COVER SHEET

for

UNAUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	0	1	2	9	9	8

COMPANY NAME

R	F	M		C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U	B	S	I	D	I	A	R	I
E	S																												

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

R	F	M		C	O	R	P	O	R	A	T	E		C	E	N	T	E	R	,		P	I	O	N	E	E	R	
C	O	R	N	E	R		S	H	E	R	I	D	A	N		S	T	R	E	E	T	S	,		M	A	N	D	A
L	U	Y	O	N	G		C	I	T	Y																			

Form Type

1	7	-	Q

Department requiring the report

S	E	C	

Secondary License Type, If Applicable

N	/	A	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
rfmmail@rfm.com.ph	(02) 8631-8101	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
3,087	June 14	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
Enrique Oliver I. Rey-Matias	eoirey-matias@rfm.com.ph	(02) 8631-8101	N/A

CONTACT PERSON's ADDRESS

RFM Corporate Center, Pioneer corner Sheridan Streets, Mandaluyong City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **MARCH 31, 2024**

2. Commission Identification Number: **12998** 3. BIR Tax Identification Number: **000-064-134-000**

4. Exact name of Registrant as specified in its charter: **RFM CORPORATION**

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

6. _____ (SEC Use Only)
Industry Classification Code

7. **RFM Corporate Center, Pioneer corner and Sheridan Streets, Mandaluyong City** **1550**
Address of Registrant's principal office Postal Code

8. **0632-8631-81-01**
Registrant's telephone number, including area code

9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Issued and Outstanding
Common Stock, ₱1.00 par value	**3,369,549,358**

11. Are any or all of these securities listed in the Philippine Stock Exchange?

Yes [✓] No [ ]

All of RFM Corporation's common shares are listed at the Philippine Stock Exchange.

12. Indicate by check mark whether the Registrant:

a. has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines (CCP) during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports): [Note: Sec. 26 of the CCP deals with reporting of election of directors or officers to the SEC; Sec. 141 with the submission of financial statements to the SEC.]

Yes [✓] No [ ]

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

Yes [✓] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The consolidated financial statements are filed as part of this form 17-Q, pages 6 to 43 and are incorporated herein by reference to said quarterly report.

Item 2. Management's Discussion and Analyses of Results of Operations and Financial Condition

Analysis of Results of Operations

First Quarter 2024 vs. First Quarter 2023

RFM Corporation's net revenue for the 1st quarter of 2024 grew by 2% to Php4.4 billion. Both Institutional and Consumer segments delivered topline growth. Net Income of Php202 million for the quarter is higher by 47% as we recover from last year's significantly high input costs.

The key financial performance indicators for the Company for the three-month period ended March 31, 2024 as compared to the same period in 2023, are as follows:

Key Financial Performance Indicators (Amounts in Millions)*	For the Quarter Ended	
	March 31, 2024	March 31, 2023
Net Revenues	**₱4,397**	₱4,295
Net Operating Margin	**291**	213
Net Income	**202**	137
EBITDA	**679**	376
Current Ratio	**1.06**	1.21

** Except current ratio*

1. **Net Revenues**
   This is the barometer of the general demand for the Company's products, reflecting their market acceptability vis-à-vis competition particularly in terms of quality, pricing, and image and perception, as well as availability of the products at the point of purchase market locations. This is of primary importance, and is regularly being monitored for appropriate action and/or improvement.

2. **Net Operating Margin**
   This shows the financial profitability of the primary products of the Company, after deducting the expenses related to their manufacture, distribution, and sale, as well as the general administrative costs in running the business.

3. **Net Income**
   This shows the over-all financial profitability of the Company, including the sale of primary and non-primary products and all other assets, after deducting all costs and expenses, interest expenses on debts and interest income on investments, as well as equity in net earnings or losses of associates.

4. **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)**
   This is a general yet reasonable representation of the cash generated by the Company from its current business operations that can then be made available for payment of loan interests, loan principal amortization, and taxes; and any further amount in excess becomes the Company's cash profit.

5. Current Ratio

This determines the Company's ability to meet its currently maturing obligations using its current resources.

Analysis of Financial Condition and Balance Sheet Accounts

As of March 31, 2024, the Group's total assets decreased from last year's Php23.00 billion to Php22.89 billion due to decrease in accounts receivables during the quarter. The total liabilities increased from last year's Php8.39 billion to Php8.43 billion due to higher trade payables.

The Group has a current ratio of 1.06 and 1.25 on March 31, 2024 and December 31, 2023, respectively.

Notes to Financial Statements

The Company's financial statements for the first calendar quarter have been prepared in accordance with Philippine Financial Reporting Standards. The same accounting policies and methods of computation used are consistent with the most recent audited financial statements.

The Company discloses the following:

(a) There are no unusual items as to the nature and amount affecting assets, liabilities, equity, net income, or cash flows, except those stated in Management's Discussion and Analysis of Results of Operations and Financial Condition;.

(b) There are no material changes in estimates of amounts reported in prior financial periods, other than those disclosed in the most recent audited financial statements;

(c) Except as disclosed, there are no known trends, demand, commitments, events or uncertainties that may have an impact on sales and income from continuing operations;

(d) There are no issuances, repurchases and repayments of debt and equity securities other than mentioned;

(e) There are no known trends, demands, commitments, events or uncertainties that will have material impact on the Company's liquidity nor have a favorable or unfavorable impact on revenues or income from continuing operations;

(f) There are no dividends paid separately for ordinary shares and other shares;

(g) There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements;

(h) Other than mentioned, there are no material changes in the business composition of the Company during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations;

There is no change in contingent liabilities since the most recent audited financial statements;

(i) There were no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that remain outstanding as of March 31, 2024;

(j) There were no material off-balance sheet transactions, arrangements, obligations, and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

PART II – OTHER INFORMATION

The Company has no other pertinent information to disclose in this quarterly report.

SIGNATURES

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

RFM CORPORATION
Registrant

ENRIQUE OLIVER I. REY MATIAS
Vice President – Chief Financial Officer

EVANGELINE L. CABALLA
AVP and Group Controller

Dated: **April 30, 2024**

RFM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Millions)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱2,259**	₱3,285
Receivables (Note 6)	**1,573**	2,027
Inventories (Note 7)	**3,838**	3,156
Financial assets at fair value through other comprehensive income (FVOCI) (Note 9)	**–**	546
Other current assets (Note 8)	**366**	222
Total Current Assets	**₱8,036**	₱9,236
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Note 9)	**2,275**	1,316
Investments in joint venture and associate	**150**	133
Property, plant and equipment (Note 10):		
At appraised value	**4,865**	4,865
At cost	**5,031**	4,824
Intangible assets	**2,272**	2,290
Net retirement asset	**(8)**	–
Other noncurrent assets (Note 12)	**269**	344
Total Noncurrent Assets	**14,854**	13,772
TOTAL ASSETS	**₱22,890**	₱23,008
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	**₱775**	₱897
Accounts payable and other current liabilities (Notes 13)	**6,653**	6,441
Lease liabilities	**126**	64
Total Current Liabilities	**7,554**	7,402
Noncurrent Liabilities		
Lease liabilities - net of current portion	**149**	225
Other noncurrent liabilities (Notes 14)	**725**	768
Total Noncurrent Liabilities	**874**	993
Total Liabilities	**8,428**	8,395

(Forward)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 15)	**₱3,651**	₱3,651
Additional paid-in capital (Note 15)	**2,060**	2,060
Treasury stock (Note 15)	**(759)**	(759)
Other comprehensive income	**2,858**	2,902
Retained earnings (Note 15)	**6,671**	6,776
	14,481	14,630
Non-controlling Interests	**(19)**	(17)
Total Equity	**14,462**	14,613
TOTAL LIABILITIES AND EQUITY	**₱22,890**	₱23,008

See accompanying Notes to Unaudited Consolidated Financial Statements.

