C O V E R   S H E E T

for

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEC Registration Number

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C O M P A N Y   N A M E

V I T A R I C H   C O R P O R A T I O N   A N D   S U B S I D I A R Y

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

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

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

C O M P A N Y   I N F O R M A T I O N

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)
4,092	**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.*

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2025**

2. Commission identification number **21134** 3. BIR Tax Identification No. **000-234-398**

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

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

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office Postal Code

   MARILAO-SAN JOSE ROAD, STA. ROSA I, MARILAO, BULACAN **3019**

8. Issuer's telephone number, including area code

   (+632) 8843-3033

9. Former name, former address and former fiscal year, if changed since last report

   N/A

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

    Yes [√] No [ ]

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

    Philippine Stock Exchange, Inc. **Common**

12. Indicate by check mark whether the registrant:

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

    Yes [√] No [ ]

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

    Yes [ ] No [√]

Annex A

SEC NUMBER 21134
File Number ________

VITARICH CORPORATION AND SUBSIDIARIES

(Company's Full Name)

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

(Company's Address)

(+632) 8843-30-33

(Telephone Number)

Quarterly Consolidated
Unaudited Financial Statement

Form Type

Amendment Designation (if applicable)

March 31, 2025

Period Ended Date

(Secondary License Type and File Number)

PART I – FINANCIAL INFORMATION

Item 1 - Financial Statements

The unaudited financial statements of Vitarich Corporation and its subsidiaries as at and for the period ended March 31, 2025 (with comparative figures as of December 31, 2024) and for the period ended March 31, 2024 and Selected Notes to Consolidated Financial Statements are filed as part of this form 17-Q as Annex "A".

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by Part III, Paragraph (A) (2) (B) of "Annex C" is attached hereto as Annex "B".

PART II – OTHER INFORMATION

Vitarich Corporation and its subsidiaries may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure if such information is made under this Part II, it need not be repeated in a report on Form 17-C, which would otherwise be required to be filed with respect to such information, or in a subsequent report on Form 17-Q.

SIGNATURES

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

Registrant – **VITARICH CORPORATION**

By:

STEPHANIE NICOLE S. GARCIA EVP & Chief Sustainability Officer (CSO)/ Corporate Management Services Director/Treasurer	**ATTY. MARY CHRISTINE DABU-PEPITO** Assistant Corporate Secretary, Corporate Information Officer and Compliance Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Vitarich Corporation (the 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.

Barbatos Ventures Corporation (BVC) is a wholly-owned subsidiary engaged in the poultry dressing business. BVC was acquired by the Parent Company effective January 1, 2022.

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.

Results of Operations

Vitarich Corporation a leading poultry integrator and manufacturer of animal feeds and food products in the Philippines, reported a strong start to the year with revenues of ₱3.196 billion, net income of ₱241.6 million, and earnings per share of ₱0.079 for the first quarter ended March 31, 2025.

"VITA delivered record net income and margin performance, outperforming our expectations," said Rocco Sarmiento, Chief Executive Officer. "This performance boosts our outlook and reinforces our confidence in navigating an evolving macroeconomic environment. As we move through the year, short-term disruptions such as the shortage of day-old chicks may continue but we remain focused on pursuing a range of opportunities that we believe will further strengthen our business and fuel sustained growth in the years ahead. Based on current visibility, we have scheduled additional breeder orders for the second and third quarters to manage supply disruptions. We also expect to increase capital expenditure over the course of the year related to our investments in poultry houses, in line with our strategic priorities."

Revenues grew 8.8% year-over-year to ₱3.196 billion, primarily driven by higher nationwide pricing of chicken products and the addition of a new revenue stream from day-old pullets. This growth was partially offset by lower volumes sold and reduced pricing for feeds due to the limited supply of day-old chicks in the market.

Gross profit rose to ₱607.5 million, about 2.5 times higher than the ₱246.0 million in the prior year. This improvement led to a gross profit margin of 19.0%, up from 8.4%, supported by higher pricing and a 3.8% decrease in the cost of goods sold as a result of lower volumes and raw material costs, which declined14%.

Operating profit surged to ₱349.8 million, an increase of 14.5 times from the ₱24.1 million in the prior year. Operating expenses inched up to 8.1% of revenues from 7.6%, mainly reflecting higher freight and handling costs, merchandiser salaries, and training and marketing expenses. Operating margin improved to 10.9% from 0.8% on strong gross margins, effective cost management, and operational efficiencies at the farm and plant levels.

Net income reached ₱241.6 million with earnings per share of ₱0.079, rising 389 times over the prior year and marking a record quarter that exceeded the company's internal forecasts.

Segment highlights

• In Foods, revenues accelerated 26.9% to ₱2.222 billion, reflecting higher prices amid the ongoing supply challenges for day-old chicks that impacted volumes. Foods comprised 62.8% of revenues from 59.6% in the prior year.

• In Feeds, revenues were down 4.7% to ₱1.017 billion, with lower pricing and flat comparable sales volumes. Feeds accounted for 28.7% of revenues from 36.3%.

• In Farms, revenues more than doubled to ₱301.7 million, benefiting from the introduction of day-old pullets from NOVOgen, a French leader in layer genetics, as well as a higher net gain on the fair value of biological assets, in line with improved selling prices at the end of the period. Farms now represent 8.5% of revenues from 4.1%.

Financial Condition

As at March 31, 2025, total assets were ₱5.5 billion, decreased by 4.1% from ₱5.8 billion as at December 31, 2024. Current assets declined 7.4% to ₱3.0 billion due to a decrease in cash used in the settlement of trade payables. Non-current assets remain steady at ₱2.6 billion.

Total liabilities were ₱3.1 billion, down ₱480.6 million from December 31, 2024. Current liabilities decreased 14.2% to ₱2.7 billion and non-current liabilities decreased 8.9% to ₱373.3 million as the Company managed to maximize internally generated funds to settle trade payables.

Stockholders' equity increased to ₱2.5 billion, up ₱241.6 million from December 31, 2024, attributed to net income generated during the first quarter.

Net cash used in operating activities was ₱180.5 million in the first quarter of 2025, net cash provided by investing activities was ₱40.9 million, and net cash provided by financing activities was ₱15.0 million.

The Corporation's top key performance indicators are described as follows:

	Unaudited March 2025	Unaudited March 2024	Unaudited March 2023
Revenue (₱ million)			
Sale of goods	**₱3,045**	₱2,906	₱3,356
Fair value gain/(loss) adjustment on biological assets	**151**	31	(35)
Cost Contribution (₱ million)			
Cost of goods sold	**2,588**	2,691	2,992
Gross Profit Rate (%)	**19%**	8%	10%
Operating Income (₱ million)	**350**	24	103

1) Sales Volume, Price, and Revenue Growth

Consolidated revenue composed of feeds, day-old chicks, chicken, and animal health products sales including fair value adjustment on biological assets, amounted to ₱3.2 billion, 8.8% higher than the previous year of ₱2.9 billion, attributed to high chicken prices in the market.

2) Cost Contribution

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

3) Gross Profit Rate

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

4) Operating Margin

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

VITARICH CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	**March 31, 2025**	December 31, 2024
ASSETS			
Current Assets			
Cash	4	**₱353,799,487**	₱590,140,410
Trade and other receivables	5	**949,936,643**	1,081,330,894
Inventories	6	**879,297,232**	843,784,267
Biological assets - livestock	7	**234,509,433**	323,675,626
Advances to suppliers		**308,253,539**	106,585,632
Other current assets	8	**241,880,167**	260,769,743
Total Current Assets		**2,967,676,501**	3,206,286,572
Noncurrent Assets			
Receivable from an insurance company	9	**70,203,810**	70,203,810
Property, plant and equipment:	10		
At revalued amounts		**2,006,657,462**	2,014,441,929
At cost		**62,234,023**	63,360,824
Investment properties	11	**321,524,173**	312,296,469
Right-of-use (ROU) assets	23	**96,609,261**	96,999,061
Other noncurrent assets	12	**19,734,293**	20,018,643
Total Noncurrent Assets		**2,576,963,022**	2,577,320,736
		₱5,544,639,523	₱5,783,607,308
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	**₱1,775,008,412**	₱2,278,474,203
Current portion of:			
Loans payable	14	**809,869,658**	752,815,730
Lease liabilities	23	**34,330,515**	31,063,007
Cash bond deposits	15	**65,600,847**	66,449,820
Total Current Liabilities		**2,684,809,432**	3,128,802,760
Noncurrent Liabilities			
Loans payable - net of current portion	14	**7,752,975**	47,154,760
Lease liabilities - net of current portion	23	**66,523,824**	69,907,294
Net retirement liability	22	**193,002,073**	200,999,042
Net deferred tax liabilities	24	**105,980,767**	91,788,482
Total Noncurrent Liabilities		**373,259,639**	409,849,578
Total Liabilities		**3,058,069,071**	3,538,652,338
Equity			
Capital stock	16	**1,160,646,925**	1,160,646,925
Additional paid-in capital		**1,470,859**	1,470,859
Retained earnings		**769,558,052**	527,942,570
Other comprehensive income	16	**554,894,616**	554,894,616
Total Equity		**2,486,570,452**	2,244,954,970
		₱5,544,639,523	₱5,783,607,308

