tel. +632-8631[illegible]

CONSOLIDATED FINANCIAL STATEMENTS

FORGING LIVELIHOOD, NOURISHING LIVES™

VITARICH CORPORATION

Marilao-San Jose Road
Sta. Rosa 1, Marilao
Bulacan, Philippines 3019
Tel: (+632) 88433033
Fax: (+632) 88433033
Website: www.vitarich.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management of **Vitarich Corporation and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended **December 31, 2023, 2022 and 2021**, in accordance with the prescribed financial reporting framework indicated therein, 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 financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible in overseeing the Group'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.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group 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

RICARDO MANUEL M. SARMIENTO
President/Chief Executive Officer

STEPHANIE NICOLE S. GARCIA
Executive Vice President & Chief Sustainability Officer (CSO)/
Corporate Management Services Director / Treasurer

BUREAU OF INTERNAL REVENUE
RECEIVED
MAR 22 2024

Subscribed and sworn to before me this MAR 21 2024 at PASIG CITY, Affiant exhibited to me their respective government-issued ID's as competent proof of their identities and acknowledged that they executed the same freely and voluntarily, to wit:

JOSE VICENTE C. BENGZON III – P7361485B
RICARDO MANUEL M. SARMIENTO – P9164981B
STEPHANIE NICOLE S. GARCIA – P8599175B

Doc. No. 477
Page No. 99
Book No. 07
Series of 2024.

FERDINAND D. AYAHAO
Notary Public
For and in Pasig City and the Municipality of Pateros
Appointment No. 96 (2024-2025) valid until 12/31/2025
MCLE Exemption No. VIII-[illegible] until 04/14/28
Roll No. 4[illegible]271, IBP LRN [illegible], 06/21/2001
TIN 12[illegible], PTR [illegible], 01/03/24; Pasig City
Unit [illegible], West Tower PSE, Exchange Road
Ortigas Center, Pasig City Tel. (632)-86314090

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
R[illegible]D
MAR 22 2024
BY: [illegible] PACINIO
[illegible] QUALITY ASSURANCE DIVISION

COVER SHEET
for
AUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEC Registration Number

2 1 1 3 4

COMPANY NAME

VITARICH CORPORATION AND SUBSIDIARIES

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Group's Email Address	Group's Telephone Number/s	Mobile Number
mccdabu-pepito@vitarich.com	(02) 8843-3033	(0925) 512 1013

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
4,103	Last Friday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation.

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Stephanie Nicole S. Garcia	nsgarcia@vitarich.com	(02) 8843-3033	(0918) 848 2258

CONTACT PERSON'S ADDRESS

Marilao - San Jose Road, Sta. Rosa I, Marilao, Bulacan

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

NOTE 2: *All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone +632 8 982 9100
Fax +632 8 982 9111
Website www.reyestacandong.com

INDEPENDENT AUDITORS' 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 accompanying consolidated financial statements of Vitarich Corporation and Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group 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

The following 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.

Assessment of Expected Credit Losses on Receivable from an Insurance Company

The Group is involved in legal proceedings to collect the remaining balance of a receivable from an insurance company with carrying amount of ₱70.2 million as at December 31, 2023. The assessment of the expected credit losses (ECL) on this receivable is significant to our audit because the determination whether the amount is impaired requires significant management judgment (see Note 10).

We obtained an understanding of the Group's assessment on the recoverability of the receivable and the estimation of the related ECL. We reviewed the status of the legal proceedings and obtained management's estimates of the amount and timing of the future cash inflows arising from the recoverability of the claims. We evaluated management's assessment based on the results of our correspondences with the Group's external legal counsel and reviewed the appropriateness of disclosures in the notes to consolidated financial statements.

Fair Valuation of Biological Assets

The Group's biological assets, which are measured at fair value less costs to sell, amounted to ₱129.4 million as at December 31, 2023. The Group recognized loss on the fair value changes of biological assets amounting to ₱47.8 million in 2023 (see Note 8).

The assessment of the fair valuation of biological asset is significant to our audit because of the complexity of the underlying methodologies and processes in determining fair value. We focused our audit on the management's determination of the fair value because the process involves significant management judgment and estimates when selecting the appropriate valuation techniques and inputs used.

We obtained an understanding of the methodologies and processes developed by management in measuring fair value of the biological assets. We reviewed the reasonableness of the inputs and assumptions used to estimate the fair value of the Group's biological assets by testing the key assumptions for the fair value measurement such as future selling prices and growing costs, hatchability and mortality rates and estimated volume of production, among others, on a sample basis. We also reviewed the appropriateness of management's disclosures in the notes to consolidated financial statements.

Valuation of Property, Plant and Equipment at Revalued Amounts

As at December 31, 2023, the Group's property, plant and equipment (excluding transportation equipment and construction in-progress) which are accounted for using the revaluation model amounted to ₱1,949.5 million (see Note 11). The fair value measurement is significant to our audit as the property, plant and equipment carried at revalued amounts account for 37.3% of the Group's total assets as at December 31, 2023.

We focused our audit on the management's determination of the revalued amounts of property, plant and equipment because the process involves significant management judgment when selecting the appropriate valuation techniques and inputs used to determine revalued amounts.

We have assessed the independence and competency of the appraiser engaged by the Group. We have also reviewed the reasonableness of the assumptions used to estimate the revalued amounts of its property, plant and equipment on a sample basis by: (1) testing land's value by referring to the value of similar properties in the vicinity, (2) testing reproduction costs against current market prices, and (3) verifying valuation inputs such as published market data, as applicable, to ascertain if these are reasonably appropriate.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Other Matter

The consolidated financial statements of the Group as at and for the years ended December 31, 2022 and 2021 were audited by another auditor whose report dated April 1, 2023 expressed an unmodified opinion on those consolidated financial statements.

As part of our audit of the consolidated financial statements as at and for the year ended December 31, 2023, we also audited the adjustments described in Note 4 that were applied to restate the consolidated financial statements as at and for the years ended December 31, 2022 and 2021. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedure to the Group's consolidated financial statements as at and for the years ended December 31, 2022 and 2021 other than with respect to the adjustments and accordingly, we do not express an opinion or any other form of assurance on the consolidated financial statements as at and for the years ended December 31, 2022 and 2021 taken as a whole.

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 PFRS, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
MAR 22 2024
BY

Auditors' 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 auditors' 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, these 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group 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 financial information of the entities or business activities within the Group 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Michelle R. Mendoza-Cruz.

REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-892-183-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-012-2023
Valid until January 24, 2026
PTR No. 10072412
Issued January 2, 2024, Makati City

March 21, 2024
Makati City, Metro Manila

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LARGE TAXPAYERS SERVICE
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MAR 22 2024

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023

(With Comparative Figures as at December 31, 2022)

	Note	December 31 2023	2022 (As restated - Note 4)
ASSETS			
Current Assets			
Cash	5	₱398,265,061	₱369,416,726
Trade and other receivables	6	949,957,779	882,943,523
Inventories	7	924,634,088	863,367,449
Biological assets - livestock	8	129,394,759	116,118,755
Advances to suppliers		123,918,753	466,876,004
Other current assets	9	223,862,219	156,311,704
Total Current Assets		2,750,032,659	2,855,034,161
Noncurrent Assets			
Receivable from an insurance company	10	70,203,810	70,203,810
Property, plant and equipment:	11		
At revalued amounts		1,949,466,138	1,842,877,962
At cost		45,592,722	126,640,633
Investment properties	12	301,346,351	238,473,942
Right-of-use assets	24	82,437,724	55,529,616
Other noncurrent assets	13	23,416,664	32,115,321
Total Noncurrent Assets		2,472,463,409	2,365,841,284
		₱5,222,496,068	₱5,220,875,445
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14	₱2,066,852,350	₱2,001,706,561
Current portion of:			
Loans payable	15	873,297,858	985,478,495
Lease liabilities	24	22,442,663	15,413,841
Cash bond deposits	16	60,503,952	56,299,659
Total Current Liabilities		3,023,096,823	3,058,898,556
Noncurrent Liabilities			
Loans payable - net of current portion	15	24,821,427	49,642,856
Lease liabilities - net of current portion	24	61,148,857	36,885,998
Net retirement liability	23	180,585,650	147,057,502
Net deferred tax liabilities	25	31,501,233	55,355,149
Total Noncurrent Liabilities		298,057,167	288,941,505
Total Liabilities		3,321,153,990	3,347,840,061
Equity			
Capital stock	17	1,160,646,925	1,160,646,925
Additional paid-in capital		1,470,859	1,470,859
Retained earnings		303,502,861	273,417,535
Other comprehensive income	17	435,721,433	437,500,065
Total Equity		1,901,342,078	1,873,035,384
		₱5,222,496,068	₱5,220,875,445

See accompanying Notes to Consolidated Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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BY:

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Figures for 2022 and 2021)

		Years Ended December 31		
	Note	2023	2022 (As restated - Note 4)	2021
REVENUES				
Net sale of goods	18	₱12,543,694,175	₱11,957,515,851	₱9,649,161,808
Fair value changes on biological assets	8	(47,779,579)	10,936,438	(22,854,221)
		12,495,914,596	11,968,452,289	9,626,307,587
COST OF GOODS SOLD	19	(11,591,440,968)	(10,899,643,424)	(8,752,485,623)
GROSS PROFIT		904,473,628	1,068,808,865	873,821,964
OPERATING EXPENSES	20	(893,811,266)	(883,361,808)	(711,084,451)
OTHER INCOME (CHARGES)				
Interest expense	15	(75,823,288)	(40,001,976)	(23,051,290)
Net gain on fair value changes of investment properties	12	64,113,985	28,167,200	1,268,133
Other operating income	22	11,473,363	8,792,042	11,096,404
Interest income	5	1,536,781	2,398,459	1,293,145
Other charges - net	22	(5,382,506)	(41,340,082)	(32,738,155)
		(4,081,665)	(41,984,357)	(42,131,763)
INCOME BEFORE INCOME TAX		6,580,697	143,462,700	120,605,750
PROVISION FOR (BENEFIT FROM) INCOME TAX	25			
Current		22,130,289	51,302,707	25,793,096
Deferred		(28,854,508)	2,525,379	5,371,040
		(6,724,219)	53,828,086	31,164,136
NET INCOME		13,304,916	89,634,614	89,441,614
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss:				
Revaluation increment on property, plant and equipment - net of deferred income tax	11	25,194,607	97,372,482	22,782,016
Remeasurement gain (loss) on net retirement liability - net of deferred income tax	23	(10,192,829)	31,841,070	(17,348,399)
		15,001,778	129,213,552	5,433,617
TOTAL COMPREHENSIVE INCOME		₱28,306,694	₱218,848,166	₱94,875,231
BASIC/DILUTED EARNINGS PER SHARE	27	₱0.004	₱0.029	₱0.029

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Figures for 2022 and 2021)

		Years Ended December 31		
	Note	2023	2022 (As restated - Note 4)	2021
CAPITAL STOCK	17	**₱1,160,646,925**	₱1,160,646,925	₱1,160,646,925
ADDITIONAL PAID-IN CAPITAL		**1,470,859**	1,470,859	1,470,859
RETAINED EARNINGS				
Balance at beginning of year, as previously reported		**275,775,940**	135,021,722	41,157,542
Prior period adjustments	4	**(2,358,405)**	36,867,910	36,867,910
Balance at beginning of year, as restated		**273,417,535**	171,889,632	78,025,452
Net income		**13,304,916**	89,634,614	89,441,614
Transfer from revaluation surplus to retained earnings - net of deferred income tax	17	**16,780,410**	11,893,289	4,422,566
Balance at end of year		**303,502,861**	273,417,535	171,889,632
OTHER COMPREHENSIVE INCOME (LOSS)				
CUMULATIVE REMEASUREMENT GAIN (LOSS) ON NET RETIREMENT LIABILITY - net of deferred income tax				
Balance at beginning of year		**3,956,055**	(27,885,015)	(10,536,616)
Remeasurement gain (loss) - net of deferred income tax	23	**(10,192,829)**	31,841,070	(17,348,399)
Balance at end of year		**(6,236,774)**	3,956,055	(27,885,015)
REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT - net of deferred income tax				
Balance at beginning of year, as previously reported		**414,078,150**	347,844,301	329,484,851
Prior period adjustments	4	**19,465,860**	220,516	220,516
Balance at beginning of year, as restated		**433,544,010**	348,064,817	329,705,367
Revaluation increment on property, plant and equipment - net of deferred income tax	11	**25,194,607**	97,372,482	22,782,016
Transfer from revaluation surplus to retained earnings - net of deferred income tax	17	**(16,780,410)**	(11,893,289)	(4,422,566)
Balance at end of year		**441,958,207**	433,544,010	348,064,817
		435,721,433	437,500,065	320,179,802
		₱1,901,342,078	₱1,873,035,384	₱1,654,187,218

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Figures for 2022 and 2021)

	Note	2023	2022 (As restated - Note 4)	2021
		Years Ended December 31		
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱6,580,697**	₱143,462,700	₱120,605,750
Adjustments for:				
Depreciation and amortization	11	**147,740,279**	132,971,153	106,006,621
Interest expense	15	**75,823,288**	40,001,976	23,051,290
Net gain on fair value changes of investment properties	12	**(64,113,985)**	(28,167,200)	(1,268,133)
Fair value changes on biological assets	8	**47,779,579**	(10,936,438)	22,854,221
Retirement expense	23	**22,122,540**	22,336,339	16,993,091
Provision for expected credit loss	6	**3,539,062**	1,704,635	10,157,719
Interest income	5	**(1,536,781)**	(2,398,459)	(1,293,145)
Loss (gain) on disposal of property, plant and equipment and investment properties	22	**(523,275)**	1,037,744	1,060,988
Operating income before working capital changes		**237,411,404**	300,012,450	298,168,402
Decrease (increase) in:				
Trade and other receivables		**(70,553,318)**	(22,646,867)	(96,066,045)
Inventories and biological assets - livestock		**(122,322,222)**	(293,063,699)	(195,411,784)
Advances to suppliers and other current assets		**275,406,736**	(274,079,556)	(50,976,411)
Other noncurrent assets related to operations		**5,300,636**	(15,705,660)	(11,299,126)
Increase in:				
Trade and other payables		**65,145,789**	287,936,590	63,288,294
Cash bond deposits		**4,204,293**	8,247,570	7,954,810
Net cash generated from (used for) operations		**394,593,318**	(9,299,172)	15,658,140
Income taxes paid		**(22,130,289)**	(51,302,707)	(25,793,096)
Retirement benefits paid	23	**(2,184,831)**	(9,124,310)	(5,868,959)
Interest received		**1,536,781**	108,859	140,673
Net cash provided by (used in) operating activities		**₱371,814,979**	(₱69,617,330)	(₱15,863,242)

(Forward)

	Note	2023	2022 (As restated - Note 4)	2021
		Years Ended December 31		
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	11	**(₱113,415,223)**	(₱257,212,366)	(₱117,646,700)
Proceeds from sale of property, plant and equipment and investment properties		**3,597,483**	200,000	1,025,000
Additions to investment properties	12	**(1,712,209)**	–	–
Net cash used in investing activities		**(111,529,949)**	(257,012,366)	(116,621,700)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of loans	15	**(1,877,235,724)**	(1,819,489,528)	(315,594,041)
Availments of loans payable	15	**1,740,233,658**	2,349,559,151	540,681,912
Interest paid	15	**(68,308,882)**	(35,735,576)	(20,665,516)
Payments of lease liabilities	24	**(26,125,747)**	(28,303,544)	(19,226,261)
Net cash provided by (used in) financing activities		**(231,436,695)**	466,030,503	185,196,094
NET INCREASE IN CASH		**28,848,335**	139,400,807	52,711,152
CASH AT BEGINNING OF YEAR		**369,416,726**	230,015,919	177,304,767
CASH AT END OF YEAR		**₱398,265,061**	₱369,416,726	₱230,015,919
NONCASH FINANCIAL INFORMATION				
Recognition of ROU assets and lease liabilities	24	**₱49,903,022**	₱34,331,713	₱23,208,300

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Information for 2022 and 2021)

1. General Information

Corporate Information

Vitarich Corporation (the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 31, 1962 to engage primarily in manufacturing, preparing, processing, mixing and dealing with feeds, foodstuffs, grains, and commodities of every description for poultry, livestock and all kinds of animal feeding. The Parent Company's shares of stock were listed with the Philippine Stock Exchange on February 8, 1995.

The consolidated financial statements include the financial statements of the Parent Company and Barbatos Ventures Corporation (BVC), a wholly-owned subsidiary engaged in the poultry dressing business as at December 31, 2023 and 2022 (collectively referred herein as "the Group"). BVC was acquired by the Parent Company effective January 1, 2022 (see Note 33).

The registered principal place of business of the Parent Company is 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.

Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 were approved and authorized for issue by the Board of Directors (BOD) on March 21, 2024, as reviewed and recommended for approval by the Audit Committee on March 14, 2024.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

The consolidated financial statements are presented in Philippine Peso (Peso), the Group's functional and presentation currency. All values are rounded to the nearest Peso, unless otherwise indicated

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for property, plant and equipment (excluding transportation equipment and construction in-progress) which are carried at revalued amounts, investment properties which are carried at fair value, biological assets which are carried at fair value less costs to sell, agricultural produce which are carried at fair value less costs to sell at point of harvest, lease liabilities which are carried at the present value of future lease payments, and retirement liability which is carried at the present value of the defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for an asset or fair value of consideration received in exchange for incurring liability.

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 by the Group.

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.

When measuring the fair value of an asset or a liability, the Group uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group (working closely with external qualified valuers) using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account.

Further information about assumptions made in measuring fair values are included in the following:

Note 3 - Significant Judgments, Accounting Estimates and Assumptions
Note 8 - Biological Assets - Livestock
Note 11 - Property, Plant and Equipment
Note 12 - Investment Properties
Note 31 – Fair Value Measurement

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized by the Group at the end of the reporting period during which the change occurred.

Adoption of Amendments to PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following relevant amendments to PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.

The adoption of the amendments to PFRS did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the notes to consolidated financial statements, as applicable.

Amendments to PFRS Already Issued But Not Yet Effective

Under prevailing circumstances, the relevant amendments to PFRS already issued but which are not yet effective as at December 31, 2023 and have not been applied in preparing the consolidated financial statements are not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction costs.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

As at December 31, 2023 and 2022, the Group does not have financial assets at FVOCI and financial assets and liabilities at FVPL.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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 solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired or through the amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2023 and 2022, the Group's cash, trade and other receivables (excluding advances to officers and employees), receivable from an insurance company and security deposits (presented under "Other Noncurrent Assets" account) are classified under this category (see Notes 5, 6, 10 and 13).

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2023 and 2022, the Group's trade and other payables (excluding statutory payables), loans payable, cash bond deposits and lease liabilities are classified under this category (see Notes 14, 15, 16 and 24).

Reclassification
The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date)

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss. For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI

Impairment of Financial Assets at Amortized Cost
The Group records an allowance for expected credit loss (ECL) based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Group has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Group 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.

For other financial assets measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial 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 Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

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 statements 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 effective interest rate, 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 Group could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in the consolidated statements 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. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Inventories
Inventories consist of feeds, raw materials and feed supplements, supplies and animal health products, finished goods and hatching eggs. Cost is determined using the moving average method. Inventories are measured at the lower of cost and net realizable value (NRV).

Feeds. Feeds include costs of raw materials and costs of direct labor and manufacturing overhead.

Raw Materials, Feed Supplements, Supplies and Animal Health Products. For these inventories, 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.

Finished Goods. Finished goods, which include fresh and frozen chicken cut-ups, include costs of direct materials, labor and overhead.
Hatching Eggs. Hatching eggs are initially measured at the fair value less estimated costs to sell at the point of harvest.

The NRV of feeds, feed supplements, animal health products, finished goods and hatching eggs is based on the estimated selling price in the ordinary course of business less the cost of marketing and distribution, while the NRV of raw materials and supplies is the current replacement cost.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in profit or loss.

Biological Assets - Livestock
This consists of biological assets such as day-old chicks after undergoing the hatching process, chicks which are grown as chicken broilers, and parent stock. These are measured on initial recognition and at the end of each reporting period at fair value less costs to sell. The Group's fair valuation takes into consideration inputs based on the hatchability rate of eggs, mortality of chicks being grown as chicken broilers and parent stock, estimated future cash flows to be incurred in hatching the eggs and growing the chicks and parent stock, among others.

Gain or loss arising on initial recognition and any changes in the fair value less costs to sell of livestock are recorded as adjustment to "Net Sale of Goods" in the consolidated statements of comprehensive income.

Advances to Suppliers
Advances to suppliers are amounts paid in advance for the purchase of goods and services. These are carried in the consolidated statements of financial position at face amount and are recognized as expense in profit or loss or to the corresponding asset account when the services or goods for which the advances were made are received by and delivered to the Group with reference to percentage of completion, if any.

Advances to suppliers are classified as current assets since the corresponding goods or services are expected to be delivered or performed for no more than 12 months after the financial reporting period.

Other Current Assets
Other current assets consist of creditable withholding taxes (CWTs), advances to contract growers and breeders, prepayments and input value-added taxes (VAT).

CWTs. CWTs represent the amounts withheld at source by the Group'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.

Advances to Contract Growers and Breeders. Advances to contract growers and breeders pertain to purchases of animal health products and feeds that are already paid in advance. These are expected to be received by and delivered to the Group for no more than 12 months after the financial reporting period.

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 that are expected to be incurred no more than 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Input VAT. Revenue, expenses and assets are recognized net of the amount of VAT except in cases where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable, or receivable and payables that are stated with the amount of VAT included.

Property, Plant and Equipment
Property, plant and equipment (except for transportation equipment and construction in-progress) are stated at revalued amounts as determined by an independent appraiser. Transportation equipment and construction in-progress are stated at cost less accumulated depreciation and impairment in value, if any.

The initial cost of property, plant and equipment consists of the purchase price, including import duties and other costs directly attributable to bring the asset to its working condition and location for its intended use. Cost also includes the cost of replacing parts of such property, plant and equipment when the recognition criteria are met and the present value of the estimated cost of dismantling and removing the asset and restoring the site where the asset is located.

Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment.

Subsequent to initial recognition at cost, property, plant and equipment (except for land, transportation equipment and construction in-progress) are carried at revalued amounts less any subsequent accumulated depreciation, amortization and any accumulated impairment losses. Land is carried at revalued amount less accumulated impairment losses, if any. 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 surplus is credited to "Revaluation Surplus" account presented under "Other Comprehensive Income" section of the consolidated statements 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 statements of comprehensive income.

Annually, an amount from the "Revaluation Surplus" account is transferred to "Retained Earnings" under the "Equity" section in the consolidated statements of financial position for the depreciation relating to the revaluation surplus, net of related taxes. Upon disposal, any revaluation surplus relating to the particular asset sold is transferred to "Retained Earnings". Revaluations are performed every one to two years to ensure 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 calculated on a straight-line basis over the following estimated useful lives of the assets:

Asset Type	Number of Years
Plant, 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

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Fully depreciated assets are retained in the account until they are no longer in use and no further charge for depreciation and amortization is made in respect to those assets.

Construction in-progress is stated at cost. This includes cost of construction and other direct costs. Construction in-progress is not depreciated until such time that the relevant assets are completed and available for operational use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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 asset) is included in profit or loss in the year the asset is derecognized.

Investment Properties
Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

The Group uses fair value model for the accounting of its investment properties. Under this method, investment properties are initially measured at cost but are subsequently remeasured at fair value at each reporting date, which reflects market conditions at the reporting date. Cost comprises the purchase price and any directly attributable costs in developing and improving the properties. Cost also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. The fair value of investment properties is determined using Sales Comparison approach by an independent real estate appraiser. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. For the purposes of these consolidated financial statements, in order to avoid double counting, the fair value reported in the consolidated financial statements is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and minimum lease payments, as applicable.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party or ending of the construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner occupation or commencement of development with a view to sell.

Investment properties are derecognized when either those have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statements of comprehensive income in the year of retirement or disposal.

Rental income and operating expenses from investment properties are reported as part of "Other Income" and "Operating Expenses," respectively, in the consolidated statements of comprehensive income.

Other Noncurrent Assets
Other noncurrent assets consist of project development costs, security deposits classified as financial assets and computer software.

Project Development Costs. These represent costs directly attributable to the development of the Parent Company's aqua feeds and aqua culture projects. The capitalized development costs pertain to 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.

Computer Software. Computer software is measured at cost of acquisition less any accumulated amortization and impairment losses, if any. 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. Amortization period and amortization method for computer software are reviewed at each reporting date. Any change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is recognized prospectively.

Impairment of Nonfinancial Assets

The carrying amounts of the Group's nonfinancial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's net recoverable amount is estimated.

Any impairment loss is recognized if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its net recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets of the Group. Impairment losses are recognized in profit or loss in the period incurred.

The net recoverable amount of an asset is the greater of its value in use or its fair value less costs to sell. Value in use is the present value of future cash flows expected to be derived from an asset while fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

Leases

A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the customers has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

The Group as Lessee

The Group recognizes right-of-use (ROU) asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date, the Group measures the ROU assets at cost. The cost comprises:

- The amount of the initial measurement of lease liabilities;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs incurred by the Group; and
- An estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets ranging as follows:

Asset Type	Number of Years
Building	2 to 5 years
Transportation equipment	5 years

Lease Liabilities. At commencement date, the Group measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of lease liabilities comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonable certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liabilities are subsequently measured at amortized cost. Interest on the lease liabilities and any variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liabilities are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liabilities are remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liabilities are also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

The Group as a Lessor
Leases where the Group retains substantially all the risks and rewards 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 over the lease term on the same basis as rental income.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued.

Additional Paid-in Capital (APIC). APIC is the proceeds and/or fair value of considerations received in excess of par value of the subscribed capital stock. Incremental costs incurred directly attributable to the issuance of new shares are recognized as deduction from equity, net of any tax. Otherwise, these are recognized as expense in profit or loss.

Retained Earnings. Retained earnings represents the cumulative balance of net income or loss, net of any dividend declaration and prior period adjustments.

OCI. OCI comprises of items of income and expense that are not recognized in profit or loss in accordance with PFRS. OCI of the Parent Company pertains to revaluation surplus on property, plant and equipment and accumulated remeasurement gains and losses on net retirement liability.

Revenue Recognition
The Group is engaged in the manufacturing and distribution of animal feeds, animal health and nutritional products, and feeds supplements. The Group is also engaged in the production of day-old chicks and in the growing, production and distribution of chicken broilers, either as live or dressed chickens

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

Revenue from the Group's sale of goods is recognized at point in time when control of the goods is transferred to the customers, which is normally upon delivery.

The following specific recognition criteria must also be met before other revenue items outside the scope of PFRS 15 are recognized:

Rental Income. Rental income on leased property is recognized on a straight-line basis over the lease term.

Interest Income. Revenue is recognized as interest accrues, taking into consideration the effective yield on the asset.

Other Income. Other income is recognized when earned.

<u>**Cost and Expense Recognition**</u>
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Cost of Goods Sold. Cost of goods sold are recognized as expense when the related goods are delivered.

Operating Expenses. Operating expenses constitute cost of administering the business and cost incurred to sell and market its products. These are expensed as incurred.

Interest Expense. These are recognized in profit or loss using the effective interest method.

Other Charges. Other charges are recognized when incurred.

<u>**Employee Benefits**</u>

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Group has a partially funded, non-contributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs, past service costs and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognizes restructuring-related costs.

Remeasurements pertaining to actuarial gains and losses and return on plan assets 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 Group, nor can they be paid directly to the Group. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement liability, the measurement of the resulting defined benefit asset is limited to the asset ceiling which is the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The net retirement asset (liability) is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets against which the obligations are to be settled directly, adjusted for any effect of asset ceiling. The present value of the retirement obligation 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 so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

<u>Income Taxes</u>

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

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. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) and minimum corporate income tax (MCIT) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward of unused NOLCO and MCIT 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 taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted, that is, when the investment property is depreciable and is held within the business model whose objective is consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products provided, with each segment reporting a strategic business unit that offers different products and markets. Financial information on the Group's business segments is presented in Note 32 to the consolidated financial statements.

Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including risks and uncertainties associated with the present obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Basic and Diluted Earnings per Share
Basic earnings per share is computed by dividing the net income for the period attributable to common equity holders of the Parent Company by the weighted average number of issued, subscribed and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted earnings per share is computed in the same manner, adjusted for the effects of any potentially dilutive convertible securities.

Events After the Reporting Period
Any post-year-end event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, accounting estimates and assumptions that affect the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements. These are based on management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The accounting estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the change and future periods if the revision affects both current and future periods.

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

Determining the Operating Segments. The Group's determination of the operating segments is based on the information about the components that management uses to make decisions about operating matters. Operating segments use internal reports that are regularly reviewed by the Group's chief operating decision maker, which is defined to be the Parent Company's BOD, in order to allocate resources to the segment and assess its performance.

The Group reports separate information about an operating segment that meets any of the following quantitative thresholds:

- 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;
- 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

- the assets of the segment are 10% or more of the combined assets of all operating segments.

The Group has three reportable operating segments which are its foods, feeds and farms segments, and one geographical segment as the Group's operations are located in the Philippines. The Group operates and derives all its revenue from domestic operations.

Classifying the Property, Plant and Equipment and Investment Properties. The Group determines whether a property qualifies as an investment property or an item of property, plant and equipment. In making its judgment, the Group considers whether the property is held primarily to earn rentals or capital appreciation or both, or used for operations and administrative purposes by the Group.

The carrying amounts of property, plant and equipment and investment properties as at December 31, 2023 and 2022 are disclosed in Notes 11 and 12, respectively.

Determining the Highest and Best Use of Investment Properties. The Group determines the highest and best use of its investment properties when measuring fair value. In making its judgment, the Group takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible.

The carrying amounts of investment properties as at December 31, 2023 and 2022 are disclosed in Note 12.

Determining the Lease Commitments – The Group as a Lessor. Leases where the Group retains substantially all the risks and rewards 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 over the lease term on the same basis as rental income. Contingent rents, if any, are recognized as revenue in the period in which these are earned

Rental income earned in 2023, 2022 and 2021 are disclosed in Note 24.

Determining the Lease Term and Incremental Borrowing Rate. The lease term is a significant component in the measurement of both the ROU assets and lease liabilities. Judgment is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset, if any, will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements, and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liabilities at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the ROU assets, with similar terms, security and economic environment. The Group uses its general borrowing rate adjusted for the lease terms, securities of an item with the underlying nature of the leased assets and expectations of residual value, among others.

The carrying amounts of ROU assets and lease liabilities as at December 31, 2023 and 2022 are disclosed in Note 24.

Assessing Provisions and Contingencies. The Group evaluates legal and administrative proceedings to which it is involved based on analysis of potential results. Management and its legal counsels do not believe that any current proceedings will have material adverse effects on its consolidated financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings.

Accounting Estimates and Assumptions

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Assessing the ECL on Trade Receivables. The Group initially uses a provision matrix based on the historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a receivable is past due. The Group then calibrates the provision matrix to adjust historical credit loss experience with forward-looking information on the basis of current observable data to reflect the effects of current and forecasted economic conditions, as applicable.

The Group adjusts historical default rates if forecasted economic conditions such as gross domestic product are expected to deteriorate which can lead to increased number of defaults in the industry. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

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

The amount of provision for ECL and the carrying amount of the Group's trade receivables as at and for the years ended December 31, 2023 and 2022 are disclosed in Note 6.

Estimating the ECL of the Receivable from an Insurance Company. The Group is currently involved in legal proceedings to pursue the collection of its remaining insurance claims for typhoon damages from an insurance company. The determination of whether the insurance claims receivable is still realizable requires consultations with legal counsel and management's estimate of the allowance for ECL based on the probability-weighted estimate of the present value of all cash shortfalls over the expected settlement of the claims.

Management and its legal counsel believe that the ongoing litigation on the remaining claims will not result to any significant adverse impact on the Group's financial condition and results of operations. Thus, no provision for ECL was recognized in 2023, 2022 and 2021.