RFM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Millions, Except Per Share Data)

	For the Quarter Ended March 31	
	2024	2023
NET REVENUES	**₱4,397**	₱4,295
DIRECT COSTS AND EXPENSES	**(2,900)**	(3,163)
GROSS PROFIT	**1,497**	1,132
SELLING AND MARKETING EXPENSES	**(842)**	(747)
GENERAL AND ADMINISTRATIVE EXPENSES	**(364)**	(172)
NET OPERATING INCOME	**291**	213
OTHER INCOME (CHARGES) - Net (Note 20)	**13**	9
INCOME BEFORE PROVISION FOR INCOME TAX	**304**	222
PROVISION FOR INCOME TAX	**(102)**	(85)
NET INCOME	**₱202**	₱137
Attributable to:		
Equity holders of the Parent Company	**₱200**	₱135
Minority interests (Note 2)	**2**	2
	₱202	₱ 137
Basic/Diluted Earnings Per Share (Note 21)	**₱0.06**	₱0.04

See accompanying Notes to Unaudited Consolidated Financial Statements.

RFM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Millions)

	For the Quarter Ended March 31	
	2024	2023
NET INCOME	**₱202**	₱137
OTHER COMPREHENSIVE INCOME	**–**	–
Total comprehensive income for the period	**₱202**	₱ 137
Attributable to:		
Equity holders of the Parent Company	**₱200**	₱ 135
Minority interests (Note 2)	**2**	2
	₱202	₱137

See accompanying Notes to Unaudited Consolidated Financial Statements.

RFM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Millions)

	Equity Attributable to Equity Holders of the Parent Company									
	Capital Stock (Note 15)	**Additional Paid-in Capital** (Note 15)	**Treasury Stock** (Note 15)	**Equity Reserve**	**Unrealized Gain on Financial Assets at FVOCI**	**Revaluation Increment on Land** (Note 10)	**Retained Earnings** (Note 15)	**Subtotal**	**Non-controlling Interests**	**Total Equity**
As of January 1, 2024 (Audited)	**₱3,651**	**₱2,060**	**(₱759)**	**(₱23)**	**(₱128)**	**₱3,009**	**₱6,719**	**₱14,529**	**(₱17)**	**₱14,512**
Net income for the period	–	–	–	–	–	–	**202**	**202**	**(2)**	**200**
Cash Dividends	–	–	–	–	–	–	**(250)**	**(250)**	–	**(250)**
Purchase of shares into treasury	–	–	–	–	–	–	–	–	–	–
Sale of treasury stock	–	–	–	–	–	–	–	–	–	–
Issuance of shares	–	–	–	–	–	–	–	–	–	–
As of March 31, 2024 (Unaudited)	**₱3,651**	**₱2,060**	**(₱759)**	**(₱23)**	**(₱128)**	**₱3,009**	**₱6,671**	**₱14,481**	**(₱19)**	**₱14,462**
As of January 1, 2023 (Audited)	₱3,651	₱2,060	(₱759)	(₱23)	(₱128)	₱2,245	₱6,378	₱13,424	(₱17)	₱13,407
Net income for the period	–	–	–	–	–	–	137	137	(2)	135
Cash Dividends	–	–	–	–	–	–	(350)	(350)	–	(350)
Purchase of shares into treasury	–	–	–	–	–	–	–	–	–	–
Sale of treasury stock	–	–	–	–	–	–	–	–	–	–
Issuance of shares	–	–	–	–	–	–	–	–	–	–
As of March 31, 2023 (Unaudited)	₱3,651	₱2,060	(₱759)	(₱23)	(₱128)	₱2,245	₱6,165	₱13,211	(₱19)	₱13,192

RFM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Millions)

	For the Period Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱304**	₱221
Adjustments for:		
Depreciation and amortization	**388**	163
Operating income before working capital changes	**692**	384
Decrease (increase) in:		
Accounts receivable	**454**	266
Inventories	**(682)**	(773)
Other current assets	**(144)**	(423)
Decrease in accounts payable and accrued liabilities	**234**	237
Income tax paid	**(148)**	(122)
Net cash generated from operations	**406**	(431)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment, net	**(595)**	(177)
Decrease (increase) in:		
Other noncurrent assets	**67**	55
Financial Assets at FVOCI	**(414)**	(174)
Net cash from (used in) investing activities	**(942)**	(296)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of bank loans	**(122)**	(100)
Dividends paid	**(309)**	(353)
Purchase of treasury stock	**–**	–
Increase in minority interests and other noncurrent liabilities	**(59)**	(25)
Net cash used in financing activities	**(490)**	(478)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,026)**	(1,205)
CASH AND CASH EQUIVALENTS, JANUARY 1	**3,285**	3,505
CASH AND CASH EQUIVALENTS, MARCH 31	**₱2,259**	₱2,300

See accompanying Notes to Unaudited Consolidated Financial Statements.

1. Corporate Information and Authorization for the Issuance of the Consolidated Financial Statements

Corporate Information

RFM Corporation (the Parent Company) was incorporated on August 16, 1957 and registered with the Philippine Securities and Exchange Commission (SEC). On July 9, 2007, the SEC approved the extension of the Company's corporate life from August 22, 2007 to October 13, 2056. However, under the Revised Corporation Code of the Philippines, the Company shall have a perpetual corporate life. The Parent Company is a public company under Section 17.2 of the Securities Regulation Code (SRC) and its shares are listed on the Philippine Stock Exchange (PSE) since 1966. The Parent Company is mainly involved in the manufacturing, processing and selling of wheat, flour and flour products, pasta, milk, juices, margarine, and other food and beverage products. The Parent Company and its subsidiaries are collectively referred to herein as the Group. The principal office address of the Parent Company is RFM Corporate Center, Pioneer corner Sheridan Streets, Mandaluyong City.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared using the historical cost basis, except for the Group's parcels of land, which are stated at appraised values, net retirement liability which is measured at present value of the defined benefit obligations less fair value of the plan assets and financial assets at FVOCI which are measured at fair values. The consolidated financial statements are presented in Philippine Peso (₱), which is the Parent Company and its subsidiaries' functional currency. All values are rounded off to the nearest million pesos (₱000), except for the number of shares or when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with the financial reporting framework as allowed by the SEC which represents Philippine Financial Reporting Standards (PFRSs) except PFRS 11, *Joint Arrangements*, with respect to the Parent Company's investment in Unilever RFM Ice Cream, Inc. (URICI) (see Note 11).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as of March 31, 2024 and 2023 and for the period ended March 31, 2024 and 2023.