See accompanying Notes to Interim Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	**Unaudited Jan-Mar 2025**	**Unaudited Jan-Mar 2024**	Unaudited Jan-Mar 2023
REVENUES				
Net sale of goods	17	**₱3,044,760,977**	₱2,906,407,103	₱3,356,320,286
Fair value changes on biological assets - livestock	7	**151,135,221**	30,813,944	(35,177,158)
		3,195,896,198	2,937,221,047	3,321,143,128
COST OF GOODS SOLD	18	**(2,588,364,557)**	(2,691,235,068)	(2,992,458,620)
GROSS PROFIT		**607,531,641**	245,985,979	328,684,508
OPERATING EXPENSES	19	**(257,715,780)**	(221,874,361)	(225,675,590)
OTHER INCOME (CHARGES)				
Interest expenses	14	**(22,153,725)**	(18,505,339)	(18,297,275)
Interest income	4	**52,925**	399,084	441,511
Others - net	21	**(3,970,871)**	4,287,426	1,099,174
		(26,071,671)	(13,818,829)	(16,756,590)
INCOME BEFORE INCOME TAX		**323,744,190**	10,292,789	86,252,328
PROVISION FOR (BENEFIT FROM) INCOME TAX	24			
Current		**67,936,423**	4,342,024	30,595,133
Deferred		**14,192,285**	5,329,806	(12,284,621)
		82,128,708	9,671,830	18,310,512
NET INCOME		**241,615,482**	620,959	67,941,816
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss:				
Revaluation increment on property, plant and equipment - net of deferred income tax	10	**–**	–	–
Remeasurement gain (loss) on net retirement liability - net of deferred income tax	22	**–**	–	–
		–	–	–
TOTAL COMPREHENSIVE INCOME		**₱241,615,482**	₱620,959	₱67,941,816
BASIC/DILUTED EARNINGS PER SHARE	26	**₱0.079**	₱0.0002	₱0.022

See accompanying Notes to Interim Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	**Unaudited Jan-Mar 2025**	Unaudited Jan-Mar 2024	Unaudited Jan-Dec 2024
CAPITAL STOCK	16	**₱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		**527,942,570**	303,502,861	303,502,861
Net income		**241,615,482**	620,959	216,588,562
Transfer from revaluation surplus to retained earnings - net of deferred income tax	16	**–**	–	7,851,147
Balance at end of year		**769,558,052**	304,123,820	527,942,570
OTHER COMPREHENSIVE INCOME (LOSS)				
REMEASUREMENT GAIN (LOSS) ON NET RETIREMENT LIABILITY – net of deferred income tax				
Balance at beginning of year		**(4,683,341)**	(6,236,774)	(6,236,774)
Remeasurement gain - net of deferred income tax	22	**–**	–	1,553,433
Balance at end of year		**(4,683,341)**	(6,236,774)	(4,683,341)
REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT – net of deferred income tax				
Balance at beginning of year		**559,577,957**	441,958,207	441,958,207
Revaluation increment on property, plant and equipment - net of deferred income tax	10	**–**	–	125,470,897
Transfer from revaluation surplus to retained earnings - net of deferred income tax	16	**–**	–	(7,851,147)
Balance at end of year		**559,577,957**	441,958,207	559,577,957
		554,894,616	435,721,433	554,894,616
		₱2,486,570,452	₱1,901,963,037	₱2,244,954,970

See accompanying Notes to Interim Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the Three Months Ended		
	Note	**Unaudited March 2025**	Unaudited March 2024	Unaudited March 2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱323,744,190**	₱10,292,789	₱86,252,328
Adjustments for:				
Fair value changes on biological assets	7	**(151,135,221)**	(30,813,944)	35,177,158
Depreciation and amortization	10	**41,798,178**	29,972,965	26,295,891
Interest expense	14	**22,153,725**	18,505,339	18,297,275
Provision for expected credit loss on trade receivables	5	**2,646,799**	702,243	–
Interest income	4	**(52,925)**	(399,084)	(441,511)
Retirement expense	22	**18,352**	765,087	145,000
Loss on disposal of property, plant and equipment and investment properties	21	**–**	395,662	–
Operating income before working capital changes		**239,173,098**	29,421,057	165,726,141
Decrease (increase) in:				
Trade and other receivables		**128,747,452**	(90,704,620)	(1,820,552)
Inventories and biological assets - livestock		**204,788,449**	136,862,630	(123,732,715)
Advances to suppliers		**(201,667,907)**	63,833,071	1,319,784
Other current assets		**18,324,421**	(38,481,364)	177,287,524
Increase (decrease) in:				
Trade and other payables		**(493,097,795)**	10,213,133	(11,922,790)
Cash bond deposits		**(848,973)**	(1,624,144)	2,361,136
Net cash generated from (used in) operations		**(104,581,254)**	109,519,763	209,218,528
Income taxes paid		**(67,936,423)**	(4,342,024)	(30,595,133)
Retirement benefits paid	22	**(8,015,321)**	(1,558,000)	(837,000)
Interest received		**52,925**	399,084	19,707
Net cash provided by (used in) operating activities		**(₱180,480,073)**	₱104,018,823	₱177,806,102

(Forward)

	Note	For the Three Months Ended **Unaudited March 2025**	Unaudited March 2024	Unaudited March 2023
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment, ROU and vehicles	10	**(₱31,647,605)**	(₱37,421,104)	(₱35,971,776)
Proceeds from sale of property, plant and equipment and investment properties		**–**	1,654,314	–
Additions to investment properties	11	**(9,227,704)**	–	(8,416,438)
Net cash used in investing activities		**(40,875,309)**	(35,766,790)	(44,388,214)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availments of loans payable	14	**357,726,800**	162,987,015	528,777,595
Payments of loans	14	**(340,074,657)**	(246,623,458)	(634,832,003)
Interest paid	14	**(22,153,725)**	(16,929,379)	(13,419,537)
Payments of lease liabilities	23	**(10,483,958)**	(7,392,581)	(9,344,495)
Net cash provided by (used in) financing activities		**(14,985,540)**	(107,958,403)	(128,818,440)
NET INCREASE (DECREASE) IN CASH		**(236,340,922)**	(39,706,370)	4,599,448
CASH AT BEGINNING OF YEAR		**590,140,410**	398,265,061	369,416,726
CASH AT END OF YEAR		**₱353,799,487**	₱358,558,691	₱374,016,174
NONCASH FINANCIAL INFORMATION				
Recognition of ROU assets	23	₱19,822,222	₱19,007,868	₱13,228,300
Recognition of lease liabilities	23	19,822,222	19,007,868	13,228,300

See accompanying Notes to Interim Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE QUARTER ENDED MARCH 31, 2024 and 2023

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 interim 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 Interim Consolidated Financial Statements

The interim consolidated financial statements of the Group as at March 31, 2025 and 2024 and for the quarter ended March 31, 2025 and 2024 were approved and authorized for issue by the Board of Directors (BOD) on May 9, 2025, as reviewed and recommended for approval by the Audit Committee on May 9, 2025.

2. **Summary of Material Accounting Policy Information**

Basis of Preparation

The interim consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, 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 interim consolidated financial statements are presented in Philippine Peso (Peso), the Group's functional and presentation currency. All values are stated in absolute amounts, 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 - livestock 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, plan assets which are carried at fair value 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 7 - Livestock
Note 10 - Property, Plant and Equipment
Note 11 - Investment Properties
Note 30 – 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 Accounting Standards

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

Amendments to PFRS Already Issued But Not Yet Effective

Under prevailing circumstances, the relevant amendments to PFRS Accounting Standards already issued but which are not yet effective as at March 31, 2024 and have not been applied in preparing the interim consolidated financial statements are not expected to have any material effect on the interim consolidated financial statements of the Group. Additional disclosures will be included in the interim consolidated financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the interim 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 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 March 31, 2025 and December 31, 2024, 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 and through 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 March 31, 2025 and December 31, 2024, the Group's cash, trade and other receivables (excluding advances to officers and employees), receivable from an insurance company and security deposits are classified under this category (see Notes 4, 5, 9 and 12).

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 March 31, 2025 and December 31, 2024, 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 13, 14, 15 and 23)

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.

<u>Inventories</u>
Inventories consist of feeds, raw materials and feeds supplements, supplies and animal health products, hatching eggs and finished goods. 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, Feeds 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.

Hatching Eggs. Hatching eggs are initially measured at the fair value less estimated costs to sell at the point of harvest.

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

The NRV of feeds, animal health products and finished goods 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

Livestock consist of biological assets such as day-old chicks after undergoing the hatching process, chicks which are grown as chicken broilers, and parent stock. Livestock 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 interim 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 interim 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 (CWT), advances to contract growers and breeders, prepayments and input value-added taxes (VAT).

CWT. CWT 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 are initially measured at cost. The 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.

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 is stated at cost less accumulated depreciation and impairment in value, if any.