The carrying amount of receivable from an insurance company and the allowance for ECL recognized as at December 31, 2023 and 2022 are disclosed in Note 10.

Assessing the ECL on Other Financial Assets at Amortized Cost (excluding Trade Receivables and Receivable from an Insurance Company). The Group determines the allowance for ECL based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition, in which case ECL are provided based on lifetime ECL.

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

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions;
- actual or expected significant adverse changes in the operating results of the borrower; or
- significant changes in credit spread, rates or terms such as more stringent covenants and increased amount of collateral or guarantees.

The Group also considers financial assets that are more than 120 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The amount of provision for ECL recognized in 2023, 2022 and 2021 are disclosed in Note 6.

Estimating the Fair Value of Biological Assets. The fair values of the Group's biological assets are based on the most reliable estimate of market prices at the end of the reporting period. The fair values of day-old chicks, growing broilers and parent stock were determined using the income approach which considers the net cash flows expected to be generated from the sale of day-old chicks, sale of fully-grown broilers as dressed chickens and net cash flows expected to be generated from parent stock. These are measured as Level 3 in the fair value hierarchy.

The cash flow projections include specific estimates of the hatching period, the hatchability and mortality rates, and volume of harvest. In addition, the significant unobservable inputs also include the estimated future sales price of day-old chicks, dressed chickens and parent stock, as well as the estimated costs to be incurred in the hatching, growing and dressing processes, as applicable.

Generally, the estimated fair value would increase (decrease) if the estimated future sales price, cash inflows, hatchability rates or volume of production were higher (lower). Meanwhile, the estimated fair value would increase (decrease) if the estimated costs to be incurred in the hatching, growing and dressing processes or estimated mortality rates were lower (higher).

The gain or loss on fair value changes of biological assets recognized under "Revenues" in the consolidated statements of comprehensive income in 2023, 2022 and 2021 are presented in Note 8.

Estimating the Revalued Amounts of Property, Plant and Equipment (excluding Transportation Equipment and CIP). The Group measures its property, plant and equipment (excluding transportation equipment and CIP) at revalued amounts with changes in fair value being recognized in OCI.

In determining the revalued amounts of property, plant and equipment (excluding transportation equipment and CIP), the Group hired independent firms of appraisers as at December 31, 2023 and 2022. 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 carrying amounts of property, plant and equipment at revalued amounts as at December 31, 2023 and 2022 are disclosed in Note 11.

Estimating the Useful Lives of Property, Plant and Equipment. The Group reviews annually the estimated useful lives of property, plant and equipment based on expected asset's utilization, market demands and future technological development. It is possible that the factors mentioned may change in the future, which could cause a change in estimated useful lives. A reduction in estimated useful lives could cause a significant increase in depreciation and amortization of property, plant and equipment.

There were no changes in the estimated useful lives of property, plant and equipment in 2023, 2022 and 2021. The carrying amounts of property, plant and equipment as at December 31, 2023 and 2022 are disclosed in Note 11.

Estimating the Fair Value of Investment Properties. The Group's investment properties are measured at fair values. The Group works closely with external qualified appraisers who performs the valuation using appropriate valuation techniques. The Group estimates expected future cash flows, yields, and discount rates

The valuation techniques and inputs used in the fair value measurement of investment properties, as well as the carrying amounts of investment properties as at December 31, 2023 and 2022 are disclosed in Note 12.

Assessing the Impairment of Nonfinancial Assets. The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In assessing whether there is any indication that an asset may be impaired, the Group considers the external and internal sources of information. External sources of information include but are not limited to unexpected significant decline in market value and any other significant changes with an adverse effect on the Group, whether it had taken place during period or will take place in the near future in the market, economic or legal environment in which the entity operates or in the market to which the asset is dedicated. Internal sources of information include evidence of obsolescence or physical damage on an asset, significant changes with an adverse effect on the Group whether it had taken place during the period, or are expected to take place in the near future, to the extent to which, or in a manner in which, an asset is used or is expected to be used, and any other evidence that indicates that the economic performance of an asset is, or will be, worse than expected.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's fair value less cost 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 the continuing use of an asset and from its disposal at the end of its useful life. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

No provision for impairment loss on nonfinancial assets was recognized in 2023, 2022 and 2021.

The carrying amounts of nonfinancial assets which consists of advances to officers and employees, other current assets, property, plant and equipment, investment properties, other noncurrent assets (excluding security deposits) and ROU assets and are disclosed in Notes 6, 9, 11, 12, 13 and 24.

Estimating the Retirement Liability. The determination of the Group's obligation and cost for pension and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 23 to the consolidated financial statements and include among others, discount rate and salary increase rate. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect net retirement liability.

The carrying amounts of net retirement liability as at December 31, 2023 and 2022 are disclosed in Note 23.

Assessing the Realizability of Deferred Tax Assets. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of unused NOLCO is based on the projected taxable income in the following periods. Based on the projection, not all future deductible temporary differences will be realized, therefore, only a portion of deferred tax assets was recognized.

As at December 31, 2023 and 2022, the carrying amounts of recognized deferred tax assets and the amount of unrecognized deferred tax assets which management has assessed may not be realized in the future, are disclosed in Note 25.

4. Prior Period Adjustments

The consolidated financial statements as at and for the year ended December 31, 2022 have been restated to reflect the reclassification to property, plant and equipment of the Parent Company's investment properties which are being operated by BVC, as a result of the consolidation of BVC's operations to the Parent Company effective January 1, 2022 (see Note 33). Accordingly, the adjustments also included reclassifications from gain on change in fair value of investment properties in profit or loss to revaluation surplus in OCI, as well as the corresponding recognition of depreciation charges of property, plant and equipment in profit or loss, and other restatements to deferred taxes as presented in the related notes to consolidated financial statements.

The net effects of the prior period adjustments and reclassifications on the Group's consolidated financial statements as at December 31, 2022 which accounted for less than one percent of total equity are as follows (in millions):

	Assets	Liabilities	Equity	Retained Earnings	OCI
As previously reported	₱5,248.2	₱3,392.2	₱1,856.0	₱275.8	₱438.0
Prior period adjustments and reclassifications	(27.3)	(44.4)	17.1	(2.4)	39.5
As restated	₱5,220.9	₱3,347.8	₱1,873.1	₱273.4	₱437.5

5. Cash

This account consists of:

	2023	2022
Cash on hand	**₱6,663,187**	₱4,752,268
Cash in banks	**391,601,874**	364,664,458
	₱398,265,061	₱369,416,726

Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the current operations.

Interest income earned from cash in banks amounted to ₱0.1 million in 2023, 2022 and 2021. Total interest income recognized in the consolidated statements of comprehensive income pertain to the following:

	Note	2023	2022	2021
Cash in banks		₱115,845	₱108,860	₱146,284
Trade receivables	6	1,420,936	2,289,599	1,146,861
		₱1,536,781	₱2,398,459	₱1,293,145

6. Trade and Other Receivables

This account consists of:

	Note	2023	2022
Trade receivables from:			
Third parties		₱829,900,061	₱679,515,851
Related parties	26	143,528,241	218,397,603
Nontrade receivables		83,973,350	109,099,431
Advances to officers and employees	26	23,202,566	19,003,504
Other receivables		24,936,968	28,282,385
		1,105,541,186	1,054,298,774
Allowance for ECL		(155,583,407)	(171,355,251)
		₱949,957,779	₱882,943,523

Trade receivables arising mainly from the sale of feeds, foods and livestock are generally collectible within 30 to 90 days. These receivables bear interest ranging from 1.00% to 3.00% in 2023, 2022 and 2021. Interest from overdue trade receivables amounted to ₱1.4 million, ₱2.3 million and ₱1.1 million in 2023, 2022 and 2021, respectively (see Note 5).

Nontrade receivables comprise mainly of receivables arising from the Group's incidental income. These are unsecured, noninterest-bearing and are usually settled within 30 to 90 days.

Advances to officers and employees include salary and other loans granted to employees which are generally noninterest-bearing in nature and collectible through salary deductions. This also includes cash advances for business purposes that are subject to liquidation.

Other receivables mainly consist of short-term rental deposits and receivables from government agencies.
Movements in the allowance for ECL account are shown below:

	Note	Trade	Nontrade	Advances to Officers and Employees	Others	Total
Balance as at January 1, 2023		₱66,028,152	₱88,156,268	₱3,260,572	₱13,910,259	₱171,355,251
Provision for ECL	20	3,539,062	–	–	–	3,539,062
Reclassification		(3,404,875)	(13,814,339)	(1,956,660)	(135,032)	(19,310,906)
Balance as at December 31, 2023		₱66,162,339	₱74,341,929	₱1,303,912	₱13,775,227	₱155,583,407

	Note	Trade	Nontrade	Advances to Officers and Employees	Others	Total
Balance as at January 1, 2022		₱64,323,517	₱88,156,268	₱3,260,572	₱13,910,259	₱169,650,616
Provision for ECL	20	1,704,635	–	–	–	1,704,635
Balance as at December 31, 2022		₱66,028,152	₱88,156,268	₱3,260,572	₱13,910,259	₱171,355,251

In 2023, management reclassified allowance for ECL of receivables aggregating ₱19.3 million to allowance for impairment losses of advances to suppliers and other current assets, as a result of the reclassification of the related gross receivables to advances to suppliers amounting to ₱10.9 million and advances to contract growers and breeders amounting to ₱8.4 million (see Note 9).

7. Inventories

This account consists of:

	2023	2022
At NRV -		
Feeds	**₱333,652,987**	₱265,341,476
At cost:		
Raw materials and feeds supplements	**324,370,311**	435,228,997
Supplies and animal health products	**132,401,598**	95,366,161
Finished goods	**74,855,683**	23,529,061
Hatching eggs	**59,353,509**	43,901,754
	₱924,634,088	₱863,367,449

Inventories are valued at lower of cost and NRV as at December 31, 2023 and 2022. The cost of feeds carried at NRV amounted to ₱334.6 million and ₱266.3 million as at December 31, 2023 and 2022, respectively. Inventories charged to cost of goods sold amounted to ₱9,865.3 million, ₱9,525.9 million and ₱7,627.6 million in 2023, 2022 and 2021, respectively (see Note 19).

Allowance for inventory obsolescence amounted to ₱0.9 million as at December 31, 2023 and 2022.

8. Biological Assets - Livestock

The Group's livestock consists of the following:

	2023	2022
Day-old chicks and growing broilers	**₱89,607,344**	₱110,095,736
Parent stock	**39,787,415**	6,023,019
	₱129,394,759	₱116,118,755

Movements of the Group's livestock are as follows:

	Note	2023	2022
Balance at beginning of year		**₱116,118,755**	₱52,467,770
Increase due to production		**6,349,921,100**	5,183,298,174
Decrease due to sales, harvest and mortality		**(6,288,865,517)**	(5,130,583,627)
Gain (loss) on fair value changes	18	**(47,779,579)**	10,936,438
Balance at end of year		**₱129,394,759**	₱116,118,755

9. Other Current Assets

This account consists of:

	2023	2022
CWTs	₱112,120,283	₱80,816,559
Advances to contract growers	76,927,121	47,546,420
Prepayments	60,397,861	49,606,422
Input VAT	19,485,251	15,103,433
Advances to contract breeders	10,054,368	9,987,452
	278,984,884	203,060,286
Allowance for impairment losses	(55,122,665)	(46,748,582)
	₱223,862,219	₱156,311,704

Movements in the allowance for impairment losses of advances to contract growers and contract breeders as at December 31, 2023 and 2022 are as follows:

	Note	2023	2022
Balance at beginning of year		₱46,748,582	₱46,748,582
Reclassification	6	8,374,083	–
Balance at end of year		₱55,122,665	₱46,748,582

10. Receivable from an Insurance Company

The Parent Company has an outstanding insurance claim for typhoon damages from Charter Ping An Insurance Corporation (Charter Ping An). Pursuant to the Insurance Code, the Parent Company is entitled to interest on its claim at a rate twice the ceiling prescribed by the Monetary Board beginning March 12, 2010, or 90 days from the date the Parent Company filed the claim.

On August 17, 2015, the Parent Company received ₱58.9 million as partial settlement. On May 31, 2023, the Regional Trial Court (RTC) of Bulacan granted the claim of the Parent Company and ordered Charter Ping An to pay the insurance claim, to which Charter Ping An filed a Notice of Appeal with the Court of Appeals (CA) in Manila City. On June 14, 2023, the RTC of Bulacan issued an Order directing the records of the case to be forwarded to the Court of Appeals, Manila City. The Parent Company will file a Motion for Execution Pending Appeal before the CA.

Management and its legal counsel believe that the ongoing litigation on the remaining claims will not result in any significant adverse impact on the Group's financial condition and results of operations.

The composition of the receivable as at December 31, 2023 and 2022 are as follows:

Cost	₱141,664,583
Allowance for ECL	(71,460,773)
	₱70,203,810

The Parent Company continues to legally pursue the remaining balance of the insurance claim as at December 31, 2023 and 2022. No provisions nor write-off of allowance for ECL of the receivable were recognized in 2023, 2022 and 2021.

11. Property, Plant and Equipment

At Revalued Amounts

The composition and movements of the Group's property, plant and equipment carried at revalued amounts are as follows:

	2023					
	Land	Plant, Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost						
Balance at beginning of year	₱904,156,050	₱1,001,325,070	₱323,320,085	₱98,113,135	₱86,539,766	₱2,415,454,144
Additions	–	75,459,890	509,240	904,265	7,317,842	84,191,237
Reclassifications from CIP	–	921,410	106,500,000	1,813,378	427,850	109,662,638
Disposals	–	(2,724,913)	–	–	(190,824)	(2,915,737)
Revaluation	28,292,260	12,229,675	(5,687,741)	(1,241,585)	–	33,592,609
Balance at end of year	932,448,310	1,085,211,134	424,641,584	99,591,491	136,094,574	2,647,984,053
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	357,337,651	86,242,759	53,576,563	85,419,209	582,576,182
Depreciation and amortization	–	81,725,402	18,890,399	9,554,047	8,650,737	118,780,585
Disposals	–	(2,724,913)	–	–	(151,901)	(2,876,814)
Balance at end of year	–	436,338,142	105,133,158	63,130,610	93,918,045	698,517,955
Carrying Amount	₱932,448,310	₱648,874,992	₱319,506,426	₱36,457,881	₱42,076,529	₱1,949,466,138

		2022 (As restated - see Note 41)					
	Note	Land	Plant, Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost							
Balance at beginning of year, as previously reported		₱434,109,837	₱583,213,038	₱173,442,750	₱35,525,997	₱92,622,295	₱1,318,910,964
Prior period reclassification	12	341,231,700	250,477,247	143,361,620	25,439,757	–	760,445,314
Balance at beginning of year, as adjusted		775,341,537	833,690,285	316,804,430	61,965,754	92,622,295	2,080,426,270
Additions		–	152,820,383	6,604,164	2,397,003	12,870,426	174,691,976
Additions from acquisition of a subsidiary	33	–	8,001,552	–	30,595,846	1,895,166	40,492,564
Reclassifications from CIP			415,353	4,841,141	1,010,000	–	6,266,494
Disposals		–	(4,904,322)	–	–	(37,542)	(4,941,864)
Adjustments		–	–	–	–	(1,341,206)	(1,341,206)
Revaluation		128,814,463	11,299,205	(4,929,639)	1,244,650	(7,100,367)	129,829,976
Balance at end of year		904,156,050	1,001,325,070	323,320,085	98,113,133	98,539,766	2,415,454,144
Accumulated Depreciation and Amortization							
Balance at beginning of year		–	288,556,532	71,377,286	16,606,316	72,338,595	447,568,729
Depreciation and amortization		–	65,599,950	14,865,473	8,991,915	12,961,049	106,418,387
Additions from acquisition of a subsidiary	33	–	4,096,750	–	28,888,332	927,763	33,912,845
Reclassification		–	–	–	–	(775,950)	(775,950)
Disposals		–	(3,915,577)	–	–	(32,208)	(3,947,785)
Balance at end of year		–	357,337,651	86,242,759	53,576,563	85,419,209	582,576,182
Carrying Amount		₱904,156,050	₱643,987,419	₱237,077,326	₱44,536,570	₱13,120,557	₱1,832,877,962

Revaluation increment on property, plant and equipment amounted to ₱33.6 million, ₱129.8 million and ₱30.4 million in 2023, 2022 and 2021, respectively.

Had the above property, plant and equipment been measured using the cost model, the carrying amounts would have been as follows:

	2023	2022
Land	₱355,331,190	₱355,331,190
Plant, machinery and equipment	649,213,180	580,747,224
Buildings	308,661,367	265,293,469
Leasehold and land improvements	35,219,777	46,031,718
Office furniture, fixtures and equipment	11,763,016	17,415,683
	₱1,360,188,530	₱1,264,819,284

The Group's property, plant and equipment (except for transportation equipment and construction in-progress) were appraised by an independent firm of appraisers as at December 31, 2023 and 2022.

Details of the valuation techniques used in measuring fair values of property, plant and equipment classified under Levels 2 and 3 of the fair value hierarchy are as follows:

			Range	
Class of Property	Valuation Techniques	Significant Inputs	2023	2022
Land	Sales comparison approach	Price per square meter (sqm)	₱2,995 - ₱10,500	₱1,500 - ₱6,050
		Value adjustments	5% - 35%	5% - 35%
Plant, machinery and equipment	Depreciated replacement cost method	Replacement cost	₱306.4 million	₱306.4 million
		Remaining economic life	3 - 25 years	3 - 25 years
	Discounted cash flow (DCF) approach	Discount rate	11.01%	11.75%
		Per monthly rent	₱1.4 million - ₱4.0 million	₱1.2 million - ₱2.4 million
Buildings	Depreciated replacement cost method	Replacement cost	₱176.7 million	₱176.7 million
		Remaining economic life	7 - 25 years	7 - 25 years
	DCF approach	Discount rate	11.01%	11.75%
		Per monthly rent	₱0.2 million - ₱1.2 million	₱0.2 million - ₱1.3 million
Leasehold and land improvements	Depreciated replacement cost method	Replacement cost	₱20.3 million	₱20.3 million
		Remaining economic life	2 - 4 years	2 - 4 years
	DCF approach	Discount rate	11.01%	11.75%
		Per monthly rent	₱0.1 million	₱0.1 million
Office furniture, fixtures and equipment	Depreciated replacement cost method	Replacement cost	₱12.2 million	₱11.0 million
		Remaining economic life	2 - 4 years	2 - 4 years

The description of the valuation techniques and inputs used in the fair value measurement are as follows:

Sales Comparison Approach

Sales comparison approach involves the comparison of the Group's land to those that are more or less located within the vicinity of the appraised properties 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.

The inputs to fair valuation are as follows:

- *Price per sqm* - 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 property taking into account the location, size and architectural features among others.

Depreciated Replacement Cost Method

Depreciated replacement cost method is used to estimate valuation of plant, machinery and equipment, buildings, leasehold and land improvements and office furniture, fixtures and equipment by computing for the replacement cost of the assets and applying appropriate adjustments for physical deterioration and functional and economic obsolescence.

Generally, significant increases (decreases) in depreciated replacement cost in isolation would result in a significantly higher (lower) fair value measurement.

Discounted Cash Flow Approach

Under the DCF approach, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's estimated useful life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF approach involves the projection of a series of cash flows on a real property interest. An appropriate, market-derived discount rate is applied to projected cash flow series to establish the present value of the income stream associated with the investment property.

Periodic cash flows of investment properties are typically estimated as gross income less vacancy and operating expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The frequency of inflows and outflows are contract and market-derived. The DCF approach assumes that cash outflows occur in the same period that expenses are recorded.

Generally, significant increases (decreases) in monthly rental rate per building, leasehold and land improvements and machinery and equipment in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in discount rate in isolation would result in a significantly lower (higher) fair value measurement.

The reconciliation of the balances of property, plant and equipment classified according to level in the fair value hierarchy is as follows:

	2023		
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance at beginning of year	₱904,156,050	₱938,721,912	₱1,842,877,962
Net revaluation increment	28,292,260	5,300,549	33,592,809
Net additions	–	188,937,140	188,937,140
Depreciation and amortization - net of disposals	–	(115,941,773)	(115,941,773)
Balance at end of year	₱932,448,310	₱1,017,017,828	₱1,949,466,138

		2022 (As restated – see Note 4)		
	Note	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance at beginning of year		₱775,341,587	₱857,115,964	₱1,632,457,551
Net revaluation increment		128,814,463	(3,676,253)	125,138,210
Net additions		–	183,960,876	183,960,876
Additions from acquisition of a subsidiary	33	–	6,739,713	6,739,713
Depreciation and amortization		–	(105,418,388)	(105,418,388)
Balance at end of year		₱904,156,050	₱938,721,912	₱1,842,877,962

There are no transfers between the levels of fair value hierarchy in 2023, 2022 and 2021.

At Cost

The following transportation equipment and construction in-progress (CIP) are carried at cost:

	2023		
	Transportation Equipment	CIP	Total
Cost			
Balance at beginning of year	₱49,017,924	₱122,736,649	₱171,754,573
Additions	624,480	30,599,506	31,223,986
Reclassifications	–	(109,661,638)	(109,661,638)
Disposal	(3,515,234)	–	(3,515,234)
Balance at end of year	46,127,170	43,674,517	89,801,687
Accumulated Depreciation			
Balance at beginning of year	45,113,940	–	45,113,940
Depreciation	2,548,759	–	2,548,759
Disposal	(3,453,734)	–	(3,453,734)
Balance at end of year	44,208,965	–	44,208,965
Carrying amount	₱1,918,205	₱43,674,517	₱45,592,722

	2022		
	Transportation Equipment	CIP	Total
Cost			
Balance at beginning of year	₱48,160,960	₱38,699,957	₱86,860,917
Additions	426,964	77,451,662	77,878,626
Additions from acquisition of a subsidiary	430,000	–	430,000
Adjustments	–	12,851,524	12,851,524
Reclassifications	–	(6,266,494)	(6,266,494)
Balance at end of year	49,017,924	122,736,649	171,754,573
Accumulated Depreciation			
Balance at beginning of year	40,879,752	–	40,879,752
Depreciation	4,033,521	–	4,033,521
Additions from acquisition of a subsidiary	200,667	–	200,667
Balance at end of year	45,113,940	–	45,113,940
Carrying amount	₱3,903,984	₱122,736,649	₱126,640,633

CIP represents cost of raw materials, general construction works and installation costs incurred in the construction of the Group's offices, cabling installation, piping, bagging system installation and other developments. Completed construction costs amounting to ₱109.7 million, ₱6.3 million and ₱15.0 million in 2023, 2022 and 2021, respectively, were reclassified to appropriate property, plant and equipment accounts. As at December 31, 2023 and 2022, there are no significant contractual commitments entered into by the Group.

In 2023, 2022 and 2021, the Group sold property, plant and equipment and investment properties for a cash consideration resulting to a gain (loss) on disposal amounting to ₱0.5 million, (₱1.0 million) and (₱1.1 million), respectively (see Note 22).

As at December 31, 2023 and 2022, fully depreciated property, plant and equipment that are still being used by the Group amounted to ₱383.5 million and ₱259.3 million, respectively.

Depreciation and amortization expense recognized in the consolidated statements of comprehensive income are as follows:

	Note	2023	2022 (As restated - see Note 4)	2021
Property, plant and equipment:				
At revaluated amounts		**₱118,798,585**	₱105,418,387	₱80,327,323
At cost		**2,548,759**	4,033,521	4,922,099
ROU assets	24	**22,994,914**	17,723,732	17,079,097
Computer software	13	**3,398,021**	5,795,513	3,678,102
		₱147,740,279	₱132,971,153	₱106,006,621

Depreciation and amortization expense were charged to the following:

	Note	2023	2022 (As restated - see Note 4)	2021
Cost of goods sold	19	**₱105,338,143**	₱95,998,634	₱72,016,730
Operating expenses:	20			
Selling and distribution		**26,754,216**	21,642,518	17,309,846
Administrative expenses		**15,647,920**	15,330,001	16,680,045
		42,402,136	36,972,519	33,989,891
		₱147,740,279	₱132,971,153	₱106,006,621

12. Investment Properties

This consists of the Group's parcels of land arising from the foreclosure of properties as settlement of its customers' liabilities to the Group, and properties which are held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

Investment properties are measured using the fair value model. The composition and movements in this account are summarized below:

	2023		
	Land	Building	Total
Balance at beginning of year, at cost	**₱178,403,468**	**₱15,567,585**	**₱193,971,053**
Additions	**1,712,209**	**–**	**1,712,209**
Disposals	**(2,953,785)**	**–**	**(2,953,785)**
Balance at end of year, at cost	**177,161,892**	**15,567,585**	**192,729,477**
Cumulative gain (loss) on changes in fair value	**109,431,064**	**(814,190)**	**108,616,874**
Balance at end of year, at fair value	**₱286,592,956**	**₱14,753,395**	**₱301,346,351**

	Note	2022 Land	Building	Total
Balance at beginning of year as previously reported, at cost		₱522,205,862	₱434,841,199	₱957,047,061
Prior period reclassifications	11	(341,171,700)	(419,273,614)	(760,445,314)
Balance at beginning of year as adjusted		181,034,162	15,567,585	196,601,747
Disposal		(2,630,694)	–	(2,630,694)
Balance at end of year, at cost		178,403,468	15,567,585	193,971,053
Cumulative gain (loss) on changes in fair value		45,122,474	(619,585)	44,502,889
Balance at end of year, at fair value		₱223,525,942	₱14,948,000	₱238,473,942

The Group's investment properties were appraised by an independent firm of appraisers as at December 31, 2023 and 2022. Gain on change in fair value amounted to ₱64.1 million, ₱28.2 million and ₱1.3 million in 2023, 2022 and 2021, respectively.

The Group recognized revenue from leasing operations amounting to ₱5.3 million, ₱7.8 million and ₱11.1 million in 2023, 2022 and 2021, respectively (see Note 22). Direct costs related to the lease of investment properties amounted to ₱1.0 million, ₱1.1 million and ₱1.3 million in 2023, 2022 and 2021, respectively.

Details of the valuation techniques used in measuring fair values of classified under Level 2 of the fair value hierarchy are as follows:

Class of Property	Valuation Techniques	Significant Inputs	Range 2023	2022
Land	Sales comparison approach	Price per square meter (sqm)	₱45 - ₱17,000	₱50 - ₱14,200
		Value adjustments	5% - 70%	5% - 80%

Sales comparison approach involves the comparison of the Group's land to those that are more or less located within the vicinity of the appraised properties 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.

The significant inputs to fair valuation are as follows

- *Price per sqm* - 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 and architectural features among others.

Meanwhile, building was valued using DCF approach (Level 3) and utilized discount rate and monthly rental rates as significant inputs. Under the DCF approach, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's estimated useful life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF approach involves the projection of a series of cash flows on a real property interest. An appropriate, market-derived discount rate is applied to projected cash flow series to establish the present value of the income stream associated with the investment property.

Periodic cash flows of investment properties are typically estimated as gross income less vacancy and operating expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The frequency of inflows and outflows are contract and market-derived. The DCF approach assumes that cash outflows occur in the same period that expenses are recorded.

Generally, significant increases (decreases) in the discount rate in isolation would result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in rental rate in isolation would result in a significantly higher (lower) fair value measurement.

13. Other Noncurrent Assets

This account consists of:

	Note	2023	2022
Project development costs		**₱31,368,395**	₱31,368,395
Security deposits	24	**12,928,688**	18,229,324
Computer software		**10,487,976**	13,885,997
		54,785,059	63,483,716
Allowance for impairment losses		**(31,368,395)**	(31,368,395)
		₱23,416,664	₱32,115,321

Project development costs represent expenses incurred on the Group's aqua feeds and aqua culture projects. These were already fully provided with valuation allowance as at December 31, 2023 and 2022 since based on management's evaluation, these costs may no longer be recoverable.

Computer software is amortized over the economic life of three (3) years. Movements in computer software are as follows:

	Note	2023	2022
Cost			
Balance at beginning of year		**₱43,365,131**	₱43,344,648
Additions		**-**	20,483
Balance at end of year		**43,365,131**	43,365,131
Accumulated Amortization			
Balance at beginning of year		**29,479,134**	23,683,621
Amortization	11	**3,398,021**	5,795,513
Balance at end of year		**32,877,155**	29,479,134
Carrying Amount		**₱10,487,976**	₱13,885,997

14. Trade and Other Payables

This account consists of:

	Note	2023	2022
Trade payables:			
Third parties		**₱1,642,893,759**	₱1,627,742,437
Related parties	26	**3,907,536**	4,333,416
Accrued expenses:			
Selling and administrative		**189,328,480**	175,537,109
Outside services		**25,503,169**	16,315,967
Others		**14,830,005**	49,318,293
Nontrade payables		**148,419,428**	62,588,749
Statutory payables		**27,729,615**	20,241,561
Customers' deposits		**14,240,358**	45,629,029
		₱2,066,852,350	₱2,001,706,561

Trade payables consist of liabilities arising from purchases of inventories in the normal course of business. These are noninterest-bearing and are generally settled within 30 to 90 days.

Accrued expenses mainly pertain to selling and administrative expenses, outside services, salaries and wages, freight and handling, outside services, taxes and licenses, commission and supplies, among others. These are normally settled within one year.

Nontrade payables are liabilities arising from purchases of goods other than inventories and various services giving rise to expenses such as trucking fees, utilities, security services and inspection fees, among others. These are normally settled within one year.

Statutory payables consist of liabilities to government agencies. These are normally settled within a month.

Customers' deposits include amounts advanced by the customers to the Group.

15. Loans Payable

The Group's outstanding loans payable to local banks amounted to ₱898.1 million and ₱1,035.1 million as at December 31, 2023 and 2022, respectively. The Group's short-term and long-term loans are not subject to any debt covenants.

	2023	2022
Short-term loans	**₱848,476,429**	₱960,657,066
Current portion of long-term loans	**24,821,429**	24,821,429
Current portion of loans payable	**873,297,858**	985,478,495
Noncurrent portion of loans payable	**24,821,427**	49,642,856
	₱898,119,285	₱1,035,121,351

Short-term Loans Payable

In 2023 and 2022, the Group obtained unsecured, Peso-denominated short-term loans from local banks to finance its working capital requirements. The Group's short-term loans mature within 90 days and bear annual interest rates ranging from 6.00% to 6.50%. Outstanding balance amounted to ₱848.5 million and ₱960.7 million as at December 31, 2023 and 2022, respectively.

Long-term Loans Payable

The following are the Group's long-term loans payable:

a. ₱86.9 million promissory note

   On October 31, 2018, the Parent Company entered into an eight-year loan agreement with China Bank Savings, Inc. ("CBS") amounting to ₱86.9 million, payable in 28 quarterly installments starting January 31, 2020 and bearing an interest rate of 7.875% per annum, repriced annually. Repriced interest rate is 7.750% in 2023 and 6.250% in 2022. Outstanding balance amounted to ₱24.8 million and ₱37.2 million as at December 31, 2023 and 2022, respectively.

b. ₱86.9 million promissory note

   On December 6, 2018, the Parent Company entered into another eight-year loan agreement with CBS amounting to ₱86.9 million, payable in 28 quarterly installments, starting March 6, 2020 and bearing an interest rate of 8.125% per annum, repriced annually. Repriced interest rate is 7.750% in 2023 and 6.125% in 2022. Outstanding balance amounted to ₱24.8 million and ₱37.2 million as at December 31, 2023 and 2022, respectively.

Total availments of loans payable amounted to ₱1,740.2 million and ₱2,349.6 million in 2023 and 2022, respectively. Total payments of loans payable amounted to ₱1,877.2 million and ₱1,819.5 million in 2023 and 2022, respectively (see Note 28).

Interest expense on loans payable amounted to ₱68.3 million, ₱35.7 million, and ₱20.7 million in 2023, 2022 and 2021, respectively. Total interest expense recognized in the consolidated statements of comprehensive income consists of the following:

	Note	**2023**	2022	2021
Loans payable		**₱68,308,882**	₱35,735,576	₱20,665,516
Accretion of interest on lease liabilities	24	**7,514,406**	4,266,400	2,385,774
		₱75,823,288	₱40,001,976	₱23,051,290

16. Cash Bond Deposits

Cash bond deposits amounting to ₱60.5 million and ₱56.3 million as at December 31, 2023 and 2022, respectively, mainly pertains to surety bond deposits from contract growers, contract breeders, and salesmen.