The consolidated subsidiaries, which are all incorporated in the Philippines, and the effective percentages of ownership as of March 31, 2024 and 2023 are as follows:

Entity	Nature of Business	Percentage of Ownership
RFM Equities, Inc. (REI)	Holding	100.00
RFM Foods Philippines Corporation (RFM Foods)*	Food retailer	100.00
Southstar Bottled Water Company, Inc. (Southstar)*	Bottled water business	100.00
Swift Tuna Corporation (Swift Tuna)*	Manufacturing	100.00
Rizal Lighterage Corporation (RLC)	Barging services	91.62
FWBC Holdings, Inc.*	Holding company	83.38
Filipinas Water Bottling Company, Inc. (FWBC)*	Bottled water manufacturing	44.88
RFM Canning and Marketing, Inc. (RFM Canning)*	Canning services	70.00
WS Holdings, Inc. (WHI)	Holding company	60.00

**Dormant*

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the consolidated financial statements.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments had no impact on the Group's financial statements because the Group's accounting policies are aligned with the amendments to PAS 8.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

- Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes

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

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current
- Amendments to PFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to PAS 7 and PFRS 7, Disclosures: Supplier Finance Arrangements

Effective beginning on or after January 1, 2025

- PFRS 17, Insurance Contracts
- Amendments to PAS 21, Lack of exchangeability

Deferred effectivity

- Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Summary of Material Accounting Policy Information

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification.

An asset is current when it is:

a. Expected to be realized or intended to be sold or consumed in normal operating cycle;
b. Held primarily for the purpose of trading;
c. Expected to be realized within twelve months after the reporting period; or
d. Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets, including deferred taxes, as noncurrent.

A liability is current when:

a. It is expected to be settled in normal operating cycle;
b. It is held primarily for the purpose of trading;
c. It is due to be settled within twelve months after the reporting period; or
d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities, including deferred taxes, as noncurrent.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the 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. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy.

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

At each reporting date, management analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

Cash and Cash Equivalents

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

Financial Instruments

Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame by regulation or convention in the market place are recognized on the settlement date.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group's financial assets and financial liabilities consist of amortized cost, at FVOCI and other financial liabilities.

Initial recognition and classification of financial instruments
All financial instruments are initially recognized at fair value. Except for financial instruments at FVTPL, the initial measurement of financial instruments includes transaction costs.

Financial Instruments - Classification and Subsequent Measurement
The Group classifies and measures financial assets at FVTPL unless these are measured at FVOCI or at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing those financial assets.

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

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

- Financial assets at amortized cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (FVOCI)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition

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

As of December 31, 2023 and 2022, the Group's financial assets at amortized cost include cash and cash equivalents, and trade and other receivables.

Financial assets at FVOCI
Financial assets at FVOCI include debt securities. After initial measurement, financial assets at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of investment securities at FVOCI are excluded, net of tax as applicable, from the reported earnings and are included in the consolidated statement of comprehensive income as 'Unrealized gain (loss) on financial assets at FVOCI'.

The effective yield component of debt securities at FVOCI, as well as the impact of restatement on foreign currency denominated debt securities at FVOCI, is reported in the consolidated statement of income. Interest earned on holding debt securities as FVOCI are reported as 'Interest income' in the consolidated statement of income using the effective interest rate (EIR) method. When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the consolidated statement of comprehensive income is recognized in the consolidated statement of income. The ECL arising from impairment of such investments are recognized in OCI with a corresponding charge to 'Provision for credit losses' in the consolidated statement of income.

As of December 31, 2023 and 2022, the Group's financial assets consist of financial assets at amortized cost and FVOCI with recycling of cumulative gains and losses.

Initial recognition and measurement of financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs. As of December 31, 2023 and 2022, the Group's financial liabilities include accounts payable and other current liabilities (excluding payables to government agencies), bank loans and lease liabilities.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
• Financial liabilities at fair value through profit or loss
• Financial liabilities at amortized cost (loans and borrowings)

Subsequent measurement - other financial liabilities
This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. These include liabilities arising from operations. These financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the EIR method of amortization (or accretion) for any related premium, discount and any directly attributable transaction cost.

Impairment of Financial Assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For cash and cash equivalents and short-term cash investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's and Moody's to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs. The Group considers a debt investment security to have a low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

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

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables in default when contractual payments are already past due for a certain number of days, which depends on the normal customer arrangements and business terms and varies across relevant business segment/sub-segment of the Group, ranging from 90 days to 360 days, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default. However, in certain cases, the Group may also consider trade receivables to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are also recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

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

This policy is applicable to Group's financial assets except for trade receivables, for which the Group applies a simplified approach in calculating ECLs.

Write-off policy
The Group writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in the consolidated statement of income.

Derecognition of Financial Assets and Financial Liabilities

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

- the Group's right to receive cash flows from the asset has expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred or retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the 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. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

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

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing the product to its present location and condition are accounted for as follows:

Finished goods	- determined using the moving average method; cost includes direct materials, direct labor and a proportion of manufacturing overhead costs based on normal operating capacity.
Goods in process	- applicable allocation of fixed and variable overhead costs.
Raw materials, spare parts and supplies	- purchase cost using the moving average method.

NRV of finished goods and goods in process is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. For raw materials, NRV is the current replacement cost. In case of spare parts and supplies, NRV is the estimated realizable value of the inventories when disposed of at their condition at the reporting date. An allowance for inventory obsolescence is provided for slow-moving, obsolete, defective and damaged inventories based on physical inspection and management evaluation.

Other Current Assets
Other current assets include prepaid expenses, deposit on purchases of inventories, tax credits and input VAT.

Prepaid expenses. These are expenses paid in advance and recorded as asset before they are utilized. Prepaid expenses that are expected to be realized for no more than 12 months after the reporting date are classified as current assets; otherwise, these are classified as other noncurrent assets.

Deposit on purchases of inventories. This account comprises of advance payments to suppliers for payments on goods to be purchased in connection with the Group's operations. These are reclassified as part of inventory upon delivery of the related asset.

Property, Plant and Equipment
Property, plant and equipment, except land, are stated at cost less accumulated depreciation and amortization, and any impairment in value. The initial cost of items of property, plant and equipment consists of its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the consolidated statement of income in the period 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 an additional cost of the item of property, plant and equipment.

Land is stated at fair value based on a valuation performed by an accredited independent appraiser. Any increase, as a result of revaluation of land, is credited to "Revaluation increment on land" account, net of deferred income tax effect, and presented under the equity section of the consolidated statement of financial position.

Revaluation of land is made periodically such that the carrying amount does not differ materially from that which would be determined using the fair value at the reporting date. For subsequent revaluations, any resulting increase in the assets' carrying amount as a result of the revaluation is credited to "Revaluation increment on land" account, net of deferred income tax effect, in the consolidated statement of comprehnsive income.
Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of Years
Land improvements	10 to 20
Silos, buildings and improvements	10 to 40
Machinery and equipment	10 to 25
Transportation and delivery equipment	5
Office furniture and fixtures	2 to 5

Leasehold improvements recognized under "Silos, buildings and improvements" are depreciated over the life of the assets or the lease term, whichever is shorter.