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 interim 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 interim consolidated statements of comprehensive income.

Annually, an amount from the "Revaluation Surplus" account is transferred to "Retained Earnings" under the "Equity" section in the interim 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 interim consolidated financial statements, in order to avoid double counting, the fair value reported in the interim 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 interim 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 interim 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 Asset. At commencement date, the Group measures the ROU asset 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.

The ROU assets are recognized under the same basis with property and equipment at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. 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 Accounting Standards. 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.

The following specific recognition criteria must also be met before other revenue items outside the scope of PFRS Accounting Standards 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 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 interim consolidated 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 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 excess MCIT over RCIT 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 31 to the interim 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 (Loss) per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) 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 (loss) 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 interim consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to interim consolidated financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's interim 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 interim consolidated financial statements. These are based on management's evaluation of relevant facts and circumstances as of the date of the interim 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.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the interim 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 March 31, 2025 and December 31, 2024 are disclosed in Notes 10 and 11, 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 March 31, 2025 and December 31, 2024 are disclosed in Note 11.

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 for the three months ended March 31, 2025 and 2024 are disclosed in Note 23.

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 o

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 March 31, 2025 and December 31, 2024 and 2023 are disclosed in Note 23.

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.

<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 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 March 31, 2025 and December 31, 2024 are disclosed in Note 5.

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 2024, 2023 and 2022.

The carrying amount of receivable from an insurance company and the allowance for ECL recognized as at March 31, 2025 and December 31, 2024 are disclosed in Note 9.

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 2025 and 2024 are disclosed in Note 5.

Estimating the Fair Value of Biological Assets - livestock. 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" account in March 31, 2025, March 31, 2024 and March 31, 2023 are presented in Note 7.

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, 2024. 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 March 31, 2025 and December 31, 2024 are disclosed in Note 10.

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 March 31, 2025 and December 31, 2024 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 2024, 2024 and 2023. The carrying amounts of property, plant and equipment as at March 31, 2025 and December 31, 2024 are disclosed in Note 10.

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 2025, 2024 and 2023.

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 5, 8, 10, 11, 12 and 23.

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 22 to the interim 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 March 31, 2025 and December 31, 2024 are disclosed in Note 22.

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 March 31, 2025 and December 31, 2024, 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 24.

4. **Cash**

This account consists of:

	Unaudited March 2025	Audited December 2024
Cash on hand	**₱5,111,449**	₱5,103,700
Cash in banks	**348,688,038**	585,036,710
	₱353,799,487	₱590,140,410

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 ₱0.05 million, ₱0.40 million and ₱1.24 million as at March 31, 2025, March 31, 2024 and December 31, 2024. Total interest income recognized in the interim consolidated statements of comprehensive income pertain to the following:

	Note	**Unaudited March 2025**	Unaudited March 2024	Audited December 2024
Cash in banks		**₱52,925**	₱41,932	₱205,324
Trade receivables	5	**–**	357,152	1,034,391
		₱52,925	₱399,084	₱1,239,715

5. **Trade and Other Receivables**

This account consists of:

	Note	**Unaudited March 2025**	Audited December 2024
Trade receivables from:			
Third parties		**₱906,207,836**	₱861,149,761
Related parties	25	**104,540,681**	245,890,511
Nontrade receivables		**93,746,806**	86,438,721
Receivable from an insurance company		**-**	35,064,371
Advances to officers and employees	25	**24,031,448**	26,963,331
Other receivables		**20,691,482**	22,459,010
		1,149,218,253	1,277,965,705
Allowance for ECL		**(199,281,610)**	(196,634,811)
		₱949,936,643	₱1,081,330,894

Trade receivables arising mainly from the sale of feeds, foods and livestock are generally collectible within 30 to 90 days. Interest income earned from overdue trade and other receivables amounted to nil and ₱1.0 million in March 31, 2025 and December 31, 2024, respectively (see Note 4).

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.

In 2024, the Parent Company filed an insurance claim with an insurance company for the properties damaged by Typhoon Carina. Losses from inventories and property, plant and equipment damaged by the typhoon amounted to P7.3 million and P19.1 million, respectively (see Notes 6, 10 and 21). The proceeds from insurance were subsequently received in January 2025.

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 consists of short-term rental deposits and receivables from government.

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, 2025		**₱107,213,743**	**₱74,341,929**	**₱1,303,912**	**₱13,775,227**	**₱196,634,811**
Provision for ECL	**5**	**2,646,799**	**–**	**–**	**–**	**2,646,799**
Balance as at March 31, 2025		**₱109,860,542**	**₱74,341,929**	**₱1,303,912**	**₱13,775,227**	**₱199,281,610**

	Note	Trade	Nontrade	Advances to Officers and Employees	Others	Total
Balance as at January 1, 2024		₱66,162,339	₱74,341,929	₱1,303,912	₱13,775,227	₱155,583,407
Provision for ECL	5	41,051,404	–	–	–	41,051,404
Balance as at December 31, 2024		₱107,213,743	₱74,341,929	₱1,303,912	₱13,775,227	₱196,634,811

6. **Inventories**

This account consists of:

	Unaudited March 2025	Audited December 2024
At NRV -		
Feeds	**₱243,764,302**	₱219,873,500
At cost:		
Raw materials and feeds supplements	**326,208,475**	314,682,466
Supplies and animal health products	**127,566,757**	128,408,276
Finished goods	**104,837,344**	91,728,873
Hatching eggs	**76,920,354**	89,091,152
	₱879,297,232	₱843,784,267

Inventories are valued at lower of cost and NRV as at March 31, 2025 and 2024. Inventories charged to cost of goods sold amounted to ₱2,132.7 million and ₱2,233.3 million in March 31, 2025 and 2024, respectively (see Note 18).

Allowance for inventory obsolescence amounted to ₱0.9 million as at March 31, 2025 and December 31, 2024.

7. Biological Assets - Livestock

The Group's livestock consists of the following:

	Unaudited March 2025	Audited December 2024
Day-old chicks and growing broilers	**₱179,866,966**	₱245,728,723
Parent stock	**54,642,467**	77,946,903
	₱234,509,433	₱323,675,626

Movements of the Group's livestock are as follows:

	Note	**Unaudited March 2025**	Audited December 2024
Balance at beginning of year		**₱323,675,626**	₱129,394,759
Increase due to purchases and production		**539,676,879**	6,673,717,832
Decrease due to sales, harvest and mortality		**(779,978,293)**	(6,571,206,577)
Gain (loss) on fair value changes	17	**151,135,221**	91,769,612
Balance at end of year		**₱234,509,433**	₱323,675,626

8. Other Current Assets

This account consists of:

	Unaudited March 2025	Audited December 2024
Advances to contract growers and breeders	**₱140,890,419**	₱130,132,144
Prepayments	**72,444,006**	52,649,590
Input VAT	**42,019,168**	36,623,431
Creditable withholding taxes (CWT)	**41,649,239**	96,487,243
	297,002,832	315,892,408
Allowance for impairment losses	**(55,122,665)**	(55,122,665)
	₱241,880,167	₱260,769,743

9. 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, 2016, 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. As at December 31, 2024, the case records had been transmitted to the CA. On December 2, 2024, the CA directed Charter Ping An to file an Appellant's Brief within 45 days from the date of notice. On February 10, 2025, Charter Ping An filed a *Motion for Extension of Time to File Appellant's Brief with Manifestation* seeking additional 45 days, or until April 6, 2025, within which to submit its Brief.

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 March 31, 2025 and December 31, 2024 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 March 31, 2025 and December 31, 2024. No provisions nor write-off of allowance for ECL of the receivable were recognized in 2025 and 2024.

10. **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:

	Unaudited March 31, 2025					
	Land	**Plant, Machinery and Equipment**	**Buildings**	**Leasehold and Land Improvements**	**Office Furniture, Fixtures and Equipment**	**Total**
Cost						
Balance at beginning of year	**1,082,566,830**	**999,761,419**	**464,697,444**	**145,287,482**	**120,337,429**	**2,812,650,604**
Additions / Adjustment	**-**	**3,953,288**	**2,464,007**	**(1,636,540)**	**639,700**	**5,420,455**
Reclassifications from CIP	**-**	**7,794,834**	**-**	**6,473,397**	**5,688,060**	**19,956,291**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
Balance at end of year	**1,082,566,830**	**1,011,509,541**	**467,161,451**	**150,124,338**	**126,665,189**	**2,838,027,350**
Accumulated Depreciation and Amortization						
Balance at beginning of year	**–**	**496,124,655**	**124,191,025**	**76,875,707**	**101,017,288**	**798,208,675**
Depreciation and amortization	**-**	**19,093,811**	**5,510,298**	**5,589,981**	**2,967,123**	**33,161,213**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
Reclassification	**-**	**-**	**-**	**-**	**-**	**-**
Balance at end of year	**-**	**515,218,466**	**129,701,323**	**82,465,688**	**103,984,411**	**831,369,888**
Carrying Amount	**1,082,566,830**	**496,291,076**	**337,460,128**	**67,658,649**	**22,680,778**	**2,006,657,462**