These are generally renewed on an annual basis and cash bond deposits will be refunded upon termination of the contract.

17. Equity

Capital Stock

As of December 31, 2023 and 2022, the Parent Company has issued and outstanding common shares of 3,054,334,014 common shares at ₱0.38 par value equivalent to ₱1.2 billion. Details of the authorized, issued and outstanding common shares as at December 31 are as follows:

	2023	2022
Authorized	3,500,000,000	3,500,000,000
Issued and outstanding	3,054,334,014	3,054,334,014
Capital stock	₱1,160,646,925	₱1,160,646,925

The details and movements of the common shares listed with PSE follows:

Date of SEC Approval	Authorized Shares	No of Shares Issued
October 7, 1972	5,000,000	5,000,000
May 2, 1973	10,000,000	10,000,000
October 31, 1974	7,000,000	7,000,000
December 5, 1977	45,000,000	45,000,000
December 5, 1982	33,000,000	33,000,000
August 11, 1986	200,000,000	200,000,000
February 9, 1989	200,000,000	200,000,000
October 16, 2013	3,500,000,000	2,286,497,901
December 22, 2017	3,500,000,000	267,836,113
		3,054,334,014

The Parent Company has 4,103 and 4,113 stockholders as at December 31, 2023 and 2022, respectively.

Other Comprehensive Income

The components and movements of other comprehensive income are presented below:

	2023		
	Revaluation Surplus	Accumulated Remeasurement Gain (Loss)	Total
Balance at beginning of year	₱433,544,010	₱3,956,055	₱437,500,065
Revaluation increment - net of tax	25,194,607	–	25,194,607
Remeasurement loss - net of tax	–	(10,192,829)	(10,192,829)
Transfer of revaluation surplus realized through depreciation to retained earnings - net of tax	(16,780,410)	–	(16,780,410)
Balance at end of year	₱441,958,207	(₱6,236,774)	₱435,721,433

	2022		
	Revaluation Surplus	Accumulated Remeasurement Gain (Loss)	Total
Balance at beginning of year	₱348,054,817	(₱27,885,015)	₱320,179,802
Revaluation increment - net of tax	97,372,482	-	97,372,482
Remeasurement gain - net of tax	-	31,841,070	31,841,070
Transfer of revaluation surplus realized through depreciation to retained earnings - net of tax	(11,893,289)	–	(11,893,289)
Balance at end of year	₱433,544,010	₱3,956,055	₱437,500,065

18. Revenues

This account consists of:

	Note	2023	2022	2021
Net sales from:				
Foods		**₱6,943,470,958**	₱6,241,334,413	₱4,231,571,048
Feeds		**5,128,051,942**	5,199,285,802	4,694,677,304
Farms		**472,171,275**	516,895,636	722,913,456
		12,543,694,175	11,957,515,851	9,649,161,808
Fair value changes on biological assets	8	**(47,779,579)**	10,936,438	(22,854,221)
		₱12,495,914,596	₱11,968,452,289	₱9,626,307,587

19. Cost of Goods Sold

This account consists of the following:

	Note	2023	2022 (As restated - see Note 4)	2021
Inventories sold	7	**₱9,865,346,419**	₱9,525,944,014	₱7,627,567,945
Outside services	24	**1,125,872,634**	858,830,177	712,164,921
Contractual services		**426,291,217**	312,262,806	268,517,601
Depreciation and amortization	11	**105,338,148**	95,998,634	72,016,730
Salaries and employee benefits	21	**35,854,006**	45,814,819	38,472,730
Communications, light and water		**24,024,344**	40,263,703	31,797,494
Repairs and maintenance		**5,418,750**	14,693,513	8,216,556
Others		**3,295,455**	5,835,758	3,731,646
		₱11,591,440,968	₱10,899,643,474	₱8,752,485,623

20. Operating Expenses

This account consists of the following:

	2023	2022 (As restated - see Note 4)	2021
Administrative expenses	₱552,140,873	₱560,014,678	₱462,811,838
Selling and distribution expenses	341,670,393	323,347,130	248,272,613
	₱893,811,266	₱883,361,808	₱711,084,451

The details of operating expenses are as follows:

	Note	2023	2022 (As restated - see Note 4)	2021
Salaries and employee benefits		₱316,880,371	₱278,702,032	₱230,964,474
Transportation, travel and freight and handling		284,876,669	292,654,988	207,879,032
Depreciation and amortization	11	42,402,136	36,972,519	33,989,891
Publications and subscriptions		40,088,981	39,323,376	38,877,116
Contractual services		38,187,859	26,600,604	20,517,627
Taxes and licenses		29,245,992	26,719,345	17,764,542
Professional fees		27,945,926	34,746,562	29,894,725
Advertising and promotions		19,578,566	24,540,837	30,852,721
Representation and entertainment		15,475,272	36,605,488	24,959,164
Rentals	24	10,249,091	8,269,477	8,526,711
Communications, light and water		9,768,329	9,687,496	8,374,622
Supplies		6,549,416	6,398,714	7,437,118
Repairs and maintenance		5,336,923	2,897,165	4,121,943
Insurance		4,701,190	5,039,437	4,383,834
Provision for ECL of trade and other receivables	6	3,539,062	1,704,635	10,157,719
Packaging and distribution		2,354,256	3,952,152	2,217,267
Bank charges		102,335	2,571,657	403,805
Others		36,528,892	45,975,324	29,762,139
		₱893,811,266	₱883,361,808	₱711,084,451

Other expenses include association dues, training and seminar costs and inspection fees, among others.

21. Salaries and Employee Benefits

This account pertains to the following:

	Note	2023	2022	2021
Salaries and wages		**₱297,188,485**	₱259,733,525	₱218,104,366
Retirement benefits	23	**22,122,540**	22,336,339	16,993,091
Commissions		**16,550,520**	27,560,525	21,476,608
Other short-term benefits		**16,872,832**	14,886,462	12,863,139
		₱352,734,377	₱324,516,851	₱269,437,204

Salaries and employee benefits are allocated as follows:

	Note	2023	2022	2021
Cost of goods sold	19	**₱35,854,006**	₱45,814,819	₱38,472,730
Operating expenses:				
Administrative		**211,849,889**	176,820,010	166,331,166
Selling and distribution		**105,030,482**	101,882,022	64,633,308
		316,880,371	278,702,032	230,964,474
		₱352,734,377	₱324,516,851	₱269,437,204

22. Other Income (Charges)

Other Operating Income

	Note	2023	2022	2021
Rental income	24	**₱5,255,468**	₱7,837,895	₱11,096,404
Miscellaneous revenues		**6,217,895**	954,147	–
		₱11,473,363	₱8,792,042	₱11,096,404

Miscellaneous revenues pertain to sale of chicken by-products and other wastes from production.

Other Charges - net

	Note	2023	2022	2021
Penalties		**(₱5,290,291)**	(₱10,696,915)	(₱10,000,000)
Net foreign exchange loss		**(615,490)**	(28,701,581)	(5,714,952)
Gain (loss) on disposal of property, plant and equipment and investment properties	11	**523,275**	(1,037,744)	(1,060,988)
Others		**-**	(903,842)	(15,962,215)
		(₱5,382,506)	(₱41,340,082)	(₱32,738,155)

23. Net Retirement Liability

The Group has a partially funded, noncontributory defined benefit retirement plan covering all of its qualified employees. The defined benefit plan is being administered by a trustee bank which is responsible for the administration of the plan asset. The Group'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.

There are no unusual or significant risks to which the retirement liability exposes the Group. However, in the event a benefit claim arises under the retirement liability, the benefit shall immediately be due and payable from the Group.

The following tables summarize the components of retirement benefit costs recognized in the consolidated statements of comprehensive income based on the report of an independent actuary as at December 31, 2023.

Details of retirement expense is as follows (see Note 20):

	2023	2022	2021
Current service costs	**₱11,519,694**	₱13,896,753	₱11,956,045
Net interest cost	**10,602,846**	8,439,586	5,037,046
	₱22,122,540	₱22,336,339	₱16,993,091

The amounts of net retirement liability recognized in the consolidated statements of financial position are determined as follows:

	2023	2022
Present value of DBO	**₱184,617,101**	₱150,989,435
Fair value of plan assets	**(4,031,451)**	(3,931,933)
	₱180,585,650	₱147,057,502

While there are no minimum funding requirements in the country, any size of underfunding may pose a cash flow risk in the future when a significant number of employees is expected to retire.

The movements in the present value of DBO are as follows:

	2023	2022
Balance at beginning of year	**₱150,989,435**	₱180,278,417
Current service costs	**11,519,694**	13,896,753
Interest expense	**10,886,338**	8,641,280
Benefits paid	**(2,184,831)**	(9,124,310)
Remeasurement loss (gain)	**13,406,465**	(42,702,705)
Balance at end of year	**₱184,617,101**	₱150,989,435

The movements in the fair value of plan assets are as follows:

	2023	2022
Balance at beginning of year	₱3,931,933	₱3,978,184
Interest income	283,492	201,694
Remeasurement loss	(183,974)	(247,945)
Balance at end of year	₱4,031,451	₱3,931,933

The Group's plan assets are comprised of the following:

	2023	2022
Cash and cash equivalents	₱256,803	₱658,992
Equity instruments	502,722	548,505
Debt instruments - government bonds	3,257,816	2,834,137
Others	14,110	(109,701)
	₱4,031,451	₱3,931,933

There are no expected contributions to the Group's retirement plan in the following year.

The cumulative net remeasurement gains (losses) on net retirement liability recognized in OCI as at December 31 are as follows:

	2023		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax	Net
Balance at beginning of year	₱5,274,740	(₱1,318,685)	₱3,956,055
Remeasurement loss	(13,590,439)	3,397,610	(10,192,829)
Balance at end of year	(₱8,315,699)	₱2,078,925	(₱6,236,774)

	2022		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax	Net
Balance at beginning of year	(₱37,180,020)	₱9,295,005	(₱27,885,015)
Remeasurement gain	42,454,760	(10,613,690)	31,841,070
Balance at end of year	₱5,274,740	(₱1,318,685)	₱3,956,055

	2021		
	Cumulative Remeasurement Loss	Deferred Tax	Net
Balance at beginning of year	(₱14,048,821)	₱3,512,205	(₱10,536,616)
Remeasurement loss	(23,131,199)	5,782,800	(17,348,399)
Balance at end of year	(₱37,180,020)	₱9,295,005	(₱27,885,015)

The principal assumptions used for the purpose of the actuarial valuation are as follows:

	2023	2022
Discount rate	6.10%	7.21%
Salary increase projection rate	5.00%	5.00%
Average remaining service years	22.4	23.0

The sensitivity analysis based on reasonable possible changes of assumptions as at December 31, 2023 and 2022 are presented below

		Effect on Present Value of Retirement Liability *(in thousands)*	
	Change in Assumption	Discount Rate	Salary Increase Projection Rate
December 31, 2023	+100 bps	**(₱13,861)**	**₱15,904**
	-100 bps	**15,888**	**(14,122)**
December 31, 2022	+100 bps	(₱10,677)	₱12,365
	-100 bps	12,215	(10,984)

The expected future benefit payments of the Group are as follows:

	2023	2022
Less than one year	**₱26,011,557**	₱31,611,680
Between one and five years	**55,006,165**	42,714,397
Beyond five years	**142,845,710**	116,035,367
	₱223,863,432	₱190,361,444

The weighted average duration of the present value of retirement benefit obligation as at December 31, 2023 and 2022 are 8.1 years and 7.6 years, respectively.

24. Significant Agreements

Operating Leases - The Group as a Lessor

The Group entered into cancellable leases covering certain production plants (i.e., dressing, rendering and ice production) which have lease terms of around two to three years and are renewable upon mutual agreement of the parties.

Total rent income from these operating leases amounted to ₱5.3 million, ₱7.8 million and ₱11.1 million in 2023, 2022 and 2021, respectively, and are shown as part of "Other Operating Income" account in the consolidated statements of comprehensive income (see Note 22).

The Group as a Lessee - Short-term Leases

The Group leases certain warehouses under operating lease agreements for a period of one year and are renewable upon mutual agreement by the parties. Rent expense amounted to ₱10.2 million, ₱8.3 million and ₱8.5 million in 2023, 2022 and 2021, respectively (see Note 20).

Security deposits amounted to ₱12.9 million and ₱18.2 million as at December 31, 2023 and 2022, respectively (see Note 13).

The Group as a Lessee – Long-term Leases

The Group entered into lease agreements of an office space in a building and finance lease agreements for its transportation equipment for a period of more than a year. The Group recognized right-of-use assets and lease liabilities on these transactions using the interest rates implicit in the leases which are fixed at the contract date. The average effective interest rate approximates 7.875% to 8.125% per annum in 2023, 2022 and 2021.

ROU Assets
The movements in ROU assets are as follows:

		2023		
	Note	Building	Transportation Equipment	Total
Cost				
Balance at beginning of year		₱12,065,912	₱128,919,298	₱140,985,210
Additions		9,772,245	40,130,777	49,903,022
Balance at end of year		21,838,157	169,050,075	190,888,232
Accumulated Amortization				
Balance at beginning of year		11,341,957	74,113,637	85,455,594
Amortization	11	2,895,564	20,099,350	22,994,914
Balance at end of year		14,237,521	94,212,987	108,450,508
Carrying Amount		₱7,600,636	₱74,837,088	₱82,437,724

		2022		
	Note	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
Amortization	11	2,895,819	14,827,913	17,723,732
Balance at end of year		11,341,957	74,113,637	85,455,594
Carrying Amount		₱723,955	₱54,805,661	₱55,529,616

Lease Liabilities
The balance and movements in lease liabilities are as follows:

	Note	2023	2022
Balance at beginning of year		₱52,299,839	₱42,005,270
Additions		49,903,022	34,331,713
Accretion of interest	15	7,514,406	4,266,400
Payments		(26,125,747)	(28,303,544)
Balance at end of year		83,591,520	52,299,839
Less: current portion		22,442,663	15,413,841
Noncurrent portion		₱61,148,857	₱36,885,998

The amounts recognized in profit or loss related to leases follow:

	Note	2023	2022	2021
Amortization of ROU assets		₱22,994,914	₱17,723,732	₱17,079,097
Short-term leases	20	10,249,091	8,269,477	8,526,711
Interest expense on lease liabilities		7,514,406	4,266,400	2,385,774
		₱40,708,411	₱30,259,609	₱27,991,582

The gross minimum lease payments and present value of future minimum lease payments as at December 31 are as follows:

	2023		2022	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
Not later than one year	₱29,168,306	₱22,442,663	₱16,731,442	₱15,413,841
Later than one year but not more than five years	69,585,536	61,148,857	40,169,886	36,885,998
	₱98,753,842	₱83,591,520	₱56,901,328	₱52,299,839

Agreements with Contract Breeders and Contract Growers
The Group has entered into various agreements with breeders and growers for the breeding and growing of livestock. These are generally renewed on an annual basis.

Tolling Agreements
The Group has also entered into various toll arrangements, mainly for the manufacture of its feeds, hatching of eggs and dressing of poultry livestock whose services are payable through fixed amounts per unit of output.

Total payments for tolling arrangements amounted to ₱1,125.9 million, ₱858.8 million and ₱712.2 million in 2023, 2022 and 2021, respectively, and are recorded as part of "Outside services" account under "Cost of Goods Sold" account in the consolidated statements of comprehensive income (see Note 19)

25. Income Tax

The components of income tax expense are as follows:

	2023	2022 (As restated - see Note 4)	2021
Reported in profit or loss:			
Current:			
RCIT	₱21,935,240	₱51,302,707	₱25,793,096
MCIT	195,049	-	-
	22,130,289	51,302,707	25,793,096
Deferred	(28,854,508)	2,525,379	5,371,040
	(₱6,724,219)	₱53,828,086	₱31,164,136
Reported in OCI			
Deferred	₱5,000,592	(₱43,071,184)	(₱1,811,206)

The components of the Group's net deferred tax liabilities are as follows:

	2023	2022 (As restated - see Note 4)
Deferred tax assets:		
Retirement liability	**₱45,146,413**	₱36,764,376
Allowance for ECL	**32,988,099**	36,931,060
NOLCO	**16,231,570**	9,397,440
Allowance for impairment loss on:		
Advances to contract breeders and contract growers	**13,780,666**	10,802,974
Inventories	**224,079**	224,079
Fair value changes of biological assets	**11,944,895**	–
	120,315,722	94,119,929
Deferred tax liabilities:		
Revaluation surplus on property, plant and equipment	**(147,319,402)**	(144,514,670)
Cumulative gain on fair value changes of investment properties	**(3,636,703)**	(1,418,854)
Effects of PFRS 16, *Leases*	**(848,147)**	(807,444)
Fair value changes of biological assets	**–**	(2,734,110)
Unrealized gain on foreign exchanges	**(12,703)**	–
	(151,816,955)	(149,475,078)
	(₱31,501,233)	(₱55,355,149)

As at December 31, 2023 and 2022, the Group did not recognize deferred tax assets relating to the following as management has assessed that these may not be realized in the future:

	2023	2022
Allowance for ECL on:		
Receivable from an insurance company	**₱17,865,193**	₱17,865,193
Trade and other receivables	**5,907,753**	5,907,753
Allowance for impairment loss on:		
Project development costs	**7,842,099**	7,842,099
Advances to suppliers	**3,618,378**	884,172
	₱35,233,423	₱32,499,217

The Group's NOLCO pertain to operating losses incurred by BVC, as follows:

Year Incurred	Valid Until	Balance as at January 1, 2023	Incurred	Applied/ Expired	Balance as at December 31, 2023
2023	2026	₱–	₱17,939,079	₱–	₱17,939,079
2022	2025	36,488,314	–	–	36,488,314
2021	2026	10,498,886	–	–	10,498,886
		₱46,987,200	₱17,939,079	₱–	₱64,926,279

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 to implement Section 4 (bbbb) of Republic Act No. 11494 (Bayanihan Act to Recover as One Act), allowing the Group's net operating losses for taxable years 2020 and 2021 to be carried over for the next five consecutive taxable years immediately following the year of such loss.

The reconciliation between the income tax based on statutory income tax rate and provision for (benefit from) income tax reported in the consolidated statements of comprehensive income is as follows:

	2023	2022	2021
Provision for income tax computed at the statutory income tax rate	**25.0%**	25.0%	25.0%
Income tax effects of:			
Nondeductible expenses, change in unrecognized deferred tax assets and other adjustments	(127.2%)	12.5%	(4.1%)
Income already subjected to final tax	0.0%	0.0%	0.0%
Effect of CREATE Law	–	–	4.9%
Effective income tax rates	(102.2%)	37.5%	25.8%

26. Related Party Transactions

The Group, in its regular conduct of business, has transactions with its related parties. The following tables summarize the transactions with the related parties and outstanding balance arising from these transactions.

			Amount of Transactions		Outstanding Balance	
Related Parties	Note	Nature of Transaction	2023	2022	2023	2022
Trade and other receivables	6					
Entities under common control		Sales	₱629,194,605	₱509,154,217		
		Collections	(688,063,967)	(551,586,333)	₱143,528,241	₱218,397,503
Trade and other payables	14					
Entities under common control		Purchases	₱745,005,212	₱1,097,325,538		
		Payments	(705,433,091)	(1,183,295,952)	₱3,907,536	₱4,333,126
Advances to officers	6	Advances – net of collections	₱4,199,062	₱6,589,468	₱23,202,566	₱19,003,504

Trade and Other Receivables
The Group sells animal feeds, raw materials, feed supplements and dressed chicken to related parties, which are due within 90 days and are noninterest-bearing. Outstanding balances of trade and other receivables from related parties are unsecured and to be settled in cash. No allowance for ECL on trade and other receivables from related parties was recognized as at December 31, 2023 and 2022 (see Note 6).

Trade and Other Payables
The Group buys raw materials and breeder flocks from related parties. These are noninterest-bearing, generally on a 90-day credit term, unsecured and to be settled in cash (see Note 14).

Advances to Officers
The Group grants unsecured, noninterest-bearing advances to its officers which are normally collected within one year through salary deduction. The allowance for ECL on advances to officers as at December 31, 2023 and 2022 are disclosed in Note 6.

Compensation of Key Management Personnel
The compensation of key management personnel are as follows:

	2023	2022	2021
Short-term employee benefits	₱54,914,416	₱55,480,527	₱35,561,950
Retirement benefits	5,238,557	5,010,571	5,872,830
Other employee benefits	19,521,032	17,133,565	10,784,789
	₱79,674,005	₱77,624,663	₱52,219,569

Transactions with the Retirement Plan
The Parent Company's retirement fund is administered and managed by a trustee bank. The fair value of plan assets, which are primarily composed of government bonds, amounted to ₱4.0 million and ₱3.9 million as at December 31, 2023 and 2022, respectively (see Note 23).

The retirement fund neither provides any guarantee or surety for any obligation of the Parent Company nor are its investments covered by any restrictions or liens.

27. Earnings Per Share

Basic and diluted earnings per share are computed as follows:

	Note	2023	2022 (As restated - see Note 4)	2021
Net income		₱13,304,916	₱89,634,614	₱89,441,614
Divided by the weighted average number of outstanding common shares	17	3,054,334,014	3,054,334,014	3,054,334,014
Basic and diluted earnings per share		₱0.004	₱0.029	₱0.029

Basic earnings per share is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year.

The Parent Company does not have any dilutive common shares outstanding, thus, the basic and diluted earnings per share as at December 31, 2023, 2022 and 2021 are the same.

28. Reconciliation of Liabilities Arising from Financing Activities

The tables below detail the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes:

			Financing Cash Flows			
	Note	January 1, 2023	Availments	Payments	Non-cash Changes	December 31, 2023
Loans payable	15	₱1,035,121,351	₱1,740,233,658	(₱1,877,235,724)	₱–	₱898,119,285
Lease liabilities	24	52,299,839	–	(26,125,747)	57,417,428	83,591,520
Interest expense	15	–	–	(68,308,882)	68,308,882	–
		₱1,087,421,190	₱1,740,233,658	(₱1,971,670,353)	₱125,726,310	₱981,710,805

			Financing Cash Flows			
	Note	January 1, 2022	Availments	Payments	Non-cash Changes	December 31, 2022
Loans payable	15	₱505,051,728	₱2,349,559,151	(₱1,819,489,528)	₱–	₱1,035,121,351
Lease liabilities	24	42,005,270	–	(28,303,544)	38,598,113	52,299,839
Interest expense	15	–	–	(35,735,576)	35,735,576	–
		₱547,056,998	₱2,349,559,151	(₱1,883,528,648)	₱74,333,689	₱1,087,421,190

29. Contingencies

The Group, in the ordinary course of business, has pending legal claims and assessments which are in various stages of discussions, protests and appeal with relevant third parties. Management, in consultation with its legal counsel, believes that the ultimate resolution of these legal claims and assessments would not have a material impact on the Group's financial position and results of operations based upon an analysis of potential results. Thus, no provision for contingencies was recognized in 2023, 2022 and 2021.

30. Financial Risk Management Objectives and Policies

The Group's financial instruments consists of cash, trade and other receivables (excluding advances to officers and employees), receivable from an insurance company, security deposits, trade and other payables (excluding statutory payables), loans payable, lease liabilities and cash bond deposits.

It is the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and approves policies for managing these risks as summarized below.

Credit Risk

The Group's exposure to credit risk arises from the failure of a counterparty to fulfill its financial commitments to the Group under the prevailing contractual terms. Financial instruments that potentially subject the Group to credit risk consist primarily of trade receivables and other financial assets at amortized cost. The carrying amounts of these financial assets represent its maximum credit exposure.

Trade Receivables. Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms, and conditions are offered. The Group's credit policy includes available external ratings, financial statements, credit agency information, industry information and, in some cases, bank references. Credit limits are established for each customer and reviewed on a regular basis. Any sales on credit exceeding those limits require specific approval from upper level of management. The Group limits its exposure to credit risk by transacting mainly with recognized and creditworthy customers that have undergone its credit evaluation and approval process. Historically, trade receivables are substantially collected within one (1) year. Trade receivables are closely monitored on aging of the account.

As at December 31, 2023 and 2022, there were no significant credit concentrations. The Group also requires collateral which are generally land and real estate from its customers to minimize credit risk.

Financial Assets Other than Trade Receivables. The Group's other financial assets at amortized cost are mostly composed of cash in banks, other receivables (excluding advances to officers and employees), receivable from an insurance company and security deposits.

For cash in banks, the Group limits its exposure to credit risk by investing only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

For receivable from an insurance company, management and its legal counsel believe that the ongoing litigation on the remaining claims will not result to additional allowance for ECL (see Note 10).

For the other financial assets, credit risk is low since the Group only transacts with reputable companies and individuals with respect to this financial asset.

It is the Group's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

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

The Group also considers financial assets that are more than 120 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.

The tables below show the credit quality by class of financial assets based on the Group's credit rating system as at December 31:

	2023				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash in banks	₱391,601,874	₱–	₱–	₱–	₱391,601,874
Trade and other receivables	42,691,816	–	89,421,068	973,428,302	1,105,541,186
Security deposits	12,928,688	–	–	–	12,928,688
Receivable from an insurance company	–	141,664,583	–	–	141,664,583
	₱447,222,378	₱141,664,583	₱89,421,068	₱973,428,302	₱1,651,736,331

	2022				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash in banks	₱364,664,458	₱–	₱–	₱–	₱364,664,458
Trade and other receivables	51,058,221	–	105,327,099	897,913,454	1,054,298,774
Security deposits	18,229,324	–	–	–	18,229,324
Receivable from an insurance company	–	141,664,583	–	–	141,664,583
	₱433,952,003	₱141,664,583	₱105,327,099	₱897,913,454	₱1,578,857,139

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as at December 31:

	2023								
		Days Past Due							
	Current	Less than 30 days	30-60 days	61-90 days	91-120 days	More than 120 days	Total	Accounts with full provision	Total
Expected credit loss rate	0.00%	0.01%	0.30%	0.52%	0.69%	6.00%			
Estimated total gross carrying amount at default (in millions)	₱674.08	₱149.59	₱43.56	₱11.45	₱3.13	₱27.32	₱909.13	₱64.30	₱973.43
Expected credit loss (in millions)	₱0.00	₱0.01	₱0.13	₱0.06	₱0.02	₱1.64	₱1.86	₱64.30	₱66.16

	2022								
		Days Past Due							
	Current	Less than 30 days	30-60 days	61-90 days	91-120 days	More than 120 days	Total	Accounts with full provision	Total
Expected credit loss rate	0.00%	0.02%	0.30%	0.50%	0.40%	6.00%			
Estimated total gross carrying amount at default (in millions)	₱606.11	₱143.14	₱39.94	₱10.50	₱2.87	₱25.05	₱833.61	₱64.30	₱897.91
Expected credit loss (in millions)	₱0.00	₱0.01	₱0.12	₱0.05	₱0.01	₱1.54	₱1.73	₱64.30	₱66.03

Liquidity Risk
Liquidity risk is the risk that the Group may not be able to settle its obligations as they fall due.

The table below summarizes the maturity profile of the financial liabilities of the Group based on remaining contractual undiscounted cash flows as at December 31:

	2023				
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years	Total
Trade and other payables*	₱2,039,122,735	₱–	₱–	₱–	₱2,039,122,735
Loans payable	860,887,144	12,410,714	24,821,427	–	898,119,285
Lease liabilities	14,675,411	14,492,895	69,585,536	–	98,753,842
Cash bond deposits	–	60,503,952	–	–	60,503,952
Future interest on long-term loans payable	3,046,405	3,080,067	11,226,256	–	17,352,728
	₱2,917,731,695	₱90,487,628	₱105,633,219	₱–	₱3,113,852,542

*Excludes statutory payables.

	2022				
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years	Total
Trade and other payables*	₱1,981,465,000	₱–	₱–	₱–	₱1,981,465,000
Loans payable	973,067,781	12,410,714	49,642,856	–	1,035,121,351
Lease liabilities	8,863,586	7,906,408	40,131,333	–	56,901,327
Cash bond deposits	–	56,299,659	–	–	56,299,659
Future interest on long-term loans payable	3,949,451	3,460,672	17,336,971	–	24,747,094
	₱2,967,345,818	₱80,077,453	₱107,111,160	₱–	₱3,154,534,431

*Excludes statutory payables.

The Group monitors its risk to a shortage of funds through analyzing the maturity of its financial liabilities and cash flows from operations. The Group monitors its cash position by a system of cash forecasting, wherein all expected collections, check disbursements and other payments are determined on a timely basis to arrive at the projected cash position to cover its obligations.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group addresses liquidity concerns primarily through cash flows from operations.

Interest Rate Risk
Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Group's loans payable to local banks are subject to fixed interest rates and are exposed to fair value interest rate risk. The re-pricing of these instruments is done on regular intervals. The Group regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take. No sensitivity analysis is needed as management has assessed that future interest rate changes are not expected to significantly affect the Group's consolidated net income.

Financial and Other Risks Relating to Livestock
The Group is exposed to various risks affecting the food industry such as food spoilage and contamination, thus, it is regulated by environmental, health and food safety organizations. The Group has processes and systems in place to monitor food safety risks in all stages of manufacturing and processing to mitigate these risks. In addition, the livestock industry is exposed to risks associated with supply and price volatility of its inventories and livestock.

To mitigate this risk, the Group regularly monitors the supply and price of commodities and enters into supply agreements at a reasonable price.

Capital Management
The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the consolidated statements of financial position. Capital for the reporting periods is summarized as follows:

	2023	2022 (As restated - see Note 4)
Total liabilities	₱3,321,153,990	₱3,347,840,061
Total equity	1,901,342,078	1,873,035,384
Debt-to-equity ratio	1.75	1.79

31. Fair Value Measurement

The following table presents the carrying amounts and fair values of the Group's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy as at December 31:

	2023		2022	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets at Amortized Cost				
Cash	₱398,265,061	₱398,265,061	₱369,416,726	₱369,416,726
Trade and other receivables*	928,059,125	928,059,125	867,200,591	867,200,591
Receivable from an insurance company	70,203,810	70,203,810	70,203,810	70,203,810
Security deposits	12,928,688	12,928,688	18,229,324	18,229,324
	₱1,409,456,684	₱1,409,456,684	₱1,325,050,451	₱1,325,050,451
Financial Liabilities at Amortized Cost				
Trade and other payables**	₱2,039,122,735	₱2,039,122,735	₱1,981,465,000	₱1,981,465,000
Loans payable	898,119,285	898,119,285	1,035,121,351	1,035,121,351
Lease liabilities	83,591,520	83,591,520	52,299,839	52,299,839
Cash bond deposits	60,503,952	60,503,952	56,299,659	56,299,659
	₱3,081,337,492	₱3,081,337,492	₱3,125,185,849	₱3,125,185,849

*Excluding advances to officers and employees
**Excluding statutory payables

The following methods and assumptions were used in estimating the fair value of the Group's financial assets and liabilities:

Cash, Trade and Other Receivables (excluding advances to officers and employees), Trade and Other Payables (excluding statutory payables) and Cash Bond Deposits. The carrying amounts of these financial assets and liabilities approximate their fair values due to the short-term nature of these financial instruments.

Receivable from an Insurance Company, Security Deposits, Lease Liabilities and Loans Payable Management believes that the differences between fair values and carrying amounts are not significant.

There have been no transfers between the fair value hierarchy in 2023 and 2022.

32. Operating Segment Information

The Group 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

Business Segments

The Group mainly operates under the Foods, Feeds and Farms segments:

a. The Foods segment is engaged in the growing, production and distribution of chicken broilers, either as live or dressed chickens. Its products are distributed to hotels, restaurants, institutional clients, 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 sold to various distributors, dealers and end users.

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

The Corporate and Others segment includes general and corporate income and expense items which are not specifically identifiable to a particular segment.