Construction in progress are properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, which are carried at cost less any recognized impairment loss. Construction in progress are reclassified into appropriate class of property, plant and equipment when the relevant assets are completed and available for use.

Depreciation and amortization of an item of property, plant and equipment begin when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date the asset is derecognized.

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.

Property, plant and equipment are derecognized when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefits expected from its use or disposal.

Right of use assets
The Group's policy is to classify ROU assets as part of Property, Plant and Equipment account. The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Unless the Group is reasonably to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets on warehouses and plant and equipment are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term, as follows:

	Number of Years
ROU assets Land and Warehouse	2 to 30
ROU assets Plant and Equipment	1 to 5

ROU assets are subject to impairment.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

The estimated useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

As of March 31, 2024 and December 31, 2023, the Group's intangible assets consist of trademark with indefinite useful life and computer software that is amortized over three years using the straight-line method. The amortization expense on computer software is recognized in the expense category in the consolidated statement of income consistent with the its function.

Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU), or group of CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount of the CGU or group of CGUs to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its impairment test of goodwill annually every reporting date.

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

Investments in Joint Ventures and Associate

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

An associate is an entity over which the Group has significant influence.

The Group's investments in joint venture and associate are accounted for using the equity method except for its investment in URICI, a joint venture, which is accounted for using the proportionate consolidation method as permitted by the SEC. This method involves consolidating a proportionate share of the joint venture's assets, liabilities, income and expenses with similar items in the Group's consolidated financial statements on a line-by-line basis.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of income reflects the Group's share of the financial performance of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes

in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of income under "Other income (charges)" and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Impairment of Noncurrent Nonfinancial Assets

The carrying values of property, plant and equipment, intangible assets (except trademark) and investments in subsidiaries, joint ventures and an associate are reviewed for impairment when event or changes in circumstances indicate that the carrying values may not be recoverable. Trademark and goodwill are tested for impairment at least annually or when there is an identified indicator of impairment. If any such indication exists or where the carrying value exceeds the recoverable amount, the assets or cash-generating units (CGUs) are written down to their recoverable amount. The recoverable amount of these noncurrent nonfinancial assets is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses, if any, are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

The Group determines whether it is necessary to recognize an impairment loss on its investment in an associate and joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investments in the associate and joint venture are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss in the consolidated statement of income.

Previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the recoverable amount of an asset, but not, however, to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had there been no impairment loss recognized for the asset in prior years. A reversal of an impairment loss is recognized in the consolidated statement of income.

Equity

Capital Stock

Capital stock is stated at par value for all shares issued and outstanding. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. Direct costs incurred related to equity issuance, such as

underwriting, accounting and legal fees, printing costs and taxes are charged to the "Additional paid- in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case shares are issued to extinguish or to settle the liability of the Group, the share shall be measured at either the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Treasury Stock
Own equity instruments which are reacquired (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying value and the consideration, if reissued, is recognized in the "Additional paid-in capital" account. The cost of treasury stock sold or cancelled is determined on a first-in, first-out basis.

When the shares are retired, the capital stock account is reduced by its par value, and the excess of cost over par value upon retirement is debited to "Additional paid-in capital" to the extent of the specific or average additional paid-in capital when the shares were issued and to the retained earnings for the remaining balance.

Equity Reserve
Equity reserve include effect of merger with subsidiaries with non-controlling interest and the Parent Company. Equity reserve is derecognized when the subsidiary is deconsolidated, which is the date on which control ceases.

Retained Earnings
Retained earnings represent the cumulative balance of periodic net income or loss, dividend distribution, effect of changes in accounting policy and other capital adjustments.

Dividends on Common Shares
Cash and property dividends on common shares are recognized as liability and deducted from equity when approved and declared by the BOD of the Parent Company.

Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting period.

Earnings per Share (EPS)
Basic EPS is computed by dividing net income for the year attributable to equity holders of the Group by the weighted average number of common shares issued and outstanding during the year.

Diluted EPS is calculated in the same manner, adjusted for the effects of any potential dilutive common shares. Where the effect of the potential dilutive common shares would be anti-dilutive, basic and diluted earnings per share are stated at the same amount.

The Group does not have potential dilutive common shares in 2023, 2022 and 2021.

Revenue Recognition

Revenue from Contracts with Customers

The Group primarily derives its revenue from the sale of goods and rendering of services from manufacturing and service operations, respectively. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

Sale of goods (Manufacturing)

The Group enters into a contract with customer through approved purchased orders and trading term agreements which constitute valid contracts as specific details such as the quantity, price, contract terms and their respective obligations are clearly identified in the contracts.

Revenue from sale of goods is recognized at a point in time generally, on the time of delivery of the goods to the customer except for institutional division sales of flour and buns, which are recognized at the time the goods are dispatched from the warehouses.

Revenue recognized comprises of the invoice price of goods delivered after the deduction of estimated variable considerations and considerations paid/payable to customers. Variable considerations such as discounts, rebates, returns, sales incentives, and other adjustments are provided for in the period the related sales are recorded. Accumulated experience is used to estimate the provision for discounts, using the most likely amount method; revenue is only recognized to the extent that it is highly probable a significant reversal will not occur.

Sale of services (Service)

Revenue, net of any incentives, is generally recognized over the time the services since as the entity performs, the customer simultaneously receives and consumes the benefits provided by the performance. The Company has determined that the output method used faithfully depicts the performance of the services.

Revenue not in scope under PFRS 15

Rent

Rent income is recognized on a straight-line basis over the terms of the lease.

Interest and financing income

Interest income is recognized as the interest accrues using the EIR method.

Dividend income

Dividend income on investments in shares of stock is recognized when the Group's right to receive the payment is established, which is the date when the dividend declaration is approved by the investee's BOD and/or the stockholders.

Cost of Goods Sold
Cost of goods sold is recognized when the related goods are sold.

Selling and Marketing and General and Administrative Expenses
Selling and marketing expenses are costs incurred to sell or distribute the goods. It includes export and documentation processing and delivery, among others. General and administrative expenses constitute costs of administering the business. These are expensed as incurred.

Short-term Employee Benefits
Short-term employee benefits include salaries and wages, vacation leave and sick leave benefits and other benefits that are expected to be settled wholly before 12 months after the end of the reporting period in which the employees render the related services. These are recognized in the consolidated statements of income in the appropriate expense categories.

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

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

Retirement benefit costs comprise the following:

a) Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements.
(b) Net interest expense or income, which is calculated by applying the discount rate to the net defined benefit liability or asset

Service costs and net interest on the net defined benefit liability or asset are recognized as expense in the statement of comprehensive income

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

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they

have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Leases

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

The Group as a lessee
Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

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

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to its leases of other equipment that are considered of low value. Lease payments on short-term leases and leases of low- value assets are recognized as expense on a straight-line basis over the lease term.

The Group as lessor
Leases where the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. A lessor shall recognize lease payments from operating leases as income on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging 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 are recognized as revenue in the period in which they are earned.