	Audited December 31, 2024					
	Land	Plant, Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost						
Balance at beginning of year	₱932,448,310	₱1,085,211,134	₱424,641,584	₱99,588,491	₱106,094,574	₱2,647,984,093
Additions	–	27,523,709	–	20,635,743	14,073,400	62,232,852
Reclassifications from CIP	–	(6,222,781)	(105,124)	14,815,160	(546,359)	7,940,896
Disposals	–	(70,744,121)	(1,867,856)	–	(189,791)	(72,801,768)
Revaluation	150,118,520	(36,006,522)	42,028,840	10,248,088	905,605	167,294,531
Balance at end of year	1,082,566,830	999,761,419	464,697,444	145,287,482	120,337,429	2,812,650,604
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	436,336,142	105,133,158	63,130,611	93,918,044	698,517,955
Depreciation and amortization	–	74,112,355	19,850,369	13,745,096	7,460,919	115,168,739
Disposals	–	(14,705,387)	(786,056)	–	(88,496)	(15,579,939)
Reclassifications	–	381,545	(6,446)	–	(273,179)	101,920
Balance at end of year	–	496,124,655	124,191,025	76,875,707	101,017,288	798,208,675
Carrying Amount	₱1,082,566,830	₱503,636,764	₱340,506,419	₱68,411,775	₱19,320,141	₱2,014,441,929

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

	Unaudited March 2025	Audited December 2024
Land	**₱355,331,190**	₱355,331,190
Plant, machinery and equipment	**561,179,447**	549,431,325
Buildings	**290,097,807**	287,633,800
Leasehold and land improvements	**62,519,271**	57,682,415
Office furniture, fixtures and equipment	**24,641,016**	18,259,256
	₱1,293,768,731	₱1,268,337,986

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, 2024.

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:

Class of Property	Valuation Techniques	Significant Inputs	Range December 2024
Land	Sales comparison approach	Price per square meter (sqm)	₱2,000 - ₱10,000
		Value adjustments	5% - 35%
Plant, machinery and equipment	Depreciated replacement cost method	Replacement cost	₱1,300.4 million
		Remaining economic life	3 - 25 years
	Discounted cash flow (DCF) approach	Discount rate	
		Per monthly rent	–
Buildings	Depreciated replacement cost method	Replacement cost	₱613.7 million
		Remaining economic life	1 - 30 years
	DCF approach	Discount rate	
		Per monthly rent	–
Leasehold and land improvements	Depreciated replacement cost method	Replacement cost	₱84.3 million
		Remaining economic life	1 -23 years
	DCF approach	Discount rate	
		Per monthly rent	–
Office furniture, fixtures and equipment	Depreciated replacement cost method	Replacement cost	₱14.9 million
		Remaining economic life	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.

Generally, significant increases (decreases) in the estimated price per sqm in isolation would result in a significantly higher (lower) fair value measurement.

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.

In 2024, the Group changed its valuation technique on determining the fair value of its plant, machinery and equipment, buildings, and leasehold and land improvements from DCF approach to depreciated replacement cost method.

At Cost

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

	Unaudited March 31, 2025		
	Transportation Equipment	**CIP**	**Total**
Cost			
Balance at beginning of year	**₱45,214,579**	**₱62,930,164**	**₱108,144,743**
Additions	**–**	**18,907,784**	**18,907,784**
Reclassifications	**–**	**(19,956,291)**	**(19,956,291)**
Balance at end of year	**45,214,579**	**61,881,657**	**107,096,236**
Accumulated Depreciation			
Balance at beginning of year	**44,783,919**	**–**	**44,783,919**
Depreciation	**78,294**	**–**	**78,294**
Balance at end of year	**44,862,213**	**–**	**44,862,213**
Carrying amount	**₱352,366**	**₱61,881,657**	**₱62,234,023**

	Audited December 31, 2024		
	Transportation Equipment	CIP	Total
Cost			
Balance at beginning of year	₱46,127,170	₱43,674,517	₱89,801,687
Additions	–	26,720,916	26,720,916
Reclassifications	(475,627)	(7,465,269)	(7,940,896)
Disposal	(436,964)	–	(436,964)
Balance at end of year	45,214,579	62,930,164	108,144,743
Accumulated Depreciation			
Balance at beginning of year	44,208,965	–	44,208,965
Depreciation	1,056,505	–	1,056,505
Reclassifications	(101,920)	–	(101,920)
Disposal	(379,631)	–	(379,631)
Balance at end of year	44,783,919	–	44,783,919
Carrying amount	₱430,660	₱62,930,164	₱63,360,824

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 ₱20.0 million and ₱7.5 million in March 31, 2025 and December 31, 2024, respectively, were reclassified to appropriate property, plant and equipment accounts. As at March 31, 2025 and December 31, 2024, there are no significant contractual commitments entered into by the Group.

In March 2025, March 2024 and March 2023, the Group sold property, plant and equipment and investment properties for a cash consideration resulting to a gain (loss) on disposal amounting to nil, (₱0.04) million and nil, respectively (see Note 21).

As at March 31, 2025 and December 31, 2024, fully depreciated property, plant and equipment that are still being used by the Group amounted to ₱585.3 million and ₱453.2 million, respectively.

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

	Note	**March 2025**	March 2024	December 2024
Property, plant and equipment:				
At revaluated amounts		**₱33,161,213**	₱22,933,451	₱115,168,739
At cost		**78,294**	437,820	1,056,505
ROU assets	23	**7,709,166**	5,752,189	26,892,227
Computer software	12	**849,505**	849,505	3,398,021
		₱41,798,178	₱29,972,965	₱146,515,492

Depreciation and amortization expense were charged to the following:

	Note	**March 2025**	March 2024	December 2024
Cost of goods sold	18	**29,532,406**	₱21,170,376	₱103,913,052
Operating expenses:	19			
Selling and distribution		**8,596,480**	6,412,011	24,283,391
Administrative expenses		**3,669,292**	2,390,578	18,319,049
		12,265,772	8,802,589	42,602,440
		₱41,798,178	₱29,972,965	₱146,515,492

11. 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:

	Unaudited March 2025		
	Land	**Building**	**Total**
Cost			
Balance at beginning of year	**171,218,892**	**15,567,585**	**186,786,477**
Additions	**–**	**9,227,704**	**9,227,704**
Balance at end of year	**171,218,892**	**24,795,289**	**196,014,181**
Cumulative Gain on Changes in Fair Value			
Balance at beginning and end of year	**121,657,302**	**3,852,690**	**125,509,992**
Carrying Amount	**₱292,876,194**	**₱28,647,979**	**₱321,524,173**

	Audited December 31, 2024		
	Land	Building	Total
Cost			
Balance at beginning of year	₱177,161,892	₱15,567,585	₱192,729,477
Disposals	(5,943,000)	–	(5,943,000)
Balance at end of year	171,218,892	15,567,585	186,786,477
Cumulative Gain (Loss) on Changes in Fair Value			
Balance at beginning of year	109,431,064	(814,190)	108,616,874
Gain on changes in fair value	12,226,238	4,666,880	16,893,118
Balance at end of year	121,657,302	3,852,690	125,509,992
Carrying Amount	₱292,876,194	₱19,420,275	₱312,296,469

The Group's investment properties were appraised by an independent firm of appraisers as at December 31, 2024. Net gain on change in fair value amounted to ₱16.9.1 million in 2024.

The Group recognized revenue from leasing operations amounting to ₱1.5 million, ₱1.6 million and ₱5.3 million in March 31, 2025, March 31, 2024 and December 31, 2024, respectively (see Note 21). Direct costs related to the lease of investment properties amounted to ₱0.3 million, ₱0.3 million and ₱3.2 million in March 31, 2025, March 31, 2024 and December 31, 2024, respectively.

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

			Range
Class of Property	Valuation Techniques	Significant Inputs	December 2024
Land	Sales comparison approach	Price per square meter (sqm)	₱67 - ₱19,599
		Value adjustments	5% - 70%
Buildings	DCF approach	Discount rate	12%
		Per monthly rent (sqm)	₱30 - ₱114

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.

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

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.

12. Other Noncurrent Assets

This account consists of:

	Note	**Unaudited March 2025**	Audited December 2024
Project development costs		**₱31,368,395**	₱31,368,395
Security deposits	23	**13,493,843**	12,928,688
Computer software		**6,240,450**	7,089,955
		51,102,688	51,387,038
Allowance for impairment losses		**(31,368,395)**	(31,368,395)
		₱19,734,293	₱20,018,643

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 March 31, 2025 and December 31, 2024 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	**Unaudited March 2025**	Audited December 2024
Cost			
Balance at beginning and end of year		**₱43,365,131**	₱43,365,131
Accumulated Amortization			
Balance at beginning of year		**36,275,176**	32,877,155
Amortization	10	**849,505**	3,398,021
Balance at end of year		**37,124,681**	36,275,176
Carrying Amount		**₱6,240,450**	₱7,089,955

13. Trade and Other Payables

This account consists of:

	Note	**Unaudited March 2025**	Audited December 2024
Trade payables:			
Third parties		**₱1,063,019,814**	₱1,638,983,161
Related parties		**11,570,656**	15,685,403
Accrued expenses:			
Selling and administrative		**214,586,335**	281,754,674
Others		**41,139,140**	41,428,536
Outside services		**31,974,694**	59,620,661
Nontrade payables		**373,971,763**	201,332,195
Statutory payables		**28,108,669**	34,653,434
Customers' deposits		**10,637,341**	5,016,139
		₱1,775,008,412	₱2,278,474,203

Trade payables consist of liabilities arising from purchases of inventories in the normal course of business. These are noninterest-bearing and are generally on a 90-day credit term.