All of the assets relating to the Group's operating segments are located in the Philippines. Accordingly, reporting operating segments per geographical business operation is not required

Segment assets, liabilities and revenue and expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and expenses are consistent with the consolidated statements of comprehensive income The presentation and classification of segment assets and liabilities are consistent with the consolidated statements of financial position.

The following tables present revenues and expenses information and certain assets and liabilities information regarding the different business segments as at and for the years ended December 31, 2023 and 2022 (in millions):

	December 31, 2023					
	Foods	Feeds	Farms	Corporate and Others	Eliminations	Consolidated
REVENUES						
Net sale of goods	₱6,943.4	₱5,128.1	₱472.2	₱–	₱–	₱12,543.7
Fair value changes on biological assets	–	–	(47.8)	–	–	(47.8)
	6,943.4	5,128.1	424.4	–	–	12,495.9
COSTS AND OTHER OPERATING EXPENSES						
Cost of goods sold, excluding depreciation and amortization	6,379.0	4,622.9	484.2	–	–	11,486.1
Operating expenses, excluding depreciation and amortization	110.6	185.7	11.3	543.8	–	851.4
Depreciation and amortization	13.0	108.6	–	26.1	–	147.7
	6,502.6	4,917.2	495.5	569.9	–	12,485.2
SEGMENT OPERATING PROFIT (LOSS)	₱440.8	₱210.9	(₱71.1)	(₱569.9)	₱–	₱10.7
Other income (charges) - net						(4.1)
INCOME BEFORE INCOME TAX						6.6
Benefit from income tax						6.7
NET INCOME						₱13.3
ASSETS AND LIABILITIES						
Segment assets	₱2,008.9	₱778.8	₱182.2	₱2,252.7	₱–	₱5,221.5
Segment liabilities	₱1,262.1	₱514.7	₱120.3	₱1,424.1	₱–	₱3,321.2
OTHER INFORMATION						
Capital expenditures	₱63.1	₱44.4	₱–	₱5.9	₱–	₱113.4
Non-cash expenses other than depreciation and amortization						
Retirement expense	₱–	₱–	₱–	₱22.1	₱–	₱22.1
Provision for expected credit loss	–	–	–	3.5	–	3.5

	December 31, 2022					
	Foods	Feeds	Farms	Corporate and Others	Eliminations	Consolidated
REVENUES						
Net sale of goods	₱6,241.3	₱5,193.3	₱516.9	₱–	₱–	₱11,951.5
Fair value changes on biological assets	–	–	10.9	–	–	10.9
	6,241.3	5,193.3	527.8	–	–	11,968.4
COSTS AND OTHER OPERATING EXPENSES						
Cost of goods sold, excluding depreciation and amortization	5,563.2	4,773.7	466.7	–	–	10,803.5
Operating expenses, excluding depreciation and amortization	111.7	185.3	13.3	536.1	–	846.4
Depreciation and amortization	32.5	77.7	–	21.8	–	133.0
	5,707.4	5,036.7	480.0	558.9		11,763.0
SEGMENT OPERATING PROFIT (LOSS)	₱533.9	₱161.6	₱47.8	(₱558.9)	₱	₱185.4
Other income (charges) - net						(42)
INCOME BEFORE INCOME TAX						143.4
Provision for income tax						(53.8)
NET INCOME						₱89.6

	December 31, 2022					
	Foods	Feeds	Farms	Corporate and Others	Eliminations	Consolidated
ASSETS AND LIABILITIES						
Segment assets	₱2,036.6	₱771.3	₱180.4	₱2,232.4	₱–	₱5,220.9
Segment liabilities	₱1,302.7	₱509.5	₱119.1	₱1,416.5	₱–	₱3,347.8
OTHER INFORMATION						
Capital expenditures	₱141.1	₱99.3	₱–	₱16.8	₱–	₱257.2
Non-cash expenses other than depreciation and amortization						
Retirement expense	₱–	₱–	₱–	₱22.3	₱–	₱22.3
Provision for expected credit loss	–	–	–	1.7	–	1.7

33. Business Combination

On December 16, 2021, the BOD of the Parent Company approved the acquisition of 100% of the outstanding capital stock of BVC from Luzon Agriventure, Inc. (LAVI) for a consideration of ₱1.00. BVC is a private domestic corporation engaged, among others, in poultry production as well as in the processing, raising and breeding of chickens and similar stocks. The registered principal place of business of the BVC is located at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan.

BVC operated as the Company's wholly-owned subsidiary starting January 1, 2022. The assets acquired and liabilities assumed from the business combination are as follows:

Cash	₱2,751,245
Trade receivables	11,897,011
Prepayments	6,535,805
Property and equipment	6,739,713
Deferred tax assets	2,200,796
Total assets	₱30,124,570
Trade and other payables	₱30,232,590
Deposits	177,040
Total liabilities	₱30,409,630

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

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 (the Parent Company) and Subsidiaries as at and for the year ended December 31, 2023 included in this Form 17-A and have issued our report thereon dated March 21, 2024. Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration
- Schedules as required by Part II of the Revised Securities Regulation Code (SRC) Rule 68
- Conglomerate Map
- Schedule on Financial Soundness Indicators

The schedule on financial soundness indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the year ended December 31, 2023 and no material exceptions were noted.

The other supplementary schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the consolidated financial statements. The information in these schedules has 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 data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-892-183-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-012-2023
Valid until January 24, 2026
PTR No. 10072412
Issued January 2, 2024, Makati City

March 21, 2024
Makati City, Metro Manila

VITARICH CORPORATION AND SUBSIDIARIES

FINANCIAL RATIOS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Figures for 2022)

Below is a schedule showing the financial soundness indicators in the years 2023 and 2022.

	Formula	2023	2022 (As restated - see Note 4)
Current Ratio			
	Current assets	₱2,750,032,659	₱2,855,034,161
	Divided by: Current liabilities	3,023,096,823	3,058,898,556
	Current Ratio	0.910	0.933
Debt-to-Equity Ratio			
	Total liabilities	₱3,321,153,990	₱3,347,840,061
	Divided by: Total equity	1,901,342,078	1,873,035,384
	Debt-to-Equity Ratio	1.747	1.787
Asset-to-Equity Ratio			
	Total assets	₱5,222,496,068	₱5,220,875,445
	Divided by: Total equity	1,901,342,078	1,873,035,384
	Asset-to Equity Ratio	2.747	2.787
Solvency Ratio			
	Net income before depreciation and amortization	₱161,045,195	₱222,605,767
	Divided by: Total liabilities	3,321,153,990	3,347,840,061
	Solvency Ratio	0.048	0.066
Interest Rate Coverage Ratio			
	Pretax income before interest	₱82,403,985	₱183,464,676
	Divided by: Interest expense	75,823,288	40,001,976
	Interest Rate Coverage Ratio	1.087	4.586
Profitability Ratio			
	Net income	₱13,304,916	₱89,634,614
	Divided by: Total equity	1,901,342,078	1,873,035,384
	Profitability Ratio	0.007	0.048

	Formula	2023	2022 (As restated - see Note 4)
Gross Profit Margin			
	Gross profit	₱904,473,628	₱1,068,808,865
	Divided by: Net sales	12,543,694,175	11,957,515,851
	Gross Profit Margin	7.211%	8.938%
Net Profit Margin	Net Income	₱13,304,916	₱89,634,614
	Divided by: Net sales	12,543,694,175	11,957,515,851
	Net Profit Margin	0.106%	0.750%
Earnings before Interest, Tax, Depreciation & Amortization (EBITDA)	Net Income	₱13,304,916	₱89,634,614
	Add:		
	Interest expense	75,823,288	40,001,976
	Taxes	(6,724,219)	53,828,086
	Depreciation and amortization	147,740,279	132,971,153
	EBITDA	₱230,144,264	₱316,435,829
EBITDA Margin			
	EBITDA	₱230,144,264	₱316,435,829
	Divided by: Net sales	12,543,694,175	11,957,515,851
	EBITDA Margin	1.835%	2.646%
Price Earnings Ratio			
	Market value per share	0.510	0.600
	Divided by: Earnings per share	0.004	0.029
	Price Earnings Ratio	127.500	20.689
Return on Average Equity			
	Net income	₱13,304,916	₱89,634,614
	Divided by: Average total equity	1,887,188,731	1,763,611,301
	Return on Average Equity	0.705%	5.082%

	Formula	2023	2022 (As restated - see Note 4)
Quick Ratio			
	Quick assets	**₱1,348,222,840**	₱1,252,360,249
	Divided by: Current liabilities	**3,023,096,823**	3,058,898,556
	Quick Ratio	**0.446**	0.409
Debt-to-EBITDA			
	Total liabilities	**₱3,321,153,990**	₱3,347,840,061
	Divided by: EBITDA	**230,144,264**	316,435,829
	Debt-to-EBITDA	**14.431**	10.580
Receivable Days Turnover			
	Average accounts receivable (multiplied by 365 days and divided by net sales)	**₱852,695,286**	₱705,483,619
	Receivable Days Turnover	**25**	22
Inventory Days Turnover			
	Average inventory and livestock (multiplied by 365 days and divided by cost of goods sold)	**₱1,016,757,526**	₱827,486,136
	Inventory Days Turnover	**32**	28
Accounts Payable Days			
	Average accounts payable (multiplied by 365 days and divided by credit purchases	**₱1,647,612,886**	₱1,446,214,805
	Accounts Payable Days	**52**	47
Cash Conversion Cycle			
	Days inventory outstanding	**32**	28
	Add: Days sales outstanding	**25**	22
	Less: Days payable outstanding	**(52)**	(47)
	Cash Conversion Cycle	**5**	3

VITARICH CORPORATION AND SUBSIDIARIES
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF REVISED SRC RULE 68
DECEMBER 31, 2023

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Notes:
Schedule A - The Group is not required to prepare the schedule because the information requirements are not applicable to the Group.
Schedule E - The Group has no long term loans from related parties as at December 31, 2023.
Schedule F - The Group did not guarantee any securities of other issuers as at December 31, 2023.

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2023
(Amounts in Thousands)

Name and Designation of Debtor	Balance as at Beginning of Year	Additions	Deductions		Ending Balance		Balance as at End of Year
			Collected	Amounts Written Off	Current	Noncurrent	
Advances to Officers and Employees:							
Rey D. Ortega, Senior Vice President and General Manager	₱47	₱–	₱–	₱	₱47	₱–	₱47
Peter Andrew Dompor, Sales Manager	29		–	–	29	–	29
Adriano Barrameda, Sales Manager	63	5	4	–	64	–	64
Oliver Lupiba, Sales Manager	377	.	8	..	365	–	360
Cruz, Aaron, Sales Manager	116	15	4	–	127	–	127
Others*	18,371	10,233	6,037	–	22,567		22,557
	₱19,003	₱10,253	₱6,053	₱–	₱23,203	₱–	₱23,203

*Represents 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, 2023

(Amounts in Thousands)

Related Party	Balance as at Beginning of Year	Additions	Deductions			Ending Balance		Balance as at End of Year
			Collections	Write Off	Amounts Written Off	Current	Noncurrent	
Amounts Due from Related Parties								
Barbatos Ventures Corporation	₱75,606	₱87,977	₱17,468	₱–	₱–	₱146,115	₱–	₱146,115

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE D – LONG TERM DEBT
DECEMBER 31, 2023
(Amounts in Thousands)

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" related balance sheet	Amount shown under caption "Long-Term Debt" in related statement of financial position			
			Carrying amount	Interest Rates	Payment Terms	Maturity Dates
Loans payable - China Bank Savings	₱86,900	₱12,411	₱12,411	7.750%	28 quarterly payments of principal, monthly interest payments	October 30, 2026
Loans payable China Bank Savings	86,900	12,411	12,411	7.750%	28 quarterly payments of principal, monthly interest payments	November 30, 2026
	₱173,800	₱24,822	₱24,822			

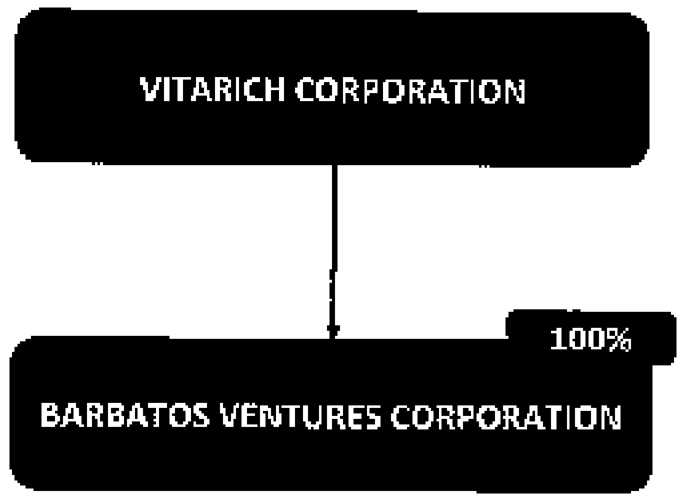
VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE G – CAPITAL STOCK
DECEMBER 31, 2023
(Amounts in Thousands)

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	Directors, officers and employees	Others
Common stock - P0.38 par value per share						
Authorized 3,500,000,000 shares	3,500,000	3,054,334	–	2,186,199	87,931	785,204

VITARICH CORPORATION AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE GROUP

DECEMBER 31, 2023



PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023

VITARICH CORPORATION
Marilao - San Jose Road, Sta. Rosa I
Marilao, Bulacan

		Amount
Deficit as at the beginning of reporting period		(₱224,756,515)
Add: Category A. Items that are directly credited to unappropriated retained earnings		
Transfer from revaluation surplus to retained earnings - net of deferred income tax		16,780,410
Less: Category B: Items that are directly debited to unappropriated retained earnings - prior period adjustments		(6,320,445)
Deficit, as adjusted		(214,296,550)
Add: Net income for the current year	23,827,005	
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period - net of tax	(61,896,136)	
Adjusted net income		(38,069,131)
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period - net of tax		35,834,684
Deficit as at the end of reporting period		**(₱216,530,997)**

PARENT FINANCIAL STATEMENTS

COVER SHEET
for
AUDITED SEPARATE FINANCIAL STATEMENTS

SEC Registration Number: 0 0 0 0 0 0 2 1 1 3 4

COMPANY NAME

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

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan

Form Type	Department Requiring the Report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
mccdabu-pepito@vitarich.com	(02) 8843-3033	(0925) 512 1013

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
4,103	Last Friday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation.

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Stephanie Nicole S. Garcia	nsgarcia@vitarich.com	(02) 8843-3033	(0918) 848 2258

CONTACT PERSON'S ADDRESS

Marilao – San Jose Road, Sta. Rosa I, Marilao, Bulacan

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

NOTE 2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.

Marilao-San Jose Road
Sta. Rosa 1, Marilao
Bulacan, Philippines 3019
Tel: (+632) 88433033
Fax: (+632) 88433033
Website: www.vitarich.com

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Vitarich Corporation** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2023, 2022 and 2021**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements including the schedules attached therein and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the 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

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 MAR 2 1 2024 at PASIG CITY, Affiant exhibited to me their respective government-issued ID's as competent proof of their identities and acknowledged that they executed the same freely and voluntarily, to wit:

Jose Vicente Bengzon — P7364485B
Ricardo Manuel Carmona — P9164981 B
Stephanie Nicole Garcia — P8579175 B

Doc. No. 475;
Page No. 96;
Book No. 27;
Series of 2024.

FERDINAND D. AYAHAO
Notary Public
For and in Pasig City and the Municipality of Pateros
Appointment No.96 (2024-2025) valid until 12/31/2025
MCLE Exemption No. VIII-BEP003234, until 04/14/28
Roll No. 46377, IBP LRN 07459, GR 535856, 06/21/2001
TIN 123-011-785; PTR 1034533AA; 01/03/24; Pasig City
Unit 5, West Tower PSE, Exchange Road
Ortigas Center, Pasig City Tel.+632-86314090

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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BY: ERWIN PACINIO
DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Vitarich Corporation
Marilao - San Jose Road, Sta. Rosa I
Marilao, Bulacan

Opinion

We have audited the accompanying separate financial statements of Vitarich Corporation (the Company), which comprise the separate statement of financial position as at December 31, 2023, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of material accounting policy information.

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate 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 separate 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.

Other Matter

The separate financial statements of the Company as at and for the years ended December 31, 2022 and 2021 were audited by another auditor whose report dated April 1, 2023 expressed an unmodified opinion on those separate financial statements.

As part of our audit of the separate financial statements as at and for the year ended December 31, 2023, we also audited the adjustments described in Note 4 that were applied to amend the separate financial statements as at and for the years ended December 31, 2022 and 2021. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedure to the Company's separate financial statements as at and for the years ended December 31, 2022 and 2021 other than with respect to the adjustments and accordingly, we do not express an opinion or any other form of assurance on the separate financial statements as at and for the years ended December 31, 2022 and 2021 taken as a whole.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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, these could reasonably be expected to influence the economic decisions of users taken on the basis of these separate 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 separate 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 auditors' report to the related disclosures in the separate 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 auditors' 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-892-183-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-012-2023
Valid until January 24, 2026
PTR No. 10072412
Issued January 2, 2024, Makati City

March 21, 2024
Makati City, Metro Manila

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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VITARICH CORPORATION

SEPARATE STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023

(With Comparative Figures as at December 31, 2022)

	Note	December 31 2023	2022 (As Restated - Note 4)
ASSETS			
Current Assets			
Cash	5	₱392,412,466	₱361,660,838
Trade and other receivables	6	1,041,593,956	952,123,442
Inventories	7	918,860,166	858,665,136
Biological assets - livestock	8	129,394,759	116,118,755
Advances to suppliers		120,429,865	466,419,711
Other current assets	9	190,785,580	138,566,046
Total Current Assets		2,793,476,792	2,893,553,928
Noncurrent Assets			
Receivable from an insurance company	10	70,203,810	70,203,810
Property, plant and equipment:	12		
At revalued amounts		1,937,800,517	1,833,943,491
At cost		45,535,389	126,493,818
Investment properties	13	301,346,351	238,473,942
Right-of-use assets	25	82,437,724	55,529,616
Other noncurrent assets	14	23,416,664	32,115,321
Total Noncurrent Assets		2,460,740,455	2,356,759,998
		₱5,254,217,247	₱5,250,313,926
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	15	₱2,042,463,639	₱1,993,164,255
Current portion of:			
Loans payable	16	873,297,858	985,478,495
Lease liabilities	25	22,442,663	15,413,841
Cash bond deposits	17	60,306,912	56,102,618
Total Current Liabilities		2,998,511,072	3,050,159,209
Noncurrent Liabilities			
Loans payable - net of current portion	16	24,821,427	49,642,856
Lease liabilities - net of current portion	25	61,148,857	36,885,998
Net retirement liability	24	180,585,650	147,057,502
Net deferred tax liabilities	26	52,467,726	68,714,629
Total Noncurrent Liabilities		319,023,660	302,300,985
Total Liabilities		3,317,534,732	3,352,460,194
Equity			
Capital stock	18	1,160,646,925	1,160,646,925
Additional paid-in capital		1,470,859	1,470,859
Retained earnings		338,843,298	298,235,883
Other comprehensive income		435,721,433	437,500,065
Total Equity		1,936,682,515	1,897,853,732
		₱5,254,217,247	₱5,250,313,926

See accompanying Notes to Separate Financial Statements.

VITARICH CORPORATION

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Figures for 2022 and 2021)

	Note	2023	2022 (As Restated - Note 4)	2021
		Years Ended December 31		
REVENUES				
Net sale of goods	19	**₱12,485,249,526**	₱11,884,005,954	₱9,649,161,808
Fair value changes on biological assets	8	**(47,779,579)**	10,936,438	(22,854,221)
		12,437,469,947	11,894,942,392	9,626,307,587
COST OF GOODS SOLD	20	**(11,548,466,805)**	(10,821,832,970)	(8,752,485,625)
GROSS PROFIT		**889,003,142**	1,073,109,422	873,821,962
OPERATING EXPENSES	21	**(863,572,662)**	(864,597,511)	(711,084,451)
OTHER INCOME (CHARGES)				
Interest expense	16	**(75,823,288)**	(40,001,976)	(23,051,290)
Net gain on fair value changes of investment properties	13	**64,113,985**	28,167,200	1,268,133
Other operating income	23	**14,051,581**	19,877,100	11,096,406
Interest income	5	**1,531,588**	2,394,945	1,293,145
Other charges - net	23	**(4,789,597)**	(39,503,295)	(27,421,732)
		(915,731)	(29,066,026)	(36,815,338)
INCOME BEFORE INCOME TAX		**24,514,749**	179,445,885	125,922,173
PROVISION FOR (BENEFIT FROM) INCOME TAX	26			
Current		**21,935,240**	51,302,873	25,793,095
Deferred		**(21,247,496)**	9,722,023	5,371,040
		687,744	61,024,896	31,164,135
NET INCOME		**23,827,005**	118,420,989	94,758,038
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss:				
Revaluation increment on property, plant and equipment - net of deferred income tax	12	**25,194,607**	97,372,482	22,782,016
Remeasurement gain (loss) on net retirement liability - net of deferred income tax	24	**(10,192,829)**	31,841,070	(17,348,399)
		15,001,778	129,213,552	5,433,617
TOTAL COMPREHENSIVE INCOME		**₱38,828,783**	₱247,634,541	₱100,191,655
BASIC/DILUTED EARNINGS PER SHARE	28	**₱0.008**	₱0.039	₱0.031

See accompanying Notes to Separate Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

VITARICH CORPORATION

SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

(With Comparative Figures for 2022 and 2021)

	Note	2023	2022 (As Restated - Note 4)	2021
		Years Ended December 31		
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱24,514,749**	₱179,445,885	₱125,922,173
Adjustments for:				
Depreciation and amortization	12	**140,777,962**	128,886,512	106,006,621
Interest expense	16	**75,823,288**	40,001,976	23,051,290
Net gain on fair value changes of investment properties	13	**(64,113,985)**	(28,167,200)	(1,268,133)
Loss (gain) from fair value changes on biological assets	8	**47,779,579**	(10,936,438)	22,854,221
Retirement expense	24	**22,122,540**	22,336,339	16,993,091
Provision for expected credit loss	6	**3,539,062**	1,704,635	10,157,719
Interest income	5	**(1,531,588)**	(2,394,945)	(1,293,145)
Loss (gain) on disposal of property, plant and equipment, and investment properties	23	**(412,275)**	1,037,744	1,060,988
Operating income before working capital changes		**248,499,332**	331,914,508	303,484,825
Decrease (increase) in:				
Trade and other receivables		**(93,009,575)**	(91,829,373)	(96,056,231)
Inventories and biological assets - livestock		**(121,250,613)**	(288,361,386)	(195,411,784)
Advances to suppliers and other current assets		**293,770,312**	(255,564,068)	(50,976,414)
Other noncurrent assets related to operations		**5,300,636**	(7,773,611)	(11,299,126)
Increase in:				
Trade and other payables		**49,299,384**	281,595,074	57,966,257
Cash bond deposits		**4,204,294**	8,050,529	7,954,810
Net cash generated from (used for) operations		**386,813,770**	(21,968,327)	15,662,337
Income taxes paid		**(21,935,240)**	(51,302,873)	(25,793,095)
Retirement benefits paid	24	**(2,184,831)**	(9,124,310)	(5,868,959)
Interest received		**1,531,588**	107,932	140,673
Net cash provided by (used in) operating activities		**₱364,225,287**	(₱82,287,578)	(₱15,859,044)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	12	**(103,811,238)**	(251,978,491)	(117,646,700)
Proceeds from sale of property, plant and equipment and investment properties		**3,486,483**	200,000	1,025,000
Additions to investment properties	13	**(1,712,209)**	–	–
Net cash used in investing activities		**(102,036,964)**	(251,778,491)	(116,621,700)

(Forward)

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BY ERWIN PACINIO
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VITARICH CORPORATION

SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

(With Comparative Figures for 2022 and 2021)

	Note	Years Ended December 31 2023	2022 (As Restated - Note 4)	2021
CAPITAL STOCK	18	**₱1,160,646,925**	₱1,160,646,925	₱1,160,646,925
ADDITIONAL PAID-IN CAPITAL		**1,470,859**	1,470,859	1,470,859
RETAINED EARNINGS				
Balance at beginning of year, as previously reported		**304,556,328**	135,015,735	35,835,131
Prior period adjustments	4	**(6,320,445)**	32,905,870	32,905,870
Balance at beginning of year, as restated		**298,235,883**	167,921,605	68,741,001
Net income		**23,827,005**	118,420,989	94,758,038
Transfer from revaluation surplus to retained earnings - net of deferred income tax	18	**16,780,410**	11,893,289	4,422,566
Balance at end of year		**338,843,298**	298,235,883	167,921,605
OTHER COMPREHENSIVE INCOME (LOSS)				
CUMULATIVE REMEASUREMENT GAIN (LOSS) ON NET RETIREMENT LIABILITY – net of deferred income tax				
Balance at beginning of year		**3,956,055**	(27,885,015)	(10,536,616)
Remeasurement gain (loss) - net of deferred income tax	24	**(10,192,829)**	31,841,070	(17,348,399)
Balance at end of year		**(6,236,774)**	3,956,055	(27,885,015)
REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT – net of deferred income tax				
Balance at beginning of year, as previously reported		**414,078,148**	347,844,301	329,484,851
Prior period adjustments	4	**19,465,862**	220,516	220,516
Balance at beginning of year, as restated		**433,544,010**	348,064,817	329,705,367
Revaluation increment on property, plant and equipment - net of deferred income tax	12	**25,194,607**	97,372,482	22,782,016
Transfer from revaluation surplus to retained earnings - net of deferred income tax	18	**(16,780,410)**	(11,893,289)	(4,422,566)
Balance at end of year		**441,958,207**	433,544,010	348,064,817
		435,721,433	437,500,065	320,179,802
		₱1,936,682,515	₱1,897,853,732	₱1,650,219,191

See accompanying Notes to Separate Financial Statements.

	Note	2023	2022 (As Restated - Note 4)	2021
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of loans	16	**(₱1,877,235,724)**	(₱1,819,489,528)	(₱315,594,041)
Availments of loans payable	16	**1,740,233,658**	2,349,559,151	540,681,912
Interest paid	16	**(68,308,882)**	(35,735,576)	(20,665,516)
Payments of lease liabilities	25	**(26,125,747)**	(28,303,544)	(19,226,261)
Net cash provided by (used in) financing activities		**(231,436,695)**	466,030,503	185,196,094
NET INCREASE IN CASH		**30,751,628**	131,964,434	52,715,350
CASH AT BEGINNING OF YEAR		**361,660,838**	229,696,404	176,981,054
CASH AT END OF YEAR		**₱392,412,466**	₱361,660,838	₱229,696,404
NONCASH FINANCIAL INFORMATION				
Recognition of ROU assets and lease liabilities	25	**₱49,903,022**	₱34,331,713	₱23,208,300

See accompanying Notes to Separate Financial Statements.

VITARICH CORPORATION

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Information for 2022 and 2021)

1 General Information

Corporate Information
Vitarich Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 31, 1962 to engage primarily in manufacturing, preparing, processing, mixing and dealing with feeds, foodstuffs, grains, and commodities of every description for poultry, livestock and all kinds of animal feeding. The Company's shares of stock were listed with the Philippine Stock Exchange on February 8, 1995.

The registered principal place of business of the Company is at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan. The Company has operating offices in Luzon, Iloilo and Davao, and maintains satellite offices in southern Philippines.

Approval of the Separate Financial Statements
The separate financial statements as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 were approved and authorized for issue by the Board of Directors (BOD) on March 21, 2024, as reviewed and recommended for approval by the Audit Committee on March 14, 2024

2. Summary of Material Accounting Policy Information

Basis of Preparation
The separate financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

The separate financial statements are presented in Philippine Peso (Peso), the Company's functional and presentation currency. All values are rounded to the nearest Peso, unless otherwise indicated.

The separate financial statements of the Company have been prepared on a historical cost basis, except for property, plant and equipment (excluding transportation equipment and construction in-progress) which are carried at revalued amounts, investment properties which are carried at fair value, biological assets which are carried at fair value less costs to sell, agricultural produce which are carried at fair value less costs to sell at point of harvest, lease liabilities which are carried at the present value of future lease payments, and retirement liability which is carried at the present value of the defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for an asset or fair value of consideration received in exchange for incurring liability.

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 by 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.

When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company (working closely with external qualified valuers) using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account.

Further information about assumptions made in measuring fair values are included in the following:

Note 3 - Significant Judgments, Accounting Estimates and Assumptions
Note 8 - Biological Assets - Livestock
Note 12 - Property and Equipment
Note 13 - Investment Properties
Note 32 - Fair Value Measurement

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

<u>**Adoption of Amendments to PFRS**</u>
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.

The adoption of the amendments to PFRS did not materially affect the separate financial statements of the Company. Additional disclosures were included in the notes to separate financial statements, as applicable.

<u>**Amendments to PFRS Already Issued But Not Yet Effective**</u>
Under prevailing circumstances, the relevant amendments to PFRS which are not yet effective as at December 31, 2023 and have not been applied in preparing the separate financial statements are not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

<u>**Financial Assets and Liabilities**</u>

Date of Recognition. The Company recognizes a financial asset or a financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction costs.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

As at December 31, 2023 and 2022, the Company does not have financial assets at FVOCI and financial assets and liabilities at FVPL.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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 solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired or through the amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2023 and 2022, the Company's cash, trade and other receivables (excluding advances to officers and employees), receivable from an insurance company and security deposits (presented under "Other Noncurrent Assets" account) are classified under this category (see Notes 5, 6, 10 and 14).

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2023 and 2022, the Company's trade and other payables (excluding statutory payables), loans payable, lease liabilities and cash bond deposits are classified under this category (see Notes 15, 16, 17 and 25).

Reclassification
The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss. For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

Impairment of Financial Assets at Amortized Cost
The Company records an allowance for expected credit loss (ECL) 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. 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.

For other financial assets measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;

- the Company retains the right to receive cash flows from the financial 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 financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

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 separate statements 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 effective interest rate, 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 amount of the original liability and fair value of the new liability is recognized in the separate statements 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. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

<u>Inventories</u>
Inventories consist of feeds, raw materials and feeds supplements, supplies and animal health products, finished goods and hatching eggs. Cost is determined using the moving average method. Inventories are measured at the lower of cost and net realizable value (NRV)

Feeds. Feeds include costs of raw materials and costs of direct labor and manufacturing overhead.

Raw Materials, Feed Supplements, Supplies and Animal Health Products. For these inventories, 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.

Finished Goods. Finished goods, which include fresh and frozen chicken cut-ups, include costs of direct materials, labor and overhead.

Hatching Eggs. Hatching eggs are initially measured at the fair value less estimated costs to sell at the point of harvest. Fair value less estimated costs to sell at the point of harvest is considered the cost at that date when these are recognized as inventories.

The NRV of feeds, feed supplements, animal health products, finished goods and hatching eggs is based on the estimated selling price in the ordinary course of business less the cost of marketing and distribution, while the NRV of raw materials and supplies is the current replacement cost.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in profit or loss.

Biological Assets - Livestock
This consists of biological assets such as day-old chicks after undergoing the hatching process, chicks which are grown as chicken broilers, and parent stock. These are measured on initial recognition and at the end of each reporting period at fair value less costs to sell. The Company's fair valuation takes into consideration inputs based on the hatchability rate of eggs, mortality of chicks being grown as chicken broilers and parent stock, estimated future cash flows to be incurred in hatching the eggs and growing the chicks and parent stock, among others.

Gain or loss arising on initial recognition and any changes in the fair value less costs to sell of livestock are recorded as adjustment to "Net sale of goods" in the separate statements of comprehensive income.

Advances to Suppliers
Advances to suppliers are amounts paid in advance for the purchase of goods and services. These are carried in the separate statements of financial position at face amount and are recognized as expense in profit or loss or to the corresponding asset account when the services or goods for which the advances were made are received by and delivered to the Company with reference to percentage of completion, if any.

Advances to suppliers wherein the corresponding good or services are expected to be delivered or performed for no more than 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent.