Foreign Currency Transactions and Translations
Transactions denominated in foreign currencies are recorded using the foreign exchange rate at the date of the transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are translated using the closing foreign exchange rate at the reporting date. All differences are taken to the consolidated statement of income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Income Taxes

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used as basis to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred income tax
Deferred income tax is provided, using the liability method, 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 income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credit from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) [excess MCIT], and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused excess MCIT and NOLCO can be utilized.

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

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply 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.

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

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

Segment Reporting
The Group’s operating businesses are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Provision and Contingencies
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The expense relating to any provision is presented in the consolidated statement of income, net of reimbursement. If the effect of the time value of money is material, provisions are discounted using the current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

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

Events After the Reporting Date
Events after the reporting date that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to consolidated financial statement when material.

3. Management's Use of Significant Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to exercise judgment, make accounting estimates and use assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from the estimates and assumptions used. The effect of any change in estimates or assumptions is reflected in the consolidated financial statements when they become reasonably determinable.

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

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

Impairment of trademark and goodwill
The Group reviews for impairment the carrying value of trademark and goodwill annually every reporting period. For purposes of impairment testing of trademark and goodwill, the most appropriate valuation approach used is based on the circumstances relevant to the Group and based on the extent of available information. The Group determined that the recoverable amount of the trademark with infinite useful life is fair value less cost of disposal wherein fair value is determined using the relief

from royalty method. The recoverable amount of the trademark was calculated using cashflow projections from financial budgets, discount rate, revenue growth rates, budgeted brand support and royalty savings rate arising from the ownership of the trademark.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. The Group determined that the recoverable amount of the goodwill is VIU. VIU calculation is based on a discounted cash flow model. The recoverable amount is sensitive to the discount rate used and the expected future cash in-flows and the growth rates. Assessments require the use of estimates and assumptions such as discount rates, revenue growth rates, maintenance capital expenditures and projected operating expenses. If the recoverable amount of the unit exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU shall be regarded as not impaired. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount of the CGU or group of CGUs to which goodwill has been allocated, an impairment loss is recognized.

No impairment losses were recognized for trademark and goodwill in 2024, 2023 and 2022.

Valuation of land under revaluation basis
The Group's parcels of land are carried at revalued amounts, which approximate their fair values at the date of the revaluation, less any subsequent accumulated impairment losses. The revaluation is performed by professionally qualified appraisers and uses the Sales Comparison Approach (see Note 12). Revaluations are made every three to five years to ensure that the carrying amounts do not differ materially from those which would be determined using fair values at the reporting date.

As of March 31, 2024 and December 31, 2023, the carrying values of parcels of land carried at revalued amounts amounted to ₱4,865.21 million.

Leases - Estimating the Incremental Borrowing Rate (IBR)
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as risk-free interest rates) when available and is required to make certain entity-specific estimates (such as the Group's stand-alone credit risk rating).

The Group's lease liabilities amounted to ₱274.60 million and ₱289.15 million as of March 31, 2024 and December 31, 2023, respectively.

Estimation of expected credit losses.
ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, or an approximation thereof. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Estimation of useful lives of property, plant and equipment (excluding ROU assets)

The Group estimates the useful lives of depreciable property, plant and equipment based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets.

Estimated useful lives are based on the periods over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and legal or other limits on the use of the assets. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property, plant and equipment would increase the recorded operating expenses and decrease the carrying value of the assets and vice versa.

There had been no changes in the estimated useful lives of property, plant and equipment in 2024 and 2023. The carrying values of property, plant and equipment are disclosed in Note 12 to the consolidated financial statements.

Recognition of deferred income tax assets
The Group reviews the carrying amounts of deferred income tax assets at each reporting date and adjusts the balance of deferred income tax assets to the extent that it is probable that the Group will be able to utilize the tax benefits arising from these deferred income tax assets and that sufficient future taxable profits are available for the utilization of the deferred income tax assets recognized.

Estimation of retirement benefit obligation
The determination of the Group's retirement benefit obligation depends on the selection by management of certain assumptions used by the actuary in calculating such amounts.

Net retirement asset amounted to ₱7.64 million and no value as of March 31, 2024 and December 31, 2023, repectively and net retirement obligation amounted to ₱12.12 million and ₱11.23 million as of March 31, 2024 and December 31, 2023, respectively.

4. Segment Information and Revenue from Contracts with Customers

The Group's management reports its operating business segments into the following: (a) consumer business, (b) institutional business, and (c) other operations. The consumer business segment manufactures ice cream products, milk and juices, and sells the latter together with pasta and rice-based mixes. The institutional business segment primarily manufactures flour and bread products, pasta and rice-based mixes but only sells flour and bread products. Other segments consist of lighterage, office space leasing and other services shown in aggregate as "Other operations". These are the operating segments reported to the chief operating decision maker.

The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. All operating business segments used by the Group meet the definition of reportable segment under PFRS 8, *Segment Reporting*.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment, net of allowances and provisions. Segment

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of trade, wages and taxes currently payable and accrued liabilities.

Intersegment transactions, i.e., segment revenues and segment expenses, include transfers between business segments. Those transfers are eliminated in consolidation and reflected in the "eliminations" column.

The Group does not have a single external customer from which revenue generated amounted to 10% or more of the total revenue of the Group.

Information with regard to the Group's significant business segments follows:

	For the Quarter Ended March 31, 2024				
	Institutional Business	Consumer Business	Other Businesses	Eliminations	**Consolidated**
Net sales					
External sales	**P1,318**	**P3,072**	**P7**	**P–**	**P4,397**
Intersegment sales	**–**	**–**	**2**	**(2)**	**–**
	P1,318	**P3,072**	**P9**	**(P2)**	**P4,397**
Results					
Income from operations	**P192**	**P195**	**(P96)**	**–**	**P291**
Other income (charges) - net					**13**
Provision for income tax					**(102)**
Net income					**202**
Other information					
Segment assets	**P31,509**	**P62,947**	**P22,709**	**(P93,982)**	**P23,183**
Investments	**–**	**–**	**68**	**(361)**	**(293)**
Consolidated Total Assets	**P31,509**	**P62,947**	**P22,777**	**(P74,343)**	**P22,890**
Consolidated Total Liabilities					**P8,428**
Depreciation and amortization					**P388**

	For the Quarter Ended March 31, 2023				
	Institutional Business	Consumer Business	Other Businesses	Eliminations	**Consolidated**
Net sales					
External sales	**P1,392**	**P2,894**	**P9**	**P–**	**P4,295**
Intersegment sales	**–**	**–**	**7**	**(7)**	**–**
	P1,392	**P2,894**	**P16**	**(P7)**	**P4,295**
Results					
Income from operations	**P6**	**P198**	**P9**	**–**	**P213**
Other income (charges) - net					**9**
Provision for income tax					**(85)**
Net income					**137**
Other information					
Segment assets	**P22,235**	**P49,796**	**P19,880**	**(P70,895)**	**P21,016**
Investments	**–**	**–**	**67**	**(371)**	**(304)**
Consolidated Total Assets	**P22,235**	**P49,796**	**P19,947**	**(P71,266)**	**P20,712**
Consolidated Total Liabilities					**P7,520**
Depreciation and amortization					**P163**

5. Cash and Cash Equivalents and Short-term Cash Investments

Cash and cash equivalents

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash on hand and in banks	**₱1,224**	₱1,431
Cash equivalents	**1,035**	869
	₱2,259	₱2,300

6. Accounts Receivables

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade receivables	**₱1,827**	₱1,692
Advances to related parties	**157**	162
Other receivables	**77**	152
	₱2,061	**₱**2,006
Less: Allowance for doubtful accounts	**488**	491
	₱1,573	₱1,515

This Trade receivables are noninterest-bearing and are generally on a 30 to 60 days term. Nontrade receivables include amounts owed by third parties for transfer of raw materials and are generally on 30 to 120 days term.