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. 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 SSS, PhilHealth and HDMF. These are normally settled within a month.

Customers' deposits pertain to amounts advanced by customers in relation to the Group's lease of properties.

14. Loans Payable

The Group's outstanding loans payable to local banks amounted to ₱817.6 million and ₱800.0 million as at March 31, 2025 and December 31 2024, respectively. The Group's short-term and long-term loans are not subject to any debt covenants.

	Unaudited March 2025	Audited December 2024
Short-term loans	**₱751,548,229**	₱694,494,301
Current portion of long-term loans	**58,321,429**	58,321,429
Current portion of loans payable	**809,869,658**	752,815,730
Noncurrent portion of loans payable	**7,752,975**	47,154,760
	₱817,622,633	₱799,970,490

Short-term Loans Payable

In 2025 and 2024, 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 interest rates ranging from 7.10% to 8.50%. Outstanding balance amounted to ₱817.6 million and ₱694.5 million as at March 31, 2025 and December 31, 2024, 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. Outstanding balance amounted to ₱21.7 million and ₱24.8 million as at March 31, 2025 and December 31, 2024, 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. Outstanding balance amounted to ₱21.7 million and ₱24.8 million as at March 31, 2025 and December 31, 2024, respectively.

c. ₱67.0 million promissory note
   On August 22, 2024, the Parent Company entered into a two-year loan agreement with Asia United Bank ("AUB") amounting to ₱67.0 million, payable in 24 monthly installments, starting September 23, 2024 and bearing an interest rate of 7.75% per annum, repriced annually. Outstanding balance amounted to ₱47.5 million and ₱55.8 million as at March 31, 2025 and December 31, 2024.

Total availments of loans payable amounted to ₱357.7 million and ₱958.9 million in March 31, 2025 and December 31, 2024, respectively. Total payments of loans payable amounted to ₱340.0 million and ₱1,057.0 million in March 31, 2025 and December 31, 2024, respectively (see Note 27).

Total interest expense recognized in the interim consolidated statements of comprehensive income consists of the following:

	Note	**Unaudited March 2025**	Unaudited March 2024	Audited December 2024
Loans payable		**₱19,751,676**	₱16,929,379	₱70,113,577
Accretion of interest on lease liabilities	23	**2,402,049**	1,575,960	8,887,040
		₱22,153,725	₱18,505,339	₱79,000,617

15. **Cash Bond Deposits**

Cash bond deposits amounting to ₱65.6 million and ₱66.4 million as at March 31, 2025 and December 31, 2024, 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.

16. Equity

<u>Capital Stock</u>

As of March 31, 2025 and December 31, 2024, 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 are as follows:

	Unaudited March 2025	Audited December 2024
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 Parent Company has 4,092 and 4,095 stockholders as at March 31, 2025 and December 31, 2024, respectively.

17. Revenues

This account consists of:

	Note	**Unaudited March 2025**	Unaudited March 2024	Unaudited March 2023
Sales:				
Foods		**₱1,858,647,721**	₱1,763,499,623	₱1,733,427,757
Feeds		**1,069,149,264**	1,112,259,379	1,513,390,591
Farms		**150,572,016**	89,447,245	143,443,419
Sales discount, returns and allowances		**(33,608,024)**	(58,799,144)	(33,941,481)
		3,044,760,977	2,906,407,103	3,356,320,286
Net changes in fair values of biological assets	7	**151,135,221**	30,813,944	(35,177,158)
		₱3,195,896,198	₱2,937,221,047	₱3,321,143,128

18. **Cost of Goods Sold**

This account consists of the following:

	Note	**Unaudited March 2025**	Unaudited March 2024	Unaudited March 2023
Inventories sold	6	**₱2,132,744,582**	₱2,233,283,594	₱2,618,568,918
Outside services	23	**313,757,234**	318,998,046	246,818,613
Contractual services		**96,229,880**	103,419,520	91,026,759
Depreciation	10	**29,532,406**	21,170,376	16,972,167
Salaries and employee benefits	20	**9,130,357**	8,220,147	8,347,411
Communications, light and water		**5,811,111**	4,854,613	7,051,346
Repairs and maintenance		**1,158,987**	1,288,772	1,533,065
Others		**–**	–	2,140,341
		₱2,588,364,557	₱2,691,235,068	₱2,992,458,620

19. **Operating Expenses**

This account consist of the following:

	Unaudited March 2025	Unaudited March 2024	Unaudited March 2023
Administrative expenses	**₱151,316,075**	₱83,560,651	₱137,995,215
Selling and distribution expenses	**106,399,705**	138,313,710	87,680,375
	₱257,715,780	₱221,874,361	₱225,675,590

The details of operating expenses are as follows:

	Note	**Unaudited March 2024**	Unaudited March 2024	Unaudited March 2023
Salaries and employee benefits		**₱83,162,890**	₱73,125,165	₱84,284,729
Transportation, travel and freight and handling		**83,969,511**	69,578,769	73,126,745
Contractual services		**19,375,336**	11,712,400	8,644,159
Depreciation and amortization	10	**12,265,772**	8,802,589	9,323,724
Advertising and promotions		**9,262,253**	6,072,361	3,745,784
Professional fees		**8,035,470**	8,554,377	8,335,053
Taxes and licenses		**6,803,444**	7,637,117	5,863,169
Representation and entertainment		**4,635,260**	3,701,981	3,370,060
Publications and subscriptions		**3,691,591**	10,348,795	9,833,456
Other corporate expenses		**3,250,000**	9,405,831	7,644,635
Provision for ECL of receivables	5	**2,646,799**	702,243	507,806
Communications, light and water		**2,550,617**	3,912,156	2,246,272
Insurance		**1,999,893**	894,588	404,295
Packaging and distribution		**1,319,006**	884,705	1,153,102
Rentals	23	**1,276,952**	3,329,972	1,589,304
Repairs and maintenance		**1,271,627**	1,338,550	1,696,903
Supplies		**1,012,429**	1,109,107	1,369,663
Bank charges		**17,275**	1,234	13,694
Others		**11,169,655**	762,421	2,523,037
		₱257,715,780	₱221,874,361	₱225,675,590

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

20. **Salaries and Employee Benefits**

This account pertains to the following:

	Note	**Unaudited March 2025**	Unaudited March 2024	Unaudited March 2023
Salaries and wages		**₱77,622,679**	₱73,146,258	₱82,163,618
Commission		**4,344,729**	1,390,067	5,579,371
Retirement benefits	22	**18,352**	765,087	145,000
Other short-term benefits		**10,307,487**	6,043,900	4,744,151
		₱92,293,247	₱81,345,312	₱92,632,140

Salaries and employee benefits are allocated as follows:

	Note	**Unaudited March 2025**	Unaudited March 2024	Unaudited March 2023
Cost of goods sold	18	**₱9,130,357**	₱8,220,147	₱8,347,411
Operating expenses:				
Administrative		**66,220,161**	42,001,062	58,274,126
Selling and distribution		**16,942,729**	31,124,103	26,010,603
		83,162,890	73,125,165	84,284,729
		₱92,293,247	₱81,345,312	₱92,632,140

21. **Other Income (Charges)**

	Note	**Unaudited March 2025**	Unaudited March 2024	Unaudited March 2023
Rental income	23	**₱2,526,961**	₱1,571,982	₱2,309,196
Net foreign exchange gain (loss)		**(1,226,467)**	1,479,632	1,721,048
Loss on disposal of property, plant and equipment and investment properties	10	**-**	(395,662)	–
Others		**(5,271,365)**	1,631,474	(2,931,070)
		(₱3,970,871)	₱4,287,426	₱1,099,174

22. **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 interim consolidated statements of comprehensive income based on the report of an independent actuary dated January 23, 2024.

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

	Unaudited March 2025	Unaudited March 2024	Unaudited March 2023
Current service costs	**₱18,352**	₱765,087	₱145,000
Net interest cost	–	–	–
	₱18,352	₱765,087	₱145,000

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

	Unaudited March 2025	Audited December 2024
Present value of DBO	**₱197,481,885**	₱205,478,854
Fair value of plan assets	**(4,479,812)**	(4,479,812)
	₱193,002,073	₱200,999,042

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

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

	Unaudited March 2025	Audited December 2024
Balance at beginning of year	**₱205,478,854**	₱184,617,101
Current service costs	**18,352**	14,345,412
Interest expense	**–**	11,261,643
Benefits paid	**(8,015,321)**	(2,876,500)
Remeasurement	**–**	(1,868,802)
Balance at end of year	**197,481,885**	₱205,478,854

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

	Unaudited March 2025	Audited December 2024
Balance at beginning of year	**₱4,479,812**	₱4,031,451
Interest income	**–**	245,919
Remeasurement loss	**–**	202,442
Balance at end of year	**₱4,479,812**	₱4,479,812

23. **Significant Agreements**

Operating Leases - The Group as a Lessor

The Group entered into cancellable leases covering certain hatcheries and plants (i.e., dressing and rendering) 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 ₱2.5 million and ₱1.6 million for the three months period ended March 31, 2025, and 2024, respectively, and are shown as part of "Other Operating Income" account in the interim consolidated statements of comprehensive income (see Note 21).