Other Current Assets
Other current assets consist of creditable withholding taxes (CWTs), advances to contract growers and breeders, prepayments and input value-added taxes (VAT).

CWTs. CWTs represent the amounts 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.
Advances to Contract Growers and Breeders. Advances to contract growers and breeders pertain to purchases of animal health products and feeds that are already paid in advance. These are expected to be received by and delivered to the Company for no more than 12 months after the financial reporting period.

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 that are expected to be incurred no more than 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Input VAT. Revenue, expenses and assets are recognized net of the amount of VAT except in cases where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable, or receivable and payables that are stated with the amount of VAT included.

<u>Property, Plant and Equipment</u>

Property, plant and equipment (except for transportation equipment and construction in-progress) are stated at revalued amounts as determined by an independent appraiser. Transportation equipment and construction in-progress are stated at cost less accumulated depreciation and impairment in value, if any.

The initial cost of property, plant and equipment consists of the purchase price, including import duties and other costs directly attributable to bring the asset to its working condition and location for its intended use. Cost also includes the cost of replacing parts of such property, plant and equipment when the recognition criteria are met and the present value of the estimated cost of dismantling and removing the asset and restoring the site where the asset is located.

Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment.

Subsequent to initial recognition at cost, property, plant and equipment (except for land, transportation equipment and construction in-progress) are carried at revalued amounts less any subsequent accumulated depreciation, amortization and any accumulated impairment losses. Land is carried at revalued amount less accumulated impairment losses, if any. 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 surplus is credited to "Revaluation surplus" account presented under "Other comprehensive income" section of the separate statements 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 separate statements of comprehensive income.

Annually, an amount from the "Revaluation surplus" account is transferred to "Retained earnings" under the "Equity" section in the separate statements of financial position for the depreciation relating to the revaluation surplus, net of related taxes. Upon disposal, any revaluation surplus relating to the particular asset sold is transferred to "Retained earnings". Revaluations are performed every one to two years to ensure 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 calculated on a straight-line basis over the following estimated useful lives of the assets:

Asset Type	Number of Years
Plant, 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

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Fully-depreciated assets are retained in the account until they are no longer in use and no further charge for depreciation and amortization is made in respect to those assets.

Construction in-progress is stated at cost. This includes cost of construction and other direct costs. Construction in-progress is not depreciated until such time that the relevant assets are completed and available for operational use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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 asset) is included in profit or loss in the year the asset is derecognized.

Investment Properties
Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

The Company uses fair value model for the accounting of its investment properties. Under this method, investment properties are initially measured at cost but are subsequently remeasured at fair value at each reporting date, which reflects market conditions at the reporting date. Cost comprises the purchase price and any directly attributable costs in developing and improving the properties. Cost also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. The fair value of investment properties is determined using Sales Comparison approach by an independent real estate appraiser. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. For the purposes of these separate financial statements, in order to avoid double counting, the fair value reported in the separate financial statements is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and minimum lease payments, as applicable.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party or ending of the construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner occupation or commencement of development with a view to sell.

Investment properties are derecognized when either those have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the separate statements of comprehensive income in the year of retirement or disposal.

Rental income and operating expenses from investment properties are reported as part of "Other income" and "Operating expenses," respectively, in the separate statements of comprehensive income.

Other Noncurrent Assets

Other noncurrent assets consist of project development costs, security deposits classified as financial assets and computer software.

Project Development Costs. These represent costs directly attributable to the development of the Company's aqua feeds and aqua culture projects. The capitalized development costs pertain to 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.

Computer Software. Computer software is measured at cost of acquisition less any accumulated amortization and impairment losses, if any. 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. Amortization period and amortization method for computer software are reviewed at each reporting date. Any change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is recognized prospectively.

Impairment of Nonfinancial Assets

The carrying amounts of the Company's nonfinancial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's net recoverable amount is estimated.

Any impairment loss is recognized if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its net recoverable amount. A CGU is the smallest identifiable asset Company that generates cash flows that are largely independent from other assets of the Company. Impairment losses are recognized in profit or loss in the period incurred.

The net recoverable amount of an asset is the greater of its value in use or its fair value less costs to sell. Value in use is the present value of future cash flows expected to be derived from an asset while fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

Leases

A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, the customers has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

The Company as Lessee
The Company recognizes right-of-use (ROU) asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date, the Company measures the ROU assets at cost. The cost comprises

- The amount of the initial measurement of lease liabilities,
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs incurred by the Company; and
- An estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets ranging as follows:

Asset Type	Number of Years
Building	2 to 5 years
Transportation equipment	5 years

Lease Liabilities. At commencement date, the Company measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of lease liabilities comprise the following:

- Fixed payments, including in-substance fixed payments,
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonable certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Lease liabilities are subsequently measured at amortized cost. Interest on the lease liabilities and any variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liabilities are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liabilities are remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liabilities are also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

The Company as a Lessor
Leases where the Company retains substantially all the risks and rewards 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 over the lease term on the same basis as rental income.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued.

Additional Paid-in Capital (APIC). APIC is the proceeds and/or fair value of considerations received in excess of par value of the subscribed capital stock. Incremental costs incurred directly attributable to the issuance of new shares are recognized as deduction from equity, net of any tax. Otherwise, these are recognized as expense in profit or loss.

Retained Earnings. Retained earnings represents the cumulative balance of net income or loss, net of any dividend declaration and any prior period adjustments.

OCI. OCI comprises of items of income and expense that are not recognized in profit or loss in accordance with PFRS. OCI of the Company pertains to revaluation surplus on property, plant and equipment and accumulated remeasurement gains and losses on net retirement liability.

Revenue Recognition
The Company is engaged in the manufacturing and distribution of animal feeds, animal health and nutritional products, and feeds supplements. The Company is also engaged in the production of day-old chicks and in the growing, production and distribution of chicken broilers, either as live or dressed chickens.

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

Revenue from the Company's sale of goods is recognized at point in time when control of the goods is transferred to the customers, which is normally upon delivery.

The following specific recognition criteria must also be met before other revenue items outside the scope of PFRS 15 are recognized:

Rental Income. Rental income on leased property is recognized on a straight-line basis over the lease term.

Interest Income. Revenue is recognized as interest accrues, taking into consideration the effective yield on the asset.

Other Income. Other income is recognized when earned.

Cost and Expense Recognition
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Cost of Goods Sold. Cost of goods sold are recognized as expense when the related goods are delivered.

Operating Expenses. Operating expenses constitute cost of administering the business and cost incurred to sell and market its products. These are expensed as incurred.

Interest Expense. These are recognized in profit or loss using the effective interest method.

Other Charges. Other charges are recognized when incurred.

Employee Benefits

Short-term Benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Company has a partially funded, non-contributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services 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 and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognizes restructuring-related costs.
Remeasurements pertaining to actuarial gains and losses and return on plan assets 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 the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement liability, the measurement of the resulting defined benefit asset is limited to the asset ceiling which is the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The net retirement asset (liability) is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets against which the obligations are to be settled directly, adjusted for any effect of asset ceiling. The present value of the retirement obligation 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 so that the amounts recognized in the separate financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

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. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the deductible 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 taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted, that is, when the investment property is depreciable and is held within the business model whose objective is consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including risks and uncertainties associated with the present obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Basic and Diluted Earnings per Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to common equity holders of the Parent Company by the weighted average number of issued, subscribed and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effects of any potentially dilutive convertible securities.

Events After the Reporting Period

Events after the reporting period that provide additional information about the Company's financial position at the end of the reporting period (adjusting event) are reflected in the separate financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to separate financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Company's separate financial statements requires management to make judgments, accounting estimates and assumptions that affect the amounts of assets, liabilities, income and expenses reported in the separate financial statements. These are based on management's evaluation of relevant facts and circumstances as of the date of the separate financial statements.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The accounting estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the change and future periods if the revision affects both current and future periods.

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 separate financial statements.

Classifying the Property, Plant and Equipment and Investment Properties. The Company determines whether a property qualifies as an investment property or an item of property, plant and equipment. In making its judgment, the Company considers whether the property is held primarily to earn rentals or capital appreciation or both, or used for operations and administrative purposes by the Company.

The carrying amounts of property, plant and equipment and investment properties as at December 31, 2023 and 2022 are disclosed in Notes 12 and 13, respectively.

Determining the Highest and Best Use of Investment Properties. The Company determines the highest and best use of its investment properties when measuring fair value. In making its judgment, the Company takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible.

The carrying amounts of investment properties as at December 31, 2023 and 2022 are disclosed in Note 13.

Determining the Lease Commitments – The Company as a Lessor. Leases where the Company retains substantially all the risks and rewards 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 over the lease term on the same basis as rental income. Contingent rents, if any, are recognized as revenue in the period in which these are earned.
Rental income earned in 2023, 2022 and 2021 are disclosed in Note 25.

Determining the Lease Term and Incremental Borrowing Rate. The lease term is a significant component in the measurement of both the ROU assets and lease liabilities. Judgment is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset, if any, will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements, and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liabilities at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the ROU assets, with similar terms, security and economic environment. The Company uses its general borrowing rate adjusted for the lease terms, securities of an item with the underlying nature of the leased assets and expectations of residual value, among others.

The carrying amounts of ROU assets and lease liabilities as at December 31, 2023 and 2022 are disclosed in Note 25.

Assessing Provisions and Contingencies. The Company evaluates legal and administrative proceedings to which it is involved based on analysis of potential results. Management and its legal counsels do not believe that any current proceedings will have material adverse effects on its separate financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings.

<u>Accounting Estimates and Assumptions</u>
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Assessing the ECL on Trade Receivables. The Company initially uses a provision matrix based on the historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a receivable is past due. The Company then calibrates the provision matrix to adjust historical credit loss experience with forward-looking information on the basis of current observable data to reflect the effects of current and forecasted economic conditions, as applicable.

The Company adjusts historical default rates if forecasted economic conditions such as gross domestic product are expected to deteriorate which can lead to increased number of defaults in the industry. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

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

The amount of provision for ECL and the carrying amount of the Company's trade receivables as at and for the years ended December 31, 2023 and 2022 are disclosed in Note 6.

Estimating the ECL of Receivable from an Insurance Company. The Company is currently involved in legal proceedings to pursue the collection of its remaining insurance claims for typhoon damages from an insurance company. The determination of whether the insurance claims receivable is still realizable requires consultations with legal counsel and management's estimate of the allowance for ECL based on the probability-weighted estimate of the present value of all cash shortfalls over the expected settlement of the claims.

Management and its legal counsel believe that the ongoing litigation on the remaining claims will not result to any significant adverse impact on the Company's financial condition and results of operations. Thus, no provision for ECL was recognized in 2023, 2022 and 2021.

The carrying amount of receivable from an insurance company and the allowance for ECL recognized as at December 31, 2023 and 2022 are disclosed in Note 10.

Assessing the ECL on Other Financial Assets at Amortized Cost (excluding Trade Receivables and Receivable from an Insurance Company). The Company determines the allowance for ECL based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition, in which case ECL are provided based on lifetime ECL.

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

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions;
- actual or expected significant adverse changes in the operating results of the borrower; or
- significant changes in credit spread, rates or terms such as more stringent covenants and increased amount of collateral or guarantees.

The Company also considers financial assets that are more than 120 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The amount of provision for ECL recognized in 2023, 2022 and 2021 are disclosed in Note 21.

Estimating the Fair Value of Biological Assets. The fair values of the Company's biological assets are based on the most reliable estimate of market prices at the end of the reporting period. The fair values of day-old chicks, growing broilers and parent stock were determined using the income approach which considers the net cash flows expected to be generated from the sale of day-old chicks, sale of fully-grown broilers as dressed chickens and cash flows expected to be generated from parent stock. These are measured as Level 3 in the fair value hierarchy.

The cash flow projections include specific estimates of the hatching period, the hatchability and mortality rates, and volume of harvest. In addition, the significant unobservable inputs used also include the estimated future sales price of day-old chicks, dressed chickens and parent stock, as well as the estimated costs to be incurred in the hatching, growing and dressing processes, as applicable. Generally, the estimated fair value would increase (decrease) if the estimated future sales price, cash inflows, hatchability rates or volume of production were higher (lower). Meanwhile, the estimated fair value would increase (decrease) if the estimated costs to be incurred in the hatching, growing and dressing processes or estimated mortality rates were lower (higher).

The gain or loss on fair value changes of biological assets recognized under "Revenues" in the separate statements of comprehensive income in 2023, 2022 and 2021 are presented in Note 19.

Estimating the Revalued Amounts of Property, Plant and Equipment (excluding Transportation Equipment and CIP). The Company measures its property, plant and equipment (excluding transportation equipment and CIP) at revalued amounts with changes in fair value being recognized in OCI.

In determining the revalued amounts of property, plant and equipment (excluding transportation equipment and CIP), the Company hired independent firms of appraisers as at December 31, 2023 and 2022. 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 carrying amounts of property, plant and equipment at revalued amounts as at December 31, 2023 and 2022 are disclosed in Note 12

Estimating the Useful Lives of Property, Plant and Equipment. The Company reviews annually the estimated useful lives of property, plant and equipment based on expected asset's utilization, market demands and future technological development. It is possible that the factors mentioned may change in the future, which could cause a change in estimated useful lives. A reduction in estimated useful lives could cause a significant increase in depreciation and amortization of property, plant and equipment.

There were no changes in the estimated useful lives of property, plant and equipment in 2023, 2022 and 2021. The carrying amounts of property, plant and equipment as at December 31, 2023 and 2022 are disclosed in Note 12.

Estimating the Fair Value of Investment Properties. The Company's investment properties are measured at fair values. The Company works closely with external qualified appraisers who performs the valuation using appropriate valuation techniques. The Company estimates expected future cash flows, yields, and discount rates.

The valuation techniques and inputs used in the fair value measurement of investment properties, as well as the carrying amounts of investment properties as at December 31, 2023 and 2022 are disclosed in Note 13.

Assessing the Impairment of Nonfinancial Assets. The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In assessing whether there is any indication that an asset may be impaired, the Company considers the external and internal sources of information. External sources of information include but are not limited to unexpected significant decline in market value and any other significant changes with an adverse effect on the Company, whether it had taken place during period or will take place in the near future in the market, economic or legal environment in which the entity operates or in the market to which the asset is dedicated. Internal sources of information include evidence of obsolescence or physical damage on an asset, significant changes with an adverse effect on the Company whether it had taken place during the period, or are expected to take place in the near future, to the extent to which, or in a manner in which, an asset is used or is expected to be used, and any other evidence that indicates that the economic performance of an asset is, or will be, worse than expected.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's fair value less cost 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 the continuing use of an asset and from its disposal at the end of its useful life. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

No provision for impairment loss on nonfinancial assets was recognized in 2023, 2022 and 2021.

The carrying amounts of nonfinancial assets which consists of advances to officers and employees, other current assets, property, plant and equipment, investment properties, ROU assets and other noncurrent assets (excluding security deposits) are disclosed in Notes 6, 9, 12, 13, 14 and 25.

Estimating Retirement Liability. The determination of the Company's obligation and cost for pension and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 24 to the separate financial statements and include among others, discount rate and salary increase rate. While the Company believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect net retirement liability.

The carrying amounts of net retirement liability as at December 31, 2023 and 2022 are disclosed in Note 24.

Assessing the Realizability of Deferred Tax Assets. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of unused NOLCO is based on the projected taxable income in the following periods. Based on the projection, not all future deductible temporary differences will be realized, therefore, only a portion of deferred tax assets was recognized.

As at December 31, 2023 and 2022, the carrying amounts of recognized deferred tax assets and the amount of unrecognized deferred tax assets, which management has assessed may not be realized in the future, are disclosed in Note 26.

4. Prior Period Adjustments

The separate financial statements as at and for the year ended December 31, 2022 have been restated to reflect the reclassification to property, plant and equipment of the Company's investment properties which are being operated by BVC, as a result of the consolidation of BVC's accounts to the Parent Company effective January 1, 2022 (see Note 11). Accordingly, the adjustments also included reclassifications from gain on change in fair value of investment properties in profit or loss to revaluation surplus in OCI, as well as the corresponding recognition of depreciation charges of property, plant and equipment in profit or loss, and other restatements to deferred taxes as presented in the related notes to separate financial statements.

The net effects of the prior period adjustments and reclassifications on the Company's separate financial statements as at December 31, 2022 which accounted for less than one percent of total equity are as follows (in millions):

	Assets	Liabilities	Equity	Retained Earnings	OCI
As previously reported	₱5,277.6	₱3,392.9	₱1,884.7	₱304.5	₱418.0
Prior period adjustments and reclassifications	(27.3)	(40.4)	13.2	(6.3)	19.5
As restated	₱5,250.3	₱3,352.5	₱1,897.9	₱298.2	₱437.5

5. Cash

This account consists of:

	2023	2022
Cash on hand	**₱6,434,159**	₱4,536,150
Cash in banks	**385,978,307**	357,124,688
	₱392,412,466	₱361,660,838

Cash in banks earn interest at the prevailing bank deposit rates and are immediately available for use in current operations.

Interest income earned from cash in banks amounted to ₱0.1 million in 2023, 2022 and 2021. Total interest income recognized in the separate statements of comprehensive income arose from the following:

	Note	2023	2022	2021
Cash in banks		**₱110,652**	₱107,932	₱140,673
Trade receivables	6	**1,420,936**	2,287,013	1,152,472
		₱1,531,588	₱2,394,945	₱1,293,145

6. Trade and Other Receivables

This account consists of:

	Note	2023	2022
Trade receivables from:			
Third parties		**₱631,898,995**	₱670,618,997
Related parties	27	**288,618,234**	218,397,603
Nontrade receivables		**228,050,110**	186,359,842
Advances to officers and employees		**22,856,692**	19,003,504
Other receivables		**9,905,173**	13,250,588
		1,181,329,204	1,107,630,534
Allowance for ECL		**(139,735,248)**	(155,507,092)
		₱1,041,593,956	₱952,123,442

Trade receivables arising mainly from the sale of feeds, food and livestock are generally collectible within 30 to 90 days. These receivables bear interest ranging from 1.00% to 3.00% in 2023, 2022 and 2021. Interest income earned from overdue trade receivables amounted to ₱1.4 million, ₱2.3 million and ₱1.2 million in 2023, 2022 and 2021, respectively.

Nontrade receivables comprise mainly of receivables arising from the Company's incidental income. These are unsecured, noninterest-bearing and are usually collected within 30 to 90 days.

Advances to officers and employees include loans granted to employees which are generally noninterest bearing and are collectible through salary deductions. These also include cash advances for business purposes which are subject to liquidation.

Other receivables mainly consist of short-term rental deposits and receivables from government agencies.

Movements in the allowance for ECL as at December 31 are shown below:

	Note	Trade	Nontrade	Advances to Officers and Employees	Others	Total
Balance as at January 1, 2023		₱56,620,527	₱88,156,268	₱3,260,572	₱7,469,725	₱155,507,092
Provision for ECL	21	3,539,062	–	–	–	3,539,062
Reclassification		(3,404,875)	(13,814,339)	(1,956,660)	(135,032)	(19,310,906)
Balance as at December 31, 2023		₱56,754,714	₱74,341,929	₱1,303,912	₱7,334,693	₱139,735,248

	Note	Trade	Nontrade	Advances to Officers and Employees	Others	Total
Balance as at January 1, 2022		₱54,915,892	₱88,156,268	₱3,260,572	₱7,469,725	₱153,802,457
Provision for ECL	21	1,704,635	–	–	–	1,704,635
Balance as at December 31, 2022		₱56,620,527	₱88,156,268	₱3,260,572	₱7,469,725	₱155,507,092

In 2023, management reclassified allowance for ECL of receivables aggregating ₱19.3 million to allowance for impairment losses of advances to suppliers and other current assets, as a result of the reclassification of the related gross receivables to advances to suppliers amounting to ₱10.9 million and advances to contract growers and breeders amounting to ₱8.4 million (see Note 9).

7. Inventories

This account consists of:

	2023	2022
At NRV -		
Feeds	**₱333,652,987**	₱265,341,476
At cost:		
Raw materials and feed supplements	**324,370,311**	435,228,997
Supplies and animal health products	**126,627,676**	90,663,848
Finished goods	**74,855,683**	25,514,207
Hatching eggs	**59,353,509**	41,916,608
	₱918,860,166	₱858,665,136

Inventories are valued at the lower of cost and NRV as at December 31, 2023 and 2022. The cost of feeds carried at NRV amounted to ₱334.6 million and ₱266.2 million as at December 31, 2023 and 2022, respectively. Inventories charged to cost of goods sold amounted to ₱9,828.7 million, ₱9,451.5 million, and ₱7,627.6 million in 2023, 2022, and 2021, respectively (see Note 20).

Allowance for inventory obsolescence amounted to ₱0.9 million as at December 31, 2023 and 2022.

8. Biological Assets - Livestock

This Company's livestock consists of the following:

	2023	2022
Day-old chicks and growing broilers	**₱89,607,344**	₱110,095,736
Parent stock	**39,787,415**	6,023,019
	₱129,394,759	₱116,118,755

Movements of the Company's livestock are as follows:

	Note	2023	2022
Balance at beginning of year		**₱116,118,755**	₱52,467,770
Increase due to production		**6,349,921,100**	5,183,298,174
Decrease due to sales, harvest and mortality		**(6,288,865,517)**	(5,130,583,627)
Gain (loss) on fair value changes	19	**(47,779,579)**	10,936,438
Balance at end of year		**₱129,394,759**	₱116,118,755

9. Other Current Assets

This account consists of:

	2023	2022
CWTs	**₱98,857,610**	₱75,377,158
Advances to contract growers	**76,927,121**	47,546,419
Prepayments	**56,550,210**	45,758,073
Advances to contract breeders	**10,054,368**	9,987,453
Input VAT	**427,404**	3,553,993
	242,816,713	182,223,096
Allowance for impairment losses	**(52,031,133)**	(43,657,050)
	₱190,785,580	₱138,566,046

Movements in the allowance for impairment losses of advances to contract growers and contract breeders as at December 31, 2023 and 2022 are as follows:

	Note	2023	2022
Balance at beginning of year		**₱43,657,050**	₱43,657,050
Reclassification	6	**8,374,083**	–
Balance at end of year		**₱52,031,133**	₱43,657,050

10. Receivable from an Insurance Company

The Company has an outstanding insurance claim for typhoon damages from Charter Ping An Insurance Corporation (Charter Ping An). 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, or 90 days from the date the Company filed the claim.

On August 17, 2016, the Company received ₱58.9 million as partial settlement. On May 31, 2023, the Regional Trial Court (RTC) of Bulacan granted the claim of the Company and ordered Charter Ping An to pay the insurance claim, to which Charter Ping An filed a Notice of Appeal with the Court of Appeals (CA) in Manila City. On June 14, 2023, the RTC of Bulacan issued an Order directing the records of the case to be forwarded to the Court of Appeals, Manila City. The Company will file a Motion for Execution Pending Appeal before the CA.

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 the receivable as at December 31, 2023 and 2022 are as follows:

Cost	₱141,664,583
Allowance for ECL	(71,460,773)
	₱70,203,810

The Company continues to legally pursue the remaining balance of the insurance claim as at December 31, 2023 and 2022. No provisions nor write-off of allowance for ECL of the receivable were recognized in 2023, 2022 and 2021.

11. Investments in Subsidiaries

Investments in subsidiaries as at December 31, 2023 and 2022 that are accounted for under the cost method are as follows:

	2023		2022	
	Percentage Ownership	Amount	Percentage Ownership	Amount
BVC	100%	₱1	100%	₱1
Gromax	100%	49,973,544	100%	49,973,544
		49,973,545		49,973,545
Allowance for impairment loss		(49,973,545)		(49,973,545)
		₱–		₱–

Management has assessed that the above investment in Gromax may not be recovered as the subsidiary has already discontinued its business operations. Meanwhile, investment in BVC have also been provided with allowance as BVC is in a deficit position. Accordingly, the investments were fully provided with allowance for impairment loss as at December 31, 2023 and 2022.

Acquisition of BVC
On December 16, 2021, the Company's BOD approved the acquisition of 100% of the outstanding capital stock of BVC from Luzon Agriventure, Inc. (LAVI) for a consideration of ₱1.00. BVC is a private domestic corporation engaged, among others, in poultry production as well as in the processing, raising and breeding of chickens and similar stocks. The registered principal place of business of the Company is located at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan.

Beginning January 1, 2022, BVC operated as the Company's wholly-owned subsidiary.

12. Property and Equipment

At Revalued Amounts

The composition and movements of this account are presented below:

	2023					
	Land	Plant, Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost						
Balance at beginning of year	₱504,156,060	₱588,045,020	₱323,320,285	₱67,048,453	₱96,007,455	₱2,378,631,863
Additions	–	67,077,167	508,240	(1,844,073)	6,848,888	72,587,212
Reclassifications	–	921,410	106,500,000	1,812,376	427,850	109,661,636
Disposals	–	–	–	–	(190,624)	(190,824)
Revaluation	23,292,160	12,229,673	(5,687,741)	(1,248,385)	–	33,592,808
Balance at end of year	537,448,310	1,066,273,302	424,641,584	65,998,371	103,092,860	2,584,262,536
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	350,496,485	86,242,759	24,057,372	83,881,556	544,668,172
Depreciation	–	76,747,417	18,890,399	8,153,207	8,356,781	111,925,790
Disposals	–	–	–	–	(231,901)	(231,901)
Balance at end of year	–	427,243,902	105,133,158	32,210,574	91,884,887	656,462,021
Carrying Amount	₱537,448,310	₱641,039,400	₱319,508,426	₱35,595,799	₱11,108,952	₱1,937,802,517

					2022 (As restated - see Note 4)		
	Note	Land	Plant, Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost							
Balance at beginning of year, as previously reported		₱434,159,887	₱583,219,958	₱173,412,785	₱36,525,997	₱92,622,295	₱1,319,940,956
Prior period reclassifications	13	341,171,700	250,471,247	145,391,634	25,439,737	-	762,445,334
Balance at beginning of year, as adjusted		775,341,587	833,692,205	318,804,419	61,965,734	92,622,295	2,082,426,240
Additions		–	147,001,885	6,626,164	2,261,059	12,032,941	163,502,055
Reclassifications from CIP		–	415,353	4,841,141	3,010,000	–	8,266,494
Disposals		–	(4,964,322)	–	–	(87,548)	(5,051,870)
Adjustments		–	–	–	–	(1,261,260)	(1,261,260)
Revaluation		128,814,463	11,299,059	(4,929,526)	2,844,660	(7,299,367)	129,829,976
Balance at end of year		904,156,050	988,045,020	325,320,085	67,083,453	56,007,755	2,178,611,863
Accumulated Depreciation and Amortization							
Balance at beginning of year		–	288,556,522	71,377,286	15,096,316	72,334,595	447,364,719
Depreciation and amortization		–	65,845,540	14,856,473	3,561,056	12,351,159	101,423,228
Reclassification		–	–	–	–	(775,990)	(775,990)
Disposals		–	(3,915,577)	–	–	(32,208)	(3,947,785)
Balance at end of year		–	350,486,485	86,233,759	24,057,372	83,877,556	544,655,172
Carrying Amount		₱904,156,050	₱637,558,535	₱237,077,326	₱43,026,081	₱12,125,499	₱1,633,943,491

Revaluation increment on property, plant and equipment amounted to ₱33.6 million, ₱179.8 million and ₱30.4 million in 2023, 2022 and 2021, respectively.

Had the above property, plant and equipment been measured using the cost model, the carrying amounts would have been as follows:

	2023	2022
Land	**₱355,331,190**	₱355,331,190
Plant, machinery and equipment	**641,377,588**	574,318,340
Buildings	**308,661,367**	265,293,469
Leasehold and land improvements	**32,357,696**	44,521,128
Office furniture, fixtures and equipment	**10,795,068**	16,420,685
	₱1,348,522,909	₱1,255,884,812

The Company's property, plant and equipment (except for transportation equipment and construction in-progress) were appraised by an independent firm of appraisers as at December 31, 2023 and 2022.

Details of the valuation techniques used in measuring fair values of property, plant and equipment classified under Levels 2 and 3 of the fair value hierarchy are as follows:

			Range	
Class of Property	Valuation Techniques	Significant Inputs	2023	2022
Land	Sales comparison approach	Price per square meter (sqm) Value adjustments	**₱2,995 - ₱10,500** **5% - 35%**	₱1,500 - ₱6,000 5% - 35%
Plant, machinery and equipment	Depreciated replacement cost method	Replacement cost Remaining economic life	**₱306.4 million** **3 - 25 years**	₱306.4 million 3 - 25 years
	Discounted cash flow (DCF) approach	Discount rate Per monthly rent	**11.01%** **₱1.4 million - ₱4.0 million**	11.75% ₱1.2 million - ₱3.4 million

Class of Property	Valuation Techniques	Significant Inputs	Range 2023	Range 2022
Buildings	Depreciated replacement cost method	Replacement cost	₱176.7 million	₱176.7 million
		Remaining economic life	7 - 25 years	7 - 25 years
	DCF approach	Discount rate	11.01%	11.75%
		Per monthly rent	₱0.2 million - ₱1.2 million	₱0.2 million - ₱1.3 million
Leasehold and land improvements	Depreciated replacement cost method	Replacement cost	₱20.3 million	₱20.3 million
		Remaining economic life	2 - 4 years	2 - 4 years
	DCF approach	Discount rate	11.01%	11.75%
		Per monthly rent	₱0.1 million	₱0.1 million
Office furniture, fixtures and equipment	Depreciated replacement cost method	Replacement cost	₱12.2 million	₱11.0 million
		Remaining economic life	2 - 4 years	2 - 4 years

The description of the valuation techniques and inputs used in the fair value measurement are as follows:

Sales Comparison Approach
Sales comparison approach involves the comparison of the Company's land to those that are more or less located within the vicinity of the appraised properties 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.

The inputs to fair valuation are as follows:

- *Price per sqm* - 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 property taking into account the location, size and architectural features among others.

Depreciated Replacement Cost Method
Depreciated replacement cost method is used to estimate valuation of plant, machinery and equipment, buildings, leasehold and land improvements and office furniture, fixtures and equipment by computing for the replacement cost of the assets and applying appropriate adjustments for physical deterioration and functional and economic obsolescence.

Generally, significant increases (decreases) in depreciated replacement cost in isolation would result in a significantly higher (lower) fair value measurement.

Discounted Cash Flow Approach
Under the DCF approach, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's estimated useful life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF approach involves the projection of a series of cash flows on a real property interest. An appropriate market-derived discount rate is applied to projected cash flow series to establish the present value of the income stream associated with the investment property.

Periodic cash flows of investment properties are typically estimated as gross income less vacancy and operating expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The frequency of inflows and outflows are contract and market-derived. The DCF approach assumes that cash outflows occur in the same period that expenses are recorded.

Generally, significant increases (decreases) in monthly rental rate per building, leasehold and land improvements and machinery and equipment in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in discount rate in isolation would result in a significantly lower (higher) fair value measurement.

The reconciliation of the balances of property, plant and equipment classified according to level in the fair value hierarchy is as follows:

	2023		
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance at beginning of year	₱904,156,050	₱929,787,441	₱1,833,943,491
Net revaluation increment	28,292,260	5,300,549	33,592,809
Net additions	–	182,058,066	182,058,066
Depreciation and amortization - net of disposals	–	(111,793,849)	(111,793,849)
Balance at end of year	₱932,448,310	₱1,005,352,207	₱1,937,800,517

	2022 (As restated - see Note 4)		
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance at beginning of year	₱775,341,587	₱857,115,964	₱1,632,457,551
Net revaluation increment	128,814,463	(3,676,253)	125,138,210
Net additions	–	177,770,959	177,770,959
Depreciation and amortization	–	(101,423,229)	(101,423,229)
Balance at end of year	₱904,156,050	₱929,787,441	₱1,833,943,491

There are no transfers between the levels of fair value hierarchy in 2023, 2022 and 2021.