7. Inventories

This account includes finished goods and goods in process, raw materials, and spare parts and supplies.

8. Other Current Assets

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Prepaid expenses	**₱35**	₱33
Deposits on purchases	**22**	376
Creditable withholding taxes	**180**	83
Input VAT	**7**	5
Others	**122**	127
	₱366	₱624

Others include advances given to key customers to ensure full alignment and execution of the strategic joint business plan of URICI and the customers.

9. Financial assets at FVOCI

Financial assets at FVOCI
The Group's financial assets at FVOCI consists of various government and corporate debt securities amounting to ₱2,274.80 million and ₱1,861.98 million as of March 31, 2024 and December 31, 2023, respectively. These securities have maturity terms ranging from less than a year to 4 years.

10. Property, Plant and Equipment

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Property, plant and equipment		
At cost	**₱5,031**	₱4,163
At appraised value	**₱4,865**	₱3,552
	₱9,896	₱7,715

Land
As of March 31, 2024 and December 31, 2023, the aggregate fair values of land amounted to ₱4,865.21 million. The fair values of land were determined on December 31, 2023 and December 31, 2020, respectively, using the Market Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may be considered. Factors such as the property location, desirability, neighborhood, utility, size, terrain and the time element are involved in estimating the market value of the land. The valuation is performed by an SEC-accredited independent valuer who has valuation experience for similar properties in the Philippines since 1980. Gain from the revaluation of the land amounting to ₱1,019.52 million was recognized in 2023.

The Parent Company also purchased a land for the year 2023 amounting to ₱293.36 million. This was not revalued as purchase price is arm's length transaction and deemed to be equal to fair value

The cost of these parcels of land amounted to ₱852.30 million as of March 31, 2024 and December 31, 2023.

The fair value has been categorized as Level 3 fair value measurement based on the inputs to valuation technique used. The significant unobservable valuation input used is price per square meter ranging from ₱5,500 to ₱105,000. Significant increases (decreases) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value.
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11. Interest in Joint Venture Proportionately Consolidated

URICI, a 50% joint venture of the Parent Company and Unilever Philippines, Inc. (UPI), is engaged in manufacturing, distributing, marketing, selling, importing, exporting and dealing in ice cream, ice cream desserts and ice cream novelties and similar food products. Based on the buy-out formula as stipulated in the shareholders' agreement between the Parent Company and Unilever Philippines, Inc., the estimated value of the Parent Company's 50% ownership interest in URICI amounted to

₱8,981.19 million and ₱7,750.33 million as of December 31, 2023 and 2022, respectively.

On October 1, 2012, the Parent Company requested from the SEC for an exemptive relief from the adoption of PFRS 11 on its investment in URICI. On November 22, 2012, upon consideration of the Parent Company's justifications, the SEC approved that the Parent Company be relieved from the adoption of PFRS 11 on its investment in URICI on the following grounds:

- Material impact

  The transition from the proportionate consolidation method to equity method in accounting for the Parent Company's interest in URICI would materially affect the Parent Company's consolidated financial statement line items decreasing revenue, gross profit, net operating income, gross assets and gross liabilities.

- Peculiarities of the arrangement

  a. The trademark agreement indicates that URICI can use "Selecta" licensed trademarks, trade names, logos, designs, symbols, words or devices other than the marks only upon approval of the Parent Company. This is an indication that the Parent Company has an indirect control on the activities being performed under the joint arrangement.

     The use of the trademark license by URICI is under the control of the Parent Company. Accordingly, the main products produced by URICI must conform to the quality standards of the Parent Company.

  b. URICI does not own any real property and instead, has a lease agreement with SWLC, the lessor. SWLC is 35% and 25% owned by the Parent Company and WS Holdings, Inc. (WSHI), respectively, and 40% owned by Unilever, a foreign corporation. WSHI is 60% owned by the Parent Company.

12. Other Noncurrent Assets

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Deferred income tax assets - net	**₱165**	₱166
Other noncurrent assets	**₱104**	₱209
	₱269	₱375

13. Accounts Payable and Other Current Liabilities

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Accounts payable and accrued liabilities	**₱6,035**	₱5,512
Income tax payable	**₱286**	₱113
Advances to related parties	**₱332**	₱186
	₱6,653	₱5,811

14. Other Noncurrent Liabilities

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Deferred income tax liabilities	**₱714**	₱461
Net pension obligation	**₱11**	₱23
	₱725	₱484

15. Equity

Capital stock

As of March 31, 2024 and December 31, 2023, the Parent Company has 3,978,265,025 authorized common shares with ₱1 par value per share. Issued and outstanding common shares of 3,369,549,358 and 3,369,549,358 are held by 3,087 and 3,089 shareholders as of March 31, 2024 and December 31, 2023, respectively.

As of March 31, 2024 and December 31, 2023 capital stock consists of the following:

	Number of Shares			
	Authorized		**Issued and Outstanding**	
	March 31,2024	December 31, 2023	**March 31,2024**	December 31, 2023
Issued	**3,978,265,025**	3,978,265,025	**3,651,021,310**	3,651,021,310
Addition	**–**	–	**–**	–
Less: Treasury stock	**–**	–	**(281,471,952)**	(281,471,952)
Issued and Outstanding	**3,978,265,025**	3,978,265,025	**3,369,549,358**	3,369,549,358

Below is a summary of the capital stock movement of the Parent Company:

Year	Date of Transaction	Common Stock Transactions	
1993		185,800,356	
1994	August 3, 1994	93,304,663	(a)
1995	April 7, 1995	1,116,420,076	(b)
1997	February 25, 1997	5,950,650	(c)
1998		20,042,392	(c)
1999		1,804,979	(c)
2000	July 21, 2000	229,582,173	(d)
2000	December 14, 2000	45,252,983	(d)
2001	Various	21,950,505	(c)
2002	Various	195,891,163	(c)
2006	March 17, 2006	47,857,244	(d)
2008	January 9, 2008	1,963,857,184	(e)
2008	July 29, 2008	(767,310,502)	(f)
2014	March 24, 2014	340,000,000	(g)
2016	Various	(74,973,600)	(h)
2016	Various	70,810,600	(h)
2017	Various	(26,592,400)	(i)

Year	Date of Transaction	Common Stock Transactions	
2017	Various	27,864,600	(i)
2018	Various	(19,655,200)	(j)
2018	Various	4,200,000	(j)
2019	Various	(34,676,500)	(k)
2019	Various	5,181,000	(k)
2019	Various	4,120,492	(l)
2020	Various	(87,133,500)	(m)
		3,369,549,358	