The Group as a Lessee - Short-term Leases

The Group leases certain warehouses under operating lease agreements for a period of one (1) year and are renewable upon mutual agreement by the parties. Rent expense amounted to ₱1.3 million and ₱3.3 for the three months period ended March 31, 2024, and 2023, respectively (see Note 19).

Security deposits amounted to ₱13.5 million and ₱12.9 million as at March 31, 2025 and December 31, 2024, respectively (see Note 12).

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 2025 and 2024.

Right-of-Use (ROU) Assets

The movements in ROU assets are as follows:

		Unaudited March 31, 2025		
	Note	**Building**	**Transportation Equipment**	**Total**
Cost				
Balance at beginning of year		**₱21,838,157**	**₱209,049,012**	**₱230,887,169**
Additions		**–**	**8,737,844**	**8,737,844**
Derecognition		**–**	**(2,380,762)**	**(2,380,762)**
Balance at end of year		**21,838,157**	**215,406,094**	**237,244,251**
Accumulated Amortization				
Balance at beginning of year		**17,494,936**	**116,393,172**	**133,888,108**
Amortization	10	**814,354**	**6,894,812**	**7,709,166**
Derecognition		**–**	**(962,284)**	**(962,284)**
Balance at end of year		**18,309,290**	**122,325,700**	**140,634,990**
Carrying Amount		**₱3,528,867**	**₱93,080,394**	**₱96,609,261**

		Audited December 31, 2024		
	Note	Building	Transportation Equipment	Total
Cost				
Balance at beginning of year		₱21,838,157	₱169,050,075	₱190,888,232
Additions		–	42,799,984	42,799,984
Derecognition		–	(2,801,047)	(2,801,047)
Balance at end of year		21,838,157	209,049,012	230,887,169
Accumulated Amortization				
Balance at beginning of year		14,237,521	94,212,987	108,450,508
Amortization	10	3,257,415	23,634,812	26,892,227
Derecognition		–	(1,454,627)	(1,454,627)
Balance at end of year		17,494,936	116,393,172	133,888,108
Carrying Amount		₱4,343,221	₱92,655,840	₱96,999,061

Lease Liabilities

The balance and movements in lease liabilities are as follows:

	Note	**Unaudited March 2025**	Audited December 2024
Balance at beginning of year		**₱100,970,301**	₱83,591,520
Additions		**7,965,947**	42,799,984
Accretion of interest	14	**2,402,049**	8,887,040
Payments		**(10,483,958)**	(34,308,243)
Balance at end of year		**100,854,339**	100,970,301
Less: current portion		**34,330,515**	31,063,007
Noncurrent portion		**₱66,523,824**	₱69,907,294

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

	Note	**Unaudited March 2024**	Audited December 2024
Amortization of ROU assets		**₱7,709,166**	₱26,892,227
Short-term leases	19	**1,276,952**	7,169,531
Interest expense on lease liabilities		**2,402,049**	8,887,040
		₱11,388,167	₱42,948,798

The gross minimum lease payments and present value of future minimum lease payments as at March 31, 2024 and December 31, 2023 are as follows:

	Unaudited March 31, 2025		Audited December 31, 2024	
	Minimum Lease Payments	**Present Value**	Minimum Lease Payments	Present Value
Not later than one year	**₱40,939,758**	**₱34,330,515**	₱37,043,196	₱31,063,007
Later than one year but not more than five years	**76,887,391**	**66,523,824**	80,797,963	69,907,294
	₱117,827,149	**₱100,854,339**	₱117,841,159	₱100,970,301

Tolling Agreements

The Group 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 ₱293.6 million and ₱319.0 million in March 31, 2025, and March 31, 2024, respectively, and are recorded as part of "Outside services" account under "Cost of Goods Sold" account in the interim consolidated statements of comprehensive income (see Note 18).

24. Income Tax

The provision for (benefit from) current income tax represents MCIT in 2024, and RCIT in 2023.

	Unaudited March 2025	Unaudited March 2024
Reported in profit or loss:		
Current	**₱67,936,423**	₱4,342,024
Deferred	**14,192,285**	5,329,806
	₱82,128,708	₱9,671,830

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

	Unaudited March 31, 2025	Audited December 31, 2024
Deferred tax assets:		
Retirement liability	**₱50,254,349**	₱50,249,761
Allowance for ECL	**43,912,650**	43,250,950
NOLCO	**16,231,570**	16,231,570
Allowance for impairment loss on:		
Advances to contract breeders and contract growers	**13,780,666**	13,780,666
Allowance for inventory write-down	**224,079**	224,079
Unrealized loss on foreign exchanges	**11,135**	25,109
	124,414,449	123,762,135
Deferred tax liabilities:		
Revaluation surplus on property, plant and equipment	**(186,525,986)**	(186,525,986)
Fair value changes of biological assets - livestock	**(37,783,805)**	(22,942,403)
Cumulative gain on fair value changes of investment properties	**(5,265,173)**	(5,265,173)
Excess of ROU assets over lease liabilities	**(820,252)**	(817,055)
Unrealized gain on foreign exchanges	**–**	–
	(230,395,216)	(215,550,617)
	(₱105,980,767)	(₱91,788,482)

As at March 31, 2025 and December 31, 2024, 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:

	2025	2024
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
NOLCO	**14,056,529**	14,056,529
Allowance for impairment loss on:		
Project development costs7	**7,842,099**	7,842,099
Advances to suppliers	**2,721,080**	2,721,080
Excess MCIT over RCIT	**195,049**	195,049
	₱48,587,703	₱48,587,703

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

Year Incurred	Valid Until	Balance as at January 1, 2024	Incurred	Applied/ Expired	Balance as at December 31, 2024
2024	2027	₱-	₱56,226,116	₱–	₱56,226,116
2023	2026	17,939,079	–	–	17,939,079
2022	2025	36,488,314	–	7,271,521	29,216,793
2021	2026	10,498,886	–	–	10,498,886
		₱64,926,279	₱56,226,116	₱7,271,521	₱57,654,758

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 interim consolidated statements of comprehensive income is as follows:

	Unaudited Jan-Mar 2025	Unaudited Jan-Mar 2024	Audited Jan-Dec 2024
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	**0.4%**	69.0%	6.1%
Income already subjected to final tax	**0.0%**	0.0%	0.0%
Effective income tax rates	**25.4%**	94.0%	31.1%

25. 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	**Unaudited March 2024**	Audited December 2024	**Unaudited March 2024**	Audited December 2024
Trade and other receivables	5					
Entities under common control		Sales	**₱113,644,899**	₱732,746,539		
		Collections	**(254,994,730)**	(630,384,269)	**₱104,540,681**	₱245,890,511
Trade and other payables	13					
Entities under common control		Purchases	**₱154,840,263**	₱289,661,066		
		Payments	**(158,955,009)**	(277,883,199)	**₱11,570,656**	₱15,685,403
Advances to officers	5	Advances - net of collections	**(₱2,931,883)**	₱3,760,765	**₱24,031,448**	₱26,963,331

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 March 31, 2025 and December 31, 2024 (see Note 5).

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 13).

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 March 31, 2025 and December 31, 2025 are disclosed in Note 5.

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	Unaudited March 2024	Audited December 2024
Short-term employee benefits	**₱17,493,953**	₱69,911,760
Retirement benefits	**6,069,226**	4,656,828
Other employee benefits	**4,656,828**	24,276,904
	₱28,220,007	₱98,845,492

26. Earnings Per Share

Basic and diluted earnings per share are computed as follows:

	Note	**Unaudited March 2025**	Unaudited March 2024	Audited December 2024
Net income		**₱237,786,437**	₱620,959	₱216,588,562
Divided by the weighted average number of outstanding common shares	16	**3,054,334,014**	3,054,334,014	3,054,334,014
Basic and diluted earnings per share		**₱0.078**	₱0.000	₱0.071

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 March 31, 2025, March 31, 2024 and December 31, 2024 are the same.