At Cost

The composition and movements of this account are presented below:

	2023		
	Transportation Equipment	CIP	Total
Cost			
Balance at beginning of year	₱48,580,960	₱122,736,649	₱171,317,609
Additions	624,480	30,599,506	31,223,986
Reclassifications	–	(109,661,638)	(109,661,638)
Disposals	(3,515,234)	–	(3,515,234)
Balance at end of year	45,690,206	43,674,517	89,364,723
Accumulated Depreciation			
Balance at beginning of year	44,823,791	–	44,823,791
Depreciation	2,459,277	–	2,459,277
Disposal	(3,453,734)	–	(3,453,734)
Balance at end of year	43,829,334	–	43,829,334
Carrying amount	₱1,860,872	₱43,674,517	₱45,535,389

	2022		
	Transportation Equipment	CIP	Total
Cost			
Balance at beginning of year	₱48,160,960	₱38,699,957	₱86,860,917
Additions	420,000	77,451,662	77,871,662
Adjustments	–	12,851,524	12,851,524
Reclassifications	–	(6,266,494)	(6,266,494)
Balance at end of year	48,580,960	122,736,649	171,317,609
Accumulated Depreciation			
Balance at beginning of year	40,879,752	–	40,879,752
Depreciation	3,944,039	–	3,944,039
Balance at end of year	44,823,791	–	44,823,791
Carrying amount	₱3,757,169	₱122,736,649	₱126,493,818

CIP represents cost of raw materials, general construction works and installation costs incurred in the construction of the Company's offices, cabling installation, piping, bagging system installation and other developments. Completed construction costs amounting to ₱109.7 million, ₱6.3 million and ₱15.0 million in 2023, 2022 and 2021, respectively, were reclassified to appropriate property, plant and equipment accounts. As at December 31, 2023 and 2022, there are no significant contractual commitments entered into by the Company.

In 2023, 2022 and 2021, the Company sold property, plant and equipment and investment properties for a cash consideration resulting to a gain (loss) on disposal amounting to ₱0.4 million, (₱1.0 million) and (₱1.1 million), respectively (see Note 23).

As at December 31, 2023 and 2022, fully depreciated property, plant and equipment that are still being used by the Company amounted to ₱351.9 million and ₱230.9 million, respectively.

Depreciation and amortization expense recognized in the separate statements of comprehensive income are as follows:

	Note	2023	2022 (As restated - see Note 4)	2021
Property, plant and equipment:				
At revaluated amounts		₱111,925,750	₱101,423,228	₱80,327,322
At cost		2,459,277	3,944,039	4,922,099
ROU assets	25	22,994,914	17,723,732	17,079,098
Computer software	14	3,398,021	5,795,513	3,678,102
		₱140,777,962	₱128,886,512	₱106,006,621

Depreciation and amortization expense were charged to the following:

	Note	2023	2022 (As restated - see Note 4)	2021
Cost of goods sold	20	₱98,961,312	₱92,613,365	₱72,016,730
Operating expenses:	21			
Selling and distribution		26,384,795	21,233,128	17,309,846
Administrative expenses		15,431,855	15,040,019	16,680,045
		41,816,650	36,273,147	33,989,891
		₱140,777,962	₱128,886,512	₱106,006,621

13. Investment Properties

This consists of the Company's parcels of land arising from the foreclosure of properties as settlement of its customers' liabilities to the Company, and properties which are held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

Investment properties are measured using the fair value model. The composition and movements in this account are summarized below:

	2023		
	Land	Building	Total
Balance at beginning of year, at cost	₱178,403,468	₱15,567,585	₱193,971,053
Additions	1,712,209	–	1,712,209
Disposals	(2,953,785)	–	(2,953,785)
Balance at end of year, at cost	177,161,892	15,567,585	192,729,477
Cumulative gain (loss) on changes in fair value	109,431,064	(814,190)	108,616,874
Balance at end of year, at fair value	₱286,592,956	₱14,753,395	₱301,346,351

	Note	2022 Land	Building	Total
Balance at beginning of year as previously reported, at cost		₱522,205,862	₱434,841,199	₱957,047,061
Prior period reclassifications	12	(341,171,700)	(419,273,614)	(760,445,314)
Balance at beginning of year as adjusted		181,034,162	15,567,585	196,601,747
Disposal		(2,630,694)	–	(2,630,694)
Balance at end of year, at cost		178,403,468	15,567,585	193,971,053
Cumulative gain (loss) on changes in fair value		45,122,474	(619,585)	44,502,889
Balance at end of year, at fair value		₱223,525,942	₱14,948,000	₱238,473,942

The Company's investment properties were appraised by an independent firm of appraisers as at December 31, 2023 and 2022. Gain on change in fair value amounted to ₱64.1 million, ₱28.2 million and ₱1.3 million in 2023, 2022 and 2021, respectively.

The Company recognized revenue from leasing operations amounting to ₱14.1 million, ₱19.9 million and ₱11.1 million in 2023, 2022 and 2021, respectively (see Note 25).

Details of the valuation techniques used in measuring fair values of classified under Level 2 of the fair value hierarchy are as follows:

Class of Property	Valuation Techniques	Significant Inputs	Range 2023	Range 2022
Land	Sales comparison approach	Price per square meter (sqm)	₱45 - ₱17,000	₱50 - ₱14,200
		Value adjustments	5% - 70%	5% - 80%

Sales comparison approach involves the comparison of the Company land to those that are more or less located within the vicinity of the appraised properties 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.

The significant inputs to fair valuation are as follows:

- *Price per sqm* - 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 and architectural features among others.

Meanwhile, building was valued using DCF approach (Level 3) and utilized discount rate and monthly rental rates as significant inputs. Under the DCF approach, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's estimated useful life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF approach involves the projection of a series of cash flows on a real property interest. An appropriate, market-derived discount rate is applied to projected cash flow series to establish the present value of the income stream associated with the investment property.

Periodic cash flows of investment properties are typically estimated as gross income less vacancy and operating expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The frequency of inflows and outflows are contract and market-derived. The DCF approach assumes that cash outflows occur in the same period that expenses are recorded.

Generally, significant increases (decreases) in the discount rate in isolation would result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in rental rate rate in isolation would result in a significantly higher (lower) fair value measurement.

14. Other Noncurrent Assets

This account consists of:

	Note	2023	2022
Project development costs		**₱31,368,395**	₱31,368,395
Security deposits	25	**12,928,688**	18,229,324
Computer software		**10,487,976**	13,885,997
		54,785,059	63,483,716
Allowance for impairment losses		**(31,368,395)**	(31,368,395)
		₱23,416,664	₱32,115,321

Project development costs represent expenses incurred on the Company's aqua feeds and aqua culture projects. These were already fully provided with valuation allowance as at December 31, 2023 and 2022 since based on management's evaluation, these costs may no longer be recoverable.

Computer software is amortized over the economic life of three (3) years. Movements in computer software are as follows:

	Note	2023	2022
Cost			
Balance at beginning of year		**₱43,365,131**	₱43,344,648
Additions		**–**	20,483
Balance at end of year		**43,365,131**	43,365,131
Accumulated Amortization			
Balance at beginning of year		**29,479,134**	23,683,621
Amortization	12	**3,398,021**	5,795,513
Balance at end of year		**32,877,155**	29,479,134
Carrying Amount		**₱10,487,976**	₱13,885,997

15. Trade and Other Payables

The account consists of the following:

	Note	2023	2022
Trade payables:			
Third parties		₱1,572,615,025	₱1,630,728,866
Related parties	27	41,902,024	4,333,416
Accrued expenses:			
Selling and administrative		189,328,480	175,537,109
Outside services		25,503,169	16,315,967
Others		14,785,463	34,755,144
Nontrade payables		158,419,428	67,298,310
Statutory payables		25,759,692	18,566,413
Customers' deposits		14,150,358	45,629,030
		₱2,042,463,639	₱1,993,164,255

Trade payables consist of liabilities arising from purchases of inventories in the normal course of business. These are noninterest-bearing and are generally settled within 30 to 90 days.

Accrued expenses mainly pertain to selling and administrative expenses, outside services, salaries and wages, freight and handling, outside services, taxes and licenses, commissions and supplies, among others. These are normally settled within one year.

Nontrade payables are liabilities arising from purchases of goods other than inventories and various services giving rise to expenses such as trucking fees, utilities, security services and inspection fees, among others. These are normally settled within one year.

Statutory payables consist of liabilities to government agencies. These are normally settled within a month.

Customers' deposits include amounts advanced by customers to the Company.

16. Loans Payable

The Company's outstanding loans payable to local banks amounted to ₱898.1 million and ₱1,035.1 million as at December 31, 2023 and 2022, respectively. The Company's short-term and long-term loans are not subject to any debt covenants.

	2023	2022
Short-term loans	₱848,476,429	₱960,657,066
Current portion of long-term loans	24,821,429	24,821,429
Current portion of loans payable	873,297,858	985,478,495
Noncurrent portion of loans payable	24,821,427	49,642,856
	₱898,119,285	₱1,035,121,351

Short-term Loans Payable
In 2023 and 2022, the Company obtained unsecured short-term loans from local banks to finance its working capital requirements. The Company's short-term loans mature within 90 days and bear annual interest rates ranging from 6.00% to 6.50%. Outstanding balance amounted to ₱848.5 million and ₱960.7 million as at December 31, 2023 and 2022, respectively.

Long-term Loans Payable
The following are the Company's long-term loans payable:

a. ₱86.9 million promissory note
On October 31, 2018, the Company entered into an eight-year loan agreement with China Bank Savings, Inc. ("CBS") amounting to ₱86.9 million, payable in 28 quarterly installments starting January 31, 2020 and bearing an interest rate of 7.875% per annum that is repriced annually. Repriced interest rate is 7.750% in 2023 and 6.250% in 2022. Outstanding balance amounted to ₱24.8 million and ₱37.2 million as at December 31, 2023 and 2022, respectively.

b. ₱86.9 million promissory note
On December 6, 2018, the Company entered into another eight-year loan agreement with CBS amounting to ₱86.9 million, payable in 28 quarterly installments, starting March 6, 2020 and bearing an interest rate of 8.125% per annum that is repriced annually. Repriced interest rate is 7.750% in 2023 and 6.125% in 2022. Outstanding balance amounted to ₱24.8 million and ₱37.2 million as at December 31, 2023 and 2022, respectively.

Total availments of loans payable amounted to ₱1,740.2 million and ₱2,349.5 million in 2023 and 2022, respectively. Total payments of loans payable amounted to ₱1,877.2 million and ₱1,819.5 million in 2023 and 2022, respectively (see Note 29).

Interest expense on loans payable amounted to ₱68.3 million, ₱35.7 million, and ₱20.7 million in 2023, 2022 and 2021, respectively. Total interest expense recognized in the separate statements of comprehensive income consists of the following:

	Note	2023	2022	2021
Loans payable		₱68,308,882	₱35,735,576	₱20,665,516
Amortization of lease liabilities	25	7,514,406	4,266,400	2,385,774
		₱75,823,288	₱40,001,976	₱23,051,290

17. **Cash Bond Deposits**

Cash bond deposits amounting to ₱60.3 million and ₱56.1 million as at December 31, 2023 and 2022, respectively, mainly pertains to surety bond deposits from contract growers, contract breeders, and salesmen.

These are generally renewed on an annual basis and cash bond deposits will be refunded upon termination of the contract.

18. Equity

Capital Stock

As of December 31, 2023 and 2022, the Company has issued and outstanding common shares of 3,054,334,014 common shares at ₱0.38 par value equivalent to ₱1.2 billion. Details of the authorized, issued and outstanding common shares as at December 31 are as follows:

	2023	2022
Authorized	**3,500,000,000**	3,500,000,000
Issued and outstanding	**3,054,334,014**	3,054,334,014
Capital stock	**₱1,160,646,925**	₱1,160,646,925

The details and movements of the common shares listed with PSE follows:

Date of SEC Approval	Authorized Shares	No. of Shares Issued
October 2, 1972	5,000,000	5,000,000
May 2, 1973	10,000,000	10,000,000
October 31, 1974	7,000,000	7,000,000
December 5, 1977	45,000,000	45,000,000
December 5, 1982	33,000,000	33,000,000
August 11, 1986	200,000,000	200,000,000
February 9, 1989	200,000,000	200,000,000
October 16, 2013	3,500,000,000	2,286,497,901
December 22, 2017	3,500,000,000	267,836,113
		3,054,334,014

The Company has 4,108 and 4,113 stockholders as at December 31, 2023 and 2022, respectively.

Other Comprehensive Income

The components and movements of other comprehensive income are presented below:

	2023		
	Revaluation Surplus	Accumulated Remeasurement Gain (Loss)	Total
Balance at beginning of year	₱433,544,010	₱3,956,055	₱437,500,065
Revaluation increment - net of tax	25,194,607	–	25,194,607
Remeasurement loss - net of tax	–	(10,192,829)	(10,192,829)
Transfer of revaluation surplus realized through depreciation to retained earnings - net of tax	(16,780,410)	–	(16,780,410)
Balance at end of year	₱441,958,207	(₱6,236,774)	₱435,721,433

	2021		
	Revaluation Surplus	Accumulated Remeasurement Gain (Loss)	Total
Balance at beginning of year	₱348,054,817	(₱27,885,015)	₱320,169,802
Revaluation increment - net of tax	97,372,482	–	97,372,482
Remeasurement gain - net of tax	-	31,841,070	31,841,070
Transfer of revaluation surplus realized through depreciation to retained earnings - net of tax	(11,883,289)	–	(11,883,289)
Balance at end of year	₱433,544,010	₱3,956,055	₱437,500,065

19. Revenue

This account consists of:

	2023	2022	2021
Net sales from:			
Foods	**₱6,885,026,308**	₱6,167,824,514	₱4,234,844,048
Feeds	**5,128,051,943**	5,199,285,804	4,691,404,304
Farms	**472,171,275**	516,895,636	722,913,456
	12,485,249,526	11,884,005,954	9,649,161,808
Fair value changes on biological assets	**(47,779,579)**	10,936,438	(22,854,221)
	₱12,437,469,947	₱11,894,942,392	₱9,626,307,587

20. Cost of Goods Sold

This account consists of:

	Note	2023	2022 (As restated - see Note 4)	2021
Inventories sold	7	**₱9,828,749,087**	₱9,451,518,829	₱7,627,567,945
Outside services		**1,125,872,634**	858,830,177	712,164,921
Contractual services		**426,291,217**	312,262,806	258,517,601
Depreciation and amortization	12	**98,961,312**	92,613,365	72,016,730
Salaries and employee benefits	22	**35,854,006**	45,814,819	38,472,730
Communications, light and water		**24,024,344**	40,263,703	31,797,494
Repairs and maintenance		**5,418,750**	14,693,513	8,216,556
Others		**3,295,455**	5,835,758	3,731,648
		₱11,548,466,805	₱10,821,832,970	₱8,752,485,625

21. Operating Expenses

This account consists of:

	2023	2022 (As restated - see Note 4)	2021
Administrative expenses	₱533,461,349	₱540,091,031	₱258,430,342
Selling and marketing	330,111,313	324,506,480	452,654,109
	₱863,572,662	₱864,597,511	₱711,084,451

The details of operating expenses are as follows:

	Note	2023	2022 (As restated - see Note 4)	2021
Salaries and employee benefits	22	₱308,581,992	₱272,738,170	₱230,964,474
Transportation, travel and freight and handling		281,057,178	291,275,669	207,875,032
Depreciation and amortization	12	41,816,650	36,273,147	33,989,891
Publications and subscriptions		40,088,981	39,323,376	38,877,116
Contractual services		31,401,421	21,765,940	20,517,627
Taxes and licenses		24,432,892	25,266,950	17,764,542
Professional fees		25,298,863	34,081,084	29,894,725
Advertising and promotions		19,578,566	24,540,837	30,852,722
Representation and entertainment		15,144,162	36,233,011	24,959,164
Rentals	25	10,249,091	8,269,477	8,526,711
Communications, light and water		9,108,921	9,205,922	8,374,622
Repairs and maintenance		5,336,923	2,897,165	4,121,943
Insurance		4,701,190	4,157,408	4,383,834
Supplies		4,488,954	4,496,766	7,437,118
Provision for ECL of trade and other receivables	6	3,539,062	1,704,635	10,157,719
Packaging and distribution		2,354,256	3,952,152	2,217,267
Others		36,393,560	48,415,793	30,165,944
		₱863,572,662	₱864,597,511	₱711,084,451

Other expenses include bank charges, association dues, training and seminar costs and inspection fees, among others.

22. Salaries and Employee Benefits

This account pertains to the following:

	Note	2023	2022	2021
Salaries and wages		₱288,890,106	₱253,870,375	₱218,104,366
Retirement benefits	24	22,122,540	22,336,339	16,993,091
Commissions		16,550,520	27,560,525	21,476,608
Other short-term benefits		16,872,832	14,785,759	12,863,139
		₱344,435,998	₱318,552,998	₱269,437,204

Salaries and employee benefits is a located as follows:

	Note	2023	2022	2021
Cost of goods sold	20	**₱35,854,006**	₱45,814,819	₱38,472,730
Operating expenses:				
Administrative		**205,996,289**	176,820,010	166,331,166
Selling and distribution		**102,585,703**	95,918,169	64,633,308
		308,581,992	272,738,179	230,964,474
		₱344,435,998	₱318,552,998	₱269,437,204

23. **Other Income (Charges)**

Other Operating Income

Other operating income pertains to rental income from lease of dressing, rendering and ice production plants amounting to ₱14.1 million in 2023, ₱19.9 million in 2022 and ₱11.1 million in 2021 (see Note 25).

Other Charges - net

	Note	2023	2022	2021
Penalties		**(₱4,586,382)**	(₱10,696,915)	(₱10,000,000)
Net foreign exchange loss		**(615,490)**	(28,701,581)	(5,714,952)
Gain (loss) on disposal of property, plant and equipment and investment properties	12	**412,275**	(1,037,744)	(1,060,988)
Others		**–**	932,945	(10,645,792)
		(₱4,789,597)	(₱39,503,295)	(₱27,421,732)

24. **Net Retirement Liability**

The Company has a partially funded, noncontributory defined benefit retirement plan covering all of its qualified employees. The defined benefit plan is being administered by a trustee bank which is responsible for the administration of the plan asset. 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.

There are no unusual or significant risks to which the retirement liability exposes the Company. However, in the event a benefit claim arises under the retirement liability, the benefit shall immediately be due and payable from the Company.

The following tables summarize the components of retirement benefit costs recognized in the separate statements of comprehensive income based on the report of an independent actuary as at December 31, 2023

Details of retirement expense is as follows:

	2023	2022	2021
Current service costs	**₱11,519,694**	₱13,896,753	₱11,956,045
Net interest cost	**10,602,846**	8,439,586	5,037,046
	₱22,122,540	₱22,336,339	₱16,993,091

The amounts of net retirement liability recognized in the statements of financial position are determined as follows:

	2023	2022
Present value of DBO	**₱184,617,101**	₱150,989,435
Fair value of plan assets	**(4,031,451)**	(3,931,933)
	₱180,585,650	₱147,057,502

While there are no minimum funding requirements in the country, any size of underfunding may pose a cash flow risk in the future when a significant number of employees is expected to retire.

The movements in the present value of DBO are as follows:

	2023	2022
Balance at beginning of year	**₱150,989,435**	₱180,278,417
Current service costs	**11,519,694**	13,896,753
Interest expense	**10,886,338**	8,641,280
Benefits paid	**(2,184,831)**	(9,124,310)
Remeasurement loss (gain)	**13,406,465**	(42,702,705)
Balance at end of year	**₱184,617,101**	₱150,989,435

The movements in the fair value of plan assets are as follows:

	2023	2022
Balance at beginning of year	**₱3,931,933**	₱3,978,184
Interest income	**283,492**	201,694
Remeasurement loss	**(183,974)**	(247,945)
Balance at end of year	**₱4,031,451**	₱3,931,933

The Company's plan assets are comprised of the following:

	2023	2022
Cash and cash equivalents	**₱256,803**	₱658,992
Equity instruments	**502,722**	548,505
Debt instruments - government bonds	**3,257,816**	2,834,137
Others	**14,110**	(109,701)
	₱4,031,451	₱3,931,933

There are no expected contributions to the Company's retirement plan in the following year.

The cumulative net remeasurement gains (losses) on net retirement liability recognized in OCI as at December 31 are as follows:

	2023		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax	Net
Balance at beginning of year	**₱5,274,740**	**(₱1,318,685)**	**₱3,956,055**
Remeasurement loss	**(13,590,439)**	**3,397,610**	**(10,192,829)**
Balance at end of year	**(₱8,315,699)**	**₱2,078,925**	**(₱6,236,774)**

	2022		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax	Net
Balance at beginning of year	(₱37,180,020)	₱9,295,005	(₱27,885,015)
Remeasurement gain	42,454,760	(10,613,690)	31,841,070
Balance at end of year	₱5,274,740	(₱1,318,685)	₱3,956,055

	2021		
	Cumulative Remeasurement Loss	Deferred Tax	Net
Balance at beginning of year	(₱14,048,821)	₱3,512,205	(₱10,536,616)
Remeasurement loss	(23,131,199)	5,782,800	(17,348,399)
Balance at end of year	(₱37,180,020)	₱9,295,005	(₱27,885,015)

The principal assumptions used for the purpose of the actuarial valuation are as follows:

	2023	2022
Discount rate	**6.10%**	7.21%
Salary increase projection rate	**5.00%**	5.00%
Average remaining service years	**22.4**	23.0

The sensitivity analysis based on reasonable possible changes of assumptions as at December 31, 2023 and 2022 are presented below

		Effect on Present Value of Retirement Liability *(in thousands)*	
	Change in Assumption	Discount Rate	Salary Increase Projection Rate
December 31, 2023	+100 bps	**(₱13,861)**	**₱15,904**
	-100 bps	**15,888**	**(14,122)**
December 31, 2022	+100 bps	(₱10,677)	₱12,365
	-100 bps	12,215	(10,984)

The expected future benefit payments of the Company are as follows:

	2023	2022
Less than one year	**₱26,011,557**	₱31,611,680
Between one and five years	**55,006,165**	42,714,397
Beyond five years	**142,845,710**	116,035,367
	₱223,863,432	₱190,361,444

The weighted average duration of the present value of retirement benefit obligation as at December 31, 2023 and 2022 are 8.1 years and 7.6 years, respectively.

25. Significant Agreements

Operating Leases - The Company as a Lessor
The Company entered into cancellable leases covering certain production plants (i.e., dressing, rendering and ice production) which have lease terms of around two to three years and are renewable upon mutual agreement of the parties.

Total rent income from these operating leases amounted to ₱14.1 million, ₱19.9 million and ₱11.1 million in 2023, 2022 and 2021, respectively, and are shown as part of "Other operating income" account in the statements of comprehensive income (see Note 23).

The Company as a Lessee - Short-term Leases
The Company leases certain warehouses under operating lease agreements for a period of one year and are renewable upon mutual agreement by the parties. Rent expense amounted to ₱10.2 million, ₱8.8 million and ₱8.5 million in 2023, 2022 and 2021, respectively (see Note 21).

Security deposits amounted to ₱12.9 million and ₱18.2 million as at December 31, 2023 and 2022, respectively (see Note 14).

The Company as a Lessee - Long-term Leases
The Company entered into lease agreements of an office space in a building and finance lease agreements for its transportation equipment for a period of more than a year. The Company recognized ROU assets and lease liabilities on these transactions using the interest rates implicit in the leases which are fixed at the contract date. The average effective interest rate approximates 7.875% to 8.125% per annum in 2023, 2022 and 2021.

ROU Assets
The movements in ROU assets are as follows:

		2023		
	Note	Building	Transportation Equipment	Total
Cost				
Balance at beginning of year		₱12,065,912	₱128,919,298	₱140,985,210
Additions		9,772,245	40,130,777	49,903,022
Balance at end of year		21,838,157	169,050,075	190,888,232
Accumulated Amortization				
Balance at beginning of year		11,341,957	74,113,637	85,455,594
Amortization	17	2,895,564	20,099,350	22,994,914
Balance at end of year		14,237,521	94,212,987	108,450,508
Carrying Amount		₱7,600,636	₱74,837,088	₱82,437,724

	Note	2022 Building	2022 Transportation Equipment	2022 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
Amortization	12	2,895,819	14,827,913	17,723,732
Balance at end of year		11,341,957	74,113,637	85,455,594
Carrying Amount		₱723,955	₱54,805,661	₱55,529,616

Lease Liabilities
The balance and movements in lease liabilities are as follows:

	Note	**2023**	2022
Balance at beginning of year		**₱52,299,839**	₱42,005,270
Additions		**49,903,022**	34,331,713
Accretion of interest	16	**7,514,406**	4,266,400
Payments		**(26,125,747)**	(28,303,544)
Balance at end of year		**83,591,520**	52,299,839
Less: current portion		**22,442,663**	15,413,841
Noncurrent portion		**₱61,148,857**	₱36,885,998

The amounts recognized in profit or loss related to leases follow:

	Note	**2023**	2022	2021
Amortization of ROU assets		**₱22,994,914**	₱17,723,732	₱17,079,097
Short-term leases	21	**10,249,091**	8,269,477	8,526,711
Interest expense on lease liabilities		**7,514,406**	4,266,400	2,385,774
		₱40,758,411	₱30,259,609	₱27,991,582

The gross minimum lease payments and present value of future minimum lease payments as at December 31 are as follows:

	2023		2022	
	Minimum Lease Payments	**Present Value**	Minimum Lease Payments	Present Value
Not later than one year	**₱29,168,306**	**₱22,442,663**	₱16,731,442	₱15,413,841
Later than one year but not more than five years	**69,585,536**	**61,148,857**	40,169,886	36,885,998
	₱98,753,842	**₱83,591,520**	₱56,901,328	₱52,299,839

Agreements with Contract Breeders and Contract Growers
The Company has entered into various agreements with breeders and growers for the breeding and growing of livestock. These are generally renewed on an annual basis.

Tolling Agreements
The Company has entered into various toll arrangements, mainly for the manufacture of its feeds, hatching of eggs and dressing of poultry livestock whose services are payable through fixed amounts per unit of output.

Total payments for tolling arrangements amounted to ₱1,125.9 million, ₱858.8 million and ₱712.2 million in 2023, 2022 and 2021, respectively, and are recorded as part of "Outside Services" account under "Cost of Goods Sold" account in the separate statements of comprehensive income (see Note 20).

26. Income Tax

The components of provision for (benefit from) income tax as reported in the separate statements of comprehensive income are as follows:

	2023	2022 (As restated - see Note 4	2021
Reported in profit or loss			
Current	**₱21,935,240**	₱51,302,873	₱25,793,095
Deferred	**(21,247,496)**	9,722,023	5,371,040
	₱687,744	₱61,024,896	₱31,164,135
Reported in OCI -			
Deferred	**₱5,000,592**	(₱43,071,184)	(₱1,811,206)

The components of the Company's net deferred tax liabilities are as follows:

	2023	2022 (As restated - see Note 4
Deferred tax assets:		
Retirement liability	**₱45,146,413**	₱36,764,376
Allowance for ECL	**29,026,059**	32,969,020
Allowance for impairment loss on:		
Advances to contract breeders and contract growers	**13,007,783**	10,802,974
Inventories	**224,079**	224,079
Fair value changes of biological assets	**11,944,895**	-
	99,349,229	80,760,449
Deferred tax liabilities:		
Revaluation surplus on property, plant and equipment	**(147,319,402)**	(144,514,670)
Cumulative gain on fair value changes of investment properties	**(3,636,703)**	(1,418,854)
Effects of PFRS 16, Leases	**(848,147)**	(807,444)
Unrealized gain on forex exchange	**(12,703)**	-
Fair value changes of biological assets	-	(2,734,110)
	(151,816,955)	(149,475,078)
	(₱52,467,726)	(₱68,714,629)

As at December 31, 2023 and 2022, the Company did not recognize deferred tax assets relating to the following as management has assessed that these may not be realized in the future:

	2023	2022
Allowance for ECL on:		
Receivable from an insurance company	**₱17,865,193**	₱17,865,193
Trade and other receivables	**5,907,753**	5,907,753
Allowance for impairment loss on:		
Project development costs	**7,842,099**	7,842,099
Advances to suppliers	**2,734,206**	111,288
	₱34,349,251	₱31,726,333

The reconciliation between the income tax based on statutory income tax rate and provision for income tax reported in the separate statements of comprehensive income is as follows:

	2023	2022	2021
Provision for income tax computed at the statutory income tax rate	**25.00%**	25.00%	25.00%
Income tax effects of:			
Nondeductible expenses and other adjustments	**(32.86%)**	9.30%	(0.94%)
Income already subjected to final tax	**(0.03%)**	(0.02%)	(0.03%)
Effect of CREATE Law	**–**	–	4.71%
Change in unrecognized deferred tax assets	**10.70%**	–	(2.94%)
	2.81%	34.28%	25.80%

17. Related Party Transactions

The Company, in its regular conduct of business, has transactions with its related parties. The following tables summarize the transactions with the related parties and outstanding balance arising from these transactions

			Amount of Transactions		Outstanding Balance	
Related Parties	Note	Nature of Transaction	2023	2022	2023	2022
Trade and Other Receivables	5					
Entities under common control		Sales	**₱789,004,875**	₱505,154,217		
		Collections	**(718,734,244)**	(553,595,593)	**₱298,568,234**	₱228,297,603
Trade and Other Payables	15					
Entities under common control		Purchases	**₱1,631,284,894**	₱1,097,925,538		
		Payments	**(1,593,716,286)**	(1,183,293,952)	**₱41,902,024**	₱4,333,416
Advances to Officers		Advances - net of collections	**₱3,853,188**	₱6,569,468	**₱22,856,692**	₱19,003,504

Trade and Other 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. Outstanding balances of trade and other receivables from related parties are unsecured and to be settled in cash. No allowance for ECL on trade and other receivables from related parties was recognized as at December 31, 2023 and 2022 (see Note 6).

Trade and Other Payables
The Company buys raw materials and breeder flocks from related parties. These are noninterest-bearing, generally on a 90-day credit term, unsecured and to be settled in cash (see Note 15).

Advances to Officers
The Company grants unsecured, noninterest-bearing advances to its officers which are normally collected within one year through salary deduction. The allowance for ECL on advances to officers as at December 31, 2023 and 2022 are disclosed in Note 6.

Compensation of Key Management Personnel
The compensation of key management personnel are as follows:

	2023	2022	2021
Short-term employee benefits	**₱54,914,416**	₱55,480,527	₱35,561,950
Retirement benefits	**5,238,557**	5,010,571	5,872,830
Other employee benefits	**19,521,032**	17,133,565	10,784,789
	₱79,674,005	₱77,624,663	₱52,219,569

Transactions with the Retirement Plan
The Company's retirement fund is administered and managed by a trustee bank. The fair value of plan assets, which are primarily composed of government bonds, amounted to ₱4.0 million and ₱3.9 million as at December 31, 2023 and 2022, respectively (see Note 24).

The retirement fund neither provides any guarantee or surety for any obligation of the Company nor are its investments covered by any restrictions or liens.

28. Earnings Per Share

Basic and diluted earnings per share were computed as follows:

	Note	**2023**	2022 (As restated - see Note 4)	2021
Net income		**₱23,827,005**	₱118,420,989	₱94,758,008
Divided by the weighted average number of outstanding common shares	18	**3,054,334,014**	3,054,334,014	3,054,334,014
Basic and diluted earnings per share		**₱0.008**	₱0.039	₱0.031

Basic earnings per share is computed by dividing net income for the year attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the year.

The Company does not have any dilutive common shares outstanding, thus, the basic and diluted earnings per share as at December 31, 2023, 2022 and 2021 are the same.