(a) On July 28, 1994, the SEC approved the Parent Company's declaration of a 50% stock dividend.
(b) On April 7, 1995, the SEC approved a 5-for-1 stock split for the common stock, effectively reducing the par value from ₱10.00 to ₱2.00.
(c) This is the result of the conversion of Parent Company's preferred shares to common shares. Conversion of shares was made at various dates within the year.
(d) Information on the offer price is not available since the shares were not issued in relation to a public offering.
(e) On June 28, 2007, the SEC approved the 2-for-1 stock split for the common stock, effectively reducing the par value from ₱2.00 to ₱1.00.
(f) Cost of retired shares amounted to ₱991.76 million.
(g) On March 24, 2014, the Parent Company issued additional 340.00 million shares.
(h) Purchased 74.97 million treasury stock amounting to ₱313.68 million on various dates in 2016. Re-issued 70.81 million treasury stock amounting to ₱302.23 million on various dates in 2016 resulting in excess of issue price over the cost of treasury stock amounting to ₱8.71 million which is presented under "Additional paid-in capital" account in equity.
(i) Purchased 26.59 million treasury stock amounting to ₱121.80 million on various dates in 2017. Re-issued 27.86 million treasury stock amounting to ₱129.80 million on various dates in 2017 resulting in excess of issue price over the cost of treasury stock amounting to ₱2.14 million which is presented under "Additional paid-in capital" account in equity.
(j) Purchased 19.66 million treasury stock amounting to ₱92.76 million on various dates in 2018. Re-issued 4.20 million treasury stock amounting to ₱20.68 million on various dates in 2018 resulting in excess of cost of treasury stock over the issue price amounting to ₱0.22 million which is presented under "Additional paid-in capital" account in equity.
(k) Purchased 34.68 million treasury stock amounting to ₱167.24 million on various dates in 2019. Re-issued 5.18 million treasury shares amounting to ₱24.23 million on various dates in 2019 resulting in excess of cost of treasury shares over the issue price amounting to ₱1.16 million which is presented under "Additional paid-in capital" account in equity.
(l) This is the result of issuance of shares of the Parent Company, as a consideration for the merger, 4,120,492 shares were issued to the minority shareholders and 146,496,952 shares were considered as treasury shares.
(m) Purchased 87.13 million shares into treasury amounting to ₱382.86 million on various dates in 2020.

Retained earnings

The details of the Parent Company's declaration of cash dividends follow:

Date of BOD Approval	Amount (in millions)	Type	Amount per share	Record date	Payment Date
January 24, 2024	₱250.00	Cash	₱0.074194	February 7, 2024	March 5, 2024
October 10, 2023	200.00	Cash	0.059355	October 24, 2023	November 21, 2023
June 14, 2023	300.00	Cash	0.089033	June 29, 2023	July 25, 2023
January 05, 2023	350.00	Cash	0.103871	January 19, 2023	February 14, 2023
September 1, 2022	200.00	Cash	0.059355	September 15, 2022	October 11, 2022
June 27, 2022	260.59	Cash	0.077335	July 11, 2022	August 4, 2022

The Group's retained earnings as of December 31, 2023 is restricted for the payment of dividends to the extent of the cost of treasury stock, deferred income tax assets, accumulated equity in undistributed net earnings of an associate, partially consolidated joint venture (see Note 2) and consolidated subsidiaries amounting to ₱6.77 billion. In accordance with Revised SRC Rule 68, Annex 68C, the retained earnings available for dividend declaration as of December 31, 2023 amounted to ₱6.16 billion.

Equity reserve
On July 31, 2018, the Board of Directors (BOD) of the Parent Company approved the upstream merger among the Parent Company (the Surviving Corporation) and Cabuyao Logistics and Industrial Center (CLIC), Interbake Commissary Corporation (ICC) and Invest Asia Corporation (IAC) (the Absorbed Corporations). On January 31, 2019, the SEC has approved the said merger.

As a result of merger, the Parent Company has acquired the net assets including previous share of noncontrolling interest and possessed all the right, privileges and immunities of the Absorbed Corporations. All properties and receivables due to the Absorbed Corporations shall be taken and deemed to be transferred to and vested in the Parent Company without further act or deed.

The Parent Company considered the legal merger as, in substance, the redemption of shares in the subsidiaries, in exchange for the underlying assets of such subsidiaries. As a result, the acquired assets and assumed liabilities of the Absorbed Corporations were recognized at the carrying amounts in the consolidated financial statements as of the date of the merger. This includes any goodwill, intangible assets, or purchase price allocation adjustments that were recognized when the subsidiaries were originally acquired, less the related amortization, depreciation or impairment losses, as applicable, as well as the revaluation increment on the property, plant and equipment, of the Absorbed Corporations.

The shares issued by the Parent Company is currently classified as treasury shares. The difference between the consideration paid by the Parent Company and the net assets acquired of the Absorbed Corporations was accounted for as "Equity Reserve" in the consolidated statements of changes in equity.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of treasury shares.

On May 3, 2023, the BOD resolved and approved to retire the treasury shares by decreasing Parent Company's authorized capital stock, for the purpose of eliminating the unlisted treasury shares. As of April 11, 2024, the application with SEC is currently ongoing.

16. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

Terms and Conditions of Transactions with Related Parties
There have been no guarantees provided or received for any related party receivables or payables. These accounts are non-interest bearing, generally unsecured and will be settled in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

On October 18, 2017, REI and Philtown Properties, Inc. (Philtown) executed a loan agreement whereby REI agreed to lend Philtown a total amount of ₱82.71 million. Philtown assigned its receivables from a third-party worth ₱29.17 million to secure a portion of the loan while the rest is secured by a real estate mortgage executed by Philtown. As of March 31, 2024 and 2023, outstanding receivables from Philtown related to this agreement amounted to ₱31.21 million, which is presented as part of "Receivables" in the consolidated statements of financial position

Significant transactions with subsidiaries and joint venture which have been eliminated in the consolidation:

a. Distribution services provided by the Parent Company to URICI for the export of frozen dairy dessert/mellorine whereby URICI pays service fees equivalent to 7% of the total net sales value of goods distributed. Service fees amounted to ₱0.13 million and ₱2.33 million in March 31, 2024 and March 31, 2023, respectively.

b. The Parent Company engages RLC for its lighterage requirements. Service fees to RLC amounted to ₱2.08 million and ₱3.72 million in March 31, 2024 and March 31, 2023, respectively.

17. Financial Risk Management Objectives and Policies

The Group's principal financial instruments include non-derivative instruments such as cash and cash equivalents, short-term cash investments, financial assets at FVOCI, accounts receivable, bank loans, accounts payable and accrued liabilities, and advances to and from related parties. The main purpose of these financial instruments includes raising funds for the Group's operations and managing identified financial risks. The Group has various other financial assets and financial liabilities such as other current receivables, other current assets and customers' deposits which arise directly from its operations. The main risk arising from the use of financial instruments is credit risk, liquidity risk, interest rate risk and foreign exchange risk.