27. 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, 2025**	**Availments**	**Payments**	**Non-cash Changes**	**March 31, 2025**
Loans payable	13	**₱799,970,490**	**₱357,726,800**	**(₱340,074,657)**	**₱–**	**₱817,622,633**
Lease liabilities	23	**100,970,301**	**–**	**(10,483,958)**	**10,367,996**	**100,854,339**
Interest expense	14	**–**	**–**	**(19,751,676)**	**19,751,676**	**–**
		₱900,940,791	**₱357,726,800**	**(₱370,310,291)**	**₱30,119,672**	**₱918,476,972**

			Financing Cash Flows			
	Note	January 1, 2024	Availments	Payments	Non-cash Changes	December 31, 2024
Loans payable	13	₱898,119,285	₱958,883,200	(₱1,057,031,995)	₱–	₱799,970,490
Lease liabilities	22	83,591,520	–	(34,308,243)	51,687,024	100,970,301
Interest expense	14	–	–	(70,113,577)	70,113,577	–
		₱981,710,805	₱958,883,200	(1,161,453,815)	₱121,800,601	₱900,940,791

28. 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 2025 and 2024.

29. 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 March 31, 2025 and December 31, 2024, 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 9).

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 March 31, 2025 and December 31, 2024:

	Unaudited March 2025				
	General Approach			**Simplified**	
	Stage 1	**Stage 2**	**Stage 3**	**Approach**	**Total**
Cash in banks	**₱348,688,038**	**₱–**	**₱–**	**₱–**	**₱348,688,038**
Trade and other receivables	**–**	**–**	**–**	**1,149,218,253**	**1,149,218,253**
Security deposits	**13,493,845**	**–**	**–**	**–**	**13,493,845**
Receivable from an insurance company	**–**	**141,664,583**	**–**	**–**	**141,664,583**
	₱362,181,883	**₱141,664,583**	**₱–**	**₱1,196,245,810**	**₱1,653,064,719**

	Audited December 2024				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash in banks	₱585,036,710	₱–	₱–	₱–	₱585,036,710
Trade and other receivables	93,198,509	77,560,386	38,102,114	1,042,141,365	1,251,002,374
Receivable from an insurance company	–	141,664,583	–	–	141,664,583
Security deposits	12,928,688	–	–	–	12,928,688
	₱691,163,907	₱219,224,969	₱38,102,114	₱1,042,141,365	₱1,990,632,355

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as at March 31, 2025 and December 31, 2024:

	Unaudited March 2025								
	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	**0.02%**	**0.08%**	**0.35%**	**0.71%**	**1.04%**	**25.55%**			
Estimated total gross carrying amount at default (in millions)	**₱29.19**	**₱727.30**	**₱220.76**	**₱24.49**	**₱14.48**	**₱12.32**	**₱1,028.54**	**₱13.60**	**₱1,042.14**
Expected credit loss (in millions)	**₱0.01**	**₱ 0.58**	**₱0.77**	**₱0.17**	**₱0.15**	**₱3.15**	**₱4.83**	**₱13.60**	**₱18.43**

	Audited December 2024								
	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	0.02%	0.08%	0.35%	0.71%	1.04%	25.55%			
Estimated total gross carrying amount at default (in millions)	₱29.19	₱727.30	₱220.76	₱24.49	₱14.48	₱12.32	₱1,028.54	₱13.60	₱1,042.14
Expected credit loss (in millions)	₱0.01	₱ 0.58	₱0.77	₱0.17	₱0.15	₱3.15	₱4.83	₱13.60	₱18.43

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 March 31, 2025 and December 31, 2024:

	Unaudited March 31, 2025				
	Within 6 Months	**6 to 12 Months**	**1 to 5 Years**	**Later than 5 Years**	**Total**
Trade and other payables*	**₱1,746,899,743**	**₱–**	**₱–**	**₱–**	**₱1,746,899,743**
Loans payable	**751,548,229**	**58,321,429**	**7,752,975**	**–**	**817,622,633**
Lease liabilities	**17,140,595**	**17,189,920**	**66,523,824**	**–**	**100,854,339**
Cash bond deposits	**–**	**65,600,847**	**–**	**–**	**65,600,847**
Future interest on long term loans payable	**3,836,225**	**1,923,754**	**414,370**	**–**	**6,174,349**
	₱2,519,424,792	**₱143,035,950**	**₱74,691,169**	**₱–**	**₱2,737,151,911**

**Excludes statutory payables.*

	Audited December 31, 2024				
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years	Total
Trade and other payables*	₱2,243,820,769	₱–	₱–	₱–	₱2,243,820,769
Loans payable	694,494,301	58,321,429	47,154,760	–	
Lease liabilities	18,373,409	18,426,281	81,041,469	–	
Cash bond deposits	–	66,449,820	–	–	66,449,820
Future interest on long term loans payable	3,836,225	1,923,754	1,371,525	–	7,131,504
	₱2,960,524,704	₱145,121,284	₱	₱–	₱3,235,213,742

**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 interim 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 interim consolidated statements of financial position. Capital for the reporting periods is summarized as follows:

	Unaudited March 2025	Audited December 2024
Total liabilities	**₱3,058,069,071**	₱3,538,652,338
Total equity	**2,486,570,452**	2,244,954,970
Debt-to-equity ratio	**1.23**	1.58

30. **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 March 31, 2025 and December 31, 2024:

	Unaudited March 31, 2025		Audited December 31, 2024	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets at Amortized Cost				
Cash	**₱353,799,487**	**₱353,799,487**	₱590,140,410	₱590,140,410
Trade and other receivables*	**925,905,195**	**925,905,195**	1,055,671,475	1,055,671,475
Receivable from an insurance company	**70,203,810**	**70,203,810**	70,203,810	70,203,810
Security deposits	**13,493,845**	**13,493,845**	12,928,688	12,928,688
	₱1,363,402,337	**₱1,363,402,337**	₱1,728,944,383	₱1,728,944,383
Financial Liabilities at Amortized Cost				
Trade and other payables**	**₱1,746,899,743**	**₱1,746,899,743**	₱2,243,820,769	₱2,243,820,769
Loans payable	**817,622,633**	**817,622,633**	799,970,490	799,970,490
Lease liabilities	**100,970,301**	**100,970,301**	100,970,301	100,970,301
Cash bond deposits	**63,700,117**	**63,700,117**	66,449,820	66,449,820
	₱2,729,192,794	**₱2,729,192,794**	₱3,211,211,380	₱3,211,211,380

**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), Receivable from an Insurance Company, Security Deposits, Trade and Other Payables (excluding statutory payables), Lease Liabilities 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.

Loans Payable. The fair value of the Group's loans payable were determined by discounting the sum of all future cash flows using the prevailing market rates of interest for instruments with similar maturities.

There have been no transfers between the fair value hierarchy in 2024 and 2023.

31. **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 Accounting Standards. The presentation and classification of segment revenue and expenses are consistent with the interim consolidated statements of comprehensive income. The presentation and classification of segment assets and liabilities are consistent with the interim 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 March 31, 2025 and 2024 (in millions):

	Unaudited March 31, 2025					
	Foods	**Feeds**	**Farms**	**Corporate and Others**	**Eliminations**	**Consolidated**
REVENUES						
Net sale of goods	**₱2,221.9**	**₱1,016.7**	**₱150.6**	**₱–**	**₱344.4**	**₱3,044.8**
Fair value changes on biological assets	**–**	**–**	**151.1**	**–**	**–**	**151.1**
	2,221.9	**1,016.7**	**301.7**	**–**	**344.4**	**3,195.9**
COSTS AND OTHER OPERATING EXPENSES						
Cost of goods sold, excluding depreciation	**2,023.1**	**747.7**	**132.4**	**–**	**344.4**	**2,558.8**
Operating expenses, excluding depreciation and amortization	**43.7**	**64.7**	**6.7**	**130.3**	**–**	**245.4**
Depreciation and amortization	**8.0**	**24.5**	**5.6**	**3.7**	**–**	**41.8**
	2,074.8	**836.9**	**144.7**	**134.1**	**344.4**	**2,846.0**
SEGMENT OPERATING PROFIT (LOSS)	**₱147.2**	**₱179.7**	**₱157.0**	**(₱134.1)**	**₱–**	**₱349.9**
Other income (charges) - net						**(26.1)**
INCOME BEFORE INCOME TAX						**323.8**
Benefit from income tax						**(86.0)**
NET INCOME						**₱237.8**
ASSETS AND LIABILITIES						
Segment assets	**₱1,917.3**	**₱1,789.6**	**₱298.55**	**₱1,782.5**	**₱244.2**	**₱5,544.6**
Segment liabilities	**₱1,168.9**	**₱1,004.1**	**₱183.4**	**₱990.2**	**₱288.7**	**₱3,058.1**
OTHER INFORMATION						
Capital expenditures	**₱–**	**₱31.6**	**₱–**	**₱–**	**₱–**	**₱31.6**
Non-cash expenses other than depreciation and amortization						
Retirement expense	**₱–**	**₱–**	**₱–**	**₱0.0**	**₱–**	**₱0.0**
Provision for expected credit loss	**–**	**–**	**–**	**2.6**	**–**	**2.6**