29. Reconciliation of Liabilities Arising from Financing Activities

The tables below detail the changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes:

	Note	January 1, 2023	Financing Cash Flows: Availments	Financing Cash Flows: Payments	Non-cash Changes	December 31, 2023
Loans payable	16	₱1,035,121,351	₱1,740,233,658	(₱1,877,235,724)	₱–	₱898,119,285
Lease liabilities	25	52,299,839	–	(26,125,747)	57,417,428	83,591,520
Interest expense	16	–	–	(68,308,882)	68,308,882	–
		₱1,087,421,190	₱1,740,233,658	(₱1,971,670,353)	₱125,726,310	₱981,710,805

	Note	January 1, 2022	Financing Cash Flows: Availments	Financing Cash Flows: Payments	Non-cash Changes	December 31, 2022
Loans payable	16	₱503,051,728	₱2,349,559,151	(₱1,819,489,528)	₱–	₱1,035,121,351
Lease liabilities	25	42,005,270	–	(28,303,544)	38,598,113	52,299,839
Interest expense	16	–	–	(35,735,576)	35,735,576	–
		₱547,056,998	₱2,349,559,151	(₱1,883,528,648)	₱74,333,689	₱1,087,421,190

30. Contingencies

The Company, in the ordinary course of business, has pending legal claims and assessments which are in various stages of discussions, protests and appeals with relevant third parties. Management, in consultation with its legal counsel, believes that the ultimate resolution of these legal claims and assessments would not have a material impact on the Company's financial position and results of operations based upon an analysis of potential results. Thus, no provision for contingencies was recognized in 2023, 2022 and 2021.

31. Financial Risk Management Objectives and Policies

The Company's financial instruments consists of cash, trade and other receivables (excluding advances to officers and employees), receivable from an insurance company, security deposits, trade and other payables (excluding statutory payables), loans payable, lease liabilities and cash bond deposits.

It is the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and approves policies for managing these risks as summarized below.

Credit Risk

The Company's exposure to credit risk arises from the failure of a counterparty to fulfill its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of trade receivables and other financial assets at amortized cost. The carrying amounts of these financial assets represent its maximum credit exposure.

Trade Receivables. Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms, and conditions are offered. The Company's credit policy includes available external ratings, financial statements, credit agency information, industry information and, in some cases, bank references. Credit limits are established for each customer and reviewed on a regular basis. Any sales on credit exceeding those limits require specific approval from upper level of management. The Company limits its exposure to credit risk by transacting mainly with recognized and creditworthy customers that have undergone its credit evaluation and approval process. Historically, trade receivables are substantially collected within one (1) year. Trade receivables are closely monitored on aging of the account.

As at December 31, 2023 and 2022, there were no significant credit concentrations.

Financial Assets Other than Trade Receivables. The Company's other financial assets at amortized cost are mostly composed of cash in banks, other receivables (excluding advances to officers and employees), receivable from an insurance company and security deposits.

For cash in banks, the Company limits its exposure to credit risk by investing only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

For receivable from an insurance company, management and its legal counsel believe that the ongoing litigation on the remaining claims will not result to additional allowance for ECL (see Note 10).

For the other financial assets, credit risk is low since the Company only transacts with reputable companies and individuals with respect to this financial asset.

It is the Company's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

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

The Company also considers financial assets that are more than 120 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.

The tables below show the credit quality by class of financial assets based on the Company's credit rating system as at December 31:

	2023				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash in banks	₱385,978,307	₱–	₱–	₱–	₱385,978,307
Trade and other receivables	220,096,716	–	40,715,259	920,517,229	1,181,329,204
Security deposits	12,928,688	–	–	–	12,928,688
Receivable from an insurance company	–	141,664,583	–	–	141,664,583
	₱619,003,711	₱141,664,583	₱40,715,259	₱920,517,229	₱1,721,900,782

	2022				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash in banks	₱357,124,688	₱–	₱–	₱–	₱357,124,688
Trade and other receivables	184,486,195	–	34,127,739	889,016,600	1,107,630,534
Security deposits	18,229,324	–	–	–	18,229,324
Receivable from an insurance company	–	141,664,583	–	–	141,664,583
	₱559,840,207	₱141,664,583	₱34,127,739	₱889,016,600	₱1,624,649,129

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix as at December 31:

	2023								
	Days Past Due								
	Current	Less than 30 days	30-60 days	61-90 days	91-120 days	More than 120 days	Total	Accounts with full provision	Total
Expected credit loss rate	0.00%	0.01%	0.32%	0.59%	0.33%	6.46%			
Estimated total gross carrying amount at default (in millions)	₱543.68	₱149.79	₱31.13	₱10.39	₱3.07	₱26.64	₱865.6	₱54.9	₱920.5
Expected credit loss (in millions)	₱0.00	₱0.01	₱0.10	₱0.06	₱0.01	₱1.72	₱1.9	₱54.9	₱56.8

	2022								
	Days Past Due								
	Current	Less than 30 days	30-60 days	61-90 days	91-120 days	More than 120 days	Total	Accounts with full provision	Total
Expected credit loss rate	0.00%	0.01%	0.30%	0.50%	0.40%	5.00%			
Estimated total gross carrying amount at default (in millions)	₱620.2	₱144.3	₱30.00	₱10.92	₱2.96	₱25.67	₱834.1	₱54.9	₱889.0
Expected credit loss (in millions)	₱0.0	₱0.01	₱0.09	₱0.05	₱0.01	₱1.54	₱1.7	₱54.9	₱56.6

Liquidity Risk
Liquidity risk is the risk that the Company may not be able to settle its obligations as they fall due.

The table below summarizes the maturity profile of the financial liabilities of the Company based on remaining contractual undiscounted cash flows as at December 31:

	2023				
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years	Total
Trade and other payables*	P2,016,703,947	P–	P–	P–	P2,016,703,947
Loans payable	860,887,144	12,410,714	24,821,427	–	898,119,285
Lease liabilities	14,675,411	14,492,895	69,585,536	–	98,753,842
Cash bond deposits	–	60,306,912	–	–	60,306,912
Future interest on long-term loans payable	3,046,405	3,080,067	11,226,256	–	17,352,728
	P2,895,312,907	P90,290,588	P105,633,219	P–	P3,091,236,714

*Excludes statutory payables

	2022				
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years	Total
Trade and other payables*	P1,974,597,842	P–	P–	P–	P1,974,597,842
Loans payable	973,067,781	12,410,714	49,642,856	–	1,035,121,351
Lease liabilities	8,863,586	7,857,556	40,169,886	–	56,901,328
Cash bond deposits		56,102,618		–	56,102,618
Future interest on long-term loans payable	3,949,451	3,450,672	17,336,971	–	24,747,094
	P2,960,478,660	P79,841,560	P107,149,713	P–	P3,147,470,233

*Excludes statutory payables

The Company monitors its risk to a shortage of funds through analyzing the maturity of its financial liabilities and cash flows from operations. The Company monitors its cash position by a system of cash forecasting, wherein all expected collections, check disbursements and other payments are determined on a timely basis to arrive at the projected cash position to cover its obligations.

The Company's objective is to maintain a balance between continuity of funding and flexibility. The Company addresses liquidity concerns primarily through cash flows from operations.

Interest Rate Risk
Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Company's loans payable to local banks are subject to fixed interest rates and are exposed to fair value interest rate risk. The re-pricing of these instruments is done on regular intervals. The Company regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take. No sensitivity analysis is needed as management has assessed that future interest rate changes are not expected to significantly affect the Company's separate net income.

Financial and Other Risks Relating to Livestock

The Company is exposed to various risks affecting the food industry such as food spoilage and contamination, thus, it is regulated by environmental, health and food safety organizations. The Company has processes and systems in place to monitor food safety risks in all stages of manufacturing and processing to mitigate these risks. In addition, the livestock industry is exposed to risks associated with supply and price volatility of its inventories and livestock.

To mitigate this risk, the Company regularly monitors the supply and price of commodities and enters into supply agreements at a reasonable price.

Capital Management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented in the separate statements of financial position. Capital for the reporting periods is summarized as follows:

	2023	2022
Total liabilities	₱3,317,534,732	₱3,352,460,194
Total equity	1,936,682,515	1,897,853,732
Debt-to-equity ratio	1.713	1.766

32. Fair Value Measurement

The following table presents the carrying amounts and fair values of the Company's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy as at December 31:

	2023		2022	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets at Amortized Cost				
Cash	₱392,412,466	₱392,412,466	₱361,660,838	₱361,660,838
Trade and other receivables*	1,018,737,264	1,018,737,264	933,119,938	933,119,938
Receivable from an insurance company	70,203,810	70,203,810	70,203,810	70,203,810
Security deposits	12,928,688	12,928,688	18,229,324	18,229,324
	₱1,494,282,228	₱1,494,282,228	₱1,383,213,910	₱1,383,213,910
Financial Liabilities at Amortized Cost				
Trade and other payables**	₱2,016,703,947	₱2,016,703,947	₱1,974,597,842	₱1,974,597,842
Loans payable	898,119,285	898,119,285	1,035,121,351	1,035,121,351
Lease liabilities	83,591,520	83,591,520	52,299,839	52,299,839
Cash bond deposits	60,503,912	60,503,912	56,299,659	56,299,659
	₱3,058,918,664	₱3,058,918,664	₱3,118,318,691	₱3,118,318,691

*Excluding advances to officers and employees

**Excluding statutory payables

The following methods and assumptions were used in estimating the fair value of the Company's financial assets and liabilities:

Cash, Trade and Other Receivables (excluding advances to officers and employees), Trade and Other Payables (excluding statutory payables) and Cash Bond Deposits. The carrying amounts of these financial assets and liabilities approximate their fair values due to the short-term nature of these financial instruments.

Receivable from an Insurance Company, Security Deposits, Lease Liabilities, Loans Payable. Management believes that the differences between fair values and carrying amounts are not significant.

There have been no transfers between the fair value hierarchy in 2023 and 2022.

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[illegible]

REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Vitarich Corporation
Marilao – San Jose Road, Sta. Rosa I
Marilao, Bulacan

We have audited the accompanying separate financial statements of Vitarich Corporation (the Company), as at and for the year ended December 31, 2023, on which we have rendered our report dated March 21, 2024.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Company has 3,968 stockholders owning 100 or more shares each.

REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-892-183-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-012-2023
Valid until January 24, 2026
PTR No. 10072412
Issued January 2, 2024, Makati City

March 21, 2024
Makati City, Metro Manila

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August [illegible], 2021, valid until April 13, 2024
SEC Accreditation No. [illegible]

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REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE OF
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

The Stockholders and the Board of Directors
Vitarich Corporation
Marilao – San Jose Road, Sta. Rosa I
Marilao, Bulacan

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of Vitarich Corporation (the Company) as at and for the year ended December 31, 2023 and have issued our report thereon dated March 21, 2024. Our audits were made for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The accompanying supplementary Schedule of Retained Earnings Available for Dividend Declaration as at December 31, 2023 are the responsibility of the Company's management.

This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 Part II, and are not part of the separate financial statements. This information has been subjected to the auditing procedures applied in the audits of the separate financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the separate financial statements or to the separate financial statements themselves. In our opinion, the information is fairly stated in all material respect in relation to the separate financial statements taken as a whole.

REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-892-183-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-012-2023
Valid until January 24, 2026
PTR No. 10072417
Issued January 2, 2024, Makati City

March 21, 2024
Makati City, Metro Manila

PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023

VITARICH CORPORATION

Marilao - San Jose Road, Sta. Rosa I
Marilao, Bulacan

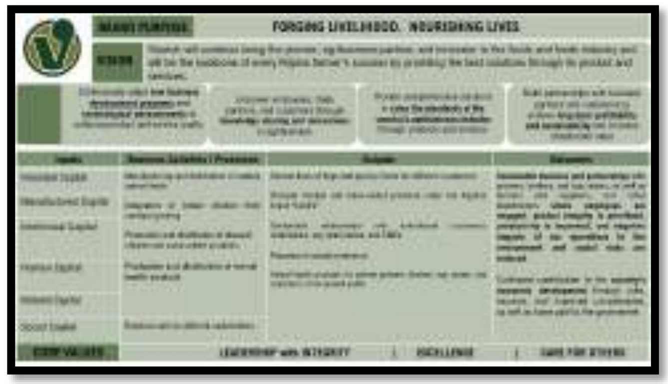
		Amount
Deficit as at the beginning of reporting period		(₱224,756,515)
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Transfer from revaluation surplus to retained earnings - net of deferred income tax		16,780,410
Less: Category B: Items that are directly debited to unappropriated retained earnings – prior period adjustments		(6,320,445)
Deficit, as adjusted		(214,296,550)
Add: Net income for the current year	23,827,005	
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period - net of tax	(61,896,136)	
Adjusted net income		(38,069,131)
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period - net of tax		35,834,684
Deficit as at the end of reporting period		**(₱216,530,997)**

2023 SUSTAINABILITY REPORT

2023 SUSTAINABILITY REPORT
VITARICH CORPORATION

Contextual Information

Company Details	
Name of Organization	Vitarich Corporation (PSE: VITA)
Location of Headquarters	Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan
Location of Operations	Principal Office: Marilao-San Jose Road, Sta. Rosa I, Bulacan Other offices: National Highway, San Fermin, 2nd Floor, Unit 8 AC Petroleum Gas Station, Cauayan City, Isabela Zone 4, San Isidro, Magarao, Camarines Sur Brgy. Mali-ao, Pavia, Iloilo Luzuriaga Ext., Reclamation Area, Brgy. 13, Bacolod City Warehouse No. 10, Marciano Quizon St., Brgy. Alang Alang, Mandaue City, Cebu Km. 14, Panacan, Davao City Unit A, Warehouse 3, Neo Central Arcade, Cugman, Cagayan De Oro City Doors D and E, FMUFASCO Building, National Highway, Brgy. Sinawal, Gen. Santos City Feed Mill Plants owned and operated by VITA: Brgy. Mali-ao, Pavia, Iloilo Km. 14, Panacan, Davao City VITA has also operations with its Toll Mill Partner in 105 Barrio Bagbaguin, Sta. Maria, Bulacan
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	The report covers only VITA and the feed mill plants it operates, except as otherwise stated in the report. This report also excludes the operations in VITA's dressing plants in Marilao, Bulacan and Tugbok, Davao City, except as otherwise stated and/or reported. The exclusion is due to the fact that they are being operated by third parties or by VITA's business partners. The report also excludes data on the operations of VITA's subsidiary, Barbatos Ventures Corporation, unless otherwise stated or reported. Some disclosures were made in general

	terms so as to avoid disclosing proprietary or confidential information, business strategies, or even trade secrets.
Business Model, including Primary Activities, Brands, Products, and Services	Please see Annex "A" 
Reporting Period	January 1, 2023 to December 31, 2023
Highest Ranking Person responsible for this report	Atty. Mary Christine C. Dabu-Pepito (Assistant Corporate Secretary/Compliance Officer/Corporate Information Officer)

***If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.**

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
The data and information necessary for the report were collated from the different departments of VITA. Some of the information came from reports that are also submitted to government agencies like the BIR, DOLE and DENR-EMB. Some were based on the results of engagement with different stakeholders such as the employees, business partners, dealers, and customers. Based on these existing data, the material topics for the report were analyzed using the Materiality Matrix. Per assessment, the following are the topics material to Vitarich: (a) Direct Economic Value Generated and Distributed (b) Climate Related Risks and Opportunities (c) Proportion of Spending on Local Suppliers (d) Resource Management except Ecosystems and Biodiversity as the Corporation does not operate within or adjacent to protected areas and areas of high biodiversity value outside protected areas (e) Environmental Impact Management (f) Environmental Compliance (g) Employee Management

[1] See *GRI 102-46* (2016) for more guidance.

(h) Occupational Health and Safety
(i) Relationship with Community, except those pertaining to IPs
(j) Customer Management, except Customer Privacy

However, while the same were assessed to be material, some disclosure topics have limited available data. This Sustainability Dashboard contains the 3 UN Sustainable Development Goals ("UN SDGs") material to VITA and VITA's sustainability practices and goals.

The topics that are not material were left in blank/unanswered.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount (2023)	Amount (Restated 2022)	Amount (2022)	Units
Direct economic value generated (revenue)	12,509,448,015.00	11,978,605,046.00	12,014,706,705.00	PhP
Direct economic value distributed:				
a. Operating costs	11,555,586962.00	10,853,828,605.00	10,862,756,465.00	PhP
b. Employee wages and benefits	352,734,377.00	324,516,851.00	296,956,326.00	PhP
c. Payments to suppliers, other operating costs	544,145,841.00	576,235,796.00	575,076,446.00	Php
d. Dividends given to stockholders and interest payments to loan providers	Interest payments only – 75,823,288.00	Interest payments only – 40,001,976.00	Interest payments only – 40,001,976.00	PhP
e. Taxes given to government	242,259,018.00	244,056,997.00	182,767,626.00	PhP
f. Investments to community (e.g. donations, CSR)	0.00	0.00	0.00	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

The disclosures above show some restatements on the disclosures made in the 2022 Sustainability Report in line with the restatements made on VITA's Audited Financial Statements ("AFS"). As may be noted in the 2023 AFS, the restatements were due to prior period adjustments (investment property to plant, property, equipment) and classification of Bio Asset and Miscellaneous Income (AHC). Be that as it may, VITA's generated total consolidated revenue for 2023 amounted to Php12,509,448,015.00 as a result of its business operations, strategies and other operating and passive income. This was higher than the total consolidated revenue in 2022 due to volume growth in the chicken segment and feeds price increase. VITA's revenue allowed it to fund its operating costs and pay its suppliers, employees, creditors and the government (taxes and licenses). Operating costs for 2023 were higher than that in 2022 primarily due to higher labor costs. Despite the higher operating costs, VITA still earned a consolidated net income of Php13,304,916.00 in 2023.	➢ Government ➢ Employees ➢ Creditors ➢ Suppliers ➢ Community ➢ Shareholders ➢ Investors	VITA's Lifetime Profitable Partnership ("LPP") principle continues to create a long-term growth for VITA and its stakeholders. The monthly results of operations as well as the business outlook for the succeeding months are reported to the Board of Directors. The management continuously evaluates its strategies and modifies them as may be necessary to adapt to the changing landscapes, provide solutions to challenges encountered, and pioneer innovations. It faithfully complies with its contractual obligations to its stakeholders. VITA's cashflow, including collections and disbursements, are closely monitored and managed. There are also internal control systems and processes in place to manage business operations and finances.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Financial, liquidity, and operational risks brought about by: (a) animal diseases like African Swine Flu (ASF) or Avian Influenza (AI); (b) high operating costs brought about by increasing prices of raw materials; (c) increasing foreign exchange rates in relation to imported raw materials; (d) rising costs of fuel; (e) increasing interest rates; and (f) low selling price of chicken due to market oversupply.	➢ Suppliers ➢ Employees ➢ Business partners ➢ Customers ➢ Creditors	VITA closely monitored its cash flow and disbursements, continuously improved its inventory levels, innovated strategies to manage costs and cash flow, and constantly communicated and negotiated with suppliers and with creditors as regards debts and interest rates.
What are the Opportunity/ies Identified?		**Management Approach**

❖ The availability of multiple sales channels for VITA's products continue to present an opportunity to continuously innovate. ❖ The innovations and strategies done in 2023 to lower raw material costs also continue to present an opportunity to manage production costs without affecting the quality of VITA's products.		In addition to the foregoing management approaches, VITA commits to continue improving its operations and business strategies to allow expansion of its businesses.

Climate-related risks and opportunities[2]

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities	Disclose the actual and potential impacts[3] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	Disclose how the organization identifies, assesses, and manages climate-related risks	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material
Recommended Disclosures			
a) Describe the board's oversight of climate-related risks and opportunities	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	a) Describe the organization's processes for identifying and assessing climate-related risks	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process
The President and/or department heads report to the Board of Directors how floods or extreme weather conditions affect or impact VITA's business	VITA is exposed to the following risks due to climate change: i. Physical Risk. Being an agribusiness, it is exposed to physical	VITA identifies and assesses climate-related risks through any or all of the following methods: (a) continuous analysis of its business processes	VITA's metrics in assessing its climate-related risk management and strategy are: (a) cost efficiency of its strategy; (b) quality of

[2] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.
[3] For this disclosure, impact refers to the impact of climate-related issues on the company.

as well as the measures undertaken/to be undertaken to minimize the impacts.	risks of drought and extreme rains/extreme weather condition and flooding. ii. Operational Risk. Climate change poses the risk of disrupting VITA's operations. iii. Credit and Liquidity Risks. Climate change could affect VITA's financial performance and access to capital. On climate-related opportunities, VITA's Iloilo Feed Mill plant continued the use of solar energy in its 2023 operations. It has also started using perimeter solar lights in its Davao feed mill plant. The use of solar energy in the Davao feed mill plant is currently undergoing a feasibility study. As discussed under the topic Materials Used by the Organization, VITA had started to comply with RA 11898 or the Extended Producer Responsibility Act ("EPR Act"). Still another opportunity is the Green Sanctuary Program, which the employees continued as they take home and/or share among themselves their harvests from fruit/vegetable bearing plants that they planted. These plants help absorb carbon emissions.	and finding the factors that could affect its processes and targeted goals; (b) reviewing past negative experiences or negative results and finding out the root cause; and/or (c) continuous research and benchmarking with other companies in the same industry.	feeds, animal health, dressed chicken and value-added products; (c) ability to meet customers' demands; and (d) customer satisfaction.

b) Describe management's role in assessing and managing climate-related risks and opportunities	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	b) Describe the organization's processes for managing climate-related risks	b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets
The management regularly assesses impacts of predictable climate-related risks, such as extreme rains, extreme humidity, or even flooding, to its operations and makes the appropriate adjustments in its strategies. The unpredictable climate-related risks like earthquake as well as measures undertaken/to be undertaken to minimize the adverse impacts are discussed by the management and reported to the Board as it happens.	Drought and extreme rains/extreme weather condition and flooding cause disruptions in crop production and also affects the quality of raw materials. In addition, all the identified risks have the following impacts/potential impacts on its business operations: a. Higher costs due to insufficiency of raw materials or because of disruptions in the crop production. b. Decrease in demand for feeds from animal raisers/growers since drought and extreme rains and flooding adversely affect the growth efficiency of farm animals, especially poultry. c. Disruption in the breeding cycles of poultry breeding stocks, thus, disrupting the supply chain considering that limited breeding stocks result in scarcity of day old chicks.	To manage the climate-related risks, VITA re-formulates its feeds as may be necessary to adapt to maintain the same quality while adapting to the environment. VITA also benchmarks and conducts continuous consultations and research and development to maintain the quality of feeds despite using alternative raw materials. Likewise, VITA's locally sourced materials are supported by importations and frame contract to manage and mitigate impacts of climate-related risks. VITA also conducts regular trainings on biosecurity measures to help its business partners in terms of productivity. VITA's Iloilo Feed Mill plant continued the use of solar energy. On the other hand, VITA started to use perimeter solar lights in its Davao feed mill plant.	VITA's target in managing its climate-related risk management and strategy is to continue to deliver on time the agreed volume or agreed reduced volume of feeds and chicken to its customers without sacrificing quality, and without incurring too much costs.

	d. Disruptions in poultry growing. e. Delays in delivery brought about by delays in payment to suppliers. On the other hand, the use of solar energy in the Iloilo feed mill plant resulted in reducing VITA's GHG emissions as disclosed under the topics on Energy Consumption within the Organization and Reduction of Energy Consumption. This could also help in mitigating the impacts of other risks leading to less exposure to operating loss. The Green Sanctuary Program helps absorb carbon emissions, which, in turn, helps in managing VITA's environmental impacts.	VITA allowed the employees to continue the Green Sanctuary Program, which helps absorbs carbon emissions. Apart from this, VITA also regularly maintains and upgrades its equipment to comply with DENR standards as well as to maintain and improve operational efficiencies.	
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	
	VITA's climate-related risk management continues to prove to be resilient as evidenced by its continued existence and its	As can be seen above, changes and modifications are made in VITA's business processes and feed formulation to mitigate impacts of climate-	

	continued financial stability.	related risks and adapt to constraints brought about by climate-related risks and events.	

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	Nationwide: 92.07% Luzon – 48.26% Visayas – 12.29% Mindanao – 31.52%	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
For the year 2023, 92.07% of VITA's procurement budget was spent on local suppliers. These suppliers include only suppliers of raw and other trade materials and exclude service providers such as consultants and contractors. In 2023, VITA had lower importation of major raw materials compared to that in 2022.	➢ Suppliers ➢ Domestic companies especially the MSMEs, and farmers.	VITA allots more of its procurement budget on local suppliers. Its procurement policies and strategies were crafted, reviewed, revised and implemented in a manner consistent with the company's vision of being the backbone of every Filipino farmer's success and mission of building partnerships with its suppliers, among others. Its procurement policies and strategies are periodically reviewed in order to continuously improve the company's buying plans, strategies and timings.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
❖ Operational risks due to supply constraints, poor quality of supplies, inconsistent quality of the raw materials, animal diseases such as ASF and AI and delays in deliveries on account of calamities or extreme weather conditions.	In addition to the foregoing: ➢ Customers ➢ Creditors ➢ Shareholders ➢ Investors	In addition to the foregoing, VITA accredits additional suppliers, or it re-formulates feeds as may be necessary without sacrificing the quality of feeds. VITA also conducts regular trainings on biosecurity measures to help its

❖ Financial risks due to sudden or significant increase in prices of goods and services. ❖ Legal, operational, financial and reputational risks due to delayed or non-payment of suppliers. **What are the Opportunity/ies Identified?** ❖ The availability of long-term contracts with suppliers will allow better terms with local raw materials suppliers. ❖ The availability of reliable local suppliers can ensure operational efficiencies despite weather conditions. ❖ The availability of raw materials and other input goods and services all year round can minimize increase in costs despite sudden or significant increase in prices of goods and services.		business partner – farmers in terms of productivity. VITA makes payment allocations to suppliers, especially major raw materials suppliers in order to ensure timely deliveries of major raw materials absent calamities or extreme weather conditions and to ensure better raw materials cost and the continuity of operations. As disclosed above, VITA closely monitors and manages its cash flow and disbursements to ensure liquidity. In line with UN SDG 2 (Zero Hunger), VITA has created a Zero Hunger Task Force in 2022 to continuously increase the availability of reliable local suppliers, help in the livelihood of the community in the areas where it operates, and strengthen its support to local agriculture.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to		%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to		%
Percentage of directors and management that have received anti-corruption training		%
Percentage of employees that have received anti-corruption training		%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption		#
Number of incidents in which employees were dismissed or disciplined for corruption		#
Number of incidents when contracts with business partners were terminated due to incidents of corruption		#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	Visayas – 195,626	Kwh
Energy consumption (SFO[4])	Visayas – 4,464.97	GJ

[4] Special fuel oil

Energy consumption (gasoline)	Luzon – 44,041.90 Visayas – 2,410.17 Mindanao – 9,907.69	Liters
Energy consumption (LPG)	Visayas – 180	KG
Energy consumption (diesel)	Luzon – 96,167.72 Visayas – 44,889.01 Mindanao – 88,718.74	Liters
Energy consumption (electricity)	Luzon – 1,287 (Marilao office only); 3,973,922 Luzon Warehouse – 156,555 Visayas – 1,304,800 (Iloilo); 11,598 (Bacolod Satellite Warehouse); 1,285 (Cebu Satellite Warehouse) Mindanao – 3,787,487.85 (Davao); 6,836 (CDO Satellite Warehouse)	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy consumption (renewable sources)	Visayas – 1,947	GJ
Energy reduction (SFO)		GJ
Energy reduction (gasoline)		GJ
Energy reduction (LPG)	Visayas – 20	GJ
Energy reduction (diesel)	Visayas – 2.22 Mindanao – 2,130.94	GJ
Energy reduction (electricity)	Visayas -327,800 (Iloilo); 1,994 (Bacolod Satellite); 4,175 (Cebu Satellite Warehouse)	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data above was primarily based from VITA's Iloilo and Davao feed mill plants as well as the electricity consumption in the principal office (Marilao, Bulacan) and satellite warehouses in Bacolod, Cebu, and CDO. The electricity consumption disclosed for the Iloilo feed mill plant is separate and distinct from the renewable source consumption from the said plant. The data on gasoline came from consumption	➢ Suppliers ➢ Communities where VITA operates.	VITA complies with laws relating to environment, energy consumption and efficiency. VITA continued using solar energy in its feed mill plant. VITA started using solar perimeter lights in its Davao feed mill plant in 2023 after it completed the installation of said lights in the same year. VITA is, at present, conducting a feasibility study on the use of solar energy in its Davao feed mill plant. In addition, it

on VITA's fleet. The reductions on renewable sources and diesel consumptions in Visayas and Mindanao were primarily due to the decrease in production volume in addition to the proper equipment maintenance. The electricity consumption in Cebu Satellite warehouse decreased due to the closure of said warehouse end of March 2023. The impact is on the environment as the use of renewable sources of energy decreases GHG emissions while the use of non-renewable sources results in emissions that could be harmful to the environment. There is also an impact on the supply chain because the use of non-renewable sources could deplete these sources. The use of solar energy in the Iloilo feed mill plant resulted in reduction of VITA's GHG emissions in 2023 by: (a) 346,337.31 kg in terms of CO_2 emissions; (b) 185.77 kg. in terms of NO_x emissions; and (c) 3.89 kg. in terms of SO_2 emissions. These reductions were higher than those avoided in 2022. It should be, however, noted that VITA's solar capacity is only around 15% to 20% of the plant's electrical power requirement. Thus, the electricity consumption from ILECO was still higher than that from solar energy. The electricity supplied by ILECO helps run the machineries and utilities in the plant.		conducts regular preventive maintenance of all its equipment. In line with UN SDG 12 (Responsible Production and Consumption), it continuously improves its processes to ensure operational efficiencies, which, in turn, helps in the efficient energy consumption.
What are the Risk/s Identified?		
❖ Climate change brought about by increase in air emissions and pollutions due		

to the use of non-renewable sources of energy. ❖ Depletion or shortage of non-renewable sources of energy.		
What are the Opportunity/ies Identified?		
❖ The continued use of solar energy in the Iloilo feed mill plant gives the opportunity to further increase efficient consumption of energy. ❖ The positive impact on the environment of the use of solar energy in the Iloilo feed mill plant presents an opportunity to further lower VITA's GHG emissions in the Davao feed mill plant.		

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	Visayas – 4,317 (Iloilo) Mindanao – 5,842 (Davao)	Cubic meters
Water consumption	Luzon warehouse – 138.69 Visayas – 4,317 (Iloilo); 120 (Bacolod Satellite Warehouse); 32 (Cebu Satellite Warehouse) Mindanao – 5,842 (Davao); 129 (CDO Satellite Warehouse)	Cubic meters
Water recycled and reused	Visayas – 0 Mindanao – 0	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data above were based on the water consumption and withdrawal in VITA's Iloilo feed mill plant and office, as well as in the satellite	➢ Communities where VITA operates ➢ Government	VITA complies with all laws and regulations pertaining to water and it continuously improves the operational efficiencies in order to maintain efficient

warehouses in Bacolod, Cebu and CDO, and Davao feed mill plant and office. The data were based on the consumption reflected in VITA's water billings. In Visayas, water consumption and withdrawal in 2023 decreased by 1,346 cubic meters. The proper maintenance of the water pipelines and boiler system, in addition to the decline in production volume contributed to the decrease in water consumption and water withdrawal. The decrease resulted in savings of about P166K, more or less. In Mindanao, the decrease in water consumption and withdrawal in 2023 by 464 cubic meters was due to the decrease in the production volume. In both the Iloilo and Davao feed mill plants, the water is used only for steam generation.		water consumption. It also conducts regular preventive maintenance of its equipment and replaces the same with more efficient and more technologically advanced equipment as may be necessary.
What are the Risk/s Identified?		
❖ Climate change ❖ Depletion or shortage of water		
What are the Opportunity/ies Identified?		
❖ VITA could explore rainwater harvesting in the feed mill plants in order to further reduce its water withdrawals.		