Credit risk
Credit risk arises from the risk of counterparties defaulting. Management is tasked to minimize credit risk through strict implementation of credit, treasury and financial policies. The Group deals only with reputable counterparties, financial institutions and customers. To the extent possible, the Group obtains collateral to secure sales of its products to customers. In addition, the Group transacts with financial

institutions belonging to the top 25% of the industry, and/or those which provide the Group with long-term loans and/or short-term credit facilities.

The Group does not have significant concentrations of credit risk and does not enter into financial instruments to manage credit risk. The Group's gross maximum exposure to credit risk is equal to the carrying amount of its financial assets, before taking into account any collateral and other credit enhancements.

Liquidity risk
Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments.

Management is tasked to minimize liquidity risk through prudent financial planning and execution to meet the funding requirements of the various operating divisions within the Group; through long-term and short-term debts obtained from financial institutions; through strict implementation of credit and collection policies, particularly in containing trade receivables; and through capital raising, including equity, as may be necessary. Working capital requirements, on the other hand, are adequately addressed through short-term credit facilities from financial institutions. Trade receivables are kept within manageable levels.

Interest rate risk
The Group's exposure to changes in interest rates relates primarily to the Group's short-term and long-term debt obligations.

Management is tasked to minimize interest rate risk by having a mix of variable and fixed interest rates on its loans. As of March 31, 2024 and December 31, 2023, the Group's share in URICI's outstanding bank loans include only short-term loans from local banks and lending investors. URICI is not expecting significant exposures to interest rate risk considering the short-term maturities of its bank loans.

There is no other impact on the Group's equity other than those affecting the statement of income.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short and long-term government debt securities with floating discount rates.

Foreign exchange risk
The Group's exposure to foreign exchange risk results from the Parent Company's and URICI's business transactions and financing agreements denominated in foreign currencies.

Management is tasked to minimize foreign exchange risk through the natural hedges arising from its export business and through external currency hedges. Presently, trade importations are immediately paid or converted into Peso obligations as soon as these are negotiated with suppliers. The Group has not done any external currency hedges in 2024 and 2023.

There is no other impact on the Group's equity other than those affecting the consolidated statements of income.

18. Contracts and Commitments

The Parent Company entered into license agreements with Sunkist Growers, Inc., Rovio Entertainment Ltd., and Turner Broadcasting System Asia Pacific, Inc. whereby the licensors granted the Company the

non-exclusive license to manufacture, market, distribute and sell the licensed products. The Parent Company agreed to pay a fixed amount of royalty every year, as stipulated in the agreements.
URICI has a service agreement with Unilever IP Holdings which URICI pays a service fee equivalent to a certain % of third-party net sales of all agreed products and total net sales of all agreed product less packaging material cost. URICI also has an existing service agreement with Unilever Philippines Inc., whereby the latter render certain administrative support, back office and related services to the URICI.

19. Capital Management

It is the objective of the Group to maintain a capital base that adequately services the needs of its present and future operations while keeping within the capital level required by creditors. The capital base is also sufficient to address present and future uncertainties and risks inherent in the business and changes in the economic conditions. Payment of dividends, return of capital, or issuance of shares to increase capital shall be made accordingly and as may be necessary. No changes were made in the objectives, policies and processes as of March 31, 2024 and December 31, 2023.

The table below summarizes the total capital considered by the Group:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Capital stock	**₱3,651**	₱3,651
Additional paid-in capital	**2,060**	2,060
Treasury stock	**(759)**	(759)
Retained earnings	**6,671**	6,165
	₱11,623	₱11,117

20. Leases and Other Matters

Leases

The Group as lessor

The Group entered into lease agreements with third parties covering its office spaces. for a period of one (1) to five (5) years, subject for renewal unless terminated by the Group. The leases generally provide for either (a) a fixed monthly rent, or (b) with an escalation rate of 5% to 10% per annum. The lease agreements generally provide fixed monthly rent. The Group records rental income on a straight-line basis over less non-cancellable lease term. Lease income recognized in 2023, 2022 and 2021 amounted to ₱20.08 million, ₱18.30 million and ₱17.18 million, respectively under "Services and others" in the statement of income.

The Group as lessee

The Group has lease contracts for various items of warehouses, fleets and depots. Leases of warehouses generally have lease terms between six (6) months and three (3) years. There are several lease contracts that include extension and termination options and variable lease payments.

a. Lease of warehouse space from Edenfield Resources & Development Corp. located at Molson Park, C.A. Yulo Ave., Canlubang Industrial Park, Calamba, Philippines with a monthly rental fee of ₱2.33 million with 5% annual escalation clause. The lease contract shall be for a period of three (3) years and commenced on March 1, 2017 and to expire on February 28, 2020 and was renewed for another two (2) years upon mutual agreement prior to expiration of the lease term. The contract was further renewed for another two (2) years commencing on March 1, 2023 until February 28, 2024 with 3% annual escalation clause.

b. Sublease of warehouse space from Fast Services Corporation located at Bldg. 2 PPFC Compound, Brgy. Pulo, Cabuyao Laguna. The sublease shall be for a term of one (1) year commencing on July 1, 2020 and expiring on June 30, 2022, renewable for another two (2) years, subject to mutualagreements on the terms and conditions. The contract was renewed and the monthly rental fee is ₱4.18 million with 4% annual escalation clause beginning 2022.

c. Lease agreement with Selecta Wall's Land Corporation for a parcel of land for a period of fifty (50) years from April 1, 1999 until March 30, 2049 with an option to exercise a unilateral and irrevocable option to extend the lease for an additional term of twenty-five (25) years. Total lease payments every year is ₱26.93 million.

d. Various lease agreements for URICI's depots around the Philippines with a monthly rental ranging from ₱0.15 million to ₱6.32 million and terms ranging from 2 years to 10 years.

e. Numerous leases of fleet (e.g., leases of company cars and vans) used on the movement of products and daily operations. The lease contracts shall be for a period of five (5) years without option to renew. Monthly rental fee is ranging from ₱0.01 million to ₱0.05 million.

The Group also has certain leases of equipment and vehicles used in its operations with lease terms of12 months or less and other equipment considered as low value assets. The Group applies the 'short-term lease' and 'lease of low-value assets 'recognition exemptions for these leases.

21. Other Income Charges

	For the period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Interest expense	**₱–**	₱–
Interest income	**25**	21
Other income - net	**(12)**	(12)
	₱13	₱9

22. Earnings Per Share

		For the Period Ended March 31	
		2024 (Unaudited)	2023 (Unaudited)
a.	Net income attributable to equity holders of the Parent Company (Amounts in Millions)	**₱137**	₱334
b.	Common shares outstanding	**3,369,549,358**	3,369,549,358
c.	Weighted average common shares outstanding	**3,369,549,358**	3,369,549,358
d.	Basic earnings per share (a/c)	**₱0.04**	₱0.10
e.	Diluted earnings per share (a/c)	**₱0.04**	₱0.10

RFM CORPORATION AND SUBSIDIARIES
Aging Analysis of Trade Receivables
As of March 31, 2024
(Amounts in Millions)

	Amount	%
Under Three (3) Months	**₱1,494**	98%
Three (3) Months to One (1) Year	**₱63**	1%
Over One (1) Year	**₱16**	1%
	₱1,573	100%