	Unaudited March 31, 2024					
	Foods	Feeds	Farms	Corporate and Others	Eliminations	Consolidated
REVENUES						
Net sale of goods	₱1,750.9	₱1,067.0	₱88.5	₱–	₱–	₱2,906.4
Fair value changes on biological assets	–	–	30.8	–	–	30.8
	1,750.9	1,067.0	119.3	–	–	2,937.2
COSTS AND OTHER OPERATING EXPENSES						
Cost of goods sold, excluding depreciation	1,755.6	820.6	93.9	–	–	2,670.1
Operating expenses, excluding depreciation and amortization	34.7	39.4	3.0	135.9	–	213.0
Depreciation and amortization	3.7	23.9	–	2.4	–	30.0
	1,794.0	883.9	96.9	138.3	–	2,913.1
SEGMENT OPERATING PROFIT (LOSS)	(₱43.1)	₱183.1	₱22.4	(₱138.3)	₱–	₱24.1
Other income (charges) - net						(13.8)
INCOME BEFORE INCOME TAX						10.3
Benefit from income tax						(9.7)
NET INCOME						₱0.6
ASSETS AND LIABILITIES						
Segment assets	₱1,553.1	₱1,684.7	₱211.5	₱1,697.4	₱–	₱5,146.8
Segment liabilities	₱979.2	₱1,062.1	₱133.4	₱1,070.2	₱–	₱3,244.8
OTHER INFORMATION						
Capital expenditures	₱–	₱37.4	₱–	₱–	₱–	₱37.4
Non-cash expenses other than depreciation and amortization						
Retirement expense	₱–	₱–	₱–	₱0.8	₱–	₱0.8
Provision for expected credit loss	–	–	–	0.7	–	0.7

32. 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

VITARICH CORPORATION AND SUBSIDIARIES

FINANCIAL RATIOS

AS AT MARCH 31, 2025

(With Comparative Figures for 2024)

Below is a schedule showing the financial soundness indicators.

	Formula	**Unaudited March 2025**	Unaudited March 2024	Audited December 2024
Current Ratio				
	Current assets	**₱2,967,676,501**	₱2,668,928,277	₱3,206,286,572
	Divided by: Current liabilities	**2,684,809,432**	2,937,515,676	3,128,802,760
	Current Ratio	**1.105**	0.909	1.025
Debt-to-Equity Ratio				
	Total liabilities	**₱3,058,069,071**	₱3,244,826,814	₱3,538,652,338
	Divided by: Total equity	**2,486,570,452**	1,901,963,037	2,244,954,970
	Debt-to-Equity Ratio	**1.230**	1.706	1.576
Asset-to-Equity Ratio				
	Total assets	**₱5,544,639,523**	₱5,146,789,851	₱5,783,607,308
	Divided by: Total equity	**2,486,570,452**	1,901,963,037	2,244,954,970
	Asset-to-Equity Ratio	**2.230**	2.706	2.576
Interest Rate Coverage Ratio				
	Pretax income before interest	**₱345,897,915**	₱28,798,128	₱393,384,351
	Divided by: Interest expense	**22,153,725**	18,505,339	79,000,617
	Interest Rate Coverage Ratio	**15.614**	1.556	4.980
Gross Profit Margin				
	Gross Profit	**₱607,531,641**	₱245,985,979	₱1,503,647,692
	Divided by: Net sales	**3,044,760,977**	2,906,407,103	12,447,519,619
	Gross Profit Margin	**19.953%**	8.464%	12.080%

	Formula	**Unaudited March 2025**	Unaudited March 2024	Audited December 2024
Earnings before Interest, Tax, Depreciation & Amortization (EBITDA)	Net income	**₱241,615,482**	₱620,959	₱216,588,562
	Add:			
	Interest expense	**22,153,725**	18,505,339	79,000,617
	Taxes	**82,128,708**	9,671,830	97,795,172
	Depreciation and amortization	**41,798,178**	29,972,965	146,515,492
	EBITDA	**₱387,696,093**	₱58,771,093	₱539,899,843
EBITDA Margin				
	EBITDA	**₱387,696,093**	₱58,771,093	₱539,899,843
	Divided by: Net sales	**3,044,760,977**	2,906,407,103	12,447,519,619
	EBITDA Margin	**12.733%**	2.022%	4.337%
Receivable Days Turnover				
	Average accounts receivable (multiplied by 365 days and divided by net sales)	**₱997,988,623**	₱928,294,299	₱989,173,162
	Receivable Days Turnover	**29**	29	29
Inventory Days Turnover				
	Average inventory and livestock (multiplied by 365 days and divided by cost of goods sold)	**₱1,140,633,279**	₱1,001,004,504	₱1,110,744,370
	Inventory Days Turnover	**40**	34	37
Accounts Payable Days				
	Average accounts payable (multiplied by 365 days and divided by credit purchases	**₱1,284,574,285**	₱1,626,556,722	₱1,570,679,698
	Accounts Payable Days	**46**	57	51
Cash Conversion Cycle				
	Days inventory outstanding	**40**	34	37
	Add: Days sales outstanding	**29**	29	29
	Less: Days payable outstanding	**(46)**	(57)	(51)
	Cash Conversion Cycle	**24**	6	15

VITARICH CORPORATION AND SUBSIDIARIES
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF REVISED SRC RULE 68
MARCH 31, 2025
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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 B - The Group has no receivable from directors, officers, employees, and principal stockholders of more than one ₱1 million or 1% of the total assets as at March 31, 2025.
Schedule E - The Group has no long-term loans from related parties as at March 31, 2025.
Schedule F - The Group did not guarantee any securities of other issuers as at March 31, 2024.

VITARICH CORPORATION AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

MARCH 31, 2025

(Amounts in Thousands)

			Deductions			Ending Balance		
Related Party	Balance as at Beginning of Year	Additions	Collections	Write Off	Amounts Written Off	Current	Noncurrent	Balance as at End of Year
Amounts Due from Related Parties								
Barbatos Ventures Corp.	₱236,444	₱127,134	₱27,621	₱–	₱–	₱335,957	₱–	₱335,957

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE D – LONG TERM DEBT
MARCH 31, 2025
(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	₱21,719	7.875%	28 quarterly payments of principal, monthly interest payments	October 30, 2026
Loans payable - China Bank Savings	86,900	12,411	21,719	8.125%	28 quarterly payments of principal, monthly interest payments	November 30, 2026
Loans payable - Asia United Bank	67,000	33,500	47,458	7.750%	24 monthly payments of principal and interest	August 21, 2026
	₱240,800	₱58,322	₱90,896			

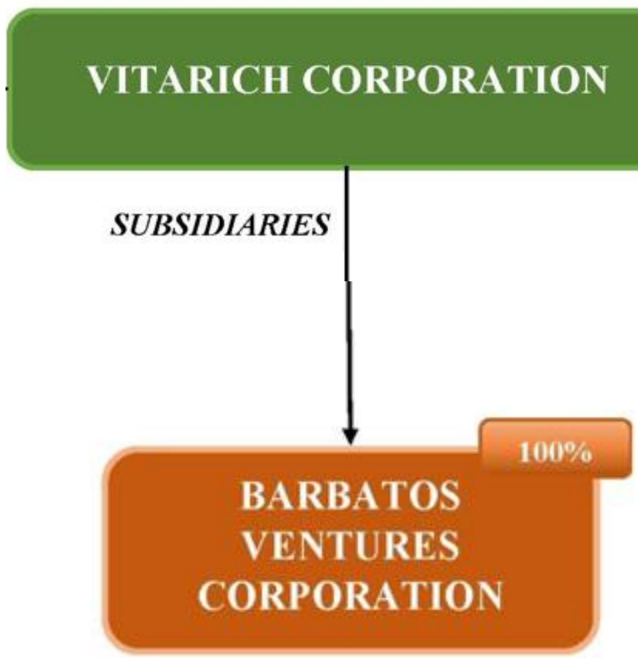
VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE G – CAPITAL STOCK
MARCH 31, 2025
(Amounts in Thousands)

				Number of shares held by		
Title of Issue	**Number of shares authorized**	**Number of shares issued and outstanding as shown under the statement of financial position caption**	**Number of shares reserved for options, warrants, conversion & other rights**	**Related parties**	**Directors, officers and employees**	**Others**
Common stock - ₱0.38 par value per share						
Authorized - 3,500,000,000 shares	3,500,000	3,054,334	–	2,204,171	81,760	768,403

VITARICH CORPORATION AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE GROUP

MARCH 31, 2025



**Currently under liquidation. See Notes to Interim Consolidated Financial Statements*

PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED MARCH 31, 2025

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

		Amount
Deficit as at the beginning of reporting period		(₱56,088,808)
Add: Category A: Items that are directly credited to unappropriated retained earnings		–
Deficit, as adjusted		(56,088,808)
Add: Net income for the current year	234,343,961	
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period - net of deferred income tax		
Fair value changes on biological assets - livestock	(113,351,416)	
Adjusted net income		120,992,545
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Unrealized fair value changes on biological assets - livestock in 2024, realized in 2025 - net of deferred income tax	68,827,209	
Net movement of unrealized foreign exchange - net of deferred income tax	(41,923)	
Net movement on set-up of ROU assets and lease liabilities - net of deferred income tax	(9,591)	
Net movement of deferred tax assets not considered in the reconciling items under the previous categories	(652,314)	68,123,381
Surplus as at the end of reporting period		**₱133,027,118**

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