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• Renewable	Luzon – 105,856,129	kg

	Visayas – 41,498,250 Mindanao – 75,358,100	
• non-renewable	Luzon – 2,050,221 Visayas – 104,890.14 Mindanao – 526,895 Plastic Packaging (Unaudited data) – 661,529.40 (Feeds); 169,485.86 (Foods)	Kg
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The renewable materials disclosed above are the raw materials used or consumed by VITA for 2023. The non-renewable materials are the energy consumed. The plastic packaging materials are disclosed separately. Note, however, that the data disclosed under plastic packaging materials is still unaudited and will still undergo an independent third-party audit in compliance with the EPR Act. The impact is on the environment as VITA, although on a minimal level only, continues to contribute to waste generation and pollution as a necessary consequence of its operations. The decrease in the materials consumed in 2023 was due to the decrease in production volume.	➢ Suppliers ➢ Communities where VITA operates ➢ Government ➢ Customers	VITA complies with laws relative to materials consumption and conservation. It also shifted from the use of laminated sack to a reusable woven sack for its feeds. Re-using the woven sacks helps reduce waste and pollution. It continuously improves its inventory management to have higher recovery/conversion of materials to finished products. VITA has also taken steps to address waste and pollution generated and contributed. In compliance with the EPR Act, VITA sought accreditation with an organization that can help it develop, implement and monitor its compliance with the EPR Act and it had engaged an accredited waste diverter in Mindanao. In line with UN SDG 12 [Responsible Production and Consumption], VITA continuously improves its processes to ensure operational efficiencies, which, in turn, helps in the efficient resource management.
What are the Risk/s Identified?		

The continuous demand for non-renewable materials increases VITA's contribution to pollution and waste and it increases the possibility of shortage of non-renewable materials.		
What are the Opportunity/ies Identified?		
Reduction in waste and pollution contribution through the use of renewable, reusable and recyclable materials in the production of feeds.		

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

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	(identify all sites)	
Habitats protected or restored		Ha
IUCN[5] Red List species and national conservation list species with habitats in areas affected by operations	(list)	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

[5] International Union for Conservation of Nature

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	Iloilo Feedmill – 204 Davao Feedmill (CO emission only) Boiler 1A – 129.0 Boiler 1B – 121.0 Boiler 2A – 109.2 Boiler 2B – 89.3	mg/Nm^3
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	0	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data above were based on the emission testing conducted by a DENR-EMB accredited third party company on VITA's Davao and Iloilo feed mill plants. The increase in the emissions in Iloilo feed mill plant despite the decrease in production volume was due to the age of the boilers in said feed mill plant. While VITA has neither indirect GHG emissions nor ozone depleting substances emissions, its feed mill operations in Iloilo and Davao contribute to GHG emissions as a necessary consequence of its operations, albeit in a low level only.	❖ Communities where VITA operates ❖ Government ❖ Public in general	VITA complies with all laws relative to the environment, including the Clean Air Act. It also regularly conducts preventive maintenance on its equipment, regular repair of its facilities, including pollution control facilities, to ensure not only good operating conditions but also compliance with the environmental laws and regulations. VITA also ensures that its operations are efficient in order to keep its emissions low against the DENR-EMB standards. VITA has a rehabilitation plan on its boiler equipment in Iloilo feed mill plant, which, when implemented, would increase efficiency of the equipment, and further reduce VITA's emissions in said plant. VITA continued its use of solar energy in its Iloilo feed mill plant. It has also completed the installation of and started using perimeter solar lights in its Davao feed mill plant. It is currently conducting a
What are the Risk/s Identified?		

❖ Operational risks due to climate change brought about by the emissions and continuous contribution to air pollution. ❖ Health risks on the communities where VITA operates as well as the public in general due to the continuous GHG emissions.		feasibility study on the use of solar energy in the Davao feed mill plant. In addition, by allowing the employees to plant within its plant premises (Green Sanctuary Program), VITA helps mitigate its GHG emissions as plants help reduce these emissions. VITA has Pollution Control Officers ("PCO") who monitor and ensure compliance with laws and regulations relating to the environment and its conservation.
What are the Opportunity/ies Identified?		
❖ The continuous operation and use of as well as the possibility of increase in capacity of the solar energy in the Iloilo feed mill plant will mitigate and reduce VITA's GHG emissions. ❖ The use of solar energy in the Davao feed mill plant is an opportunity that VITA can explore to reduce its GHG emissions. ❖ The continuation of the Green Sanctuary Program can also benefit the environment as plants can help reduce GHG emissions. ❖ VITA could further reduce emissions through the planned rehabilitation of the boilers in Iloilo feed mill plant.		

Air pollutants

Disclosure	Quantity	Units
NO_x	Iloilo Feedmill – 86.774 Davao Feedmill Boiler 1-A – 33.2 Boiler 1-B – 44.6 Boiler 2-A – 21.3 Boiler 2-B – 24.5 Genset – 343.3	ave. concentration in mg/Nm^3

SO_x	Iloilo Feedmill – 1 Davao Feedmill Boiler 1-A – 8.3 Boiler 1-B – 25.5 Boiler 2-A – 32.4 Boiler 2-B – 5.6	ave. concentration in mg/Nm^3
Persistent organic pollutants (POPs)	0	Kg
Volatile organic compounds (VOCs)	0	Kg
Hazardous air pollutants (HAPs)	0	Kg
Particulate matter (PM)	Iloilo Feedmill – 53 Davao Feedmill Boiler 1-A – 11.9 Boiler 1-B – 18.7 Boiler 2-A – 29.8 Boiler 2-B – 21.9	ave. concentration in mg/Nm^3

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data were based on the emission testing conducted by a DENR-EMB accredited third party company on VITA's Iloilo and Davao feed mill plants. The decrease in the SO_x in the Iloilo feed mill plant in 2023 was due to the use of SFO in its equipment. The decrease in particulate matter emission in 2023 was due to the proper and regular maintenance of the equipment. While these pollutants/emissions are low as against DENR thresholds, they still contribute to GHG emissions and air pollution generation. **What are the Risk/s Identified?** ❖ Operational risks due to climate change brought about	➢ Communities where VITA operates ➢ Government ➢ Public in general	VITA complies with all laws relative to the environment, including the Clean Air Act. It regularly conducts preventive maintenance on its equipment, and regular repair of its facilities, including pollution control facilities, to ensure not only good operating conditions but also compliance with the environmental laws and regulations. VITA also ensures that its operations are efficient in order to keep its emissions low against the DENR-EMB standards. VITA's continued use of solar energy in 2023 in its Iloilo feed mill plant, which helped avoided these emissions: (a) 346,337.31 kg CO_2; (b) 185.77 NO_x; and (c) 3.89 SO_2. Moreover, by allowing the employees to plant within its plant premises (Green Sanctuary Program), VITA helps mitigate its air pollutant emissions as plants help reduce these emissions.

by contribution to air pollution. ❖ Health risks on the communities where VITA operates as well as the public in general due to the continuous air pollution contribution.		With the completion of the installation of the perimeter solar lights in the Davao feed mill plant, VITA started using perimeter solar lights in its Davao feed mill plant in 2023. VITA has PCOs who monitor and ensure compliance with laws and regulations relating to the environment and its conservation.
What are the Opportunity/ies Identified?		
❖ The continuous operation and use of as well as the possibility of increase in capacity of the solar energy in the Iloilo feed mill plant will mitigate and reduce VITA's air pollutant emissions. ❖ The use of solar energy in the Davao feed mill plant is an opportunity that VITA can explore to reduce its air pollutant emissions. ❖ The continuation of the Green Sanctuary Program can also benefit the environment as plants can help reduce GHG emissions.		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	Visayas – 1,600/month Mindanao – 2,300/month	Kg
Reusable	Visayas – 200/month Mindanao – 450/month	Kg
Recyclable	Visayas – 250/month Mindanao – 300/month	Kg
Composted	Visayas – 200/month Mindanao – 600/month	Kg

Incinerated	Visayas – 0 Mindanao – 0	Kg
Residuals/Landfilled	Visayas – 950/month Mindanao – 1000/month	Kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data above were based on the monthly estimated solid waste collected by third party solid waste collectors from the Iloilo and Davao feed mill plants as reported by VITA's PCOs to the government. Total solid waste generated in Visayas decreased by 150 kg/month due to the decrease in the production volume. While VITA has recyclable and reusable solid wastes, about 50% of the estimated monthly solid wastes generated still go into the landfills. **What are the Risk/s Identified?** ❖ Increase in pollution due to increase in residual solid wastes. ❖ Health risks on the employees and communities where VITA operates and the public in general due to the increase in solid waste pollution. ❖ Regulatory and legal risks due to non-compliance with the EPR Act. **What are the Opportunity/ies Identified?** ❖ The government's completion of the IRR of the EPR Act	➢ Employees ➢ Communities where VITA operates ➢ Public in general ➢ Government	VITA has a properly labelled Materials Recovery Facility in its Iloilo and Davao feed mill plants for the proper segregation, storage, and disposal of these wastes. It also hired a third-party solid waste collector to properly dispose its solid wastes. VITA has PCOs who monitor compliance with laws and regulations relating to the environment and its conservation, including waste segregation and proper waste disposal. It also continuously reiterated and strengthened its campaign and practice for waste segregation and proper waste disposal. It collects sweepings (assorted wastes collected through the process of sweeping) to be reprocessed/included in the formulation of feeds, reuses and recycles all that may be reused or recycled, as the case may be, and keeps its residual solid wastes within the allowed threshold. It regularly evaluates sweepings to make sure that it would not cause infections. VITA also provides the employees with PPEs and biosecurity measures in place are strictly implemented. In compliance with the EPR Act, VITA engaged an accredited waste diverter in Mindanao. In Marilao, VITA's wastes go to the LGU's MRF. It is continuously

presents an opportunity for VITA to comply and even go beyond compliance with the EPR Act by not only re-using and recycling its solid wastes but also in recovering its solid wastes, thus, reducing its residual solid wastes, which, in turn would reduce the solid wastes going into the landfills.		developing its program for the recovery of its plastic wastes.

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	Visayas: Used oil – 250/year Busted lamps – 45/year Mindanao: Used oil – 0/year Busted lamps – 20/year	 liters kg liters
Total weight of hazardous waste transported	Visayas: 0 Mindanao: 0	 liters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data above were based on the report that VITA's PCOs in the Iloilo and Davao feed mill plants submitted to the DENR-EMB. The hazardous wastes that VITA generated for both plants are low or minimal only. Thus, there was no need to transport the same. The decrease of 50 liters in the used oil generated in the Iloilo feed mill plant in 2023 was due to the new generator set purchased and used	➢ Employees ➢ Communities where VITA operates ➢ Public in general ➢ Government	VITA has a designated and properly labelled Materials Recovery Facility to properly store used oil and busted lamps. It has PCOs in its Iloilo and Davao feed mill plants to ensure that the proper waste disposals prescribed under existing laws and regulations are strictly followed. It continuously improves its preventive maintenance program/schedule in order to minimize used oil. VITA had also shifted

since 2022, which required less oil change. The decrease in busted lamps generated in both the Iloilo and Davao feed mill plants in 2023 was due to the proper maintenance of electric lamps/bulbs and the switch to LED lights. For Davao feed mill plant, there was no recorded used oil in 2023. There was no used oil transported in 2023 because there was no collected used oil to be transported.		to the use of compact bulbs, which used LED, instead of fluorescent bulbs. In addition to the foregoing, VITA monitors the consumption of oils and lamps so that the waste is kept within threshold and that these hazardous wastes are segregated from the non-hazardous wastes. It also strictly implements its “No Smoking” policy and provides employees with PPEs, which they are also required to wear within the premises.
What are the Risk/s Identified?		
Improper disposal may lead to environmental risks as well as health risks on the employees, the communities where VITA operates and the public in general. It may also lead into fire and pollution.		
What are the Opportunity/ies Identified?		
❖ The regular preventive maintenance conducted on VITA’s equipment to ensure operational efficiencies also helps in reducing hazardous wastes, thereby reducing environmental and health risks. It also has the potential to avoid fire and decrease in contribution to pollution. ❖ Avoidance of fire and decrease in contribution to pollution.		

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	Visayas – 60/month Mindanao – 0	Cubic meters

Percent of wastewater recycled	Visayas – 0 Mindanao – 0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data were based on the water discharges and waste water recycled in the Iloilo and Davao feed mill plants as reported to the DENR. The decrease in production volume in 2023 contributed to the decrease in water discharges therein. There was no water discharge in the Davao feed mill plant since the waste water goes into a separate container, which eventually dries up or evaporates. Thus, the same are not discharged in the public drainages. VITA's water discharges are minimal or very low as against DENR standards. However, it still impacts the environment, particularly the water bodies.	➢ Communities where VITA operates ➢ Government	VITA monitors the final discharge of waste water to ensure that its operations are within the Clean Water Act and other regulatory standards. It complies with the proper waste water disposal prescribed under the law and regulations. VITA has waste water treatment facilities in its dressing plants although it is not the one operating the same. VITA has a PCO that monitors and ensures compliance with laws and regulations relative to water use, water discharge and proper waste water disposal.
What are the Risk/s Identified?		
Increase in water pollution contribution due to increase in waste water.		
What are the Opportunity/ies Identified?		
❖ Presence of technologies that can help improve waste water treatment in the feed mills. ❖ The proper disposal of waste water as well as waste water treatment present an opportunity to mitigate and decrease water pollution contribution.		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	None	#
No. of cases resolved through dispute resolution mechanism	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
VITA was neither penalized nor complained for violation or non-compliance with environmental laws and regulations in 2023. Having complied with environmental laws and regulations, VITA maintained its contribution to pollution as a necessary consequence of its operations at a minimal level – within DENR thresholds.	➢ Government ➢ Communities where VITA operates ➢ Business partners ➢ Customers ➢ Employees ➢ Investors ➢ Shareholders ➢ Directors ➢ Officers	VITA strictly monitors compliance with environmental laws and regulations, including securing all permits and licenses needed for the continued operation of its business. It continuously upgrades and regularly maintains its facilities to ensure efficiencies and maintain pollution contribution to a minimum. VITA incorporates in its contracts with suppliers and partners the obligation to comply with all existing laws and regulations. This includes the duty to comply with said laws and regulations and there are sanctions for breach of this obligation.
What are the Risk/s Identified?		
Legal, financial, operational and environmental risks due to non-compliance with laws and regulations protecting the environment.		
What are the Opportunity/ies Identified?		
Business continuity and minimal pollution contribution due to compliance with laws and regulations protecting the environment.		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[6]	672	
a. Number of female employees	262	#
b. Number of male employees	410	#
Attrition rate[7]	0.62%	Rate
Ratio of lowest paid employee against minimum wage	None	Ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	11.45%	6.10%
PhilHealth	Y	3.05%	4.15%
Pag-ibig	Y	21.37%	19.51%
Parental leaves	Y	6.49%	2.44%
Vacation leaves	Y	73.28%	65.85%
Sick leaves	Y	53.44%	38.78%
Medical benefits (aside from PhilHealth))	Y	16.41%	16.10%
Housing assistance (aside from Pag-ibig)	N	0	0
Retirement fund (aside from SSS)	Y	0	0.24%
Further education support	N	0	0
Company stock options	N	0	0
Telecommuting	Y	37.40%	8.29%
Flexible-working Hours	Y	17.56%	25.61%
(Others)	Y	0	0

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The data above includes only the regular and organic employees of VITA. With operations in Luzon, Visayas and Mindanao, it contributes to labor and	VITA provides benefits on top of the government-mandated benefits, such as providing them medical benefits in addition to PhilHealth benefits,

[6] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[7] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

<table>
<tr><td>employment. It also helps promote local employment in Bulacan, Iloilo, Davao and all other provinces where it holds its operations. The number of regular employees increased by 53 in 2023 mainly due to the expansion of VITA’s business as it entered new markets and launched new products/services that necessitated the hiring of new employees to support the growth. The attrition rate decreased by 0.52% in 2023. The company’s thrust to having a healthy work-life balance, flexible and hybrid work arrangement, and better workload management contributed to the decrease in the attrition rate. It also contributes to its employees’ welfare and quality of life by providing benefits other than and on top of the government-mandated benefits.</td><td rowspan="3">providing their qualified dependents medical benefits, PPEs, uniform, rice subsidy, seniority pay, transportation and meal allowances when applicable, mortuary benefits, hazard pay to qualified employees. It also engaged the services of a physician who can conduct physical examinations and check-ups to employees and who goes to the office and plants so that his/her services will be more accessible to the employees. VITA likewise allowed telecommuting and flexible working hours to its employees. It has a Crisis Management Team who ensures that safety measures are not only in place but are also consistently and strictly implemented to prevent accidents and illnesses from happening or spreading.

VITA continuously engaged with its employees through webinars on wellness and health, physical activities like Zumba and sports-related activities, safety seminars and trainings, emergency preparedness, and ensuring that the workplace is safe.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>VITA recognizes that poor over-all well-being of the employees, unsecured workplace, low morale on the employees’ part, or uncompetitive compensation and benefits package may result in higher turn-over rate of the employees, thereby increasing its attrition rate. An increase in attrition rate may, in turn, affect VITA’s productivity outputs.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th><th>Management Approach</th></tr>
<tr><td>There is still an opportunity for sustained engagement with the employees to increase their involvement, morale, and over-all well-being, and maintain a harmonious working environment, thereby increasing employee retention and decreasing attrition rate.

Availability of skilled workforce in the areas of operation and continuous provision of competitive compensation and benefits package to the employees continue to present an opportunity for VITA to sustain its employees’ jobs and continuously provide more employment and livelihood to the residents in the areas of operation.</td><td>In addition to the foregoing, VITA regularly checks the laws and regulations on the minimum wage and benefits set by the government as well as industry standards and it benchmarks on similar companies within the industry to evaluate the need to update and increase its compensation and benefit package to ensure that the same is competitive, if not better, than the companies within the industry.</td></tr>
</table>

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		

a. Female employees	6,922.67	Hours
b. Male employees	5,965.63	Hours
Average training hours provided to employees		
a. Female employees	9.60	hours/employee
b. Male employees	6.50	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
VITA's training and development programs for its employees, whether internal or external, contribute to the employees' personal and professional growth and efficiency in the performance of their tasks. In 2023, there was an increase of 4,125.70 training hours provided to the employees versus 2022 due to the increase in onsite and hybrid (virtual and onsite) trainings provided to the employees and the holding of compliance trainings to keep the ISO FSMS certification, in addition to the regular and compliance trainings being provided to the PCOs, Safety Officers, and Occupational Health Nurses. The feeds sales training conducted in 2023 also contributed to the increase in the training hours provided to the employees. There were also trainings on personal and leadership development from middle management and up, skills upgrade on food sales and leadership, technical know-how relevant to the employees' duties and functions, compliance trainings for its various certifications. Trainings on the company rules and regulations were also conducted for the new hires. Some of these trainings were conducted in-house and some were conducted by third-parties.	VITA maintains a training schedule. Unless the relevant department requests differently, the trainings take place once a month. The majority of the trainings are focused and specifically tailored to the needs and demands of the departments and personnel. Based on the manner in which the training was delivered, VITA conducts a comprehensive post-training evaluation and feedback. In addition, it regularly assesses employees' work to gauge their development and progress.
What are the Risk/s Identified?	**Management Approach**
Trainings that are irrelevant or ineffective have little to no impact on productivity.	In addition to the above, VITA has a database of trainings already provided and trainings that may still be provided to the employees to ensure that the trainings remain to be relevant and effective. It also ensures that trainings attended by supervisors and up are cascaded to their teams within three months from the end of the training to ensure that all trainings benefit everyone in the team.
What are the Opportunity/ies Identified?	
Employee access to outside training providers can support VITA's ongoing efforts to develop new leaders, strengthen the management team, and improve organizational productivity and efficiency.	

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements		%
Number of consultations conducted with employees concerning employee-related policies		#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
What are the Risk/s Identified?	**Management Approach**
What are the Opportunity/ies Identified?	**Management Approach**

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce		%
% of male workers in the workforce		%
Number of employees from indigenous communities and/or vulnerable sector*		#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
What are the Risk/s Identified?	**Management Approach**
What are the Opportunity/ies Identified?	**Management Approach**

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	Luzon – 845,100 Visayas – 340,544	Man-hours

	Mindanao – 432,879 Total: 1,618,523	
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	Luzon – 2 Visayas - 2 Mindanao – 3	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Based on the data recorded by VITA's Safety Officer, there was a total of 1,618,523 safe man-hours on its plants. The increase of 165,375 hours in the safe man-hours was primarily due to the absence of work-related injuries, ill health, and fatalities in 2023 in addition to the expansion of business for said year. In addition, at least 1 fire drill and 1 earthquake drill were conducted in 2023 in VITA's Luzon and Visayas operations. In Mindanao, 2 fire drills and 1 earthquake drill were conducted in 2023.	VITA has an existing Safety Policy, the implementation of which is being monitored by a Safety Officer in all of its plants and offices. It promotes health and safety awareness to employees through its Safety Officer. It strictly implements all sanitary and biosecurity measures in place. In addition, VITA provides safety-related trainings and PPEs to its employees detailed in the plants. The Safety Officers also regularly sent the employees safety reminders by e-mails, especially during long weekends. VITA's medical doctors and nurses are hands-on in monitoring health concerns of employees. In place are health/medical, hospitalization, and insurance benefits for employees and legal dependents, subject to applicable policies and procedures. VITA has also an emergency response team, first aiders, and fire brigade team in addition to the safety officers. VITA also conducts regular hazard identification and risk assessment and appropriate mitigations are implemented to address any identified hazard and risk.
What are the Risk/s Identified?	
Work-related hazards that may cause work-related injuries, fatalities or ill-health include ergonomic hazards (lifting and prolonged sitting), dust and chemical exposure, computer radiation, moving machines, and equipment inside the plant.	
What are the Opportunity/ies Identified?	
The identified risks present an opportunity to continuously train and educate the employees regarding the importance of compliance with all safety procedures, policies and measures being implemented by VITA. The consistency of e-mail and visual reminders, enhancement of health and safety protocols, and continuous and regular fire and earthquake drills can	

help sustain the absence of work-related injuries, ill-health and fatalities.	

Labor Laws and Human Rights

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

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

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor		
Child labor		
Human Rights		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
What are the Risk/s Identified?	**Management Approach**
What are the Opportunity/ies Identified?	**Management Approach**

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy: ___________________________

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance		
Forced labor		
Child labor		
Human rights		
Bribery and corruption		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach

What are the Risk/s Identified?	Management Approach
What are the Opportunity/ies Identified?	**Management Approach**

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Feed mill operations	Iloilo		N	As discussed above, VITA contributes to local employment and job creation. However, in the pursuit of its operations, it is unfortunate that it also contributes to pollution through its GHG emissions, air pollutants, solid, water and hazardous wastes.	As mentioned above, VITA regularly conducts preventive maintenance of its equipment to minimize its emissions. It also ensures that all wastes are properly segregated. VITA also complies with all environmental laws and regulations.
	Davao		N		
Research and Development Farm Operations	Nueva Ecija		N	While VITA's R & D farm operations contribute to local employment and job	VITA ensures that all wastes are properly segregated. VITA also complies with all environmental
	Bulacan		N		

				creation, it also contributes to pollution through its air pollutants, solid, water and hazardous wastes.	laws and regulations, including safety measures in place.

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____________

Certificates	Quantity	Units
FPIC process is still undergoing		#
CP secured		#

What are the Risk/s Identified?	Management Approach
What are the Opportunity/ies Identified?	**Management Approach**

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	July 2023 (Feeds only): Overall rating (nationwide) – 4/5 Product (color, size, texture, odor, weight, price) – 4/5.0 Performance of feeds – 4/5	N

	Sales services – 4.30/5 Marketing services - 4.10/5 For Foods: Based on the customer satisfaction survey conducted in Central Luzon, overall rating is 3.73/5.0.	

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>Based on the customer satisfaction survey for feeds conducted last July 2023, the over-all rating of VITA's feeds for farms and dealership was 4/5, which was higher than the over-all ratings for feeds in 2022.

For foods, the survey conducted in Central Luzon resulted in 3.73/5.0. This survey measured the overall product services such as supply reliability, quality of products, and timeliness on customers' concern.

Quality products and excellent customer service translate to customer satisfaction, which in turn, contributes to VITA's revenues. They create higher demand for VITA's products and services, thus, necessitating additional manpower. It also contributes to the growth of its business partners.</td><td rowspan="5">VITA regularly engages with its customers, the manner and frequency of which depend on the type of product and customer needs and expectations. For feeds, VITA conducts annual or bi-annual customer satisfaction surveys to assess how VITA can improve its products, services, and processes. For distributors, feedbacks are usually given during the annual trade partners' night and quarterly business reviews. For key customers, VITA conducts bi-annual business reviews with them, where they also give feedback to VITA.

For end-users or consumers of VITA's chicken products under the Cook's brand, feedbacks may be given through VITA's website, mobile and landline numbers, e-mail, and social media sites.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Poor customer satisfaction can lead to loss of customers and harm to reputation, particularly, if dissatisfied customers express their grievances on VITA's social media platforms.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>There is still an opportunity for sustained and continuous customer satisfaction surveys for both feeds and foods to gauge and further improve VITA's brand offering based on its customer needs and</td></tr>
</table>

expectations. In addition, there is still an opportunity to streamline the feedback mechanism for both feeds and foods products of VITA.	

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
For 2023, there was no substantiated complaint against the health and safety of VITA's products. Thus, it was not exposed to legal, operational, and financial risks related to product health and safety.	VITA takes into consideration the health and safety of its feeds for consumption of poultry and livestock. It also requires its growers and breeders to follow the best practices in growing and raising poultry. VITA has Quality Assurance team that ensures the health and safety of the products processed at accredited processing plants and delivered to customers. VITA's dressing plant operated by third parties and VITA's toll partners are NMIS/FDA accredited. Good Manufacturing Practices and Food Safety Systems are being implemented and safely and strictly followed. Some of VITA's plants are certified by Hazard Analysis Critical Control Points (HACCP), which is a testament that VITA's production process and food safety program are at par with internally recognized standards. Moreover, VITA's Iloilo and Davao feed mill plants are FSMS ISO 22000:2018 certified, meaning that the food safety management systems in place in these plants passed internationally recognized standards. VITA's dressed chicken and value-added products under the Cook's brand are likewise Halal certified, meaning that the products were processed
What are the Risk/s Identified?	
Failure to maintain the health and safety of its products exposes VITA to legal, operational, reputational and financial risks.	
What are the Opportunity/ies Identified?	
Keeping and ensuring the products' health and safety to avoid legal, operational, reputational and financial risks.	

	following Islamic law. Likewise, established environmental monitoring and product testing are being done to ensure and verify the safety of the product. VITA continuously holds trainings related to food safety to comply and maintain with regulatory, statutory, and customer specifications and requirements.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	1	#
No. of complaints addressed	1	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>For 2023, there was one complaint in VITA's megadealer in Davao regarding the packaging materials for commercial layer and hogs – particularly on faded label prints and loose weaving and quality of woven sacks for feeds. VITA had taken steps to improve the design and minimize errors on label prints as well as on the quality of the sacks for feeds.</td><td rowspan="5">To address the complaints on the packaging, VITA updated its label design as well as improving the print quality and specification of its woven sacks. These will be implemented within 2024. In addition, VITA has Quality Assurance personnel to ensure not only the health and safety of its products but also the proper packaging and labeling of each item. Further, prior to launching and using a particular packaging for a product, internal surveys among the employees are conducted to test run the intended packaging. These surveys are signed-off by the marketing, sales, quality assurance and R&D departments.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Faded label prints gave an impression that VITA's products are old/expired. The loose weaving of the sacks exposes the feeds to infestation. Both the foregoing may negatively impact VITA's branding and sales.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>The complaints received in 2023 provide an opportunity to further improve its branding and labeling and the quality of its packaging materials, particularly, woven sacks.</td></tr>
</table>

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*		#
No. of complaints addressed		#
No. of customers, users and account holders whose information is used for secondary purposes		#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
What are the Risk/s Identified?	**Management Approach**
What are the Opportunity/ies Identified?	**Management Approach**

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>For 2023, VITA did not experience data breach, leak, theft or even loss. All data regarding its business operations, trade secrets, employees, suppliers, and customers are intact and secured. Since it was able to keep its data secured, its business operations and supply chain remained undisturbed and its business operations and supply chain were not exposed to legal, financial and operational risks.</td><td rowspan="3">VITA has an IT department in charge of maintaining the integrity and security of data stored electronically as well as the maintenance and security of all computers used by the employees. It has also developed a safe-keeping system of all its contracts, records, and important documents to protect the data in the said contracts, records or documents. Only those that have a "need" to access these documents may be allowed access to the said records, contracts, or documents and the information contained in those records, contracts or documents must be used only for a legitimate purpose. In 2023, the IT department completed an active directory in Luzon, which limits the non-business activities that</td></tr>
<tr><td>What are the Risk/s Identified?</td></tr>
<tr><td>Breach of data security exposes VITA, its directors, officers, and employees to legal, operational, financial and reputational risks.</td></tr>
</table>

What are the Opportunity/ies Identified?	
The development and implementation of the active directory in Visayas and Mindanao operations will give the same protection as the data in Luzon.	can be done using VITA's computers, internet, and mobile phones within and outside company premises and ensure that those who access VITA's data are those who have a need-to- know. VITA also renewed existing endpoints, firewall, and SSL to protect and secure data.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Animal Feeds Animal Health Care Chicken (Dressed and Value-Added Products under the flagship brand "Cook's")	**SDG Goal 2: Zero Hunger** 1. Continuous provision of healthy and safe feeds for animals and foods for people. 2. Lifetime Profitable Partnerships with its business partners, suppliers, customers and employees. 3. Higher allocation of VITA's procurement budget to local suppliers. 4. Increased and strengthened support to local agriculture. 4. Continuation of the Green Sanctuary Program. **SDG Goal 8: Decent Work and Economic Growth** 1. Continued economic growth of VITA and contribution to its stakeholders' economic growth. 2. Job creation, competitive compensation	1. Shortage of natural resources. 2. Waste generation. 3. Pollution contribution. 4. Contribution to Climate Change.	As disclosed in the previous topics, VITA continuously evaluates its strategies and modifies them as may be necessary to adapt to the changing landscapes, provide solutions to challenges encountered, and pioneer innovations. VITA operates within the parameters of law, regulations, its ECC and it shall continue to look for solutions to further mitigate, manage, and reduce its contributions to pollution and climate change as well as to further reduce the wastes it generates/produces from its operations. It shall continue to regularly maintain and upgrade its equipment and facilities.

	packages, and career growth opportunities. 3. Full, productive, efficient, healthy and safe workplace. 4. Continuation of the Green Sanctuary program. 5. Higher allocation of VITA's procurement budget to local suppliers. **SDG Goal 12: Responsible Production and Consumption** 1. Efficient use and management of natural and non-natural resources. 2. Compliance with environmental laws and regulations, including compliance with EPR Act. 3. Completion of Solar Energy Project in Iloilo feed mill. 4. About 92.07% of procurement budget was spent on local suppliers. 5. Healthy and safe feeds and food.		VITA is continuously improving and innovating its operations and processes to manage its negative impacts to the economy, environment, and society as well as to have continuous LPPs with its stakeholders.

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

ANNEX "A"

BRAND PURPOSE — **FORGING LIVELIHOOD. NOURISHING LIVES**

VISION — Vitarich will continue being the pioneer, agribusiness partner, and innovator in the foods and feeds industry and will be the backbone of every Filipino farmer's success by providing the best solutions through its product and services.

Continuously adapt **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** through products and services	Build partnerships with business partners and customers to achieve **long term profitability and sustainability** and increase shareholder value

Inputs	Business Activities / Processes	Outputs	Outcomes
Financial Capital	Manufacturing and distribution of various animal feeds	Several lines of hogs and poultry feeds for different customers	**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.**
Manufactured Capital	Integration of broiler chicken from contract growing	Dressed chicken and value-added products under the flagship brand "Cook's"	
Intellectual Capital	Production and distribution of dressed chicken and value-added products	Sustainable relationships with institutional customers, distributors, key retail stores, and SMEs Presence in social commerce	
Human Capital	Production and distribution of animal health products	Animal health products for partner growers, broilers, hog raisers, and customers in the general public	Continued contribution to the **country's economic development** through jobs, incomes, and improved competencies, as well as taxes paid to the government
Natural Capital			
Social Capital	Relations with its different stakeholders		

CORE VALUES — **LEADERSHIP with INTEGRITY** | **EXCELLENCE** | **CARE FOR OTHERS**